

# TOWN OF BRASELTON, GEORGIA



## ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023



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**TOWN OF BRASELTON, GEORGIA**

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May 3, 2024

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **Town of Braselton, Georgia** (the Town) as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Major Special Revenue Funds (Hotel / Motel Fund and ARPA Fund) for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the schedule of changes in the Town's net pension liability and related ratios on page 46, schedule of the Town contributions on page 47, and the notes to the required supplementary information on page 48 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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.



### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town'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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2024, on our consideration of the Town'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'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's internal control over financial reporting and compliance.

*McNair, McLemore, Middlebrooks & Co., LLC*  
McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

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## **FINANCIAL STATEMENTS**

**TOWN OF BRASELTON, GEORGIA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
<b>Assets</b>				
Current Assets				
Cash and Cash Equivalents	\$ 14,849,631	\$ 14,778,625	\$ 29,628,256	\$ 160,947
Restricted Investments	2,887,972	3,687,128	6,575,100	-
Receivables, Net of Allowance				
Taxes	234,706	-	234,706	-
Accounts	347,692	2,371,618	2,719,310	-
Leases Receivable	166,897	-	166,897	11,842
Due From Other Governments	690,198	-	690,198	-
Due From Component Unit	182,230	-	182,230	-
Internal Balances	(2,462,334)	2,462,334	-	-
Prepays	136,304	112,870	249,174	-
Noncurrent Assets				
Leases Receivable	203,225	-	203,225	20,169
Capital Assets, Nondepreciable	32,344,459	27,874,356	60,218,815	-
Capital Assets, Depreciable (Net)	24,608,941	66,663,025	91,271,966	389,967
<b>Total Assets</b>	74,189,921	117,949,956	192,139,877	582,925
<b>Deferred Outflows of Resources</b>				
Pensions	236,983	164,683	401,666	-
Deferred Charges on Refunding	2,367	712,919	715,286	-
<b>Total Deferred Outflows of Resources</b>	239,350	877,602	1,116,952	-

See accompanying notes which are an integral part of these financial statements.

**TOWN OF BRASELTON, GEORGIA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**  
**(CONTINUED)**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
<b>Liabilities</b>				
Accounts Payable	\$ 1,615,371	\$ 237,181	\$ 1,852,552	\$ -
Accrued Liabilities	60,487	1,332	61,819	-
Retainage Payable	508,464	-	508,464	-
Accrued Interest	-	210,238	210,238	-
Customer Deposits Payable	-	820,367	820,367	-
Unearned Revenue	1,719,310	-	1,719,310	-
Due to Primary Government	-	-	-	182,230
Noncurrent Liabilities				
Due Within One Year				
Notes Payable	-	396,930	396,930	1,399
Bonds Payable	944,474	1,765,000	2,709,474	-
Compensated Absences	86,825	45,282	132,107	-
Due in More Than One Year				
Notes Payable	-	5,377,865	5,377,865	48,601
Bonds Payable	19,309,423	26,787,540	46,096,963	-
Compensated Absences	202,592	94,830	297,422	-
Net Pension Liability	1,982,500	1,377,669	3,360,169	-
<b>Total Liabilities</b>	26,429,446	37,114,234	63,543,680	232,230
<b>Deferred Inflows of Resources</b>				
Leases	356,973	-	356,973	31,064
<b>Total Deferred Inflows of Resources</b>	356,973	-	356,973	31,064
<b>Net Position</b>				
Net Investment in Capital Assets	38,875,530	64,369,559	103,245,089	339,967
Restricted for				
Capital Outlay	10,058,326	-	10,058,326	-
Debt Service	-	123,562	123,562	-
Loan Program	317,090	-	317,090	-
Law Enforcement	19,522	-	19,522	-
Unrestricted (Deficit)	(1,627,616)	17,220,203	15,592,587	(20,336)
<b>Total Net Position</b>	\$ 47,642,852	\$ 81,713,324	\$ 129,356,176	\$ 319,631

See accompanying notes which are an integral part of these financial statements.

**TOWN OF BRASELTON, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary Government</b>				
Governmental Activities				
General Government	\$ 1,569,709	\$ 1,678,351	\$ -	\$ 35,884
Judicial	240,987	-	-	-
Public Safety	2,519,656	996,172	75,000	-
Public Works	1,440,277	476,931	2,654,847	1,995,056
Tourism	1,769,970	11,923	-	1,629,457
Planning and Development	769,756	-	-	-
Economic and Community Development	783,461	-	-	-
Parks and Recreation	262,050	254	1,638,075	556,630
Interest Expense	647,467	-	-	-
<b>Total Governmental Activities</b>	<b>10,926,634</b>	<b>3,163,631</b>	<b>4,367,922</b>	<b>4,217,027</b>
Business-Type Activities				
Water and Sewer	9,636,690	14,947,281	-	10,709,754
Stormwater Utility	529,164	694,321	-	-
Civic Center	705,296	220,236	-	347,201
<b>Total Business-Type Activities</b>	<b>10,871,150</b>	<b>15,861,838</b>	<b>-</b>	<b>11,056,955</b>
<b>Total Primary Government</b>	<b>\$ 21,797,784</b>	<b>\$ 19,025,469</b>	<b>\$ 4,367,922</b>	<b>\$ 15,273,982</b>
<b>Component Unit</b>				
Downtown Development Authority	\$ 106,024	\$ 21,666	\$ 118,193	\$ -
<b>Total Component Unit</b>	<b>\$ 106,024</b>	<b>\$ 21,666</b>	<b>\$ 118,193</b>	<b>\$ -</b>

**General Revenues**

Sales Tax  
Franchise Tax  
Insurance Premium Tax  
Hotel / Motel Occupancy Tax  
Other Tax  
Investment Earnings  
Miscellaneous

**Total General Revenues**

**Transfers**

**Total General Revenues and Transfers**

**Change in Net Position**

**Net Position - Beginning of Year**

**Net Position - End of Year**

See accompanying notes which are an integral part of these financial statements.

**TOWN OF BRASELTON, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**  
**(CONTINUED)**

<b>Net (Expense) Revenue and Changes in Net Position</b>			
<b>Primary Government</b>			<b>Component Unit</b>
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Downtown Development Authority</b>
\$ 144,526	\$ -	\$ 144,526	\$ -
(240,987)	-	(240,987)	-
(1,448,484)	-	(1,448,484)	-
3,686,557	-	3,686,557	-
(128,590)	-	(128,590)	-
(769,756)	-	(769,756)	-
(783,461)	-	(783,461)	-
1,932,909	-	1,932,909	-
(647,467)	-	(647,467)	-
821,946	-	821,946	-
-	16,020,345	16,020,345	-
-	165,157	165,157	-
-	(137,859)	(137,859)	-
-	16,047,643	16,047,643	-
821,946	16,047,643	16,869,589	-
			33,835
			33,835
2,782,313	-	2,782,313	-
1,292,405	-	1,292,405	-
1,205,995	-	1,205,995	-
2,828,071	-	2,828,071	-
1,058,916	-	1,058,916	-
119,311	138,221	257,532	929
245,311	9,565	254,876	8,452
9,532,322	147,786	9,680,108	9,381
(17,467,746)	17,467,746	-	-
(7,935,424)	17,615,532	9,680,108	-
(7,113,478)	33,663,175	26,549,697	43,216
54,756,330	48,050,149	102,806,479	276,415
\$ 47,642,852	\$ 81,713,324	\$ 129,356,176	\$ 319,631

See accompanying notes which are an integral part of these financial statements.

**TOWN OF BRASELTON, GEORGIA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	<b>General Fund</b>	<b>American Rescue Plan Act Fund</b>	<b>Hotel/Motel Fund</b>	<b>SPLOST Fund</b>	<b>URA Fund</b>	<b>Total Governmental Funds</b>
<b>Assets</b>						
Cash and Cash Equivalents	\$ 4,748,009	\$ 1,005,532	\$ 1,691,103	\$ 7,003,534	\$ 401,453	\$ 14,849,631
Restricted Investments	-	-	-	-	2,887,972	2,887,972
Receivables, Net of Allowance						
Taxes	-		234,706	-	-	234,706
Accounts	344,456	-	-	-	3,236	347,692
Leases Receivable	-	-	-	-	370,122	370,122
Due From Other Governments	211,722	-	-	478,476	-	690,198
Due From Component Unit	182,230	-	-	-	-	182,230
Due From Other Funds	1,075,783	556,426	816,796	-	-	2,449,005
Prepays	118,706	-	17,598	-	-	136,304
<b>Total Assets</b>	<b>\$ 6,680,906</b>	<b>\$ 1,561,958</b>	<b>\$ 2,760,203</b>	<b>\$ 7,482,010</b>	<b>\$ 3,662,783</b>	<b>\$ 22,147,860</b>
<b>Liabilities</b>						
Accounts Payable	\$ 1,292,990	\$ 205,848	\$ 111,574	\$ -	\$ 4,959	\$ 1,615,371
Accrued Liabilities	60,487		-	-	-	60,487
Retainage payable	508,464	-	-	-	-	508,464
Unearned Revenues	365,557	1,353,753	-	-	-	1,719,310
Due To Other Funds	4,190,445	-	-	-	720,894	4,911,339
<b>Total Liabilities</b>	<b>6,417,943</b>	<b>1,559,601</b>	<b>111,574</b>	<b>-</b>	<b>725,853</b>	<b>8,814,971</b>
<b>Deferred Inflows of Resources</b>						
Leases	-	-	-	-	356,973	356,973
<b>Total Deferred Inflows of Resources</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>356,973</b>	<b>356,973</b>
<b>Fund Balances</b>						
Nonspendable	118,706	-	17,598	-	13,149	149,453
Restricted	346,120	-	-	7,482,010	2,566,808	10,394,938
Assigned	-	2,357	2,631,031	-	-	2,633,388
Unassigned (Deficit)	(201,863)	-	-	-	-	(201,863)
<b>Total Fund Balances (Deficit)</b>	<b>262,963</b>	<b>2,357</b>	<b>2,648,629</b>	<b>7,482,010</b>	<b>2,579,957</b>	<b>12,975,916</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 6,680,906</b>	<b>\$ 1,561,958</b>	<b>\$ 2,760,203</b>	<b>\$ 7,482,010</b>	<b>\$ 3,662,783</b>	<b>\$ 22,147,860</b>

See accompanying notes which are an integral part of these financial statements.



**TOWN OF BRASELTON, GEORGIA  
RECONCILIATION OF THE BALANCE SHEET  
OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2023**

**Total Fund Balances - Governmental Funds** \$ 12,975,916

Amounts reported for governmental activities in the Statement of Net Position are different because:

**Capital Assets**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Cost of the Assets	68,974,386
Accumulated Depreciation	(12,020,986)

**Deferred Outflows of Resources**

Pensions	236,983
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**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	(289,417)
Net Pension Liability	(1,982,500)
Loss on Refunding	2,367
Bonds Payable	<u>(20,253,897)</u>

<b>Net Position of Governmental Activities</b>	<b><u><u>\$ 47,642,852</u></u></b>
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See accompanying notes which are an integral part of these financial statements.

**TOWN OF BRASELTON, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	General Fund	American Rescue Plan Act Fund	Hotel/Motel Fund	SPLOST Fund	URA Fund	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$ 6,339,629	\$ -	\$ 2,828,071	\$ -	\$ -	\$ 9,167,700
Licenses and Permits	1,089,308	-	-	-	-	1,089,308
Intergovernmental	4,367,921	1,879,746	-	2,330,796	-	8,578,463
Fines and Forfeitures	996,172	-	-	-	-	996,172
Charges for Services	641,953	-	11,923	-	424,276	1,078,152
Investment Earnings	4,838	2,164	1,639	6,485	110,670	125,796
Other Revenues	137,782	-	36,801	-	-	174,583
<b>Total Revenues</b>	<b>13,577,603</b>	<b>1,881,910</b>	<b>2,878,434</b>	<b>2,337,281</b>	<b>534,946</b>	<b>21,210,174</b>
<b>Expenditures</b>						
Current						
General Government	1,454,112	-	-	-	-	1,454,112
Judicial	217,211	-	-	-	-	217,211
Public Safety	2,762,533	-	-	-	-	2,762,533
Streets and Sanitation	1,807,841	-	-	-	-	1,807,841
Tourism	-	-	1,659,801	184,013	-	1,843,814
Planning and Development	769,756	-	-	-	-	769,756
Economic and Community Development	650,974	-	-	-	149,978	800,952
Parks and Recreation	251,449	-	-	-	-	251,449
Libraries	3,694,121	-	-	-	-	3,694,121
Capital Outlay	-	1,879,746	-	117,724	6,844	2,004,314
Debt Service						
Principal	-	-	-	-	928,597	928,597
Interest	-	-	-	-	749,067	749,067
<b>Total Expenditures</b>	<b>11,607,997</b>	<b>1,879,746</b>	<b>1,659,801</b>	<b>301,737</b>	<b>1,834,486</b>	<b>17,283,767</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>1,969,606</b>	<b>2,164</b>	<b>1,218,633</b>	<b>2,035,544</b>	<b>(1,299,540)</b>	<b>3,926,407</b>
<b>Other Financing Sources (Uses)</b>						
Transfers from Other Funds	1,149,053	-	-	217,631	1,030,300	2,396,984
Transfers to Other Funds	(1,497,931)	-	(1,149,053)	-	-	(2,646,984)
Insurance Recoveries	70,728	-	-	-	-	70,728
<b>Total Other Financing Sources (Uses)</b>	<b>(278,150)</b>	<b>-</b>	<b>(1,149,053)</b>	<b>217,631</b>	<b>1,030,300</b>	<b>(179,272)</b>
<b>Net Change in Fund Balances</b>	<b>1,691,456</b>	<b>2,164</b>	<b>69,580</b>	<b>2,253,175</b>	<b>(269,240)</b>	<b>3,747,135</b>
<b>Fund Balances (Deficit) - Beginning of Year (Restated)</b>	<b>(1,428,493)</b>	<b>193</b>	<b>2,579,049</b>	<b>5,228,835</b>	<b>2,849,197</b>	<b>9,228,781</b>
<b>Fund Balances (Deficit) - End of Year</b>	<b>\$ 262,963</b>	<b>\$ 2,357</b>	<b>\$ 2,648,629</b>	<b>\$ 7,482,010</b>	<b>\$ 2,579,957</b>	<b>\$ 12,975,916</b>

See accompanying notes which are an integral part of these financial statements.

**TOWN OF BRASELTON, GEORGIA  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Net Change in Fund Balances - Total Governmental Funds** \$ 3,747,135

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

**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	6,375,876
Total Depreciation	(1,004,132)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.	(17,217,746)
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**Deferred Outflows of Resources**

Deferred outflows of resources related to pensions is not available during the current period and therefore is not reported in the funds.

Change in Deferred Outflows of Resources Related to Pensions	129,404
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**Long-Term Debt**

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

Bonds Payable	928,597
Compensated Absences	(46,638)
Net Pension Liability	(127,574)
Amortization Loss on Refunding	(2,367)
Amortization on Bond Premium	106,992
Amortization on Bond Discount	(3,025)
	(3,025)

<b>Change in Net Position of Governmental Activities</b>	<b>\$ (7,113,478)</b>
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See accompanying notes which are an integral part of these 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, 2023**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Taxes				
Sales Taxes	\$ 1,810,000	\$ 1,810,000	\$ 2,782,313	\$ 972,313
Franchise Taxes	1,187,500	1,187,500	1,292,405	104,905
Insurance Premium Taxes	950,000	950,000	1,205,995	255,995
Business Taxes	1,035,000	1,035,000	1,038,071	3,071
Other Taxes	12,000	12,000	20,845	8,845
Licenses and Permits	711,000	711,000	1,089,308	378,308
Intergovernmental	130,000	130,000	4,367,921	4,237,921
Fines and Forfeitures	995,000	995,000	996,172	1,172
Charges for Services	330,750	330,750	641,953	311,203
Interest Income	400	400	4,838	4,438
Other Revenues	124,000	124,000	137,782	13,782
<b>Total Revenue</b>	<b>7,285,650</b>	<b>7,285,650</b>	<b>13,577,603</b>	<b>6,291,953</b>
<b>Expenditures</b>				
Current				
General Government	1,381,164	1,381,164	1,454,112	(72,948)
Judicial	222,590	222,590	217,211	5,379
Public Safety	2,285,921	2,285,921	2,762,533	(476,612)
Streets and Sanitation	1,666,328	1,666,328	1,807,841	(141,513)
Planning and Development	729,178	729,178	769,756	(40,578)
Economic and Community Development	671,939	671,939	650,974	20,965
Parks and Recreation	314,500	314,500	251,449	63,051
Libraries	3,788,514	3,788,514	3,694,121	94,393
<b>Total Expenditures</b>	<b>11,060,134</b>	<b>11,060,134</b>	<b>11,607,997</b>	<b>(547,863)</b>
<b>Excess Revenue Over (Under) Expenditures</b>	<b>(3,774,484)</b>	<b>(3,774,484)</b>	<b>1,969,606</b>	<b>5,744,090</b>

See accompanying notes which are an integral part of these 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, 2023**  
**(CONTINUED)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Other Financing Sources (Uses)</b>				
Transfer from Other Funds	\$ 941,740	\$ 941,740	\$ 1,149,053	\$ 207,313
Transfer to Other Funds	-	-	(1,497,931)	(1,497,931)
Insurance Recoveries	-	-	70,728	70,728
<b>Total Other Financing Sources (Uses)</b>	<u>941,740</u>	<u>941,740</u>	<u>(278,150)</u>	<u>(1,219,890)</u>
<b>Net Change in Fund Balances</b>	(2,832,744)	(2,832,744)	1,691,456	4,524,200
<b>Fund Balances - Beginning of Year (Restated)</b>	<u>(1,428,493)</u>	<u>(1,428,493)</u>	<u>(1,428,493)</u>	<u>-</u>
<b>Fund Balances - End of Year</b>	<u>\$ (4,261,237)</u>	<u>\$ (4,261,237)</u>	<u>\$ 262,963</u>	<u>\$ 4,524,200</u>

See accompanying notes which are an integral part of these financial statements.

**TOWN OF BRASELTON, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**MAJOR SPECIAL REVENUE FUND - ARPA FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 2,878,968	\$ 1,879,746	\$ (999,222)
Interest Income	-	-	2,164	2,164
<b>Total Revenue</b>	-	2,878,968	1,881,910	(997,058)
<b>Expenditures</b>				
Capital Outlay	-	2,878,968	1,879,746	999,222
<b>Total Expenditures</b>	-	2,878,968	1,879,746	999,222
<b>Net Change in Fund Balances</b>	-	-	2,164	2,164
<b>Fund Balances - Beginning of Year</b>	193	193	193	-
<b>Fund Balances - End of Year</b>	\$ 193	\$ 193	\$ 2,357	\$ 2,164

See accompanying notes which are an integral part of these 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, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Hotel / Motel Occupancy Taxes	\$ 2,723,977	\$ 2,723,977	\$ 2,828,071	\$ 104,094
Rental Income	21,000	21,000	11,923	(9,077)
Interest Income	100	100	1,639	1,539
Other Revenues	43,900	43,900	36,801	(7,099)
<b>Total Revenue</b>	<u>2,788,977</u>	<u>2,788,977</u>	<u>2,878,434</u>	<u>89,457</u>
<b>Expenditures</b>				
Current				
Tourism	1,549,229	1,549,229	1,659,801	(110,572)
<b>Total Expenditures</b>	<u>1,549,229</u>	<u>1,549,229</u>	<u>1,659,801</u>	<u>(110,572)</u>
<b>Excess Revenue Over (Under) Expenditures</b>	<u>1,239,748</u>	<u>1,239,748</u>	<u>1,218,633</u>	<u>(21,115)</u>
<b>Other Financing Sources (Uses)</b>				
Transfer to Other Funds	(1,191,740)	(1,191,740)	(1,149,053)	42,687
<b>Total Other Financing Sources (Uses)</b>	<u>(1,191,740)</u>	<u>(1,191,740)</u>	<u>(1,149,053)</u>	<u>42,687</u>
<b>Net Change in Fund Balances</b>	48,008	48,008	69,580	21,572
<b>Fund Balances - Beginning of Year</b>	<u>2,579,049</u>	<u>2,579,049</u>	<u>2,579,049</u>	<u>-</u>
<b>Fund Balances - End of Year</b>	<u>\$ 2,627,057</u>	<u>\$ 2,627,057</u>	<u>\$ 2,648,629</u>	<u>\$ 21,572</u>

See accompanying notes which are an integral part of these financial statements.

**TOWN OF BRASELTON, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2023**

	<b>Water and Sewer Fund</b>	<b>Civic Center Fund</b>	<b><u>Nonmajor</u> Stormwater Utility Fund</b>	<b>Totals</b>
<b>Assets</b>				
Current Assets				
Cash and Cash Equivalents	\$ 13,663,092	\$ 187,157	\$ 928,376	\$ 14,778,625
Restricted Investments	3,687,128	-	-	3,687,128
Accounts Receivable, Net	2,291,436	-	80,182	2,371,618
Due From Other Funds	2,808,750	8,473	-	2,817,223
Prepaid Items	76,415	35,853	602	112,870
<b>Total Current Assets</b>	<b>22,526,821</b>	<b>231,483</b>	<b>1,009,160</b>	<b>23,767,464</b>
Noncurrent Assets				
Capital Assets				
Nondepreciable	16,360,494	11,513,862	-	27,874,356
Depreciable, Net	60,763,217	5,899,808	-	66,663,025
<b>Total Noncurrent Assets</b>	<b>77,123,711</b>	<b>17,413,670</b>	<b>-</b>	<b>94,537,381</b>
<b>Total Assets</b>	<b>99,650,532</b>	<b>17,645,153</b>	<b>1,009,160</b>	<b>118,304,845</b>
<b>Deferred Outflow of Resources</b>				
Deferred Charges on Refunding	712,919	-	-	712,919
Pensions	144,600	12,050	8,033	164,683
<b>Total Deferred Outflows of Resources</b>	<b>857,519</b>	<b>12,050</b>	<b>8,033</b>	<b>877,602</b>

See accompanying notes which are an integral part of these financial statements.



**TOWN OF BRASELTON, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2023**  
**(CONTINUED)**

	<b>Water and Sewer Fund</b>	<b>Civic Center Fund</b>	<b><u>Nonmajor</u> Stormwater Utility Fund</b>	<b>Totals</b>
<b>Liabilities</b>				
Current Liabilities				
Accounts Payable	\$ 219,943	\$ 6,783	\$ 10,455	\$ 237,181
Accrued Liabilities	-	4	1,328	1,332
Due to Other Funds	-	-	354,889	354,889
Accrued Interest	210,238	-	-	210,238
Compensated Absences Payable	45,282	-	-	45,282
Customer Deposits Payable	820,367	-	-	820,367
Notes Payable, Current	396,930	-	-	396,930
Bonds Payable, Current	1,765,000	-	-	1,765,000
<b>Total Current Liabilities</b>	<b>3,457,760</b>	<b>6,787</b>	<b>366,672</b>	<b>3,831,219</b>
Noncurrent Liabilities				
Compensated Absences Payable	94,830	-	-	94,830
Notes Payable	5,377,865	-	-	5,377,865
Bonds Payable	26,787,540	-	-	26,787,540
Net Pension Liability	1,209,661	100,805	67,203	1,377,669
<b>Total Noncurrent Liabilities</b>	<b>33,469,896</b>	<b>100,805</b>	<b>67,203</b>	<b>33,637,904</b>
<b>Total Liabilities</b>	<b>36,927,656</b>	<b>107,592</b>	<b>433,875</b>	<b>37,469,123</b>
<b>Net Position</b>				
Net Investment in Capital Assets	46,955,889	17,413,670	-	64,369,559
Restricted for Debt Service	123,562	-	-	123,562
Unrestricted	16,500,944	135,941	583,318	17,220,203
<b>Total Net Position</b>	<b>\$ 63,580,395</b>	<b>\$ 17,549,611</b>	<b>\$ 583,318</b>	<b>\$ 81,713,324</b>

See accompanying notes which are an integral part of these 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, 2023**

	<b>Water and Sewer Fund</b>	<b>Civic Center Fund</b>	<b>Nonmajor Stormwater Utility Fund</b>	<b>Totals</b>
<b>Operating Revenues</b>				
Charges and Fees	\$ 14,947,281	\$ 220,236	\$ 694,321	\$ 15,861,838
Miscellaneous Revenue	9,565	-	-	9,565
<b>Total Operating Revenues</b>	<b>14,956,846</b>	<b>220,236</b>	<b>694,321</b>	<b>15,871,403</b>
<b>Operating Expenses</b>				
Personal Services and Benefits	2,119,506	221,918	151,398	2,492,822
Purchased and Contracted Services	1,976,108	74,808	135,579	2,186,495
Supplies and Equipment	1,422,859	59,322	6,698	1,488,879
Depreciation	2,118,261	151,277	-	2,269,538
Miscellaneous	1,178,244	197,971	235,489	1,611,704
<b>Total Operating Expenses</b>	<b>8,814,978</b>	<b>705,296</b>	<b>529,164</b>	<b>10,049,438</b>
Operating Income (Loss)	6,141,868	(485,060)	165,157	5,821,965
<b>Nonoperating Revenues (Expenses)</b>				
Investment Earnings	137,268	145	808	138,221
Intergovernmental Revenue	156,046	-	-	156,046
Interest Expense	(821,712)	-	-	(821,712)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(528,398)</b>	<b>145</b>	<b>808</b>	<b>(527,445)</b>
<b>Net Income (Loss) Before Contributed Capital and Transfers</b>	<b>5,613,470</b>	<b>(484,915)</b>	<b>165,965</b>	<b>5,294,520</b>
Contributed Capital	10,553,708	17,564,947	-	28,118,655
Transfer From Other Funds	-	250,000	-	250,000
<b>Change in Net Position</b>	<b>16,167,178</b>	<b>17,330,032</b>	<b>165,965</b>	<b>33,663,175</b>
<b>Total Net Position - Beginning of Year</b>	<b>47,413,217</b>	<b>219,579</b>	<b>417,353</b>	<b>48,050,149</b>
<b>Total Net Position - End of Year</b>	<b>\$ 63,580,395</b>	<b>\$ 17,549,611</b>	<b>\$ 583,318</b>	<b>\$ 81,713,324</b>

See accompanying notes which are an integral part of these financial statements.

**TOWN OF BRASELTON, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b>Water and Sewer Fund</b>	<b>Civic Center Fund</b>	<b><u>Nonmajor</u> Stormwater Utility Fund</b>	<b>Totals</b>
<b>Cash Flows from Operating Activities</b>				
Cash Received from Customers	\$ 14,496,206	\$ 220,236	\$ 731,071	\$ 15,447,513
Cash Paid to Employees	(2,299,297)	(163,819)	(122,553)	(2,585,669)
Cash Paid to Suppliers for Goods and Services	(5,819,659)	(342,478)	(360,034)	(6,522,171)
<b>Net Cash Flows Provided by (Used for) Operating Activities</b>	<b>6,377,250</b>	<b>(286,061)</b>	<b>248,484</b>	<b>6,339,673</b>
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers From General Fund	-	250,000	-	250,000
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>-</b>	<b>250,000</b>	<b>-</b>	<b>250,000</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Intergovernmental Revenue	156,046	-	-	156,046
Proceeds on Notes Payable	1,482,436	-	-	1,482,436
Purchases of Capital Assets	(5,033,400)	-	-	(5,033,400)
Principal Paid on Notes Payable	(550,621)	-	-	(550,621)
Interest Paid on Notes Payable	(43,228)	-	-	(43,228)
Principal Paid on Bonds Payable	(1,715,000)	-	-	(1,715,000)
Interest Paid on Bonds Payable	(736,709)	-	-	(736,709)
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<b>(6,440,476)</b>	<b>-</b>	<b>-</b>	<b>(6,440,476)</b>
<b>Cash Flows from Investing Activities</b>				
Restricted Investment - Bonds	(120,696)	-	-	(120,696)
Interest Income	137,268	145	808	138,221
<b>Net Cash Flows Provided by (Used for) Investing Activities</b>	<b>16,572</b>	<b>145</b>	<b>808</b>	<b>17,525</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(46,654)</b>	<b>(35,916)</b>	<b>249,292</b>	<b>166,722</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>13,709,746</b>	<b>223,073</b>	<b>679,084</b>	<b>14,611,903</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 13,663,092</b>	<b>\$ 187,157</b>	<b>\$ 928,376</b>	<b>\$ 14,778,625</b>

See accompanying notes which are an integral part of these financial statements.

**TOWN OF BRASELTON, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**  
**(CONTINUED)**

	<b>Water and Sewer Fund</b>	<b>Civic Center Fund</b>	<b><u>Nonmajor</u> Stormwater Utility Fund</b>	<b>Totals</b>
<b>Cash Flows From Operating Activities</b>				
Operating Income	\$ 6,141,868	\$ (485,060)	\$ 165,157	\$ 5,821,965
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Depreciation	2,118,261	151,277	-	2,269,538
<i>Changes in Assets and Liabilities</i>				
(Increase) Decrease in Accounts Receivable	(460,640)	-	36,750	(423,890)
(Increase) Decrease in Lease Receivable	-	5,517	-	5,517
(Increase) Decrease in Due From Other Funds	(469,531)	6,080	-	(463,451)
(Increase) Decrease in Prepaid Items	3,004	(24,125)	(337)	(21,458)
(Increase) Decrease in Deferred Outflows - Pensions	(67,219)	(10,163)	(6,146)	(83,528)
Increase (Decrease) in Accounts Payable	(828,171)	6,783	10,455	(810,933)
Increase (Decrease) in Accrued Interest Payable	(16,780)	-	-	(16,780)
Increase (Decrease) in Accrued Liabilities	-	4	1,328	1,332
Increase (Decrease) in Due To Other Funds	-	-	6,617	6,617
Increase (Decrease) in Compensated Absences	12,012	-	-	12,012
Increase (Decrease) in Deferred Inflows - Leases	-	(4,636)	-	(4,636)
Increase (Decrease) in Net Pension Liability	(124,584)	68,262	34,660	(21,662)
Increase (Decrease) in Customer Deposits Payable	69,030	-	-	69,030
Total Adjustments	235,382	198,999	83,327	517,708
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ 6,377,250</b>	<b>\$ (286,061)</b>	<b>\$ 248,484</b>	<b>\$ 6,339,673</b>
<b>Noncash Capital Financing Activities</b>				
Contributions of Capital Assets	\$ 10,553,708	\$ 17,564,947	\$ -	\$ 28,118,655

See accompanying notes which are an integral part of these financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

**TOWN OF BRASELTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENT**

**(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.

***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 Statements No. 14 and 34*, the Town's relationships with other governments and agencies have been examined. The financial statements of the component units are either presented as a discretely presented component unit (shown separately in the government-wide financial statements) or a blended component unit (shown as if it were a fund of the Town).

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

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

## **(1) Summary of Significant Accounting Policies (Continued)**

### ***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. Governmental activities, which are normally supported by taxes, intergovernmental revenues, and other non-exchange 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 and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

### ***Measurement Focus, Basis of Accounting, and Basis of Presentation***

#### ***Government-Wide Financial Statements***

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

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

## (1) Summary of Significant Accounting Policies (Continued)

### *Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)*

#### *Fund Financial Statements (Continued)*

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 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 *nonoperating* 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 nonoperating revenues and expenses.

The fund financial statements provide more detailed information about the government's most significant funds, not the government as a whole. The activities of the government are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing 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** 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 **American Rescue Plan Act (ARPA) Fund** accounts for the receipts of Federal ARPA funds in response to the COVID-19 pandemic, and subsequent economic conditions.

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

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 **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.

The **Civic Center Fund** accounts for the operation of the civic center including all revenues from sources applicable to the center's operations and all expenses of the operation.



## **(1) Summary of Significant Accounting Policies (Continued)**

### ***Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)***

#### ***Fund Financial Statements (Continued)***

Additionally, the Town reports the following fund types:

The **Special Revenue Funds** account for revenues that are legally restricted to expenditures for specific purposes.

The **Capital Project Funds** account for the acquisition and construction of major capital outlays.

The **Nonmajor Proprietary Fund** accounts for the nonmajor enterprise fund's operating income, changes in net position, financial position, and cash flows for funds which a fee is charged to external users for goods or services.

#### ***Budgets***

Annual appropriated budgets are adopted for all funds. The budgets for the capital projects funds and the proprietary funds are for management control purposes and are not required to be reported. Budgets are adopted on a modified accrual basis for the governmental funds. All appropriations lapse at year end. Project-length budgets are adopted for the capital project funds. 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.

#### ***Deposits and Investments***

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

#### ***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."

#### ***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.

## **(1) Summary of Significant Accounting Policies (Continued)**

### ***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

### ***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 employee resignations and retirements.

### ***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 position. Bond premiums and discounts are amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount 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 costs, whether or not withheld from the actual debt proceeds received, are expenditures in the year of issue.

### ***Net Position Flow Assumption***

Sometimes the Town 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 Town's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

## **(1) Summary of Significant Accounting Policies (Continued)**

### ***Leases***

The Town has implemented GASB Statement 87, *Leases*, effective July 1, 2021. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are a financing of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The Town is a lessor of buildings and land. The Town recognizes leases receivable and deferred inflows of resources at both the fund level and government-wide level of reporting.

At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term on a straight-line basis.

Key estimates and judgments related to leases receivable include how the Town determines the discount rate it uses to discount the expected lease payments to present value, the lease term, and the lease payments:

- The Town uses the interest rate charged as the discount rate. When the interest rate charged is not specified, the Town uses its estimated incremental leasing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease receivable are composed of fixed payments due to the Town over the term of the lease and residual value guarantee payments that are fixed in substance.

The Town monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable and deferred inflows of resources.

### ***Fund Equity***

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

- Nonspendable - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted - amounts are restricted when constraints have been placed on the use of resources by (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town Council through adoption of a resolution. Only the Town Council may modify or rescind the commitment through a subsequent resolution.

**(1) Summary of Significant Accounting Policies (Continued)**

***Fund Equity (Continued)***

- 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.

The following is a summary of the fund balance classifications as of June 30, 2023:

	<b>General Fund</b>	<b>American Rescue Plan Act Fund</b>	<b>Hotel / Motel Fund</b>	<b>SPLOST Fund</b>	<b>URA Fund</b>	<b>Total</b>
<b>Fund Balances</b>						
<i>Nonspendable</i>						
Prepays	\$ 118,706	\$ -	\$ 17,598	\$ -	\$ -	\$ 136,304
Leases	-	-	-	-	13,149	13,149
<i>Restricted</i>						
Capital Outlay	9,508	-	-	7,482,010	2,566,808	10,058,326
Law Enforcement	19,522	-	-	-	-	19,522
Loan Program	317,090	-	-	-	-	317,090
<i>Assigned</i>						
Hotel / Motel	-	-	2,631,031	-	-	2,631,031
Capital Outlay	-	2,357	-	-	-	2,357
<i>Unassigned (Deficit)</i>	(201,863)	-	-	-	-	(201,863)
<b>Total Fund Balances</b>	<b>\$ 262,963</b>	<b>\$ 2,357</b>	<b>\$ 2,648,629</b>	<b>\$ 7,482,010</b>	<b>\$ 2,579,957</b>	<b>\$ 12,975,916</b>

***Deferred Outflows of Resources / Deferred Inflows of Resources***

In addition to assets, the statement of net position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until that time.

**(1) Summary of Significant Accounting Policies (Continued)**

***Deferred Outflows of Resources / Deferred Inflows of Resources (Continued)***

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

***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.

**(2) Legal Compliance - Budgets**

***Budget Process***

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

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

***Excess of Expenditures over Appropriations***

The following General Fund departments had excess expenditures over appropriations in the amount shown for the fiscal year ended June 30, 2023.

General Fund	
General Government	\$ 72,948
Public Safety	476,612
Streets and Sanitation	141,513
Planning and Development	40,578
Special Revenue Fund	
Hotel / Motel	110,572

### (3) Deposits and Investments

#### *Custodial Credit Risk - Deposits*

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes 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, 2023, the Town had no bank balances that were exposed to custodial credit risk.

#### *Investments*

As of June 30, 2023, 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* – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. 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, 2023, 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	21 Days	\$ 5,358,873
Fidelity Money Mkt Treasury Mutual Fund - Class II	45 Days	17,706
Fidelity Money Mkt Treasury Select Mutual Fund	45 Days	1,198,521
		<u>\$ 6,575,100</u>

*Fair Value Measurements* - The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting 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, 2023:

Investments	Level 1	Level 2	Level 3	Fair Value
First American Treasury Obligation Mutual Fund	\$ 5,358,873	\$ -	\$ -	\$ 5,358,873
Fidelity Money Mkt Treasury Mutual Fund - Class II	17,706	-	-	17,706
Fidelity Money Mkt Treasury Select Mutual Fund	1,198,521	-	-	1,198,521
	<u>\$ 6,575,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,575,100</u>

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

### (3) Deposits and Investments (Continued)

#### *Investments (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 percent of a local government's deposits.

### (4) Receivables

The Town does not levy a millage rate on its citizens. The Town receives Special Purpose Local Option Sales Tax (SPLOST) 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, 2023 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:

	<b>General Fund</b>	<b>Hotel / Motel Fund</b>	<b>URA Fund</b>	<b>SPLOST Fund</b>	<b>Water and Sewer Fund</b>	<b>Nonmajor Proprietary Funds</b>	<b>Total</b>
<b>Receivables</b>							
Taxes	\$ -	\$ 234,706	\$ -	\$ -	\$ -	\$ -	\$ 234,706
Accounts	344,456	-	3,236	-	2,585,937	174,658	3,108,287
Intergovernmental	211,722	-	-	478,476	-	-	690,198
Gross Total Receivables	<u>556,178</u>	<u>234,706</u>	<u>3,236</u>	<u>478,476</u>	<u>2,585,937</u>	<u>174,658</u>	<u>4,033,191</u>
Less Allowance for Uncollectible	-	-	-	-	(294,501)	(94,476)	(388,977)
<b>Net Total Receivables</b>	<u>\$ 556,178</u>	<u>\$ 234,706</u>	<u>\$ 3,236</u>	<u>\$ 478,476</u>	<u>\$ 2,291,436</u>	<u>\$ 80,182</u>	<u>\$ 3,644,214</u>

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

The Town is a lessor of buildings and land. The Town receives monthly payments that include both principal and interest components of the lease arrangements. As the leases do not contain a specified interest rate, the Town has used the incremental borrowing rate of 4.00 percent.

**(4) Receivables (Continued)**

For Fiscal Year 2023, the Town recognized \$41,134, \$302,146, and \$2,316 in lease revenues and \$515, \$20,686, and \$65 in interest revenues for the General Fund, URA Fund and Civic Center Fund, respectively. The Town reports a deferred inflow of resources associated with the leases that will be recognized on a straight-line basis over the lease terms. The deferred inflow of resources has a balance of \$356,973 as of June 30, 2023. The Town's receivable for lease payments was \$370,122 as of June 30, 2023.

Leases receivable principal and interest payments to maturity are as follows:

**Governmental Activities**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal Year Ending June 30,			
2024	\$ 166,897	\$ 10,506	\$ 177,403
2025	65,055	6,945	72,000
2026	67,706	4,294	72,000
2027	70,464	1,536	72,000
	<u>\$ 370,122</u>	<u>\$ 23,281</u>	<u>\$ 393,403</u>



## (5) Capital Assets

### Primary Government

Capital asset activity for the year ended June 30, 2023, is as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated				
Land and Improvements	\$ 18,465,454	\$ -	\$ (234,777)	\$ 18,230,677
Construction in Progress	19,342,586	5,703,080	(10,931,884)	14,113,782
Total Capital Assets Not Being Depreciated	<u>37,808,040</u>	<u>5,703,080</u>	<u>(11,166,661)</u>	<u>32,344,459</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	23,977,375	29,502	(6,556,480)	17,450,397
Infrastructure and Improvements	15,389,767	-	-	15,389,767
Vehicles	1,384,586	132,667	-	1,517,253
Machinery and Equipment	1,761,883	510,627	-	2,272,510
Total	<u>42,513,611</u>	<u>672,796</u>	<u>(6,556,480)</u>	<u>36,629,927</u>
Less Accumulated Depreciation for				
Buildings and Improvements	(5,635,281)	(454,331)	505,395	(5,584,217)
Infrastructure and Improvements	(3,335,832)	(358,532)	-	(3,694,364)
Vehicles	(1,099,892)	(102,480)	-	(1,202,372)
Machinery and Equipment	(1,451,244)	(88,789)	-	(1,540,033)
Total Accumulated Depreciation	<u>(11,522,249)</u>	<u>(1,004,132)</u>	<u>505,395</u>	<u>(12,020,986)</u>
Total Capital Assets, Being Depreciated, Net	<u>30,991,362</u>	<u>(331,336)</u>	<u>(6,051,085)</u>	<u>24,608,941</u>
<b>Governmental Activities</b>				
<b>Capital Assets, Net</b>	<u>\$ 68,799,402</u>	<u>\$ 5,371,744</u>	<u>\$ (17,217,746)</u>	56,953,400
				Less Related Long-Term Debt Outstanding (20,253,897)
				Other (Non-Debt) Capital Related Liabilities (714,312)
				Unspent Bond Proceeds 2,887,972
				Deferred Amounts from Refundings 2,367
				<u>Net Investment in Capital Assets \$ 38,875,530</u>



**(5) Capital Assets (Continued)**

***Downtown Development Authority – Component Unit***

	<b><u>Beginning Balance</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Ending Balance</u></b>
Capital Assets, Being Depreciated				
Buildings	\$ 423,797	\$ -	\$ -	\$ 423,797
Site Improvements	20,460	-	-	20,460
Total	<u>444,257</u>	<u>-</u>	<u>-</u>	<u>444,257</u>
Less Accumulated Depreciation for				
Buildings	(38,921)	(10,595)	-	(49,516)
Site Improvements	(3,751)	(1,023)	-	(4,774)
Total	<u>(42,672)</u>	<u>(11,618)</u>	<u>-</u>	<u>(54,290)</u>
Total Capital Assets, Being Depreciated, Net	<u>401,585</u>	<u>(11,618)</u>	<u>-</u>	<u>389,967</u>
Downtown Development Authority Capital Assets, Net	<u>\$ 401,585</u>	<u>\$ (11,618)</u>	<u>\$ -</u>	389,967
				<u>(50,000)</u>
				<u>\$ 339,967</u>

Downtown Development Authority Total Depreciation Expense				<u>\$ 11,618</u>
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**(6) Long-Term Debt**

***Primary Government***

Long-term liability activity for the year ended June 30, 2023, was as follows:

	<b><u>Beginning Balances</u></b>	<b><u>Additions</u></b>	<b><u>Reductions</u></b>	<b><u>Ending Balance</u></b>	<b><u>Due Within One Year</u></b>
<b>Governmental Activities</b>					
Revenue Bonds					
2005 Bonds	\$ 783,605	\$ -	\$ (313,597)	\$ 470,008	\$ 289,474
2005 Discount on Bonds	(8,823)	-	3,015	(5,808)	-
2016 Bonds	8,365,000	-	(60,000)	8,305,000	70,000
2016 Premium on Bonds	501,421	-	(33,428)	467,993	-
2017 Bonds	2,605,000	-	(245,000)	2,360,000	255,000
2017 Premium on Bonds	230,996	-	(25,667)	205,329	-
2019 Bonds	7,995,000	-	(310,000)	7,685,000	330,000
2019 Premium on Bonds	814,262	-	(47,887)	766,375	-
Compensated Absences	242,779	46,638	-	289,417	86,825
Net Pension Liability	1,854,926	127,574	-	1,982,500	-
<b>Governmental Activities Total Long-Term Liabilities</b>	<u>\$ 23,384,166</u>	<u>\$ 174,212</u>	<u>\$ (1,032,564)</u>	<u>\$ 22,525,814</u>	<u>\$ 1,031,299</u>

**(6) Long-Term Debt (Continued)**

**Primary Government (Continued)**

	<b>Beginning Balances</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Business-Type Activities</b>					
Revenue Bonds					
2015 Bonds	\$ 9,095,000	\$ -	\$ (20,000)	\$ 9,075,000	\$ 35,000
2015 Premium on Bonds	333,376	-	(20,836)	312,540	-
2020 Bonds	20,860,000	-	(1,695,000)	19,165,000	1,730,000
Notes Payable	4,842,980	1,482,436	(550,621)	5,774,795	396,930
Compensated Absences	128,100	12,012	-	140,112	45,282
Net Pension Liability	1,399,331	-	(21,662)	1,377,669	-
<b>Business-Type Activities</b>					
<b>Total Long-Term Liabilities</b>	<b>\$ 36,658,787</b>	<b>\$ 1,494,448</b>	<b>\$ (2,308,119)</b>	<b>\$ 35,845,116</b>	<b>\$ 2,207,212</b>

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 percent and the amount of revenue bonds outstanding at June 30, 2023 is \$470,008.

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

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 289,474	\$ 15,493	\$ 304,967
2025	180,534	4,596	185,130
<b>Total</b>	<b>\$ 470,008</b>	<b>\$ 20,089</b>	<b>\$ 490,097</b>

**(6) Long-Term Debt (Continued)**

***Governmental Activities (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 on July 1, 2037, have an interest rate of 4.00 percent and the amount of revenue bonds outstanding at June 30, 2023 is \$8,305,000.

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 70,000	\$ 328,350	\$ 398,350
2025	105,000	326,381	431,381
2026	380,000	317,600	697,600
2027	400,000	302,000	702,000
2028	415,000	285,700	700,700
2029-2033	3,065,000	1,131,700	4,196,700
2034-2037	3,870,000	317,200	4,187,200
<b>Total</b>	<u><u>\$ 8,305,000</u></u>	<u><u>\$ 3,008,931</u></u>	<u><u>\$ 11,313,931</u></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 percent with annual maturities through fiscal year 2031. As of June 30, 2023, the outstanding principal on the Series 2017 Revenue Bonds is \$2,360,000.

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>
2024	\$ 255,000	\$ 89,300	\$ 344,300
2025	265,000	78,900	343,900
2026	275,000	68,100	343,100
2027	290,000	56,800	346,800
2028	300,000	45,000	345,000
2029-2031	975,000	59,700	1,034,700
<b>Total</b>	<u><u>\$ 2,360,000</u></u>	<u><u>\$ 397,800</u></u>	<u><u>\$ 2,757,800</u></u>

**(6) Long-Term Debt (Continued)**

***Governmental Activities (Continued)***

*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. The interest rate on the 2019 bonds is 5.00 percent 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, 2023, the outstanding principal on the Series 2019 Revenue Bonds is \$7,685,000.

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>
2024	\$ 330,000	\$ 286,788	\$ 616,788
2025	345,000	270,288	615,288
2026	360,000	253,038	613,038
2027	375,000	242,238	617,238
2028	385,000	230,988	615,988
2029-2033	2,195,000	884,788	3,079,788
2034-2038	2,535,000	535,681	3,070,681
2039	1,160,000	70,000	1,230,000
<b>Total</b>	<u>\$ 7,685,000</u>	<u>\$ 2,773,809</u>	<u>\$ 10,458,809</u>

***Business-Type Activities***

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

Annual debt service requirements, as of June 30, 2023, for the Series 2015A Bonds, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 35,000	\$ 349,163	\$ 384,163
2025	25,000	348,413	373,413
2026	55,000	347,413	402,413
2027	100,000	345,475	445,475
2028	510,000	335,300	845,300
2029-2033	2,350,000	1,404,075	3,754,075
2034-2038	6,000,000	765,975	6,765,975
<b>Total</b>	<u>\$ 9,075,000</u>	<u>\$ 3,895,814</u>	<u>\$ 12,970,814</u>

**(6) Long-Term Debt (Continued)**

***Business-Type Activities (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 1.980 percent 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.

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,730,000	\$ 371,003	\$ 2,101,003
2025	1,755,000	336,551	2,091,551
2026	1,755,000	301,703	2,056,703
2027	1,565,000	267,003	1,832,003
2028	1,425,000	237,996	1,662,996
2029-2033	7,685,000	737,897	8,422,897
2034-2035	3,250,000	90,684	3,340,684
<b>Total</b>	<b>\$ 19,165,000</b>	<b>\$ 2,342,837</b>	<b>\$ 21,507,837</b>

*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, 2023, are as follows:

<u>Loan</u>	<u>Interest Rate %</u>	<u>Maturity Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
2013-L32-WS	0.70%	10/01/25	\$ 53,217	\$ -	\$ (15,835)	\$ 37,382
2013-L25-WS	0.70%	07/01/25	275,087	-	(88,568)	186,519
CWSRF 14-010	1.03%	07/01/38	1,431,162	-	(87,638)	1,343,524
CW2016030	0.50%	09/01/30	541,565	-	(64,460)	477,105
CW2018013	1.25%	01/01/42	1,685,750	-	(76,456)	1,609,294
CW2019021	0.50%	08/01/31	576,537	-	(61,619)	514,918
*DWDRA20001			279,662	1,482,436	(156,045)	1,606,053
<b>Total GEFA Notes Payable</b>			<b>\$ 4,842,980</b>	<b>\$ 1,482,436</b>	<b>\$ (550,621)</b>	<b>\$ 5,774,795</b>

GEFA Loan DWDRA20001 is still in the construction phase as of June 30, 2023.

\*Note- The Town made payments of \$156,046 for GEFA Loan DWDRA20001 however, the Town is still drawing down funds and payback of loan DWDRA20001 will not begin until after the funded projects have been completed.

**(6) Long-Term Debt (Continued)**

***Business-Type Activities (Continued)***

*Notes Payable (Continued)*

Annual debt service requirements, as of June 30, 2023, for notes payable are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 396,930	\$ 39,820	\$ 436,750
2025	400,183	36,566	436,749
2026	309,740	33,545	343,285
2027	299,415	30,967	330,382
2028	302,004	28,376	330,380
2029-2033	1,245,739	103,860	1,349,599
2034-2038	874,669	49,220	923,889
2039-2042	340,062	7,849	347,911
<b>Total</b>	<u>\$ 4,168,742</u>	<u>\$ 330,203</u>	<u>\$ 4,498,945</u>

***Component Unit***

Long-term liability activity for the year ended June 30, 2023, 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>Reductions</u>	<u>Balance</u>	<u>One Year</u>
Discretely Presented Component Unit Notes Payable	\$ 97,407	\$ 50,000	\$ (97,407)	\$ 50,000	\$ 1,399
Discretely Presented Component Unit Total Long-Term Liabilities	\$ 97,407	\$ 50,000	\$ (97,407)	\$ 50,000	\$ 1,399

*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 2023, the DDA renewed the note payable in the amount of \$50,000. The loan matures on May 16, 2028, and carries an interest rate of 8.750 percent. Activity of the notes payable for the year ended June 30, 2023, was as follows:

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

<u>Year Ending June 30th</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,399	\$ 4,310	\$ 5,709
2025	1,527	4,183	5,710
2026	1,666	4,043	5,709
2027	1,818	3,892	5,710
2028	43,590	3,787	47,377
<b>Total</b>	<u>\$ 50,000</u>	<u>\$ 20,215</u>	<u>\$ 70,215</u>



**(7) Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2023, is as follows:

Due To / From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	URA Fund	\$ 720,894
	Nonmajor Proprietary Fund	354,889
ARPA Fund	General Fund	556,426
Hotel / Motel Fund	General Fund	816,796
Water and Sewer Fund	General Fund	2,808,750
Civic Center Fund	General Fund	8,473
		<u>\$ 5,266,228</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>Total</u>
	<u>General Fund</u>	<u>SPLOST Fund</u>	<u>URA Fund</u>	<u>Civic Center Fund</u>	
<b>Transfer Out</b>					
General Fund	\$ -	\$ 217,631	\$ 1,030,300	\$ 250,000	\$ 1,497,931
Hotel / Motel Fund	1,149,053	-	-	-	1,149,053
<b>Total</b>	<u>\$ 1,149,053</u>	<u>\$ 217,631</u>	<u>\$ 1,030,300</u>	<u>\$ 250,000</u>	<u>\$ 2,646,984</u>

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. During fiscal year 2023, the Town transferred the Civic Center and the parking garage to the Civic Center Fund. A government-wide transfer of assets between the governmental activities and business-type activities totaled \$17,217,746.

**(8) Retirement Benefits**

***Plan Description***

The Town, as authorized by the Mayor and Council, has established a defined benefit pension plan (The Town of Braselton Retirement Plan) covering all full-time employees. The Town’s pension plan is affiliated with the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. Contributions made by the Town are commingled with contributions made by other members of GMEBS for investment purposes. The Town does not own any securities on its own. Investment income from the securities is allocated on a pro rata basis. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

**(8) Retirement Benefits**

**Plan Description (Continued)**

As provided by state law, benefit provisions for participants in GMEBS are established by the respective employers. As authorized by Town Mayor and Council, the plan provides pension benefits and death and disability benefits for all full-time employees. Regular, full-time employees who work at least 30 hours per week are enrolled in the plan. Elected officials are not eligible. Benefits vest after 10 years of service. Town employees who retire at age 65 with five (5) years of service are entitled to a monthly retirement benefit based upon average earnings and years credited service. Early retirement is permitted provided the participant is at least 55 years of age and has completed ten (10) years of service.

**Plan Membership**

As of January 1, 2023, the date of the most recent actuarial valuation date, pension plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	1
Terminated vested participants not yet receiving benefits	-
Active vested employees	25
Active nonvested employees	<u>37</u>
Total	<u><u>63</u></u>

**Contributions**

The plan members are not required to contribute to the plan. The Town is required to contribute at an actuarially determined rate; the current rate is 10.52 percent of annual covered payroll. The contribution requirements of the Town are established and may be amended by the GMEBS Board of Trustees.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2023, the Town reported a net pension liability. The net pension liability was measured as of September 30, 2022. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of January 1, 2023.

For the year ended June 30, 2023, the Town recognized pension expense relative to GMEBS in the amount of \$362,091.

Town contributions subsequent to the measurement date of September 30, 2022, was \$283,102 and is reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 71,800	\$ -
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	46,764	-
Employer Contributions Subsequent to the Measurement Date	283,102	-
	<u>\$ 401,666</u>	<u>\$ -</u>

**(8) Retirement Benefits (Continued)**

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

Town contributions made after the measurement date of the net pension liability but before the end of the Town’s reporting period will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal period.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense in the years ended June 30 are as follows:

<u>Year</u>	<u>Amount</u>
2024	\$ 20,666
2025	20,666
2026	20,666
2027	20,666
2028	8,975
2029 and Thereafter	26,925

*Actuarial Assumptions* - The total pension liability as of June 30, 2023, was determined by an actuarial valuation as of January 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%	
Salary Increase	2.25%	
Investment Rate of Return	7.375%,	On-going basis, based on long-term expected rate of return of pension plan investments

Mortality rates:

- Healthy Retirees and Beneficiaries: Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.
- Disabled Participants: Sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.
- Active Participants, Terminated Vested Participants, and Deferred Beneficiaries: Sex-distinct Pri-2012 head-count weighted Employee Mortality Table.
- Plan Termination Basis (All Lives): 1994 Group Annuity Reserving Unisex Table.

**(8) Retirement Benefits (Continued)**

***Net Pension Liability (Continued)***

The mortality tables (other than the one used for the plan termination basis) are projected generationally from 2012 to future years using 60 percent of the sex-distinct improvement rates under the 2019 OASDI Trustees Report used for the intermediate alternative.

The Town's net pension liability is recorded in the government-wide statement of net position for the Town's governmental and business-type activities in the amounts of \$1,982,500 and \$1,377,669, respectively.

<b>Changes in the Net Pension Liability</b>	<b>Total Pension Liability</b>	<b>Fiduciary Net Position</b>	<b>Net Pension Liability</b>
Balances at September 30, 2021	\$ 3,254,257	\$ -	\$ 3,254,257
Changes for the Year			
Service Cost	100,462	-	100,462
Interest	246,965	-	246,965
Difference Between Expected and Actual Experience	80,778	-	80,778
Contributions - Employer	-	374,742	(374,742)
Contributions - Employee	-	-	-
Net Investment Income	-	(45,344)	45,344
Benefit Payments	(12,092)	(12,092)	-
Administrative Expense	-	(7,105)	7,105
Other	-	-	-
Net Changes	416,113	310,201	105,912
Balance at September 30, 2022	\$ 3,670,370	\$ 310,201	\$ 3,360,169

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2022, is summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Expected Real Rate of Return</b>
Domestic Equity	45%	6.40%
International Equity	20%	6.80%
Domestic Fixed Income	20%	0.40%
Real Estate	10%	3.90%
Global Fixed Income	5%	0.46%
Cash	0%	
Total	100%	

*Discount Rate:* The discount rate used to measure the total pension liability was 7.375 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**(8) Retirement Benefits (Continued)**

***Net Pension Liability (Continued)***

*Sensitivity of the Net Pension Liability to Changes in the Discount rate:* The following presents the Town’s net pension liability calculated using the discount rate of 7.375 percent, as well as what the Town’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

	<b>1% Decrease (6.375%)</b>	<b>Current discount rate (7.375%)</b>	<b>1% Increase (8.375%)</b>
Sensitivity of the Net Pension Liability to Changes in the Discount Rate	\$ 3,919,361	\$ 3,360,169	\$ 2,897,260

*Pension Plan Fiduciary Net Position:* Detailed information about the pension plan’s fiduciary net position is available in the separately issued GMEBS financial report which is publicly available at [www.gmanet.com](http://www.gmanet.com).

**(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.

**(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.

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

## **(11) Risk Management (Continued)**

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.

## **(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.

## **(13) Hotel / Motel Occupancy Tax**

The Town imposes a hotel/motel tax on lodging facilities within the Town. The tax is assessed at 8 percent and, in accordance with O.C.G.A. 48-13-51, the Town is required to spend at least 40 percent of this for promoting tourism, conventions, and trade shows. Revenues were \$2,828,071 for the year ended June 30, 2023. Of this amount 60 percent was used to promote tourism.

## **(14) Fund Balance Restatement**

The Town determined that a restatement of beginning fund balance for the General Fund and SPLOST Fund was needed to properly report the payout of an invoice that was split between funds. The Town reported \$409,820 in due to / from in the prior year and therefore overstated General Fund expenditures and understated SPLOST Fund expenditures by the \$409,820.

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF BRASELTON, GEORGIA  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY  
AND RELATED RATIOS**

	2023	2022
<b>Total Pension Liability</b>		
Service Cost	\$ 100,462	\$ -
Interest on Total Pension Liability	246,965	-
Difference Between Expected and Actual Experience	80,778	-
Benefit Payments, Including Refunds of Employee Contributions	-	-
Other	-	3,254,257
<b>Net Change in Total Pension Liability</b>	<b>416,113</b>	<b>3,254,257</b>
<b>Total Pension Liability - Beginning</b>	<b>3,254,257</b>	<b>-</b>
<b>Total Pension Liability - Ending</b>	<b>\$ 3,670,370</b>	<b>\$ 3,254,257</b>
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 374,742	\$ -
Net Investment Income	(45,344)	-
Benefit Payments, Including Refunds of Member Contributions	(12,092)	-
Administrative Expenses	(7,105)	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>310,201</b>	<b>-</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>-</b>	<b>-</b>
<b>Plan Fiduciary Net Position - Ending</b>	<b>\$ 310,201</b>	<b>\$ -</b>
<b>Town's Net Pension Liability - Ending</b>	<b>\$ 3,360,169</b>	<b>\$ 3,254,257</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>8.45%</b>	<b>0.00%</b>
<b>Covered-Employee Payroll</b>	<b>3,658,549</b>	<b>3,228,609</b>
<b>Net Pension Liability As a Percentage of Covered-Employee Payroll</b>	<b>91.84%</b>	<b>100.79%</b>

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.



**TOWN OF BRASELTON, GEORGIA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**SCHEDULE OF TOWN CONTRIBUTIONS**

	<b>2023</b>	<b>2022</b>
Actuarially Determined Contributions	<b>\$ 377,470</b>	<b>\$ -</b>
Contributions in Relation to the Actuarially Determined Contribution	<b>377,470</b>	<b>-</b>
Contribution Deficiency (Excess)	<b>\$ -</b>	<b>\$ -</b>
Town's Covered-Employee Payroll	<b>\$ 3,265,311</b>	<b>\$ -</b>
Contributions as a Percentage of Covered-Employee Payroll	<b>11.56%</b>	<b>0.00%</b>

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.



## **SUPPLEMENTARY INFORMATION**

**TOWN OF BRASELTON, GEORGIA**  
**SCHEDULE OF PROJECT EXPENDITURES WITH SPECIAL SALES TAX PROCEEDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Amended Budget	Expenditures		Total
			Restated Prior Years	Current Year	
<b>Jackson County (2009)</b>					
Roads, Streets, and Bridges	\$ 563,345	\$ 697,213	\$ 658,724	\$ -	\$ 658,724
Parks and Recreation	563,345	697,213	658,756	-	658,756
	<u>1,126,690</u>	<u>1,394,426</u>	<u>1,317,480</u>	<u>-</u>	<u>1,317,480</u>
<b>Jackson County (2017)</b>					
Multipurpose Civic Center with Parking Deck	1,365,300	1,365,300	2,081,986	297,224	2,379,210
	<u>1,365,300</u>	<u>1,365,300</u>	<u>2,081,986</u>	<u>297,224</u>	<u>2,379,210</u>
<b>Gwinnett County (2017)</b>					
Roads, Streets, and Bridges	3,500,000	3,500,000	322,220	4,417	326,637
	<u>3,500,000</u>	<u>3,500,000</u>	<u>322,220</u>	<u>4,417</u>	<u>326,637</u>
<b>Gwinnett County (2014)</b>					
Water and Sewer Capital Outlay	1,168,163	1,168,163	990,558	-	990,558
Transportation	389,388	389,388	361,343	-	361,343
	<u>1,557,551</u>	<u>1,557,551</u>	<u>1,351,901</u>	<u>-</u>	<u>1,351,901</u>
<b>Gwinnett County (2009)</b>					
Roads, Streets, and Bridges	230,899	780,656	1,318,512	-	1,318,512
	<u>230,899</u>	<u>780,656</u>	<u>1,318,512</u>	<u>-</u>	<u>1,318,512</u>
<b>Hall County (2015)</b>					
Streets, Sidewalks, and Stormwater	1,270,589	1,270,589	1,149,901	-	1,149,901
	<u>1,270,589</u>	<u>1,270,589</u>	<u>1,149,901</u>	<u>-</u>	<u>1,149,901</u>
<b>Barrow County (2006)</b>					
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>
<b>Barrow County (2012)</b>					
Roads, Streets, and Bridges	233,688	233,688	211,899	-	211,899
Parks and Recreation	233,688	233,688	128,252	-	128,252
	<u>467,376</u>	<u>467,376</u>	<u>340,151</u>	<u>-</u>	<u>340,151</u>
<b>Barrow County (2022)</b>					
Parks and Recreation	1,760,000	1,760,000	-	96	96
	<u>1,760,000</u>	<u>1,760,000</u>	<u>-</u>	<u>96</u>	<u>96</u>
	<u>\$12,157,625</u>	<u>\$12,975,118</u>	<u>\$8,127,591</u>	<u>\$ 301,737</u>	<u>\$ 8,429,328</u>

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**TOWN OF BRASELTON, GEORGIA  
BALANCE SHEET  
DOWNTOWN DEVELOPMENT AUTHORITY  
COMPONENT UNIT  
JUNE 30, 2023**

<b>Assets</b>	
Cash and Cash Equivalents	\$ 160,947
Lease Receivable	32,011
	<u>32,011</u>
<b>Total Assets</b>	<b>\$ 192,958</b>
	<u>192,958</u>
<b>Liabilities</b>	
Due To Primary Government	\$ 182,230
	<u>182,230</u>
<b>Total Liabilities</b>	<b>182,230</b>
	<u>182,230</u>
<b>Deferred Inflows of Resources</b>	
Lease	31,064
	<u>31,064</u>
<b>Total Deferred Inflows of Resources</b>	<b>31,064</b>
	<u>31,064</u>
<b>Fund Balance</b>	
Nonspendable	947
Unassigned (Deficit)	(21,283)
	<u>(21,283)</u>
<b>Total Fund Balance</b>	<b>(20,336)</b>
	<u>(20,336)</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 192,958</b>
	<u>192,958</u>
<b>Total Fund Balances - Governmental Funds</b>	<b>\$ (20,336)</b>

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

**Capital Assets**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Cost of the Assets	444,257
Accumulated Depreciation	(54,290)

**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	(50,000)
	<u>(50,000)</u>

<b>Net Position of Governmental Activities</b>	<b>\$ 319,631</b>
	<u>319,631</u>

**TOWN OF BRASELTON, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**DOWNTOWN DEVELOPMENT AUTHORITY**  
**COMPONENT UNIT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<b>Revenues</b>	
Intergovernmental	\$ 25,508
Rental Income	21,666
Interest Earnings	929
Donations	92,685
Other Miscellaneous Revenues	<u>8,452</u>
<b>Total Revenues</b>	<u>149,240</u>
<b>Expenditures</b>	
Current	
General Government	90,199
Debt Service	
Principal	97,407
Interest	<u>4,207</u>
<b>Total Expenditures</b>	<u>191,813</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(42,573)</u>
<b>Other Financing Sources</b>	
Issuance of Debt	<u>50,000</u>
<b>Total Other Financing Sources</b>	<u>50,000</u>
<b>Net Change in Fund Balance</b>	7,427
<b>Fund Balance - Beginning of Year (Deficit)</b>	<u>(27,763)</u>
<b>Fund Balance - End of Year (Deficit)</b>	<u><u>\$ (20,336)</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 FISCAL YEAR ENDED JUNE 30, 2023**

**Net Change in Fund Balances - Total Governmental Funds** \$ 7,427

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

**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 (11,618)

**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 (50,000)

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 97,407

**Change in Net Position of Governmental Activities** \$ 43,216



## **COMPLIANCE SECTION**

**TOWN OF BRASELTON, GEORGIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Federal/Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>U.S. Department of Justice</b>				
Direct Programs				
Federal Forfeiture Program	16.922		\$ -	\$ 5,946
Total Direct Programs			-	5,946
<b>Total U.S. Department of Justice</b>			-	5,946
<b>U.S. Department of Treasury</b>				
Direct Programs				
Coronavirus Relief Fund	21.019		-	1,879,746
Total Direct Programs			-	1,879,746
<b>Total U.S. Department of Treasury</b>			-	1,879,746
<b>U.S. Department of Transportation</b>				
Passed through the Georgia Department of Transportation				
Transportation Facility Improvements	20.205	PI #0015391	-	82,611
Total Highway Planning and Construction Cluster Pass-Through Programs			-	82,611
<b>Total U.S. Department of Transportation</b>			-	82,611
<b>U.S. Department of Natural Resources</b>				
Passed through the Georgia Environmental Finance Authority				
Clean Water State Revolving Fund	66.458	DWDRA20001	-	156,046
Clean Water State Revolving Fund	66.458	DWDRA20001	-	1,133,619
Subtotal for ALN 66.458 Clean Water State Revolving Fund Cluster			-	1,289,665
Total Pass-Through Programs			-	1,289,665
<b>Total U.S. Department of Natural Resources</b>			-	1,289,665
<b>Total Expenditures of Federal Awards</b>			\$ -	\$ 3,257,968

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, 2023**

**(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, 2023. 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.

**(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.

**(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.

May 3, 2024

**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  
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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **Town of Braselton, Georgia** (the Town), as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated May 3, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002, 2023-003, 2023-004, 2023-005, 2023-006, 2023-007, and 2023-008 that we consider to be material weaknesses.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town'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 an instance 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 2023-009.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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.

*McNair, McLemore, Middlebrooks & Co., LLC*  
McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

May 3, 2024

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

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

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

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

We have audited the **Town of Braselton, Georgia's** (the Town) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2023. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the 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, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

## ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town's federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

*McNair, McLemore, Middlebrooks & Co., LLC*  
McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC



**TOWN OF BRASELTON, GEORGIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Section I - Summary of Auditor's Results**

***Financial Statements***

Type of report issued on whether the financial statements audited were prepared in accordance with GAAP:	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>
21.019	Coronavirus Relief Fund

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

## 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*:

### 2023-001 *Accounts Receivable / Revenue*

#### *Criteria*

Under a modified accrual basis of accounting, amounts are recognized as revenue when earned, only as long as they are collectible within the period or soon enough afterwards to be used to pay liabilities of the current period. Under the accrual basis of accounting, amounts are recognized as revenue when earned.

#### *Condition*

Various revenue items were not recorded in the proper fiscal period of 2023.

#### *Context*

In performing year-end audit procedures for the fiscal year June 30, 2023, we identified the following material audit adjustments for the following funds:

- General Fund
  - A material audit adjustment of \$173,865 was required to record year-end franchise tax and TAVT receivables. In addition, a material audit adjustment of \$164,394 was required to reverse out prior year franchise tax and TAVT receivables.
  - A material audit adjustment of \$211,722 was required to record year-end local option sales tax receivables. In addition, a material audit adjustment of \$126,108 was required to reverse out prior year local option sales tax receivables.
  - An audit adjustment of \$76,312 was required to record a receivable for duplicate vendor payments.
- SPLOST Fund
  - A material audit adjustment of \$478,476 was required to record year-end special local option sales tax receivables. In addition, a material audit adjustment of \$450,513 was required to reverse out prior year special local option sales tax receivables.
- Water and Sewer Fund
  - A material audit adjustment of \$318,092 was required to record a receivable for duplicate vendor payments.
  - An audit adjustment of \$82,016 was required to adjust the Water and Sewer Fund accounts receivable account to the summary aging billing system report.
- Stormwater Fund
  - An audit adjustment of \$60,141 was required to adjust the Stormwater Fund accounts receivable account to the summary aging billing system report.

#### *Effect*

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

#### *Cause*

The Town did not have controls in place to ensure the accrual of revenues in the proper fiscal year.

#### *Recommendation*

We recommend that the Town establish policies to ensure that revenues are recognized as earned.

## Section II - Financial Statement Findings (Continued)

### 2023-001 *Accounts Receivable / Revenue (Continued)*

#### *Views of Responsible Officials and Planned Corrective Actions*

Management concurs with the finding and will ensure that revenues are recorded in the proper fiscal year. The Town has added additional staff so there are additional reviews.

### 2023-002 *Accounts Payable / Retainage Payable and Expenditures / Expenses*

#### *Criteria*

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

#### *Condition*

Various expenditures / expenses were not recorded in the proper fiscal period for 2023.

#### *Context*

Material audit adjustments were required to fairly state and classify expenditures / expenses, accounts payable, and retainage payables for the fiscal year ending June 30, 2023. The material adjustments are summarized as follows by fund:

- General Fund
  - A material audit adjustment of \$297,913 was required to record year-end accounts payable. In addition, a material audit adjustment of \$238,881 was required to reverse out prior year accounts payable.
  - A material audit adjustment of \$508,464 was required to record year-end retainage payable. In addition, a material audit adjustment of \$110,088 was required to reverse out prior year retainage payable.
- ARPA Fund
  - A material audit adjustment of \$205,848 was required to record year-end accounts payable.
- Hotel / Motel Fund
  - A material audit adjustment of \$111,574 was required to record year-end accounts payable. In addition, an audit adjustment of \$49,224 was required to reverse out prior year accounts payable.
- SPLOST Fund
  - A material audit adjustment of \$169,230 was required to reverse out prior year accounts payable.
  - A material audit adjustment of \$484,502 was required to reverse out prior year retainage payable.
- Water and Sewer Fund
  - A material audit adjustment of \$294,226 was required to record year-end accounts payable. In addition, a material audit adjustment of \$1,112,603 was required to reverse out prior year accounts payable.
- Civic Center Fund
  - An audit adjustment of \$6,783 was required to record year-end accounts payable.
- Stormwater Fund
  - An audit adjustment of \$10,455 was required to record year-end accounts payable.

#### *Effect*

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

## **Section II - Financial Statement Findings (Continued)**

### ***2023-002 Accounts Payable / Retainage Payable and Expenditures / Expenses (Continued)***

#### *Cause*

The Town does not have adequate accounting procedures to ensure that expenditure / expenses, accounts payable, and retainage payable are recorded and properly classified when a liability is incurred.

#### *Recommendation*

We recommend that the Town establish policies and procedures to ensure expenditures / expenses are accrued when a liability is incurred.

#### *Views of Responsible Officials and Planned Corrective Actions*

Management concurs with the finding and will ensure that the expenditures are recorded in the proper year. The Town has added additional staff so there are additional reviews.

### ***2023-003 Prior Period Adjustment – General Fund and SPLOST Fund***

#### *Criteria*

In accordance with generally accepted accounting principles, expenditures are recognized as soon as a liability is incurred. Expenditures and corresponding liabilities should be recorded in the proper fund for which the payment is made.

#### *Condition*

In fiscal year 2022, the Town overstated expenditures in the General Fund and understated expenditures in the SPLOST Fund.

#### *Context*

In performing year-end audit procedures for the fiscal year June 30, 2023, we identified the following material audit adjustments for the General Fund and SPLOST Fund:

- General Fund increase to Fund Balance by \$409,820.
- SPLOST Fund decrease to Fund Balance by \$409,820.

#### *Effect*

The Town's reported fund balance for the General Fund was understated and the reported fund balance for the SPLOST Fund was overstated as of June 30, 2022.

#### *Cause*

The Town did not have controls in place to ensure that year-end General Fund and SPLOST Fund transactions were recorded in the appropriate fund.

#### *Recommendation*

We recommend that the Town establish policies to ensure the proper recording of year-end transactions for the General Fund and SPLOST Fund.

#### *Views of Responsible Officials and Planned Corrective Actions*

Management concurs with the finding and will ensure the expenditures are recorded in the proper year. The Town has added additional staff so there are additional reviews.

## Section II - Financial Statement Findings (Continued)

### 2023-004 *Management of Internal Balances*

#### *Criteria*

In accordance with generally accepted accounting principles, internal controls should be in place to provide reasonable assurance that interfund transactions are properly recorded and interfund balances are fairly stated.

#### *Condition*

The Town's interfund transactions were not properly recorded and interfund balances at year end were not properly stated.

#### *Context*

Adjustments were required in several funds to properly state interfund activities for the fiscal year. The following funds were affected by the above condition and required adjustments as follows:

- General Fund:
  - Material audit adjustments of \$1,494,829 and \$407,101 were required to record year-end interfund loan activity with the Water and Sewer Fund.
  - Material audit adjustment of \$588,912 was required to reverse out a year-end interfund loan with the ARPA Fund.
  - Material audit adjustment of \$339,014 was required to record the annual transfer to the URA Fund for the payment of the 2005 Bonds.
- ARPA Fund:
  - Material audit adjustment of \$588,912 was required to reverse out a year-end interfund loan with the General Fund.
- SPLOST Fund
  - Material audit adjustment of \$217,631 was required to record a transfer for the payout of retainage payable for the Civic Center project.
- URA Fund
  - Material audit adjustment of \$217,631 was required to record a transfer for the payout of retainage payable for the Civic Center project from the U.S Bank investment accounts.
  - Material audit adjustment of \$339,014 was required to record the annual transfer from the General Fund for the payment of the 2005 Bonds.
  - Material audit adjustment of \$604,578 was required to record the annual transfer from the General Fund for the payment of the 2019 Bonds.
- Water and Sewer Fund
  - Material audit adjustments of \$1,447,887 and \$406,951 was required to record the year-end interfund loan with the General Fund for GDOT reimbursements and payroll activity.

#### *Effect*

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

#### *Cause*

The Town lacked proper controls over interfund transfers and internal balances to ensure proper recording of interfund activities during the fiscal year.

#### *Recommendation*

The Town should implement procedures to ensure the proper recording of interfund activities.

#### *Views of Responsible Officials and Planned Corrective Actions*

Management concurs with the finding and will ensure interfund transfers are properly recorded. The Town has added additional staff so there are additional reviews.

## Section II - Financial Statement Findings (Continued)

### 2023-005 Capital Assets – Governmental Activities

#### *Criteria*

Generally accepted accounting principles require that governmental funds use the modified accrual basis of accounting and report capital asset additions as capital outlay expenditures at the fund level. Further, subsidiary ledgers should be maintained timely and in agreement with the Town's financial statements.

#### *Condition*

The Town's subsidiary schedule for governmental activities capital assets contained errors in beginning balances. The Town's subsidiary schedule also included current year additions for items that should not have been capitalized as well as omissions of items that should have been capitalized. Further, the Town did not apply the fundamentals of modified accrual basis accounting when recording capital asset related items at the fund level.

#### *Context*

The net effect of adjustments to the Town's subsidiary schedule for governmental activities capital assets were as follows:

- Increase capital asset additions by \$1,701,065.
- Increase capital asset disposals by \$18,665,632.

The following adjustments were required to properly record capital asset activity at the fund level:

- Material audit adjustments of \$811,495 was required to properly report capital outlay activity within the General Fund.
- Material audit adjustments of \$588,912 and \$205,848 was required to properly report capital outlay activity within the ARPA Fund.

#### *Effect*

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

#### *Cause*

The Town's internal controls did not identify errors contained in the subsidiary schedule for governmental activity capital assets.

#### *Recommendation*

The Town should enhance internal controls to ensure the proper and complete recording of governmental activity capital assets, including rolling forward capital asset schedules from the prior year to ensure beginning balances agree to the prior year ending balances, considering expenditures in each fund when determining capital asset additions, and keeping a detailed listing for each project under construction.

#### *Views of Responsible Officials and Planned Corrective Action*

Management concurs with the finding and will utilize additional resources in the preaudit process.

## Section II - Financial Statement Findings (Continued)

### 2023-006 Capital Assets – Business-Type Activities

#### *Criteria*

In accordance with generally accepted accounting principles, donated capital assets should be reported at their estimated fair value at the time of acquisition. Generally accepted accounting principles also require that capital assets be accounted for and, if applicable, depreciated on a systematic basis.

#### *Condition*

The Town did not record current year contributions of capital assets from private sources in the Water and Sewer Fund and the Town did not record civic center capital assets in the Civic Center Fund. The Town also recorded capital outlay expense in the Water and Sewer Fund rather than capital asset additions. Further, the Town did not record current year depreciation expense in the Water and Sewer Fund and the Civic Center Fund.

#### *Context*

Material adjustments in the Water and Sewer Fund and the Civic Center Fund were required to properly state the capital asset additions, depreciation expense, and balances at year-end as follows:

- Water and Sewer Fund
  - Increase Capital Assets by \$17,034,995.
  - Increase Contributions from Private Sources by \$10,553,708.
  - Increase depreciation expense and accumulated depreciation by \$2,118,261.
- Civic Center Fund
  - Increase Capital Assets by \$17,564,947.
  - Increase contributions of capital from the Town’s Governmental Activities by \$17,564,947.
  - Increase depreciation expense and accumulated depreciation by \$151,277.

#### *Effect*

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

#### *Cause*

Internal controls did not detect misstatements in the recording and reporting of the Town’s business-type capital assets.

#### *Recommendation*

The Town should enhance internal controls to ensure the proper recording and reporting of depreciation, capital asset contributions, and capital asset additions for business-type activities.

#### *Views of Responsible Officials and Planned Corrective Action*

Management concurs with the finding and will ensure future year records are reviewed more carefully for accuracy. The Town has added additional staff so there are additional reviews.

## Section II - Financial Statement Findings (Continued)

### 2023-007 *Investment Accounts*

#### *Criteria*

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

#### *Condition*

The Town did not record all investment activity in the URA Fund and the Water and Sewer Fund.

#### *Context*

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

- URA Fund
  - A material audit adjustment of \$129,647 was required to properly report the US Bank investment account balance at year-end.
  - A material audit adjustment of \$88,538 was required to properly report the US Bank investment income for fiscal year 2023.
- Water and Sewer Fund
  - An audit adjustment of \$120,697 was required to properly report the US Bank investment account balance at year-end and the investment income for fiscal year 2023.

#### *Effect*

The failure to properly reconcile the investment accounts resulted in incomplete or inaccurate recording of transactions in the Town's financial records during fiscal year 2023.

#### *Cause*

The Town did not have adequate accounting procedures in place to ensure the proper recording of investment account activity for fiscal year 2023.

#### *Recommendation*

The Town should enhance internal controls to ensure the proper recording of all investment account activity throughout the fiscal year.

#### *Views of Responsible Officials and Planned Corrective Action*

Management concurs with the finding and management will ensure all investment activity is properly recorded.



## Section II - Financial Statement Findings (Continued)

### 2023-008 Long-term Debt

#### *Criteria*

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

#### *Condition*

The Town did not properly record all long-term debt activity in the URA Fund and the Water and Sewer Fund.

#### *Context*

Audit procedures identified unreconciled differences in the URA Fund and Water and Sewer Fund. The net effects of required adjustments were as follows:

- URA Fund
  - Material audit adjustments of \$620,000, \$313,597, and \$40,000 were required to properly report the principal debt service payments for the 2005 and 2019 series bonds. In addition, audit adjustments were required to true up the debt service interest expenditures at year-end.
- Water and Sewer Fund
  - An audit adjustment of \$156,046 was required to reduce a GEFA loan for the portion of the loan that was forgiven during fiscal year 2023.

#### *Effect*

The above condition resulted in incomplete or inaccurate recording of transactions in the Town's financial records during fiscal year 2023.

#### *Cause*

Internal controls failed to detect errors in recording long-term debt activity.

#### *Recommendation*

The Town should enhance internal controls to ensure the proper recording of all long-term debt activity throughout the fiscal year.

#### *Views of Responsible Officials and Planned Corrective Action*

Management concurs with the finding and management will ensure all long-term debt activity is properly recorded.

## Compliance Findings

### *2023-009 Expenditures in Excess of Appropriations*

#### *Criteria*

The Official Code of Georgia (O.C.G.A.) Section 36-81-3 requires the governing authority to adopt and operate under an annual balanced budget for the General Fund and each special revenue fund in use by the local government.

#### *Condition*

For fiscal year 2023, certain General Fund departments and the Hotel/Motel Fund expenditures exceeded appropriations at the legal level of budgetary control.

#### *Context*

The following General Fund and Special Revenue Funds expenditures exceeded approved budgets.

General Fund	
General Government	\$ 72,948
Public Safety	476,612
Streets and Sanitation	141,513
Planning and Development	40,578
Special Revenue Fund	
Hotel / Motel	110,572

#### *Effect*

The Town is in violation of O.C.G.A. Section 36-81-3.

#### *Cause*

The Town's internal controls did not identify expenditures exceeding approved budgets.

#### *Recommendation*

The Town should enhance internal controls to ensure that expenditures are monitored to ensure compliance with budgetary requirements.

#### *Views of Responsible Officials and Planned Corrective Actions*

Management concurs with the finding. The Town will monitor the activity of all funds and make any required budget adjustments in future years.

## Section III - Federal Award Findings and Questioned Costs

No matters were reported.



MAYOR  
**Kurt Ward**  
COUNCIL MEMBERS  
District 1  
**Becky Richardson**  
District 2  
**Richard Harper**  
District 3  
**James C. Joedecke, Jr.**  
District 4  
**James Murphy**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**FINANCIAL STATEMENT FINDINGS**

2022-001	<b><u>Accounts Receivable / Revenue</u></b>
Status:	Unresolved. See CY Finding 2023-001.
2022-002	<b><u>Accounts Payable / Retainage Payable</u></b>
Status:	Unresolved. See CY Finding 2023-002.
2022-003	<b><u>Cash / Interfund Transfers</u></b>
Status:	Corrective action was taken during FY 23.
2022-004	<b><u>Violation of Georgia Law – SPLOST Fund</u></b>
Status:	Corrective action was taken during FY 23.
2022-005	<b><u>Expenditures in Excess of Appropriations</u></b>
Status:	Unresolved. See CY Finding 2023-009.

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None Reported



MAYOR  
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COUNCIL MEMBERS  
District 1  
**Becky Richardson**  
District 2  
**Richard Harper**  
District 3  
**James C. Joedecke, Jr.**  
District 4  
**James Murphy**

May 3, 2024

CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Town of Braselton, Georgia respectfully submits the following corrective action plan for the fiscal year ended June 30, 2023.

**FINANCIAL STATEMENT FINDINGS**

**2023-001 Accounts Receivable/Revenue**

**Name of Contact Person:** Jennifer Scott, Town Manager

**Recommendation:** We recommend that the Town establish policies to ensure that revenues are recognized in the correct fiscal year.

**Corrective Action:** Management concurs with the finding and will ensure that revenues are recorded in the proper fiscal year. The Town has added additional staff so there are additional reviews.

**Anticipated Completion Date:** June 30, 2024

**2023-002 Accounts Payable / Retainage Payable and Expenditures / Expenses**

**Name of Contact Person:** Jennifer Scott, Town Manager

**Recommendation:** We recommend the Town establish policies and procedures to ensure the proper accrual and classification of all liabilities incurred during the fiscal year.

**Corrective Action:** Management concurs with the finding and will ensure that the expenditures are recorded in the proper year. The Town has added additional staff so there are additional reviews.

**Anticipated Completion Date:** June 30, 2024



MAYOR  
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COUNCIL MEMBERS  
District 1  
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District 2  
**Richard Harper**  
District 3  
**James C. Joedecke, Jr.**  
District 4  
**James Murphy**

**2023-003 Prior Period Adjustment – General Fund and SPLOST Fund**

**Name of Contact Person:** Jennifer Scott, Town Manager

**Recommendation:** We recommend that the Town establish policies to ensure the proper recording of year-end transactions for the General Fund and SPLOST Fund.

**Corrective Action:** Management concurs with the finding and will ensure the expenditures are recorded in the proper year. The Town has added additional staff so there are additional reviews.

**Anticipated Completion Date:** June 30, 2024

**2023-004 Management of Internal Balances**

**Name of Contact Person:** Jennifer Scott, Town Manager

**Recommendation:** We recommend that the Town implement procedures to ensure the proper recording of interfund activities.

**Corrective Action:** Management concurs with the finding and will ensure interfund transfers are properly recorded. The Town has added additional staff so there are additional reviews.

**Anticipated Completion Date:** June 30, 2024

**2023-005 Capital Assets – Governmental Activities**

**Name of Contact Person:** Jennifer Scott, Town Manager

**Recommendation:** The Town should enhance internal controls to ensure the proper and complete recording of governmental activity capital assets, including rolling forward capital asset schedules from the prior year to ensure beginning balances agree to the prior year ending balances, considering expenditures in each fund when determining capital asset additions, and keeping a detailed listing for each project under construction.

**Corrective Action:** Management concurs with the finding and will utilize additional resources in the preaudit process.

**Anticipated Completion Date:** June 30, 2024



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District 1  
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District 4  
**James Murphy**

**2023-006 Capital Assets – Business-Type Activities**

**Name of Contact Person: Jennifer Scott, Town Manager**

**Recommendation:** The Town should enhance internal controls to ensure the proper recording and reporting of depreciation, capital asset contributions, and capital asset additions for business-type activities.

**Corrective Action:** Management concurs with the finding and will ensure future year records are reviewed more carefully for accuracy.

**Anticipated Completion Date:** June 30, 2024

**2023-007 Investment Activity**

**Name of Contact Person: Jennifer Scott, Town Manager**

**Recommendation:** The Town should enhance internal controls to ensure the proper recording of all investment account activity throughout the fiscal year.

**Corrective Action:** Management concurs with the finding and management will ensure all investment activity is properly recorded.

**Anticipated Completion Date:** June 30, 2024

**2023-008 Long-Term Debt**

**Name of Contact Person: Jennifer Scott, Town Manager**

**Recommendation:** The Town should enhance internal controls to ensure the proper recording of all long-term debt activity throughout the fiscal year.

**Corrective Action:** Management concurs with the finding and management will ensure all long-term debt activity is properly recorded.

**Anticipated Completion Date:** June 30, 2024



MAYOR  
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District 2  
**Richard Harper**  
District 3  
**James C. Joedecke, Jr.**  
District 4  
**James Murphy**

**2023-009 Expenditures in Excess of Appropriations**

**Name of Contact Person:** Jennifer Scott, Town Manager

**Recommendation:** We recommend that the Town enhance internal controls to ensure that expenditures are monitored to ensure compliance with budgetary requirements.

**Corrective Action:** Management concurs with the finding. The Town will monitor the activity of all funds and make any required budget adjustments in future years.

**Anticipated Completion Date:** June 30, 2024

**FEDERAL AWARDS FINDINGS**

None Reported