



City of Ball Ground Georgia

Comprehensive Annual Financial Report
For The Fiscal Year Ended
June 30, 2015

Where We Roll Out the Red Carpet, Not the Red Tape

BALL GROUND, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

Prepared by:

City of Ball Ground Finance Department
Donna W. England, Finance Director

City of Ball Ground, Georgia
PO Box 285 - Ball Ground, Georgia 30107

**CITY OF BALL GROUND, GEORGIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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INTRODUCTORY SECTION

The introductory section includes a transmittal letter from the City Manager and Finance Director, a certificate of achievement for excellence in financial reporting, a general government organization chart, and a list of principal officials.

Mayor
A. R. Roberts, III

Council Members
John Byrd
Frank Homiller
Mickey O'Malley
Lee Prettyman
Andrenia Stoner



CITY OF BALL GROUND
www.cityofballground.com

City Manager
Eric Wilmarth

City Attorney
Darrell Caudill

City Clerk
Karen Jordan

We Roll Out the Red Carpet Not the Red Tape.™

December 23, 2015

To The Honorable Mayor, Members of the City Council and
Citizens of Ball Ground, Georgia:

The Comprehensive Annual Financial Report of the City of Ball Ground, Georgia (the "City"), for the fiscal year ended June 30, 2015, is hereby submitted as mandated by both local and state government. These ordinances and statutes require that the City issue annually a report on its financial position and activity, and that this report be audited by an independent firm of certified public accountants. This report was prepared by the City's Finance Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain the maximum understanding of the City of Ball Ground, Georgia's financial affairs are included.

The City of Ball Ground, Georgia's financial statements have been audited by Mauldin & Jenkins, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Ball Ground, Georgia for the fiscal year ended June 30, 2015, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Ball Ground, Georgia's financial statements for the fiscal year ended June 30, 2015, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor's report is presented as the first component of the financial section of the report.

The financial reporting entity for the City of Ball Ground, Georgia includes all funds of the primary government, the City of Ball Ground, Georgia. The City provides a full range of services including police, building inspections, zoning, code enforcement, municipal court, the construction and maintenance of streets and infrastructure, recreational activities and cultural events, water and sewer service, and sanitation.

Management's discussion and analysis immediately follows the independent auditor's report and provides a narrative and overview of the basic financial statements and should be read in conjunction with the transmittal letter.

GOVERNMENTAL STRUCTURE, LOCAL ECONOMIC CONDITION AND OUTLOOK

The City of Ball Ground, Georgia is governed by a Mayor and five Council Members. The City Council consists of five members elected at large for staggered four-year terms. The Mayor is the sixth voting member of council, who along with the remaining council members is elected on a non-partisan basis. Council provides responsive, progressive leadership and a vision for the community by setting policies, passing ordinances, adopting the budget, and hiring the City Manager. The City Manager carries out the policies and ordinances of the City Council, oversees the day-to-day operations of the City, prepares the budget, and supervises the various department heads.

The City of Ball Ground, Georgia operates its own water and sewer system. The water system is supplied by wells within the City along with water purchased from the Cherokee County Water and Sewer Authority. The City has a contract with the City of Canton for its sewer treatment. The City also has an existing contract for residential garbage pickup. This contract affords a significant savings to residential customers, as the City is not required to invest in assets and reserve equipment needed to provide this service.

The City of Ball Ground, Georgia is primed for future economic development, given its strategic location. The infrastructure improvements completed over the past several years emphasize the additional economic possibilities for the City of Ball Ground, Georgia. The growth of its revenue base will continue to improve the quality of life and financial stability of the City of Ball Ground, Georgia.

FINANCIAL INFORMATION

Accounting System Internal Controls. The management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the evaluation of costs and benefits requires estimates and judgment by management.

As a recipient of federal, state, and local financial assistance, the City is also responsible for certifying that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to federal assistance programs. This internal control structure is subject to periodic evaluation by management of the City.

Budgeting Controls. In addition to internal controls, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund, District Fire Tax Fund, and Enterprise Funds are included in the annual appropriated budget. Expenditures may not legally exceed appropriations at the department level, within each fund.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Long-Term Financial Planning. The City of Ball Ground does not anticipate major changes in either revenue sources or expenditures in the future. The City has taken a conservative approach to budgeting and finance, with an emphasis on estimating expenses on the high-end and estimating revenues on the low-end. We anticipate being able to manage through the current financial challenges by using expenditure control to maintain current capital assets rather than the purchase or construction of new capital assets.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Ball Ground for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the eighth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

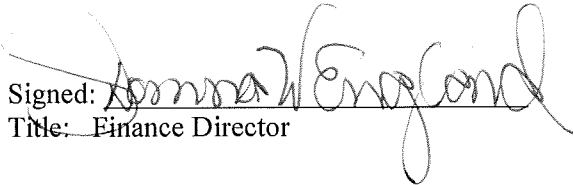
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate. The City is committed to this effort and will strive to maintain and surpass these standards on future reports.

ACKNOWLEDGEMENTS

The preparation of the comprehensive annual financial report, on a timely basis, could not have been accomplished without the dedication and cooperation of the entire City staff. We would like to express our appreciation to each member who assisted and contributed to the preparation of this report. We also extend our appreciation to our independent auditors, Mauldin & Jenkins, LLC, for the professional guidance and assistance in producing a technically sound document. **Most importantly, we express our appreciation to the Mayor and City Council for their dedication, leadership, vision, and support in planning and conducting the affairs of the City of Ball Ground in a responsible and progressive manner, which ensures that Ball Ground is a well-rounded, vibrant community to call home.**

Respectfully submitted,

Signed: 
Title: City Manager

Signed: 
Title: Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

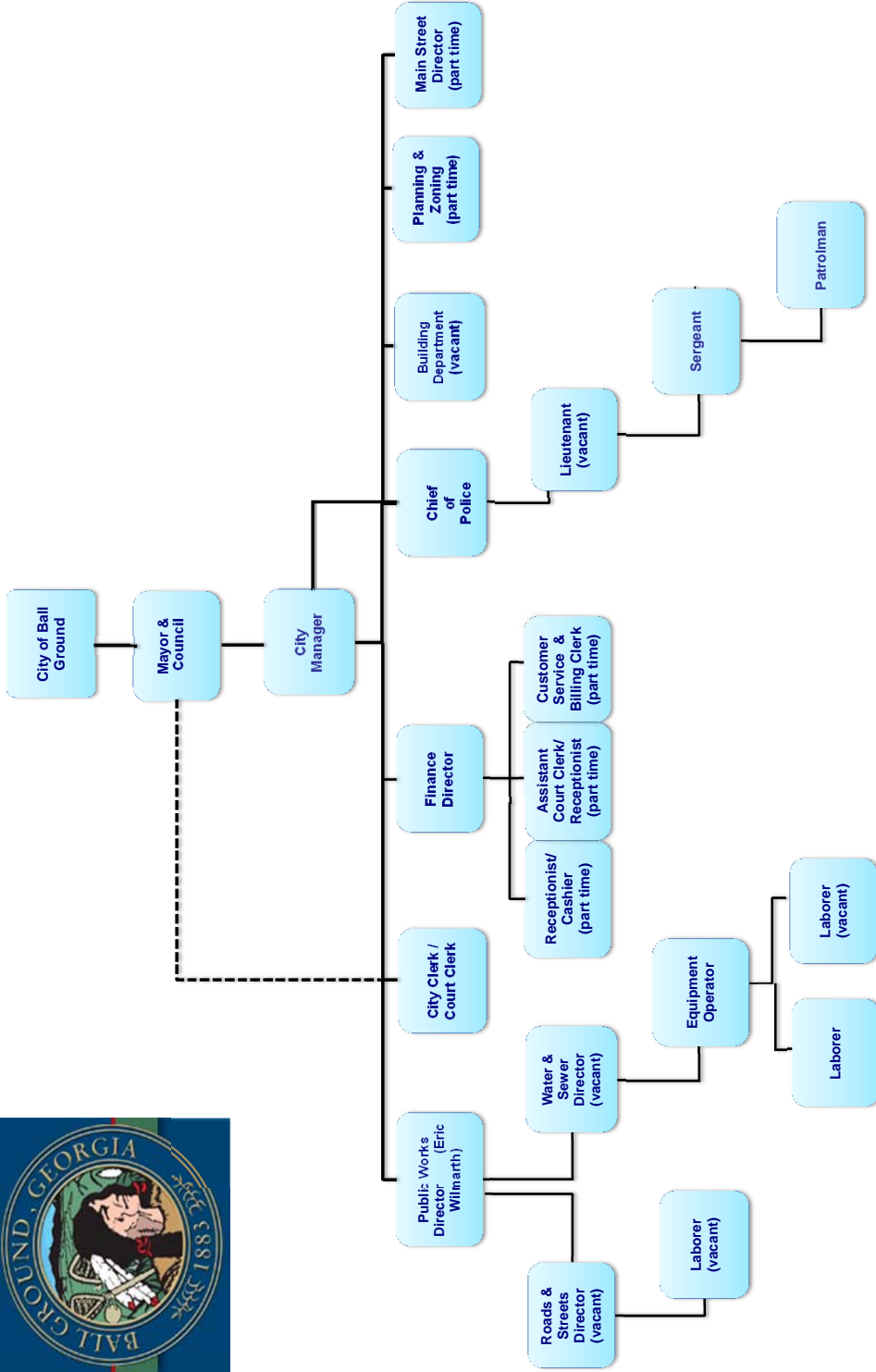
Presented to

**City of Ball Ground
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO



NOTE: City Clerk & Police Chief are annual appointees of Mayor & Council.

City of Ball Ground, Georgia

Principal Officials

June 30, 2015

Mayor

A.R. Roberts, III

City Council

Frank Homiller, Mayor Pro-tem

John Byrd

Mickey O'Malley

Lee Prettyman

Andrenia Stoner

City Manager

Eric W. Wilmarth

City Clerk

Karen Jordan

Finance Director

Donna W. England

Police Chief

R. Bryon Reeves

Public Works Director

Eric W. Wilmarth

City Attorney

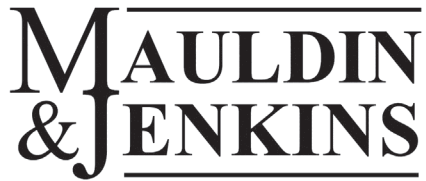
Darrell Caudill

City Auditors

Mauldin & Jenkins, LLC

FINANCIAL SECTION

The financial section includes the independent auditor's report on the financial statements, the MD&A which provides a narrative introduction, overview and analysis of the financial statements, the basic financial statements including footnotes, and supplementary information.



INDEPENDENT AUDITOR'S REPORT

**To the Honorable Mayor and Members
of the City Council
Ball Ground, Georgia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the **City of Ball Ground, Georgia** (the "City"), as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the City of Ball Ground, Georgia, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the District Fire Tax Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ball Ground, Georgia's basic financial statements. The Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds as required by the Official Code of Georgia 48-8-121 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2015 on our consideration of the City of Ball Ground, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 City of Ball Ground, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 23, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) is a narrative introduction, overview and analysis of the basic financial statements prepared by the City's Finance Director.

City of Ball Ground, Georgia
Management's Discussion and Analysis
June 30, 2015

This discussion and analysis of the City of Ball Ground, Georgia's (the "City") financial performance is prepared by management to provide an overview of the City's financial activities for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

- Total Net Position is comprised of the following:
 - 1) Net investment in capital assets of \$9,515,048 includes property and equipment, net of accumulated depreciation, and is reduced for outstanding debt related to the purchase or construction of capital assets as compared to \$7,897,434 to FY2014 year-end.
 - 2) Restricted net position of \$142,135 represents the portion to be used for capital projects (\$97,770) and fire protection services (\$44,365). This is an 18.2% decrease from the previous year.
 - 3) Unrestricted net position of \$931,537 represents the portion available to maintain the City's continuing obligations to citizens and creditors. This is an increase of \$84,582 from the previous year's balance.
- The City's total assets, \$13,882,284 and deferred outflows of resources, \$69,653 exceeded its liabilities of \$3,363,217 by \$10,588,720 for the fiscal year reported as compared to \$8,918,193 in FY2014. The total assets are 4.13 times the total liabilities.
- The City's capital assets, net of accumulated depreciation, increased by \$1,653,356 primarily due to the capital contributions of \$1,506,075 from the Lantern Walk Community Association of six roads, water lines, and sewer lines. In addition the City received other capital contributions of \$135,949 for the construction of 3,000 feet of water lines (extension of Flatbottom Road to Northridge East) and \$37,350 from the Safe Routes to School Grant.
- The City's total liabilities increased by \$32,402 or less than 1% as a result of net effect of the increase in current liabilities of \$92,137 and a decrease of noncurrent liabilities of \$59,735 as compared to the prior fiscal year. The current liabilities increased as a result of the increase of accounts payable (two large contractor invoices received in July for work done late in the fiscal year). However, during fiscal year ended June 30, 2015, the noncurrent liabilities decreased as a result of a reduction in the principal of long term debt as the City continues to make scheduled principal payments as they come due.
- As of the close of the current fiscal year, the City of Ball Ground's governmental funds reported combined ending fund balances of \$693,127 a decrease of \$3,674 in comparison with the prior year. Of this amount, \$424,042 is unassigned and available for spending.
- At the end of the current year the unassigned fund balance for the governmental funds was \$424,042 or 27% of the governmental funds expenditures as compared to 22% in the prior fiscal year.

City of Ball Ground, Georgia
Management's Discussion and Analysis
June 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis (MD&A) document introduces the City's basic financial statements. The City of Ball Ground's basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The City also includes additional information in this report to supplement the basic financial statements.

Government-wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements are designed to provide readers with a broad overview of the City of Ball Ground's finances, in a manner similar to a private-sector business.

The first of these government-wide statements is the *Statement of Net Position*. This statement of net position presents information that includes all of the City's assets, deferred outflows of resources, and liabilities, with the difference between the three reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, the reader needs to consider other non-financial factors, such as changes in the City's property tax base and the condition of the City's infrastructure, in addition to the financial information in this report in order to assess the overall health of the City. The *Statement of Net Position* includes all assets, deferred outflows of resources, and liabilities using the accrual basis of accounting which is the accounting method used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The second government-wide statement is the *Statement of Activities* which reports how the City's net position changed during the most recent fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Ball Ground that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Ball Ground include public safety (police), public works, parks and recreation, planning and zoning, building inspection, code enforcement, municipal court services, and general administrative services. The business-type activities of the City include water and sewer and solid waste services.

The government-wide financial statements can be found on pages 19 and 20 of this report.

City of Ball Ground, Georgia
Management's Discussion and Analysis
June 30, 2015

Fund Financial Statements

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

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's financing requirements and the commitment of spendable resources for the near-term. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Ball Ground maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, District Fire Tax Fund and the Special Purpose Local Option Sales Tax ("SPLOST") Fund. All three are presented as major funds.

The City of Ball Ground adopts an annual appropriated budget for its General Fund and District Fire Tax Fund. A budgetary comparison statement has been provided for the General Fund and the District Fire Tax Fund to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 21 through 24 of this report.

Proprietary funds. The City of Ball Ground maintains only one type of proprietary fund called an enterprise fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer and solid waste operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations and the solid waste operations. The water and sewerage fund is considered to be a major fund for the City of Ball Ground.

The basic proprietary fund financial statements can be found on pages 27 through 30 of this report.

City of Ball Ground, Georgia
Management's Discussion and Analysis
June 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Ball Ground, assets and deferred outflows of resources exceeded liabilities by \$10,588,720 at the close of the most recent fiscal year.

The vast majority of the City of Ball Ground's net position, reflects its investment in capital assets (e.g., land improvements, buildings and improvements, machinery and equipment, infrastructure and vehicles), less any outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Ball Ground's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF BALL GROUND'S NET POSITION
TABLE I**

	Governmental Activities 2015	Governmental Activities 2014	Business-type Activities 2015	Business-type Activities 2014	Total 2015	Total 2014
Current and other assets	\$ 884,197	\$ 801,591	\$ 360,690	\$ 385,414	\$ 1,244,887	\$ 1,187,005
Capital assets	8,345,389	7,463,234	4,292,008	3,520,807	12,637,397	10,984,041
Total assets	9,229,586	8,264,825	4,652,698	3,906,221	13,882,284	12,171,046
Deferred charges	69,653	77,962	-	-	69,653	77,962
Total deferred outflow of resources	69,653	77,962	-	-	69,653	77,962
Long-term debt outstanding	1,650,736	1,687,736	1,472,308	1,482,181	3,123,044	3,169,917
Other liabilities	179,205	95,316	60,968	65,582	240,173	160,898
Total liabilities	1,829,941	1,783,052	1,533,276	1,547,763	3,363,217	3,330,815
Net Position:						
Net investment in capital assets	6,687,758	5,853,460	2,827,290	2,043,974	9,515,048	7,897,434
Restricted	142,135	173,804	-	-	142,135	173,804
Unrestricted	639,405	532,471	292,132	314,484	931,537	846,955
Total net position	\$ 7,469,298	\$ 6,559,735	\$ 3,119,422	\$ 2,358,458	\$ 10,588,720	\$ 8,918,193

At the end of the current fiscal year, the City of Ball Ground was able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Total net position of the City's governmental activities increased by \$909,563 in fiscal year 2015 (\$7,469,298 in the current fiscal year versus \$6,559,735 in the prior fiscal year). The increase is primarily due to the capital contributions of six roads along with the infrastructure such as sidewalks, curb, gutter and cul-de-sacs from Lantern Walk Community Association of \$720,375 and of sidewalks from Safe Routes to School Grant of \$37,350. The business-type activities, which includes the water and sewerage fund and solid waste fund ended the year with an increase in net position of \$760,964. The Lantern Walk Community Association also made capital contributions of \$783,900, the value of the water and gravity sewer lines in the Lantern Walk

City of Ball Ground, Georgia
Management's Discussion and Analysis
June 30, 2015

Subdivision Phase I and II. In addition the City received capital contribution from the developer of the water line extension of Flatbottom Road to Northridge East of \$135,949. The City's total net position, which includes both the governmental and business-type activities, increased \$1,670,527. Unrestricted net position, the portion of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, totaled \$931,537 which is an increase of \$84,582 from the prior year. These funds may be used to meet the government's ongoing obligations to citizens and creditors. Only the \$142,135 portion of the City's net position is subject to external restrictions on how it may be used.

TABLE II

	Governmental Activities 2015	Governmental Activities 2014	Business-type Activities 2015	Business-type Activities 2014	Total 2015	Total 2014
Revenues:						
Charges for services	\$ 154,454	\$ 94,485	\$ 775,471	\$ 747,833	\$ 929,925	\$ 842,318
Capital grants and contributions	1,344,012	1,336,032	1,060,937	223,850	2,404,949	1,559,882
General revenues:					-	-
Property taxes	532,160	354,239	-	-	532,160	354,239
Other taxes	243,623	228,953	-	-	243,623	228,953
Other revenues	15,072	13,280	24,441	3,235	39,513	16,515
Total revenues	2,289,321	2,026,989	1,860,849	974,918	4,150,170	3,001,907
Expenses:						
General government	327,737	294,574	-	-	327,737	294,574
Judicial	13,424	6,708	-	-	13,424	6,708
Public safety	393,339	215,644	-	-	393,339	215,644
Public works	389,150	292,784	-	-	389,150	292,784
Health and welfare	9,574	7,643	-	-	9,574	7,643
Culture and recreation	168,878	82,705	-	-	168,878	82,705
Housing and development	24,910	12,508	-	-	24,910	12,508
Interest on long-term debt	85,431	89,579	-	-	85,431	89,579
Solid waste	-	-	124,953	109,553	124,953	109,553
Water and sewerage	-	-	942,247	937,832	942,247	937,832
Total expenses	1,412,443	1,002,145	1,067,200	1,047,385	2,479,643	2,049,530
Change in net position before transfers	876,878	1,024,844	793,649	(72,467)	1,670,527	952,377
Transfers	32,685	-	(32,685)	-	-	-
Change in net position	909,563	1,024,844	760,964	(72,467)	1,670,527	952,377
Net position, beginning of year	6,559,735	5,534,891	2,358,458	2,430,925	8,918,193	7,965,816
Net position, end of year	\$ 7,469,298	\$ 6,559,735	\$ 3,119,422	\$ 2,358,458	\$ 10,588,720	\$ 8,918,193

Governmental Activities. The City of Ball Ground's net position in governmental activities was increased by \$909,563 which resulted from an increase in total assets of \$964,761 and the decrease in deferred charges of \$8,309 and an increase in total liabilities of \$46,889. Significant elements that contributed to the increase of net position are discussed beginning on the following page.

City of Ball Ground, Georgia
Management's Discussion and Analysis
June 30, 2015

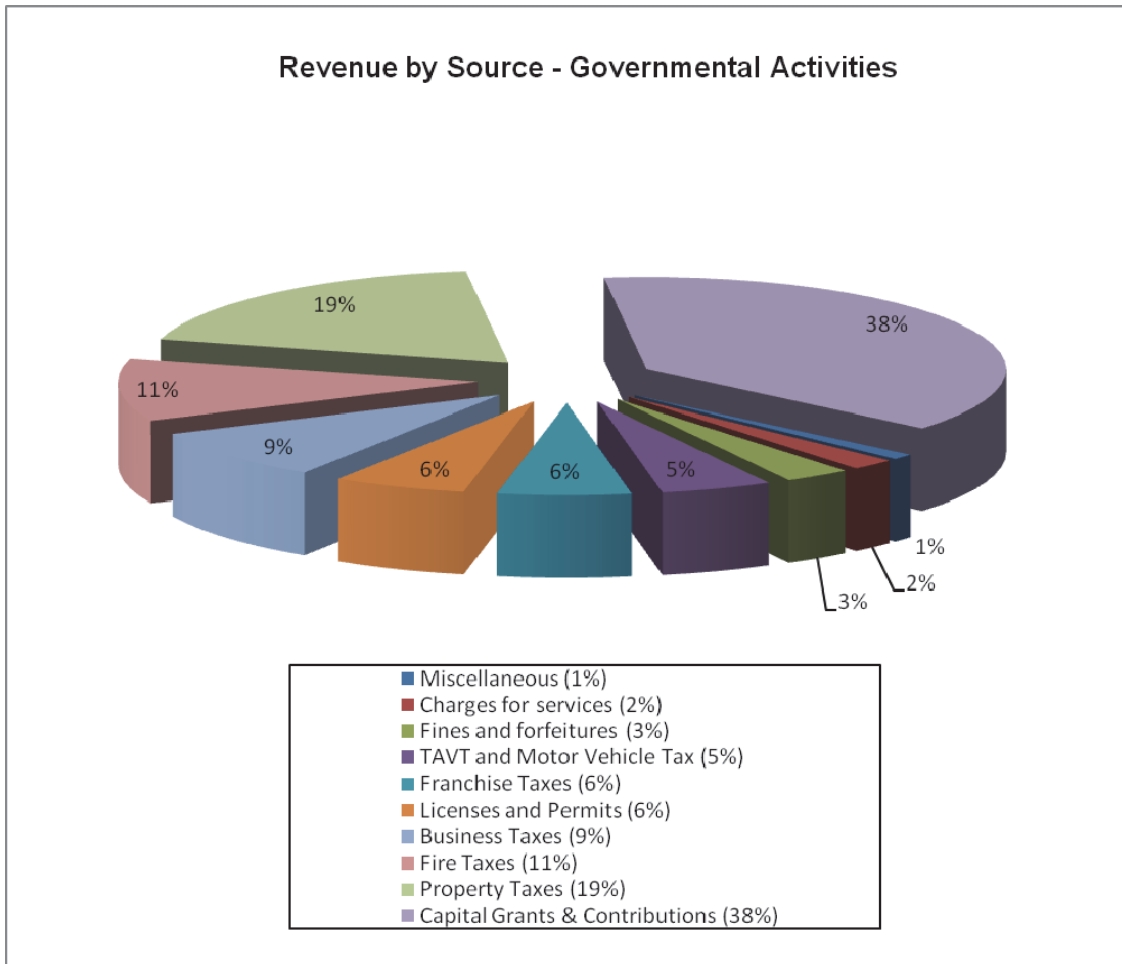
Increase in Total Assets

The increase of total assets is a direct result of an increase of \$882,155 in capital assets from \$7,463,234 in the prior year to \$8,345,389 in the current fiscal year. The key element for this increase is due to capital contributions received in FY2015: \$720,375 from the Lantern Walk Community Association and \$37,350 from the Safe Routes to School Grant. Another key element is the purchase of property for the expansion of Calvin Farmer Park, \$90,976 and a police vehicle, \$33,632.

Increase in Total Liabilities

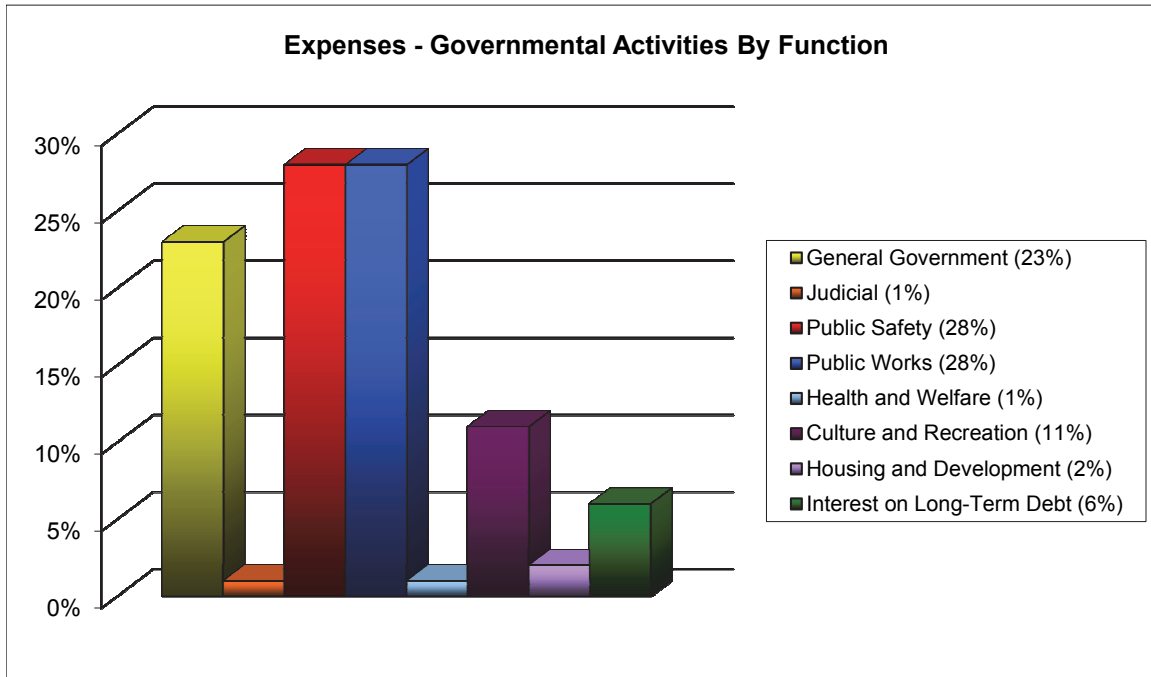
The total liabilities increased by \$46,889 as compared to the prior year; however, the cause of the increase is due to the net effect of an increase in accounts payable and accrued interest payable of \$96,388 and \$363, respectively, and a decrease in long term liabilities \$49,862.

Two contractor invoices received in July for work performed late in the fiscal year contributed to \$79,486 of the increase in accounts payable and the decrease of noncurrent liabilities was the result of the City securing two new capital leases (\$51,002) while continuing to reduce the principal amounts of three existing capital leases (\$102,490) for a net reduction of debt of \$51,488.



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The governmental activities program revenues increased for FY2015 by \$67,949 as compared to FY2014 primarily due to the increases in charges for services revenues. The largest increase was in housing and development, \$26,743 due to the development of two new subdivisions. The Judicial revenues increased by \$25,323 due to the increased patrol coverage, the purchase and use of tag reader, and the change of frequency of City Court from semi-monthly to monthly. The Culture and recreation increased revenues by \$8,181 due to the increased usage of the City's parks and gym.



Along with the increase in revenues the governmental activities had an increase in expenses of \$410,298. When comparing the expenses of FY2015 to that of the prior year the expenses of each program function were increased. The increases are as follows: General government \$33,163, Judicial \$6,716, Public safety \$177,695, Public works \$96,366, Health and welfare \$1,931, Culture and recreation \$86,173, and Housing and development \$12,402.

When comparing an overview of the current year increases in the program expenditures as compared to last year's there were several key elements that caused the increases.

General Government – experienced increased expenditures due to increases in Clerk of Council's health insurance, salary and retirement costs, the increases in the Mayor's business development expenditures, and attorney's fees in preparing the City's ordinances for re-codification.

Judicial – expenditures increased during the current fiscal year due to the increased court costs associated with holding Municipal Court monthly instead of bi-monthly.

Public Safety – experienced the largest increase due to inclusion of the District Fire Tax Fund which identified the actual cost to the City for fire protection services (\$130,821).

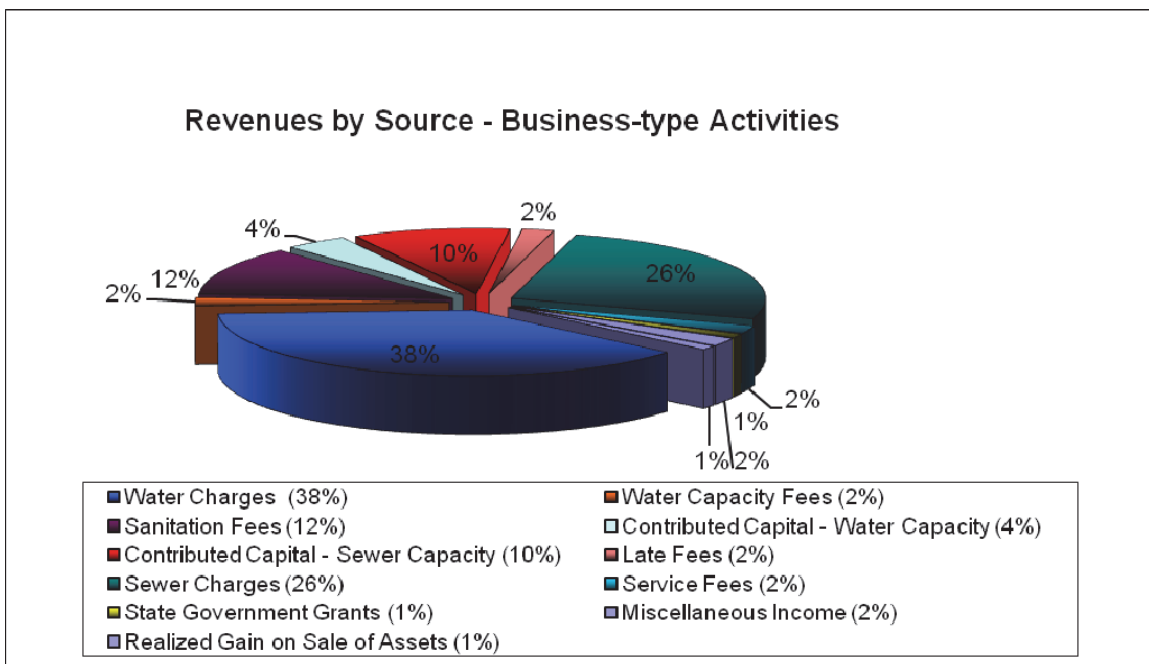
City of Ball Ground, Georgia
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Public Works – expenditures exceeded the prior year by \$96,366 due to several factors: increased road resurfacing and repair, increased grounds maintenance required for the increased parks property. Also the City's cost share of the completed sidewalk projects (Safe Routes to School and Northridge).

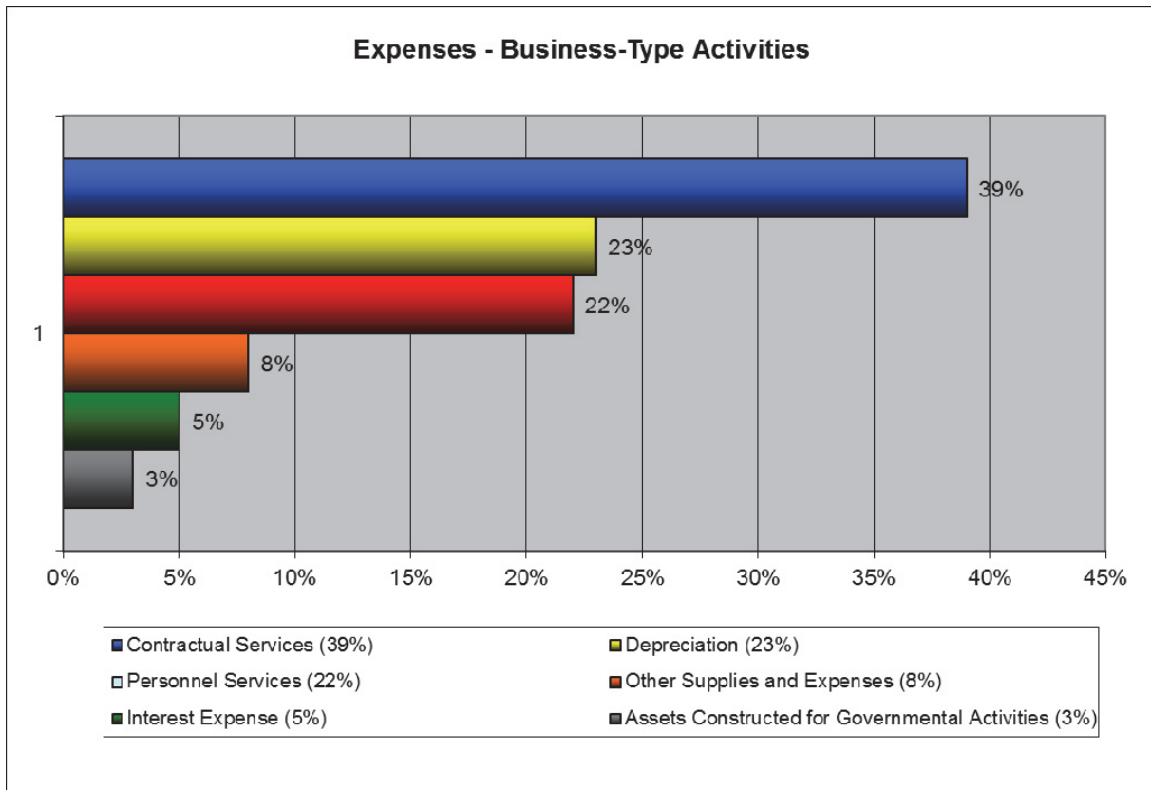
Health and Welfare – expenditures were slightly increased in the current year as compared to the prior year. Although during the current fiscal year there were cost saving measures in place which somewhat offset the cost of necessary unbudgeted expenditures of \$7,217 for electrical upgrades of the Community Building as required by GIRMA, the City's property and casualty insurance carrier, during the current fiscal year.

Culture and Recreation – increased due to an increase in the depreciation expense for this function, as 2015 was the first year of depreciation taken on the newly constructed recreational facility and the related equipment. The related increase in the depreciation expense was \$77,359

Housing and Development – experienced increased expenditures due to the implementation of the Main Street Program. The current year expenditures were \$13,759 as compared to \$150, a required membership fee incurred late in the prior year.



City of Ball Ground, Georgia
 Management's Discussion and Analysis
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Business-type Activities. The revenues increased by \$27,638 in current year as compared to the prior year. As in the prior year, the continued development of Mountain Brooke Subdivisions and in two new subdivisions, Sage Hill and Heritage Oakes, resulted in 36 more customers which contributed to the increase of charges for water and sewer services and 51 new sanitation customers which contributed to the increased charges for sanitation services.

During FY2015 there was substantial development in two new subdivisions, Sage Hill, and Heritage Oakes in addition the continued development in Mountain Brooke. The City issued 69 new building permits in FY2015 as compared to 29 in the prior year: Sage Hill (13), Heritage Oaks (22), Mountain Brooke (24), and 10 structures not located within a subdivision. Although there were 40 more building permits issued in FY2015 there was not a corresponding increase for new water and sewer capacity fees collected. In the prior year the water capacity fees were \$4,200 more and sewer capacity fees were \$74,712 more than what was collected in FY2015

One contributing factor for the reduction in sewer capacity fees is the agreement between the City of Ball Ground and the developer of Sage Hill to build a large lift station that would accommodate all of the City's sewerage flow in lieu of paying sewer capacity fees for all new construction in the subdivision.

The other contributing factor for the slight reduction of water capacity fees and sewer capacity fees is the development in a new subdivision, Heritage Oakes, that was annexed into the City and is serviced by the Cherokee County Water and Sewerage Authority and therefore, they collected the water and sewer capacity fees.

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The key element for this increase in net position is as follows:

- The largest single factor that contributed to the dramatic increase in net position was the contributed capital from Lantern Walk Community Association for \$783,900 (water and sewer lines in Lantern Walk) and \$135,948 (3,000 feet of water line – extension of Flatbottom Road water line to Northridge East).

Some other highlights of the business-type operations were as follows:

- During the current fiscal year, the number of water customers increased by 36, the number of sewer customers increased by 30, and the number of sanitation customers increased by 51. Although the numbers may not seem substantial the percentage increases are as follows: water 3.9%, sewer 4.8%, and sanitation 9.1%. The increase in customers directly impacted water, sewer, and sanitation sales. The operating revenues increased by \$44,683 (6.0%): \$31,575 Water and Sewerage Fund (“Water”) and \$13,108 in Solid Waste Fund.
- During FY2015 the operating expenses increased by \$31,929 (3.3%): \$16,529 in Water Fund and \$15,400 in Solid Waste Fund as compared to the previous fiscal year. In the Water Fund the increase in depreciation expense of \$27,662 was the largest single increase of operating expenses which was directly related to the increase of capital assets. In the Solid Waste Fund the largest increase of operating expenses was in personnel services due to a part time employee becoming a full time employee with benefits during FY2015.
- The Water Fund experienced a decrease in contractual services expense by \$35,133 or (9.5%) in the current year. In the prior fiscal year the City experienced a substantial increase in this area due to one unanticipated incident that required extensive outsourcing of services, which included the re-routing of sewerage while new infrastructure was put in place.

Financial Analysis of the Government's Funds

As noted earlier, the City of Ball Ground uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the City of Ball Ground's governmental funds reported combined ending fund balances of \$693,127, a slight decrease of \$3,674 in comparison with the prior year. A portion of the combined ending fund balance comes from the SPLOST funds and is restricted for capital improvements (\$86,818) as approved by the respective referendums and from the District Fire Tax fund and is restricted for purposes of fire protection expenditures (\$2,813).

City of Ball Ground, Georgia
Management's Discussion and Analysis
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The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance was \$424,042. This amount is available for spending at the City's discretion. The unassigned fund balance decreased by \$29,213 (6.5%) during the current fiscal year. The governmental activities are made up of three funds, the General Fund, District Fire Tax Fund and SPLOST Fund.

General Fund Budgetary Highlights

Revenues:

Actual revenues exceeded budgeted revenues by \$189,337. Listed below is a brief summary of factors that attributed to the increased revenues in FY2015.

- Contributions of \$85,951 exceeded budgetary expectations. These contributions were from the Lantern Walk Community Association to be used to top coat the subdivision roads in Phase I and Phase II.
- Licenses and permits exceeded budget by \$37,304 due to the substantial increase in building permits and inspections fees of \$34,614, and the alcoholic beverage licenses of \$1,650. The budget allowed for 40 building permits (averaging \$1,000 each) and during the current year the City issued 67 (averaging \$1,105 each) building permits and received \$550 in inspection fees.
- Fines and forfeitures revenue exceeded budget by \$30,661 due to increased patrol within the City by the City's officers and other law enforcement agencies, and the increased detection of violations due to the use of the tag reader purchased in the current fiscal year.
- Franchise taxes exceeded budget by \$26,019 primarily due to the increase in electrical and natural gas franchise fees. The increase of these fees are a result of increased usage from the increased number of residential dwellings constructed and occupied during the last two fiscal years as well as the development of an annexed subdivision.
- Miscellaneous revenue experienced an over budget variance of \$9,420 due to a reimbursement from Mena Productions for the use of City property (\$5,000), a reimbursement from GIRMA, the City's insurance company, for overpayment of insurance premiums due to the removal of the Old Ball Ground Elementary School due to change of ownership (\$1,559), an unanticipated donation of \$1,000 from the Ball Ground Business Association, the sale of four street signs to a developer (\$550), and a donation of \$450 from Ball Ground Crazy Quilters.
- Business taxes exceeded budget by \$6,104 due to the increase in insurance premium taxes (\$3,342) and the increase of alcoholic beverage excise taxes (\$1,764), as well as slight increases in municipal license fees and business occupation fees.
- Investment earnings exceeded budget by \$842 because the City maintained higher balances in the interest bearing accounts.

City of Ball Ground, Georgia
Management's Discussion and Analysis
June 30, 2015

Expenditures:

Actual expenditures exceeded budgeted expenditures by \$193,578. A brief summary of the largest variances which resulted in an overall budget shortfalls are explained below:

- General government – Expenditures in multiple departments exceeded budget due to various reasons. Clerk of council exceeded budget by \$4,617 as a direct result of increased group insurance premiums, salary and retirement expenditures. Mayor's department exceeded budget due to increased business development costs. General government buildings line exceeded budget by \$3,764 due to increased repair and maintenance expenditures as well as increased electricity costs.
- Judicial – Municipal court expenditures were over budget by \$6,474 due to the need to hold municipal court on a monthly basis opposed to bi-monthly as in the prior years. As expected the increase in Court and legal costs were a direct result of the increased Court calendar.
- Public Safety – Expenditures exceeded budget by \$13,811 due to the increased salaries and FICA costs which resulted from an increase of worked overtime hours. The increase patrol coverage required more hours worked by the two patrol officers.
- Public Works – Highways and streets exceeded budget by \$178,810 of which \$119,951 was reimbursed by the developers of Lantern Walk Subdivision and Lantern Walk Community Association. During the previous fiscal year the developers of Lantern Walk Subdivision paid a total of \$34,000 as a deposit to be used to top coat the roads in Phase I. During the current fiscal year the Lantern Walk Community Association paid \$85,951 to be used to top coat the roads in Phase I and Phase II. Also the City paved Cherokee Village Court at a cost of \$47,716; however, the Georgia DOT (LMIG) funds for 2013 (\$18,118) and for 2014 (\$17,952) were applied to this project.
- Health and welfare – Community center exceeded budget by \$7,881 due to unbudgeted but necessary electrical upgrades required by GIRMA, the City's property and casualty insurance provider.
- Tree City – exceeded budget by \$20,442 due to a beetle and ant infestation in two of the public parks that resulted in eight trees dying. The cost of removing the trees, although necessary for public safety, were unbudgeted.
- Housing and development – Planning and zoning expenditures were over budget by \$1,501, due to the continued lease of an off-street parking lot at a cost of \$2,400. The Main street department's first year in existence exceeded budget by \$759 due to some unanticipated dues and fees required for the program.

SPLOST Fund Highlights

Revenue totaled \$500,337 which was \$145,817 more than anticipated.

City of Ball Ground, Georgia
Management's Discussion and Analysis
June 30, 2015

The sales tax was used for various projects in the City. Expenditures for the current year were \$603,584 of which \$275,428 was used for public works projects and costs such as roads, streets, storm drain and other infrastructure improvements; \$91,712 was used for culture and recreation (parks); \$57,195 was used for public safety; and \$179,249 was used for debt service payments.

This fund was the source of debt service payments on leases funding City Hall, Valley Street, and (2) 2014 police vehicle expenditures. The debt service payments for the current year were \$110,269 (City Hall), \$57,563 (Valley Street), \$8,454 (2014 police vehicle #1 purchased in 2014), and \$2,963 (2014 police vehicle #2 purchased in 2015) for a total of \$179,249 debt service payments.

Proprietary Funds Highlights

The City of Ball Ground's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Combined unrestricted net position of the Water and Sewerage Fund and the Solid Waste Fund at the end of the year was \$292,132 a decrease of \$22,352 from the previous year.

Capital Assets and Debt Administration

The City of Ball Ground's investment in capital assets for its governmental and business-type activities as of June 30, 2015, amounted to \$12,637,397 (net of accumulated depreciation). Capital assets investments include land, construction in progress, land improvements, buildings, machinery and equipment, infrastructure and vehicles.

Major additions of capital assets this fiscal year were the following:

- *Calvin Farmer Park Expansion, \$90,976*
- *Community Building electrical improvements, \$7,217*
- *Resurfacing of Blackwell Street, \$32,685*
- *Northridge sidewalk project, \$133,988*
- *Paving Cherokee Village Court, \$47,716*
- *Paving Lantern Walk Phase I, \$85,951*
- *Paving Lantern Walk Phase II, \$28,619*
- *Old Canton Road / Coy M Holcomb sidewalks, \$49,553*
- *Preserve parkway detention pond, \$25,600*
- *Reconstruct road shoulder on Old Canton Road, \$8,720*
- *Police car video system, \$4,707*
- *2014 Ferris TA26 Sidearm bush hog, \$15,300*
- *3-Camera Vigilant car detector license plate reader, \$19,950*
- *2010 Magum light towers, \$4,500*
- *2014 Dodge Charger police car #2, \$33,632*
- *Pavilion over Howell Bridge lift station, \$10,100*
- *2015 Ford F-350 Truck, \$30,552*

City of Ball Ground, Georgia
Management's Discussion and Analysis
June 30, 2015

CITY OF BALL GROUND'S CAPITAL ASSETS
(Net of accumulated depreciation)

	Governmental Activities		Business-type Activities	
	2015	2014	2015	2014
Land	\$ 640,631	\$ 549,655	\$ 269,077	\$ 269,077
Construction in progress	152,923	135,536	77,794	27,091
Land improvements	1,136,106	1,101,786	-	-
Buildings	2,350,315	2,343,098	73,105	63,005
Machinery and equipment	163,476	119,020	738,971	734,203
Infrastructure	7,886,917	6,788,030	5,593,743	4,659,843
Vehicles	174,202	140,570	-	-
Total	<u>12,504,570</u>	<u>11,177,695</u>	<u>6,752,690</u>	<u>5,753,219</u>
Less accumulated depreciation	<u>(4,159,181)</u>	<u>(3,714,461)</u>	<u>(2,460,682)</u>	<u>(2,232,412)</u>
Total	<u>\$ 8,345,389</u>	<u>\$ 7,463,234</u>	<u>\$ 4,292,008</u>	<u>\$ 3,520,807</u>

More detailed information on the City's capital assets can be found in Note 4 on pages 40 through 42 in the financial statements.

City of Ball Ground's Long-Term Debt

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Governmental activities:		
Capital leases	\$ 1,636,248	\$ 1,687,736
Compensated absences	14,488	12,862
Total	<u>1,650,736</u>	<u>1,700,598</u>
Business-type activities:		
Bonds payable	1,160,653	1,181,833
Notes payable	-	-
Capital leases	304,065	295,000
Compensated absences	7,590	5,348
Total	<u>1,472,308</u>	<u>1,482,181</u>
Grand Total - All Activities	<u>\$ 3,123,044</u>	<u>\$ 3,182,779</u>

The City's total long-term debt decreased by \$59,735 during the current fiscal year.

More detailed information on the City's long-term debt can be found in Note 7 on pages 43 through 46 in the notes to the financial statements.

City of Ball Ground, Georgia
Management's Discussion and Analysis
June 30, 2015

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Donna W. England, Finance Director, City of Ball Ground, P. O. Box 285, Ball Ground, Georgia 30107.

BASIC FINANCIAL STATEMENTS

The basic financial statements include the government-wide statement of net position and government-wide statement of activities which include all of the primary government's governmental activities and business-type activities. In addition, the basic financial statements include the fund financial statements and the notes to the financial statements.

CITY OF BALL GROUND, GEORGIA

**STATEMENT OF NET POSITION
JUNE 30, 2015**

	Governmental Activities	Business-type Activities	Total
<u>Assets</u>			
Cash	\$ 489,340	\$ 218,085	\$ 707,425
Taxes receivable, net	20,527	-	20,527
Accounts receivable, net	16,264	83,805	100,069
Intergovernmental receivable	155,330	-	155,330
Prepaid items	57,611	12,681	70,292
Inventories	-	29,119	29,119
Restricted cash	145,125	17,000	162,125
Capital assets:			
Non-depreciable	793,554	346,871	1,140,425
Depreciable, net of accumulated depreciation	7,551,835	3,945,137	11,496,972
Total assets	<u>9,229,586</u>	<u>4,652,698</u>	<u>13,882,284</u>
<u>Deferred Outflows of Resources</u>			
Deferred charges - prepayment penalty	69,653	-	69,653
Total deferred outflows of resources	<u>69,653</u>	<u>-</u>	<u>69,653</u>
<u>Liabilities</u>			
Liabilities:			
Accounts payable	178,820	37,355	216,175
Accrued interest payable	385	2,446	2,831
Customer deposits payable	-	17,000	17,000
Unearned revenue	-	4,167	4,167
Noncurrent liabilities:			
Compensated absences, due within one year	13,763	7,211	20,974
Compensated absences, due in more than one year	725	379	1,104
Bonds payable, due within one year	-	22,162	22,162
Bonds payable, due in more than one year	-	1,138,491	1,138,491
Capital leases, due within one year	118,026	24,491	142,517
Capital leases, due in more than one year	1,518,222	279,574	1,797,796
Total liabilities	<u>1,829,941</u>	<u>1,533,276</u>	<u>3,363,217</u>
<u>Net Position</u>			
Net investment in capital assets	6,687,758	2,827,290	9,515,048
Restricted for:			
Capital projects	97,770	-	97,770
Fire protection services	44,365	-	44,365
Unrestricted	639,405	292,132	931,537
Total net position	<u>\$ 7,469,298</u>	<u>\$ 3,119,422</u>	<u>\$ 10,588,720</u>

The accompanying notes are an integral part of this statement.

CITY OF BALL GROUND, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 327,737	\$ 12,755	\$ -	\$ (314,982)	\$ -	\$ (314,982)
Judicial	13,424	40,761	-	27,337	-	27,337
Public safety	393,339	105	-	(393,234)	-	(393,234)
Public works	389,150	-	1,344,012	954,862	-	954,862
Health and welfare	9,574	-	-	(9,574)	-	(9,574)
Culture and recreation	168,878	25,829	-	(143,049)	-	(143,049)
Housing and development	24,910	75,004	-	50,094	-	50,094
Interest on long-term debt	85,431	-	-	(85,431)	-	(85,431)
Total governmental activities	1,412,443	154,454	1,344,012	86,023	-	86,023
Business-type activities:						
Water and sewerage	942,247	655,447	1,060,937	-	774,137	774,137
Solid waste	124,953	120,024	-	-	(4,929)	(4,929)
Total business-type activities	1,067,200	775,471	1,060,937	-	769,208	769,208
Total primary government	\$ 2,479,643	\$ 929,925	\$ 2,404,949	86,023	769,208	855,231
General revenues:						
Taxes:						
Property taxes				532,160	-	532,160
Franchise taxes				99,519	-	99,519
Alcoholic beverage taxes				41,764	-	41,764
Business taxes				20,823	-	20,823
Insurance premium taxes				77,342	-	77,342
Financial institute taxes				4,175	-	4,175
Unrestricted investment earnings				1,042	168	1,210
Miscellaneous				14,030	19,989	34,019
Gain from the sale of capital assets				-	4,284	4,284
Transfers				32,685	(32,685)	-
Total general revenues and transfers				823,540	(8,244)	815,296
Change in net position				909,563	760,964	1,670,527
Net position, beginning of fiscal year				6,559,735	2,358,458	8,918,193
Net position, ending of fiscal year				\$ 7,469,298	\$ 3,119,422	\$ 10,588,720

The accompanying notes are an integral part of this statement.

CITY OF BALL GROUND, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	General	District Fire Tax	SPLOST	Total Governmental Funds
<u>Assets</u>				
Cash	\$ 489,340	\$ -	\$ -	\$ 489,340
Taxes receivable	15,357	5,170	-	20,527
Accounts receivable	16,264	-	-	16,264
Intergovernmental receivable	-	758	154,572	155,330
Prepaid items	18,433	38,437	741	57,611
Restricted cash	10,211	-	134,914	145,125
Advances to other funds	111,632	-	-	111,632
Total Assets	<u>\$ 661,237</u>	<u>\$ 44,365</u>	<u>\$ 290,227</u>	<u>\$ 995,829</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 87,784	\$ -	\$ 79,770	\$ 167,554
Retainage payable	-	-	11,266	11,266
Advances from other funds	-	-	111,632	111,632
Total Liabilities	<u>87,784</u>	<u>-</u>	<u>202,668</u>	<u>290,452</u>
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	9,135	3,115	-	12,250
Total Deferred Inflows of Resources	<u>9,135</u>	<u>3,115</u>	<u>-</u>	<u>12,250</u>
Fund balances:				
Nonspendable:				
Prepaid items	18,433	38,437	741	57,611
Advances to other funds	111,632	-	-	111,632
Restricted:				
Capital improvements	10,211	-	86,818	97,029
Fire protection services	-	2,813	-	2,813
Unassigned	424,042	-	-	424,042
Total Fund Balances	<u>564,318</u>	<u>41,250</u>	<u>87,559</u>	<u>693,127</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 661,237</u>	<u>\$ 44,365</u>	<u>\$ 290,227</u>	<u>\$ 995,829</u>

The accompanying notes are an intergral part of this statement.

CITY OF BALL GROUND, GEORGIA

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2015**

Total governmental fund balances	\$ 693,127
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Amounts reported for governmental activities in the Statement of Net Position are different because:

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

Cost	\$ 12,504,570	
Less: accumulated depreciation	<u>(4,159,181)</u>	8,345,389

Some receivables are not available to pay current period expenditures and, therefore, are deferred inflows of resources in the funds.

Property taxes	12,250
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Long-term liabilities and related items are not due and payable in the current period and are not reported in the funds.

Compensated absences	(14,488)	
Accrued interest payable	(385)	
Capital leases	(1,636,248)	
Deferred charges - prepayment penalty	<u>69,653</u>	<u>(1,581,468)</u>

Net position of governmental activities	<u>\$ 7,469,298</u>
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The accompanying notes are an integral part of this statement.

CITY OF BALL GROUND, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>General</u>	<u>District Fire Tax</u>	<u>SPLOST</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	\$ 613,820	\$ 172,071	\$ -	\$ 785,891
Licenses and permits	87,654	-	-	87,654
Intergovernmental	-	-	500,101	500,101
Charges for services	26,039	-	-	26,039
Fines and forfeitures	40,761	-	-	40,761
Investment earnings	1,042	-	236	1,278
Contributions	85,951	-	-	85,951
Rental Income	3,610	-	-	3,610
Miscellaneous	10,420	-	-	10,420
Total revenues	<u>869,297</u>	<u>172,071</u>	<u>500,337</u>	<u>1,541,705</u>
Expenditures:				
Current:				
General government	282,469	-	-	282,469
Judicial	13,424	-	-	13,424
Public safety	238,156	130,821	6,193	375,170
Public works	86,590	-	17,664	104,254
Health and welfare	8,364	-	-	8,364
Culture and recreation	71,339	-	736	72,075
Housing and development	24,910	-	-	24,910
Capital outlay:				
Public safety	7,287	-	51,002	58,289
Public works	122,220	-	257,764	379,984
Health and welfare	7,217	-	-	7,217
Culture and recreation	-	-	90,976	90,976
Debt service:				
Principal	-	-	102,490	102,490
Interest and other charges	-	-	76,759	76,759
Total expenditures	<u>861,976</u>	<u>130,821</u>	<u>603,584</u>	<u>1,596,381</u>
Excess (deficiency) of revenues over expenditures	7,321	41,250	(103,247)	(54,676)
Other financing sources:				
Issuance of capital leases	-	-	51,002	51,002
Total other financing sources	<u>-</u>	<u>-</u>	<u>51,002</u>	<u>51,002</u>
Net change in fund balances	7,321	41,250	(52,245)	(3,674)
Fund balances, beginning of fiscal year	556,997	-	139,804	696,801
Fund balances, end of fiscal year	<u>\$ 564,318</u>	<u>\$ 41,250</u>	<u>\$ 87,559</u>	<u>\$ 693,127</u>

The accompanying notes are an integral part of this statement.

CITY OF BALL GROUND, 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, 2015**

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

Net change in fund balances - total governmental funds: \$ (3,674)

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

Capital outlay	\$ 536,466	
Depreciation expense	<u>(444,720)</u>	91,746

The net effect of various miscellaneous transactions involving capital assets (i.e., donations and transfers from business-type activities) is to increase net position.

Capital assets donated to the City (contributed capital)	757,724	
Asset constructed in the Water and Sewerage Fund and subsequently transferred from business-type to governmental activities	<u>32,685</u>	790,409

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes		(10,108)
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The issuance of long-term debt 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments - capital lease	102,490	
Issuance of capital lease	(51,002)	
Amortization of deferred charges	<u>(8,309)</u>	43,179

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in compensated absences	(1,626)	
Change in accrued interest	<u>(363)</u>	(1,989)

Change in net position - governmental activities		<u><u>\$ 909,563</u></u>
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The accompanying notes are an integral part of this statement.

CITY OF BALL GROUND, GEORGIA

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL (GAAP BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues				
Property taxes	\$ 382,950	\$ 382,950	\$ 370,197	\$ (12,753)
Franchise taxes	73,500	73,500	99,519	26,019
Business taxes	138,000	138,000	144,104	6,104
Licenses and permits	50,350	50,350	87,654	37,304
Charges for services	20,060	20,060	26,039	5,979
Fines and forfeitures	10,100	10,100	40,761	30,661
Investment earnings	200	200	1,042	842
Contributions	-	-	85,951	85,951
Rental income	3,800	3,800	3,610	(190)
Miscellaneous	1,000	1,000	10,420	9,420
Total revenues	679,960	679,960	869,297	189,337
Expenditures				
General government:				
Legislative	12,950	12,950	10,411	2,539
Clerk of Council	69,427	69,427	74,044	(4,617)
Mayor	16,710	16,710	16,940	(230)
City manager	24,488	24,488	22,834	1,654
Elections	4,600	4,600	-	4,600
General administration	130,358	130,358	116,726	13,632
General government buildings	37,750	37,750	41,514	(3,764)
Judicial:				
Municipal court	6,950	6,950	13,424	(6,474)
Public safety:				
Patrol	231,632	231,632	245,443	(13,811)
Public works:				
Highways and streets	30,000	30,000	208,810	(178,810)
Health and welfare:				
Community center	7,700	7,700	15,581	(7,881)
Culture and recreation:				
Parks	66,000	66,000	44,464	21,536
Library	5,000	5,000	5,000	-
Tree City	1,433	1,433	21,875	(20,442)
Housing and development:				
Planning and zoning	9,650	9,650	11,151	(1,501)
Building department	750	750	-	750
Main Street department	13,000	13,000	13,759	(759)
Total expenditures	668,398	668,398	861,976	(193,578)
Net change in fund balance	11,562	11,562	7,321	(4,241)
Fund balance, beginning of fiscal year	556,997	556,997	556,997	-
Fund balance, end of fiscal year	\$ 568,559	\$ 568,559	\$ 564,318	\$ (4,241)

The accompanying notes are an integral part of this statement.

CITY OF BALL GROUND, GEORGIA

**DISTRICT FIRE TAX FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL (GAAP BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues				
Property taxes	\$ 172,000	\$ 172,000	\$ 172,071	\$ 71
Total revenues	<u>172,000</u>	<u>172,000</u>	<u>172,071</u>	<u>71</u>
Expenditures				
Public safety:				
Fire protection services	130,000	130,000	130,821	(821)
Total expenditures	<u>130,000</u>	<u>130,000</u>	<u>130,821</u>	<u>(821)</u>
Net change in fund balance	42,000	42,000	41,250	(750)
Fund balance, beginning of fiscal year	-	-	-	-
Fund balance, end of fiscal year	<u>\$ 42,000</u>	<u>\$ 42,000</u>	<u>\$ 41,250</u>	<u>\$ (750)</u>

The accompanying notes are an integral part of this statement.

CITY OF BALL GROUND, GEORGIA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015**

	Business-type Activities - Enterprise Funds		
	Water and Sewerage	Non-major Solid Waste	Total
<u>Assets</u>			
Current assets:			
Cash	\$ 208,055	\$ 10,030	\$ 218,085
Accounts receivable, net	70,271	13,534	83,805
Prepaid items	12,681	-	12,681
Inventories	29,119	-	29,119
Restricted cash, customer deposits	17,000	-	17,000
Total current assets	<u>337,126</u>	<u>23,564</u>	<u>360,690</u>
Non-current assets:			
Capital assets:			
Non-depreciable	346,871	-	346,871
Depreciable, net of accumulated depreciation	3,945,137	-	3,945,137
Total capital assets	<u>4,292,008</u>	<u>-</u>	<u>4,292,008</u>
Total non-current assets	<u>4,292,008</u>	<u>-</u>	<u>4,292,008</u>
Total assets	<u>4,629,134</u>	<u>23,564</u>	<u>4,652,698</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	29,519	7,836	37,355
Accrued interest payable	2,446	-	2,446
Unearned revenue	4,167	-	4,167
Compensated absences, current	7,211	-	7,211
Current portion of capital lease payable	24,491	-	24,491
Payable from restricted assets:			
Customer deposits payable	17,000	-	17,000
Current portion of bonds payable	22,162	-	22,162
Total current liabilities	<u>106,996</u>	<u>7,836</u>	<u>114,832</u>
Non-current liabilities:			
Compensated absences	379	-	379
Capital lease payable	279,574	-	279,574
Bonds payable	1,138,491	-	1,138,491
Total non-current liabilities	<u>1,418,444</u>	<u>-</u>	<u>1,418,444</u>
Total liabilities	<u>1,525,440</u>	<u>7,836</u>	<u>1,533,276</u>
<u>Net Position</u>			
Net investment in capital assets	2,827,290	-	2,827,290
Unrestricted	276,404	15,728	292,132
Total net position	<u>\$ 3,103,694</u>	<u>\$ 15,728</u>	<u>\$ 3,119,422</u>

The accompanying notes are an integral part of this statement.

CITY OF BALL GROUND, GEORGIA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Business-type Activities - Enterprise Funds		
	Water and Sewerage	Non-major Solid Waste	Total
Operating revenues:			
Charges for service	\$ 655,447	\$ 120,024	\$ 775,471
Miscellaneous revenue	19,923	66	19,989
Total operating revenues	<u>675,370</u>	<u>120,090</u>	<u>795,460</u>
Operating expenses:			
Personnel services	204,156	37,035	241,191
Contractual services	336,578	87,918	424,496
Other supplies and expenses	86,218	-	86,218
Depreciation	254,054	-	254,054
Total operating expenses	<u>881,006</u>	<u>124,953</u>	<u>1,005,959</u>
Net operating loss	<u>(205,636)</u>	<u>(4,863)</u>	<u>(210,499)</u>
Non-operating revenue (expenses):			
Interest revenue	168	-	168
Interest expense	(61,241)	-	(61,241)
Intergovernmental revenue	6,000	-	6,000
Gain on disposal of capital assets	4,284	-	4,284
Assets constructed for governmental activities	(32,685)	-	(32,685)
Total non-operating revenue (expenses)	<u>(83,474)</u>	<u>-</u>	<u>(83,474)</u>
Net loss before capital contributions	<u>(289,110)</u>	<u>(4,863)</u>	<u>(293,973)</u>
Capital contributions	919,849	-	919,849
Capital contributions - water capacity sales	39,800	-	39,800
Capital contributions - sewer capacity sales	95,288	-	95,288
Total capital contributions	<u>1,054,937</u>	<u>-</u>	<u>1,054,937</u>
Change in net position	765,827	(4,863)	760,964
Net position, beginning of fiscal year	<u>2,337,867</u>	<u>20,591</u>	<u>2,358,458</u>
Net position, end of fiscal year	<u>\$ 3,103,694</u>	<u>\$ 15,728</u>	<u>\$ 3,119,422</u>

The accompanying notes are an integral part of this statement.

CITY OF BALL GROUND, GEORGIA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Business-type Activities - Enterprise Funds		
	Water and Sewerage	Non-major Solid Waste	Totals
Cash flows from operating activities:			
Receipts from customers	\$ 672,287	\$ 118,114	\$ 790,401
Payments to employees	(201,914)	(37,035)	(238,949)
Payments to suppliers	(431,166)	(87,248)	(518,414)
Net cash provided by (used in) operating activities	39,207	(6,169)	33,038
Cash flows from capital and related financing activities:			
Principal paid on capital debt	(39,742)	-	(39,742)
Interest paid on capital debt	(61,321)	-	(61,321)
Asset constructed for governmental activities	(32,685)	-	(32,685)
Capital contributions - tap sales	135,088	-	135,088
Purchases of capital assets	(105,406)	-	(105,406)
Proceeds from the sale of capital assets	4,284	-	4,284
Proceeds from capital grant	6,000	-	6,000
Proceeds from capital debt	27,627	-	27,627
Net cash used in capital and related financing activities	(66,155)	-	(66,155)
Cash flows from investing activities:			
Interest received	168	-	168
Net cash provided by investing activities	168	-	168
Net decrease in cash	(26,780)	(6,169)	(32,949)
Cash, beginning of fiscal year	251,835	16,199	268,034
Cash, end of fiscal year	\$ 225,055	\$ 10,030	\$ 235,085
Reconciliation of cash:			
Unrestricted	\$ 208,055	\$ 10,030	\$ 218,085
Restricted	17,000	-	17,000
	\$ 225,055	\$ 10,030	\$ 235,085

The accompanying notes are an integral part of this statement.

(Continued)

CITY OF BALL GROUND, GEORGIA

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Business-type Activities - Enterprise Funds		
	Water and Sewerage	Non-major Solid Waste	Totals
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating loss	\$ (205,636)	\$ (4,863)	\$ (210,499)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation expense	254,054	-	254,054
Change in assets and liabilities:			
Increase in accounts receivable, net	(4,212)	(1,976)	(6,188)
Increase in inventory	(2,160)	-	(2,160)
Decrease in prepaid items	123	-	123
Increase (decrease) in accounts payable	(6,333)	670	(5,663)
Increase in unearned revenue	1,729	-	1,729
Increase in compensated absences	2,242	-	2,242
Decrease in customer deposits	(600)	-	(600)
Net cash provided by (used in) operating activities	\$ 39,207	\$ (6,169)	\$ 33,038
Non cash capital and related financing activities			
Donations of capital assets	\$ 919,849	\$ -	\$ 919,849

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements are a required component of the basic financial statements of the City. The notes present required and essential information for the fair presentation of the statements that have not been disclosed on the face of the financial statements.

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the City have been prepared in conformity with the 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 of the City's accounting policies are described below.

A. THE REPORTING ENTITY

The City of Ball Ground, Georgia ("the City") operates under a Council-Manager form of government and provides the following services to its citizens: public safety (police), public works, parks and recreation, planning and zoning, building inspection, code enforcement, municipal court services, and general administrative services. In addition, the City also offers water, sewer, and sanitation services to the City's residents and the surrounding area.

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The City's financial statements include the City's accounts of all operations. As of June 30, 2015, there are no component units included in the financial statements of the City. The criteria for including organizations within the City's reporting entity, as set forth in Governmental Accounting Standards Board's Statement No. 61 (GASB 61), "The Financial Reporting Entity", is financial accountability. Financial accountability is defined as appointment of a voting majority of the component unit's board and either the ability to impose will by the primary government, or the possibility that the component unit will provide a financial benefit to, or impose a financial burden on, the primary government.

B. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The City's funds are grouped into two broad fund classifications, Governmental and Proprietary. The governmental funds include the General Fund, a special revenue fund (District Fire Tax Fund), and a capital projects fund (SPLOST Fund), while the proprietary funds include the enterprise funds, Water and Sewerage Fund and Solid Waste Fund.

C. GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the City, the primary government, as a whole. For the most part, the effect of interfund activity has been removed from these statements. However, any interfund services provided and used are not eliminated as this process would distort the direct costs and program revenues reported in the various functions. These statements distinguish between activities that are governmental and those that are considered business-type activities.

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

C. GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between expenses and program revenues for each segment of the business-type activities of the City and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the City.

Net position should be reported as restricted when constraints placed on use of net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for capital improvements result from the capital projects funds and the restrictions on their net position use. The net position restricted for fire protection services results from the restriction on the use of the tax.

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION

Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e., collectible within the current fiscal year or within sixty days of fiscal year-end and available to pay obligations of the current fiscal year): property taxes, sales tax, intergovernmental grants and investment earnings. Other revenues, including licenses and permits, and certain charges for services are recorded as revenue when received in cash because they are generally not measurable prior to receipt.

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 when 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.

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

**D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION
(Continued)**

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and other long-term liabilities, which have not matured are recorded when due for payment. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

The City reports the following major governmental funds:

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

District Fire Tax Fund: This is a special revenue fund to be used to account for monies received from a restricted property tax levy for fire protection services.

SPLOST Fund: This is a capital projects fund to account for financial resources to be used for the acquisition or construction of major capital projects as approved on a referendum for a special purpose local option sales tax dated November 2, 2010. The collection of this tax began in July, 2012.

The City reports the following major enterprise fund:

Water and Sewerage Fund: This fund accounts for the development, operation and maintenance of the utility system that provides water and sewerage service, and for the development of an infrastructure system capable of providing sewerage service.

All proprietary funds are accounted for using the accrual basis of accounting and the economic resources measurement focus. These funds account for operations that are primarily financed by user charges. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds. Unbilled utility receivables are recorded at each fiscal year-end. In accounting and reporting for its proprietary operations, the government applies all GASB pronouncements. GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges for water and sewer usage, and sanitation pickup. Operating expenses for the enterprise funds include all costs to operate the water and sewer system and the contracted operations of sanitation services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

E. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City because it is at present considered unnecessary to assure effective budgetary control or to facilitate effective cash planning and control.

F. CASH

Cash includes amounts in demand deposits. Statutes authorize the City to invest in U.S. Government obligations, U.S. Government agency obligations, State of Georgia obligations, obligations of other counties, municipal corporations and political subdivisions of the State of Georgia which are rated "AA" or better by Moody's, Investors Service, Inc., negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association, repurchase agreements when collateralized by U.S. Government or agency obligations, and pooled investment programs sponsored by the State of Georgia for the investment of local government funds. 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. 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.

G. 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."

H. INVENTORIES

Inventories consist of supplies and are stated at cost. Inventories are accounted for on the first-in, first-out (FIFO) method of accounting for inventory. The City uses the consumption method of accounting for inventories under which materials and supplies are recorded as inventory when purchased and are recorded as an expense when used.

I. PREPAID ITEMS

Payments to vendors for services that will benefit periods beyond June 30, 2015, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. Prepaid items reported in the governmental funds are also equally offset by a nonspendable fund balance, which indicates that they do not constitute available, spendable financial resources even though they are a component of net current position.

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

J. CAPITAL ASSETS

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets acquired prior to July 1, 2003 consist of the road network assets that were acquired or that received substantial improvements subsequent to July 1, 1980 and are reported at estimated historical cost using deflated replacement cost. 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. The threshold for capitalization for infrastructure and other capital assets is \$5,000.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Land improvements	10-20
Infrastructure	20-30
Buildings	50
Building improvements	20
Vehicles	2-15
Machinery and equipment	3-15

K. COMPENSATED ABSENCES

The liability for compensated absences in the government-wide and proprietary fund statements consists of unpaid, accumulated annual leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

L. DEFERRED OUTFLOWS / INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on early lease retirement reported in the government-wide statement of net position. A deferred charge on early lease retirement results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt.

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

L. DEFERRED OUTFLOWS / INFLOWS OF RESOURCES (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

M. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

N. LONG-TERM OBLIGATIONS

In the government-wide financial statement 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, if any, are deferred and amortized over the term of the bond using the effective interest method.

Proprietary fund type loans payable are reported as liabilities at their outstanding value.

In the fund financial statements, governmental fund types report the face amount of the debt issued as other financing sources and issuance costs as expenditures.

O. BUDGETS AND BUDGETARY CONTROL

The City Manager prepares a draft of the annual budget from which the Mayor prepares a proposed budget. The City then advertises in a local newspaper giving notice regarding a public hearing in which local citizens may give their input regarding the proposed budget. The City also places a copy of the proposed budget on file for public inspection prior to the actual approval. Once all of these steps have been taken, the Mayor and City Council then formally adopt the annual balanced budget in a legally permissible manner. The legal level of control of the budget of the City is at the department level. All appropriations lapse at fiscal year-end. During the current fiscal year, there were amendments made to the original budget.

Budgets have been legally adopted for all funds. Budgets are adopted on a basis consistent with generally accepted accounting principles and on the same basis of accounting used by each fund to which the budget applies. Budgets are adopted annually for all governmental funds, with the exception of the capital projects funds, for which project-length budgets are adopted.

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

P. FUND BALANCE

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Fund Balance – Generally, fund balance represents the difference between the current assets, current liabilities, and deferred inflows of resources. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either:
 - (a) Not in spendable form (i.e. items that are not expected to be converted to cash such as inventory and prepaids),
 - (b) Legally or contractually required to be maintained intact, or
 - (c) Long-term advances of current resources made to another fund, to be repaid over a period extending beyond one fiscal year.

- Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through the:
 - (a) Enabling legislation adopted by the City;
 - (b) Through external parties (creditors, grantors, or laws or regulations of other governments); or
 - (c) Constitutional provisions.

- Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. Only the City Council may modify or rescind the commitment. These self-imposed limitations must be set in place prior to the end of the fiscal year.

- Assigned – Fund balances are reported as assigned when amounts are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City Manager or the City Finance Director or the City Manager’s designee to assign fund balances. With the exception of the General Fund, amounts in all other governmental funds that are not *nonspendable, restricted, or committed* will be considered to be *assigned*. Also, at the fiscal year end, any appropriation of existing fund balance to eliminate a projected budgetary deficit in the next fiscal year’s budget is considered to be an assignment of fund balance.

- Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund. Negative fund balances in other funds are reported as unassigned.

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

P. FUND BALANCE (Continued):

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

Net Position – Net position represents the difference between assets, deferred outflows of resources, and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

NOTE 2. SUMMARY OF DEPOSIT BALANCES

Custodial 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 and 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, 2015, the City’s bank balances of \$930,324 were fully collateralized in compliance with the state requirements.

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 3. RECEIVABLES

Receivables at June 30, 2015, for the City's individual major funds are as follows:

	<u>General</u>	<u>District Fire Tax</u>	<u>SPLOST</u>	<u>Water and Sewerage</u>	<u>Solid Waste</u>
Receivables:					
Taxes	\$ 15,357	5,170	\$ -	\$ -	\$ -
Accounts	16,264	-	-	80,552	15,502
Intergovernmental	-	758	154,572	-	-
Gross receivables	<u>31,621</u>	<u>5,928</u>	<u>154,572</u>	<u>80,552</u>	<u>15,502</u>
Less allowance for uncollectibles	-	-	-	(10,281)	(1,968)
Net total receivables	<u>\$ 31,621</u>	<u>5,928</u>	<u>\$ 154,572</u>	<u>\$ 70,271</u>	<u>\$ 13,534</u>

The City contracted with Cherokee County to bill and collect the City's 2014 real and personal property taxes. Ad valorem tax on motor vehicles and mobile homes are collected by the Cherokee County Tax Commissioner and remitted to the City. City property tax revenues are recognized when levied to the extent that they result in current receivables.

Property taxes were levied as of October 19, 2014. Secured property tax payments were due on December 20, 2014. The City has not established a date for liens.

Assessed values are established by the Cherokee County Tax Assessor's office and are currently calculated at 40% of the market value. Based on the 2014 City millage levy of 5.375 mills, a property owner would pay \$5.38 per \$1,000 of assessed valuation.

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CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 549,655	\$ 90,976	\$ -	\$ 640,631
Construction in progress	135,536	29,590	(12,203)	152,923
Total	<u>685,191</u>	<u>120,566</u>	<u>(12,203)</u>	<u>793,554</u>
Capital assets, being depreciated:				
Land improvements	1,101,786	34,320	-	1,136,106
Buildings and improvements	2,343,098	7,217	-	2,350,315
Machinery and equipment	119,020	44,456	-	163,476
Infrastructure	6,788,030	1,098,887	-	7,886,917
Vehicles	140,570	33,632	-	174,202
Total	<u>10,492,504</u>	<u>1,218,512</u>	<u>-</u>	<u>11,711,016</u>
Less accumulated depreciation for:				
Land improvements	(21,567)	(81,591)	-	(103,158)
Buildings and improvements	(429,199)	(53,862)	-	(483,061)
Machinery and equipment	(69,189)	(11,542)	-	(80,731)
Infrastructure	(3,091,865)	(283,811)	-	(3,375,676)
Vehicles	(102,641)	(13,914)	-	(116,555)
Total	<u>(3,714,461)</u>	<u>(444,720)</u>	<u>-</u>	<u>(4,159,181)</u>
Total capital assets, being depreciated, net	<u>6,778,043</u>	<u>773,792</u>	<u>-</u>	<u>7,551,835</u>
Governmental activities capital assets, net	<u>\$ 7,463,234</u>	<u>\$ 894,358</u>	<u>\$ (12,203)</u>	<u>\$ 8,345,389</u>

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 4. CAPITAL ASSETS (Continued)

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 269,077	\$ -	\$ -	\$ 269,077
Construction in progress	27,091	50,703	-	77,794
Total	<u>296,168</u>	<u>50,703</u>	<u>-</u>	<u>346,871</u>
Capital assets, being depreciated:				
Machinery and equipment	734,203	30,552	(25,784)	738,971
Buildings	63,005	10,100	-	73,105
Infrastructure	4,659,843	933,900	-	5,593,743
Total	<u>5,457,051</u>	<u>974,552</u>	<u>(25,784)</u>	<u>6,405,819</u>
Less accumulated depreciation for:				
Machinery and equipment	(471,335)	(46,776)	25,784	(492,327)
Buildings	(1,050)	(6,581)	-	(7,631)
Infrastructure	(1,760,027)	(200,697)	-	(1,960,724)
Total	<u>(2,232,412)</u>	<u>(254,054)</u>	<u>25,784</u>	<u>(2,460,682)</u>
Total capital assets, being depreciated, net	<u>3,224,639</u>	<u>720,498</u>	<u>-</u>	<u>3,945,137</u>
Business-type activities capital assets, net	<u>\$ 3,520,807</u>	<u>\$ 771,201</u>	<u>\$ -</u>	<u>\$ 4,292,008</u>

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 4. CAPITAL ASSETS (Continued)

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

Governmental Activities:	
General government	\$ 44,623
Public safety	17,188
Public works	284,896
Health and welfare	1,210
Culture and recreation	<u>96,803</u>
Total depreciation expense - governmental activities	<u>\$ 444,720</u>
Business-type Activities:	
Water and sewerage	<u>\$ 254,054</u>
Total depreciation expense - business-type activities	<u>\$ 254,054</u>

NOTE 5. INTERFUND BALANCES AND ACTIVITY

ADVANCES BETWEEN FUNDS

Advances to/from other funds at June 30, 2015 consist of the following:

<u>\$ 111,632</u>	Advances from the General Fund to the SPLOST Fund for property acquisition
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NOTE 6. INTERGOVERNMENTAL REVENUE AND RECEIVABLE

The following amounts are due from other governments at June 30, 2015:

SPLOST Fund:

Cherokee County- Special Purpose Local Option Sales Tax	<u>\$ 65,833</u>
Cherokee County- Reimbursement for Northridge Sidewalk Project. Expenditures paid by the City.	<u>88,739</u>
	<u>\$ 154,572</u>

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 6. INTERGOVERNMENTAL REVENUE AND RECEIVABLE (Continued)

The following amounts are a breakdown of intergovernmental revenues as of June 30, 2015 as referenced on the Statement of Revenues, Expenditures, and Changes in Fund Balances on page 23:

SPLOST Fund:

Special Purpose Local Option Sales Tax	\$ 379,399
Georgia DOT – LMIG Funds	17,952
Cherokee County – Northridge Sidewalk Project	<u>102,750</u>
	<u>\$ 500,101</u>

NOTE 7. LONG-TERM DEBT

Governmental Activities:

Capital leases in the governmental activities consisted of the following as of June 30, 2015:

BB&T, purchase of 2014 police vehicle, original lease amount of \$31,574 with an interest rate of 3.40%, monthly payments of \$704 until maturity in 2018.	<u>\$ 20,875</u>
BB&T, purchase of 2014 police vehicle, original lease amount of \$33,052 with an interest rate of 3.62%, monthly payments of \$741 until maturity in 2019.	<u>\$ 30,477</u>
Hamilton State Bank (formerly Cherokee Bank), construction of Valley Street, original note amount of \$600,000 with an interest rate of 5.10%, monthly payments of \$4,797 until maturity in 2022.	<u>\$ 353,435</u>
BB&T, refinance of city administration building, original lease amount of \$1,450,000 with an interest rate of 4.52%, monthly payments of \$9,189 until maturity in 2031.	<u>\$1,213,511</u>
Kansas State Bank of Manhattan, purchase of 2015 police 3-camera Vigilant Car Detector License Plate Reader, original lease amount of \$17,950 with an interest rate of 5.156%, annual payments of \$6,626 until maturity in 2018.	<u>\$ 17,950</u>

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 7. LONG-TERM DEBT (Continued)

Business-type Activities:

Revenue Bonds payable in the Water and Sewerage Fund consisted of the following as of June 30, 2015:

United States Department of Agriculture, construction of sewer line, original bonds amount of \$1,350,800 with an interest rate of 4.25%, monthly installments of \$5,917 until maturity in 2044. \$ 1,160,653

Capital leases payable in the Water and Sewerage Fund consisted of the following as of June 30, 2015:

BB&T, purchase of the new public works facility, original lease amount of \$295,000 with an initial interest rate of 3.820%, semiannual installments of \$13,009 until April 18, 2024. On April 18, 2024 the interest rate shall adjust to an adjusted fixed rate to be determined by BB&T based upon the then market rate. The interest rate shall not exceed the rate of 12% per annum. \$ 280,110

BB&T, purchase of 2015 public works vehicle, original lease amount of \$27,627 with an interest rate of 3.38%, monthly payments of \$808 until maturity in 2018. \$ 23,955

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
Governmental Activities:					
Compensated absences	\$ 12,862	\$ 15,662	\$ 14,036	\$ 14,488	\$ 13,763
Capital lease payable	1,687,736	51,002	102,490	1,636,248	118,026
Governmental activities long-term liabilities	<u>\$ 1,700,598</u>	<u>\$ 66,664</u>	<u>\$ 116,526</u>	<u>\$ 1,650,736</u>	<u>\$ 131,789</u>
Business-type Activities:					
Compensated absences	\$ 5,348	\$ 7,803	\$ 5,561	\$ 7,590	\$ 7,211
Capital lease payable	295,000	27,627	18,562	304,065	24,491
Revenue bonds	1,181,833	-	21,180	1,160,653	22,162
Business-type activities long-term liabilities	<u>\$ 1,482,181</u>	<u>\$ 35,430</u>	<u>\$ 45,303</u>	<u>\$ 1,472,308</u>	<u>\$ 53,864</u>

The compensated absences liability will be paid from the General Fund or the Water and Sewerage Fund from which employees' salaries are paid.

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 7. LONG-TERM DEBT (Continued)

Payments of interest and principal related to the notes, bonds and capital leases payable for the next five years and until maturity are as follows:

Governmental Activities

Capital leases. The City's total capital lease debt service requirements to maturity are as follows:

Fiscal Year Ending June 30,	Governmental Activities
2016	\$ 191,800
2017	191,800
2018	188,277
2019	173,757
2020	167,832
2021-2025	691,536
2026-2030	551,345
2031	27,567
Total minimum lease payments	\$ 2,183,914
Less amount representing interest	(547,666)
Present value of future minimum lease payments	\$ 1,636,248

The City has entered into lease agreements as lessee for financing the acquisition of equipment and building improvements used in governmental activities. The lease agreements qualify as capital leases for accounting purposes (titles transfer at end of lease terms) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The City's governmental activities had \$2,945,320 of equipment and improvements under capital lease, with \$624,273 of accumulated depreciation expense as of June 30, 2015. The City's business-type activities had \$316,937 of improvements and vehicles under capital lease, with \$10,406 of accumulated depreciation expense as of June 30, 2015. The related annual amortization of the capital lease assets is included with depreciation expense for capital assets.

Business-type Activities

Fiscal Year Ended June 30,	Principal	Interest	Total Debt Service
2016	\$ 24,491	\$ 10,554	\$ 35,045
2017	25,397	9,958	35,355
2018	22,274	9,338	31,612
2019	17,324	8,695	26,019
2020	17,992	8,027	26,019
2021-2025	100,853	29,240	130,093
2026-2029	95,734	8,340	104,074
	\$ 304,065	\$ 84,152	\$ 388,217

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 7. LONG-TERM DEBT (Continued)

The following table represents the debt service requirements for the City's revenue bonds as of June 30, 2015.

Revenue Bonds			
Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2016	22,162	48,842	71,004
2017	23,122	47,882	71,004
2018	24,124	46,880	71,004
2019	25,170	45,834	71,004
2020	26,257	44,747	71,004
2021-2025	149,392	205,628	355,020
2026-2030	181,734	173,286	355,020
2031-2035	228,338	126,682	355,020
2036-2040	282,294	72,726	355,020
2041-2044	198,060	19,522	217,582
Total	\$ 1,160,653	\$ 832,029	\$ 1,992,682

NOTE 8. DEFERRED COMPENSATION PLAN

The City offers its full time employees a deferred compensation plan in accordance with Section 457 of the Internal Revenue Code after one year of service. This Plan is considered to be a defined contribution plan, which is administered by Wells Fargo Advisors through American United Life Insurance Company (AUL) Retirement Services an OneAmerica Company. The employees voluntarily contribute any percentage of their choice up to the Internal Revenue Service mandated maximum. The City matched the percentage of the employee's contributions up to 2% of the employee's gross wages. The City's total payroll for the fiscal year was \$491,216 including \$218,710 payroll covered by these plans. The total amount of contributions made by Plan members was \$11,762 and the amount of the contributions made by the City was \$2,973. There are seven participants who are actively participating in the Plan and the Plan had \$99,944 of assets and reserves as of June 30, 2015.

Under the Plan, employees vest after one year of employment or the point at which they become eligible to make contributions. The City has the authority to amend the provisions of the Plans. Benefits are payable upon termination of employment, unforeseeable emergency, retirement or death. All amounts of compensation under the Plans, all property and rights purchased with those amounts, and all income attributable to those amounts are solely the property and rights of the participants of the Plans. The City has no liability for losses under the Plan that would be considered material and does not have the duty of due care that would be required of an ordinary prudent investor.

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 9. COMMITMENTS AND CONTINGENCIES

There are no suits pending on unasserted claims that would result in material liabilities to the City. The City has entered into various agreements and contracts in the normal course of business. Such agreements do not give rise to assets or liabilities considered to be material at June 30, 2015.

NOTE 10. VOLUNTEER FIRE FIGHTER'S COMPENSATION

Volunteer fire fighters for the City of Ball Ground, Georgia receive as their compensation a \$20 credit on their monthly water bill.

NOTE 11. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; and workers compensation for which the City carries the following insurance coverages.

There were no significant reductions of insurance coverage compared to the prior fiscal year. Settled claims have not exceeded the commercial excess coverage in any of the past three fiscal years.

Risk Pools

The City joined the Georgia Interlocal Risk Management Agency (GIRMA). Insurance coverage and deductible options for property, casualty and crime under the policy are selected by City's management based on the anticipated needs. The City is required to pay all premiums, applicable deductibles and assessments billed by GIRMA, and to follow loss reduction and prevention procedures established by GIRMA. GIRMA's responsibility includes paying claims, and representing the City in defense and settlement of claims. GIRMA's basis for estimating the liabilities for unpaid claims is "IBNR" ("Incurred but not reported") established by an actuary. The City has not compiled a record of the claims paid up to the applicable deductible for the prior fiscal year or the current fiscal year. The City is unaware of any claim for which the City is liable (up to the applicable deductible) that was outstanding and unpaid at June 30, 2015. No provisions have been made in the financial statements for the fiscal year ended June 30, 2015 for any estimate of potential unpaid claims.

The City has elected to be a member of the Georgia Municipal Association Workers' Compensation Self-Insurance Fund (GMAWCSIF), a risk management agency created under Georgia law. As a participant in the GMAWCSIF, the City has no legal obligation to pay its own workers' compensation claims. The City is required to make an annual contribution to the fund in an amount that is determined on the basis of actuarial projections of losses. With payment of the City's annual contribution, the City has effectively transferred the risk and responsibility for payment of its workers' compensation claims. However, the enabling statute creating the GMAWCSIF permits the fund to levy an assessment upon its members to make up any deficiency the fund may have in surplus or reserves. No amount has been recorded in the financial statements for this contingency, as management believes the likelihood for assessment is remote.

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 12. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

During fiscal year 2015, eight budgetary departments exceeded appropriated amounts as shown in the budgetary comparison statement below. The management of the City intends to generate future income to offset the current fiscal year’s excess expenditures. The following departments had expenditures in the General Fund that exceeded budgeted amounts by a minimum of \$1,000 as indicated in the City’s Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual on page 25.

General Fund:	Budget	Actual	Actual (Over) Budget
	\$	\$	\$
Clerk of Council	69,427	74,044	(4,617)
General Government Buildings	37,750	41,514	(3,764)
Municipal Court	6,950	13,424	(6,474)
Public Safety	231,632	245,443	(13,811)
Highways and Streets	30,000	208,810	(178,810)
Community Center	7,700	15,581	(7,881)
Tree City	1,433	21,875	(20,442)
Planning and Zoning	9,650	11,151	(1,501)

NOTE 13. JOINT VENTURE

The City, along with cities and counties in the ten (10) county Atlanta Metropolitan area, is represented by board members of the Atlanta Regional Commission (ARC). Representation in a regional development center (RDC) is provided for each municipality and county in the state. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RDCs. Each county and municipality in the state is required by law to pay minimum annual dues to the RDC. The City paid no annual dues to the ARC for the fiscal year ended June 30, 2015 because currently all dues are paid on the City’s behalf by Cherokee County. An RDC Board membership includes the Chief Elected Official of each County and the Chief Elected Official of a municipality within the County.

The County board members and municipal board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the County or municipality) to serve as the non-public Board member from a County.

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines RDCs as “public agencies and instrumentalities of their members”. Georgia laws also provide that the member governments are liable for any debts or obligations of an RDC beyond its resources, (O.C.G.A. 50-8-39.1). Separate financial statements may be obtained from:

Atlanta Regional Commission
40 Courtland Street NE
Atlanta, Ga. 30303

OTHER SUPPLEMENTAL INFORMATION

*The Special Report is applicable to the 2012 Special 1 Percent Sales and Use Tax
required by the State of Georgia.*

CITY OF BALL GROUND, GEORGIA
SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE
LOCAL OPTION SALES TAX PROCEEDS
For the Fiscal Year Ended June 30, 2015
2012 Issue

Project	Original Estimated Cost	Current Estimated Cost	Prior Fiscal Years	Expenditures Current Fiscal Year	Total	Estimated % of Completion
Transportation Facilities and Improvements (<i>Roads, Streets, and Sidewalks</i>)	\$ 658,100	\$ 658,100	\$ 313,588	\$ 332,991	\$ 646,579	98.25%
Fire Facilities, Vehicles and Equipment	250,000	250,000	-	-	-	0.00%
City Hall Debt Service	662,400	662,400	181,070	110,269	291,339	43.98%
Public Safety - Law Enforcement Facilities, Vehicles, Equipment	200,000	200,000	14,827	68,612	83,439	41.72%
Community Center	100,000	100,000	-	-	-	0.00%
Water / Sewer System Improvements	100,000	100,000	-	-	-	0.00%
Park and Recreation Facilities	<u>99,500</u>	<u>203,773</u>	<u>112,061</u>	<u>91,712</u>	<u>203,773</u>	100.00%
Total expenditures in SPLOST Fund	<u>\$ 2,070,000</u>	<u>\$ 2,174,273</u>	<u>\$ 621,546</u>	<u>\$ 603,584</u>	<u>\$ 1,225,130</u>	

STATISTICAL SECTION

(Unaudited)

This part of the City of Ball Ground's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources (property taxes and charges for water and sewerage services).

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.*

City of Ball Ground, Georgia

**Net Position by Component
Last Ten Fiscal Years**
(accrual basis of accounting)

(Unaudited)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 2,129,514	\$ 943,843	\$ 3,971,970	\$ 4,567,443	\$ 4,778,827	\$ 4,690,885	\$ 4,715,685	\$ 4,828,536	\$ 5,853,460	\$ 6,687,758
Restricted for capital projects (1)	562,207	2,060,606	395,790	161,222	175,402	190,785	119,205	113,411	173,804	97,770
Restricted for fire protection services (2)	-	-	-	-	-	-	-	-	-	44,365
Unrestricted	238,174	278,354	236,956	311,599	371,900	398,223	465,235	592,944	532,471	639,405
Total governmental activities net position	\$ 2,929,895	\$ 3,282,803	\$ 4,604,716	\$ 5,040,264	\$ 5,326,129	\$ 5,279,893	\$ 5,300,125	\$ 5,534,891	\$ 6,559,735	\$ 7,469,298
Business-type activities										
Net investment in capital assets	\$ 2,152,935	\$ 2,148,276	\$ 3,231,507	\$ 3,072,767	\$ 2,981,354	\$ 2,781,707	\$ 2,303,980	\$ 2,106,652	\$ 2,043,974	\$ 2,827,290
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	227,364	412,948	114,573	47,994	57,805	65,539	99,434	324,273	314,484	292,132
Total business-type activities net position	\$ 2,380,299	\$ 2,561,224	\$ 3,346,080	\$ 3,120,761	\$ 3,039,159	\$ 2,847,246	\$ 2,403,414	\$ 2,430,925	\$ 2,358,458	\$ 3,119,422
Primary government										
Net investment in capital assets	\$ 4,282,449	\$ 3,092,119	\$ 7,203,477	\$ 7,640,210	\$ 7,760,181	\$ 7,472,592	\$ 7,019,665	\$ 6,935,188	\$ 7,897,434	\$ 9,515,048
Restricted for capital projects (1)	562,207	2,060,606	395,790	161,222	175,402	190,785	119,205	113,411	173,804	97,770
Restricted for fire protection services (2)	-	-	-	-	-	-	-	-	-	41,250
Unrestricted	465,538	691,302	351,529	359,593	429,705	463,762	564,669	912,633	846,955	931,537
Total primary government net position	\$ 5,310,194	\$ 5,844,027	\$ 7,950,796	\$ 8,161,025	\$ 8,365,288	\$ 8,127,139	\$ 7,703,539	\$ 7,965,816	\$ 8,918,193	\$ 10,588,720

(1) Restricted net position for capital projects is comprised mostly of SPL/OST funds which are restricted to expenditure on the specific projects included in the voter approved referendum.

(2) Restricted net position for fire protection services results from the levy of a property tax to fund contractual payments to Cherokee County to provide fire protection services in the City.

City of Ball Ground, Georgia

**Changes in Net Position
Last Ten Fiscal Years**
(accrual basis of accounting)

(Unaudited)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (Expense)/Revenue										
Governmental Activities	\$ (544,984)	\$ (450,168)	\$ 419,543	\$ (396,979)	\$ (171,781)	\$ (505,138)	\$ (485,006)	\$ (280,608)	\$ 428,372	\$ 86,023
Business-type activities	242,206	59,247	859,157	(258,491)	(100,815)	(204,912)	(450,235)	42,861	(75,702)	769,208
Total primary government net expense	\$ (302,778)	\$ (390,921)	\$ 1,278,700	\$ (655,470)	\$ (272,596)	\$ (710,050)	\$ (935,241)	\$ (237,747)	\$ 352,670	\$ 855,231
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 189,865	\$ 205,635	\$ 268,030	\$ 320,395	\$ 317,148	\$ 313,052	\$ 298,419	\$ 321,873	\$ 354,239	\$ 532,160
Sales taxes	751,780	493,166	364,399	329,302	-	-	-	-	-	-
Other taxes	132,277	139,504	153,368	155,739	154,695	162,714	202,160	225,307	228,953	243,623
Unrestricted Investment Earnings	14,214	41,794	36,498	5,662	4,185	2,546	1,819	984	1,471	1,042
Miscellaneous	60,151	16,349	7,207	28,698	459	1,284	267	930	11,809	14,030
Gain on Sale of Capital Assets	-	-	11,121	-	-	-	2,708	-	-	-
Transfers	(183,051)	(93,372)	54,478	-	(18,841)	(9,450)	(135)	16,086	-	32,685
Total governmental activities	\$ 965,236	\$ 803,076	\$ 895,101	\$ 839,796	\$ 457,646	\$ 470,146	\$ 505,238	\$ 565,180	\$ 596,472	\$ 823,540
Business-type activities										
Investment earnings	\$ 2,170	\$ 13,348	\$ 9,702	\$ 1,092	\$ 324	\$ 176	\$ 77	\$ 203	\$ 291	\$ 168
Miscellaneous	253	14,958	1,528	1,027	48	3,373	6,191	533	2,944	19,989
Gain on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	4,284
Transfers	183,051	93,372	(54,478)	-	18,841	9,450	135	(16,086)	-	(32,685)
Total business-type activities	185,474	121,678	(43,248)	2,119	19,213	12,999	6,403	(15,350)	3,235	(8,244)
Total primary government	\$ 1,150,710	\$ 924,754	\$ 851,853	\$ 841,915	\$ 476,859	\$ 483,145	\$ 511,641	\$ 549,830	\$ 599,707	\$ 815,296
Change in Net Position										
Governmental activities	\$ 420,252	\$ 352,908	\$ 1,314,644	\$ 442,817	\$ 285,865	\$ (34,992)	\$ 20,232	\$ 284,572	\$ 1,024,844	\$ 909,563
Business-type activities	427,680	180,925	815,909	(256,372)	(81,602)	(191,913)	(443,832)	27,511	(72,467)	760,964
Total primary government	\$ 847,932	\$ 533,833	\$ 2,130,553	\$ 186,445	\$ 204,263	\$ (226,905)	\$ (423,600)	\$ 312,083	\$ 952,377	\$ 1,670,527

The large increases in the recreation function are related to the following:

- (1) An EPD assessment on the City's soccer field construction.
- (2) Repairs made to the City's newly acquired recreation gymnasium.
- (3) The City received over \$900,000 in on-behalf payments from the County's bond proceeds for construction of various City owned park improvements.
- (4) The City's newly constructed recreational facility and related equipment has depreciation applied for the first year.

City of Ball Ground, Georgia

Fund Balances of Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)

(Unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ -	\$ 5,391	\$ -	\$ -	\$ 8,130	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	233,797	279,047	230,673	255,296	330,244	-	-	-	-	-
Nonspendable - prepaids	-	-	-	-	-	8,324	14,379	14,792	19,029	18,433
Nonspendable - advances	-	-	-	-	-	-	124,635	50,713	50,713	111,632
Restricted	-	-	-	-	-	-	-	-	34,000	10,211
Unassigned	-	-	-	-	-	326,527	247,430	344,434	453,255	424,042
Total general fund	\$ 233,797	\$ 284,438	\$ 230,673	\$ 255,296	\$ 338,374	\$ 334,851	\$ 386,444	\$ 409,939	\$ 556,997	\$ 564,318
All Other Governmental Funds										
Reserved (1)	\$ 562,207	\$ 2,060,606	\$ 358,802	\$ 161,222	\$ 175,402	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Nonspendable - prepaid items	-	-	-	-	-	-	-	-	-	39,178
Restricted - capital projects	-	-	-	-	-	190,785	119,205	113,411	139,804	87,559
Restricted - fire protection (2)	-	-	-	-	-	-	-	-	-	41,250
Assigned - capital projects	-	-	-	-	-	-	-	4,584	-	-
Total all other governmental funds	\$ 562,207	\$ 2,060,606	\$ 358,802	\$ 161,222	\$ 175,402	\$ 190,785	\$ 119,205	\$ 117,995	\$ 139,804	\$ 167,987

(1) Reserved fund balances consist primarily of SPLOST fund reserves.

(2) This restricted fund balance was created in 2015 due to the inclusion of the District Fire Tax Fund's fire protection services contract with Cherokee County.

Note: In 2011 the City implemented GASB Statement No. 54 which changed the classifications of fund balance reporting.

City of Ball Ground, Georgia

Change in Fund Balances of Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)

(Unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
Revenues											
Taxes	\$ 1,046,336	\$ 843,795	\$ 770,863	\$ 759,707	\$ 493,991	\$ 454,873	\$ 518,074	\$ 547,839	\$ 606,785	\$ 785,891	(2)
Licenses and permits	110,341	100,670	54,779	32,640	26,048	15,030	12,105	51,397	61,211	87,654	
Intergovernmental	-	-	17,500	491,166	781,892	425,196	358,460	422,037	1,301,847	(1)	500,101
Charges for service	6,102	6,725	7,477	6,955	4,795	6,060	6,425	18,042	17,836	26,039	
Fines and forfeitures	33,756	23,741	30,559	46,034	36,393	24,057	12,482	9,375	15,438	40,761	
Investment earnings	14,214	41,794	36,498	5,662	4,185	2,599	1,851	1,122	1,656	1,278	
Penalties & interest	2,063	2,288	-	-	-	-	-	-	-	-	
Contributions	-	-	-	-	-	-	-	-	34,000	85,951	
Rental income	-	-	-	-	-	-	-	3,634	3,428	3,610	
Miscellaneous	58,087	14,061	7,207	28,698	459	1,284	267	930	8,381	10,420	
Total revenues	1,270,899	1,033,074	924,883	1,370,862	1,347,763	929,099	909,664	1,054,376	2,050,582	1,541,705	
Expenditures											
General government	211,946	195,225	308,773	277,066	217,405	221,073	235,933	241,378	260,506	282,469	
Judicial	15,781	15,429	13,631	26,357	22,818	7,055	4,958	5,027	6,708	13,424	
Public safety	179,725	193,627	249,449	239,502	211,995	218,967	193,703	214,984	203,437	375,170	(2)
Public works	171,456	134,249	111,235	45,422	200	54,774	75,927	51,215	44,739	104,254	
Health and welfare	6,107	7,314	9,341	8,072	6,799	6,585	6,316	6,334	7,260	8,364	
Culture and recreation	8,987	12,283	26,931	4,604	2,388	9,419	34,644	168,177	63,261	72,075	
Housing and development	3,157	18,037	35,608	21,348	21,135	18,096	16,024	13,164	12,508	24,910	
Capital outlay	504,742	627,007	2,393,680	744,487	541,941	208,294	198,939	154,933	1,278,299	(1)	536,466
Debt service	-	-	-	-	-	-	-	-	-	-	
Interest	4,208	15,225	310,007	112,131	87,078	87,097	88,724	84,447	85,890	76,759	
Issuance costs	-	-	-	-	-	57,982	-	-	-	-	
Principal	24,764	34,766	88,175	92,035	119,905	94,029	91,818	92,432	100,681	102,490	
Total expenditures	1,130,873	1,253,162	3,546,830	1,571,024	1,231,664	983,371	946,986	1,032,091	2,063,289	1,596,381	
Excess (deficiency) of revenues over (under) expenditures	140,026	(220,088)	(2,621,947)	(200,162)	116,099	(54,272)	(37,322)	22,285	(12,707)	(54,676)	
Other Financing Sources (Uses)											
Transfers in	-	-	54,478	-	-	-	14,000	8,584	19,162	-	
Transfers out	(183,051)	(93,372)	-	-	(18,841)	(9,450)	-	(8,584)	(19,162)	-	
Capital leases	113,596	1,700,000	600,000	24,964	-	1,475,757	-	-	31,574	51,002	
Paymnet to refinance lease	-	-	-	-	-	(1,388,931)	-	-	-	-	
Proceeds from sale of capital assets	-	162,500	211,900	2,241	-	-	3,335	-	150,000	-	
Total other financing sources (uses)	(69,455)	1,769,128	866,378	27,205	(18,841)	77,376	17,335	-	181,574	51,002	
Net change in fund balances	\$ 70,571	\$ 1,549,040	\$ (1,755,569)	\$ (172,957)	\$ 97,258	\$ 23,104	\$ (19,987)	\$ 22,285	\$ 168,867	\$ (3,674)	
Debt service as a percentage of noncapital expenditures	5%	8%	35%	25%	30%	23%	24%	20%	24%	17%	

(1) The City received over \$900,000 in on-behalf payments from the County's bond proceeds for construction of various City owned park improvements.

(2) Taxes increased in 2015 due to the inclusion of the District Fire Tax Fund's - Fire Tax revenue (3.436 mills) which was levied to fund fire protection services expenditures.

City of Ball Ground, Georgia

Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years

Fiscal Year	Digest Year	Real Property	Personal Property	Motor Vehicles Mobile Homes	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2006	2005	24,292,720	685,566	2,531,390	(182,489)	27,327,187	5.863	68,317,968	40.00
2007	2006	32,637,720	880,575	2,346,550	(269,514)	35,595,331	6.050	88,988,328	40.00
2008	2007	46,531,920	886,520	2,638,110	(371,080)	49,685,470	5.500	124,213,675	40.00
2009	2008	53,260,560	1,155,316	2,636,990	(697,943)	56,418,483	5.121	141,046,207	40.00
2010	2009	55,641,920	1,956,239	3,374,900	(1,481,987)	59,491,072	5.121	148,727,680	40.00
2011	2010	51,267,281	1,233,922	3,057,420	(1,280,470)	54,333,553	5.194	135,833,883	40.00
2012	2011	51,000,995	1,231,007	3,112,820	(1,277,555)	54,067,267	5.194	135,168,168	40.00
2013	2012	43,470,287	730,053	3,402,700	(985,546)	46,671,054	5.194	116,677,618	40.00
2014	2013	42,171,395	697,227	2,002,530	(797,482)	44,073,670	6.000	110,184,175	40.00
2015	2014	50,186,520	742,086	3,393,280	(743,234)	53,578,652	8.811 (1)	133,946,630	40.00

(1) The increase in the millage rate is due to the inclusion of the Fire District Tax levy (3.436 mills) to fund contractual payments for Fire Protection Services to Cherokee County.

Source: Cherokee County Tax Digest

Notes: Property in the county is reassessed once every three years. The county assesses property at approximately 40 percent of actual value for all types of real and personal property. Estimated actual value is calculated by dividing assessed value by those percentages. Tax rates are per \$1,000 of assessed value.

City of Ball Ground, Georgia

Direct and Overlapping Property Tax Rates Last Ten Years (rate per \$1,000 of assessed value)

Tax Digest Year	Direct Rate				Cherokee County					Overlapping Rate			Total Rates Direct & Overlapping
	City of Ball Ground	Fire District Special District (1)	Total	Total	General Maintenance and Operations	Fire District Special District	Parks County Wide	Total BOC Rate	State of Georgia	Maintenance and Operations	Bonded Debt	Total	
2006	6.050	0.000	6.050	6.050	4.547	2.750	0.000	7.297	0.25	18.450	0.500	18.950	32.547
2007	5.500	0.000	5.500	5.500	4.400	2.750	0.000	7.150	0.25	18.450	0.400	18.850	31.750
2008	5.121	0.000	5.121	5.121	4.381	2.742	0.000	7.123	0.25	18.450	0.400	18.850	31.344
2009	5.121	0.000	5.121	5.121	4.381	2.742	0.580	7.703	0.25	18.450	0.400	18.850	31.924
2010	5.194	0.000	5.194	5.194	4.720	2.950	0.628	8.298	0.25	19.450	0.400	19.850	33.592
2011	5.194	0.000	5.194	5.194	5.365	3.129	0.641	9.135	0.25	19.450	0.400	19.850	34.429
2012	6.000	0.000	6.000	6.000	5.825	3.394	0.780	9.999	0.20	19.450	0.400	19.850	36.049
2013	6.000	0.000	6.000	6.000	5.798	3.373	0.776	9.947	0.15	19.450	0.400	19.850	35.947
2014	5.375	3.436	8.811	8.811	5.728	0.000	0.744	6.472	0.10	19.450	0.000	19.450	34.833
2015	5.139	3.436	8.575	8.575	5.720	0.000	0.744	6.464	0.05	19.450	0.000	19.450	34.539

Note: Overlapping rates are those of local and county governments that apply to property owners within the City of Ball Ground.

(1) 2014 the cities within Cherokee County became responsible for the collection of the Special District Fire Tax. However the Cherokee County Board of Commissioners continued to be responsible for setting the millage rate for this tax. All prior years Cherokee County billed and collected this tax on the behalf of the cities.

City of Ball Ground, Georgia

Principal Property Taxpayers Current Year and Eight Years Ago

Taxpayer	2015			2007 (a)		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Latimer Properties LLC	\$ 1,306,560	1	2.80%	-		
Holcomb Crossing LLC	805,800	2	1.73%	676,680	2	1.90%
Georgia Power Company	655,360	3	1.40%	-		
Atlanta Gas Light	479,320	4	1.03%	-		
Cherokee Bank, NA	464,640	5	1.00%	-		
Mountain Express Oil Company	419,240	6	0.90%	-		
Smith, C Donald III	408,400	7	0.88%	471,360	3	1.32%
Fitts, Stanley Jr & Fitts, Kathleen M	404,240	8	0.87%	402,120	5	1.13%
Ball Ground Medical Park I, LLC	368,840	9	0.79%	-		
Southern Sky Development LLC	359,360	10	0.77%	-		
OCS Enterprise				744,200	1	
Satnam Waheguru Corp	-		-	428,120	4	1.20%
T.H.O. and Associates	-		-	347,640	6	0.98%
Benson Media	-		-	336,802	7	0.95%
North Georgia Commercial Prop	-		-	219,840	8	0.62%
Regions Financial Corp	-		-	207,760	9	0.58%
Hinze, Bret & Kerry	-		-	191,840	10	0.54%
Total	\$ 5,671,760		12.15%	\$ 4,026,362		9.22%

Source: Cherokee County Tax Asssors

(a) Information for top ten taxpayers not available prior to 2007

City of Ball Ground, Georgia

Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year Ended June 30,	Digest Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2006	2005	165,329	151,182	91.44%	14,147	165,329	100.000%
2007	2006	195,774	181,638	92.78%	14,136	195,774	100.000%
2008	2007	239,881	224,634	93.64%	15,237	239,871	99.996%
2009	2008	292,559	247,780	84.69%	44,769	292,549	99.997%
2010	2009	286,896	245,626	85.61%	41,260	286,886	99.997%
2011	2010	281,566	248,035	88.09%	32,789	280,824	99.736%
2012	2011	266,377	246,088	92.38%	19,617	265,705	99.748%
2013	2012	262,298	248,002	94.55%	13,542	261,544	99.713%
2014	2013	253,417	238,649	94.17%	12,595	238,649	94.172%
2015	2014	269,026	260,939	96.99%	n/a	260,939	96.994%

Source: City of Ball Ground Finance Department

City of Ball Ground, Georgia

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Governmental Activities	Business-Type Activities			Total Primary Government	Percentage of Personal Income ²	City Population	Per Capita
	Capital Leases	Revenue Bonds	Notes Payable	Capital Leases				
2006	88,832	1,323,640	68,844	5,376	1,486,692	0.03%	894	1,663
2007	1,754,065	1,308,747	60,692	-	3,123,504	0.05%	916	3,410
2008	2,043,936	1,293,368	249,802	37,555	3,624,661	0.05%	1,072	3,381
2009	1,956,892	1,276,998	221,848	19,931	3,491,357	0.05%	1,331	2,623
2010	1,836,987	1,259,629	188,685	1,565	3,286,866	0.05%	1,370	2,399
2011	1,941,093	1,241,817	154,183	-	3,337,093	0.05%	1,433	2,329
2012	1,849,275	1,223,233	118,282	-	3,190,790	0.05%	1,433	2,227
2013	1,756,843	1,203,844	85,309	-	3,045,996	0.04%	1,472	2,069
2014	1,687,736	1,181,833	-	295,000	3,164,569	5.68% (A)	1,510	2,096
2015	1,636,248	1,160,653	-	304,065	3,100,966	6.04%	1,563	1,984

Source: Notes to the Financial Statements, Pages 31 - 48
Demographic and Economic Statistics, Page 66
Census on Population and Housing from 2010 census publications

(A) 2014 is the first year the City was able to provide Personal Income information for the City of Ball Ground, all prior year Personal Income represents Cherokee County as a whole.

City of Ball Ground, Georgia

Direct and Overlapping Governmental Activities Debt June 30, 2015

(Unaudited)

	<u>Net General Obligation Debt Outstanding</u>	<u>Percentage Applicable to the City(1)</u>	<u>Amount Applicable to the City(1)</u>
Direct debt:			
Capital lease payable	\$ 1,636,248	100.000%	\$ 1,636,248
Total direct debt	\$ 1,636,248		\$ 1,636,248
Overlapping General Obligation Debt:			
Cherokee County 2009	35,350,432	0.676%	239,080
Cherokee County 2010	10,417,000	0.676%	70,452
Cherokee County 2011	7,220,000	0.676%	48,830
Cherokee County 2014	22,823,000	0.676%	
Capital lease for land acquisition	25,062	0.676%	169
Cherokee County Board of Education	316,300,000	0.676%	2,139,179
Overlapping Guaranteed Revenue Debt:			
2007 Resource Recovery Development Authority Bonds	16,327,728	0.676%	110,427
Total overlapping debt	\$ 408,463,222		\$ 2,608,137
Total direct and overlapping debt	\$ 410,099,470		\$ 4,244,385

Source: The overlapping debt numbers were obtained from Cherokee County's 2014 Comprehensive Annual Financial Report.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Ball Ground, Georgia. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the City's boundaries and dividing it by the county's total taxable assessed value.

City of Ball Ground, Georgia

**Legal Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Assessed Value *	\$ 27,327	\$ 35,595	\$ 49,685	\$ 56,418	\$ 59,491	\$ 54,334	\$ 54,067	\$ 46,671	\$ 44,073	\$ 53,579
Debt Limit: 10% of assessed value	\$ 2,733	\$ 3,560	\$ 4,969	\$ 5,642	\$ 5,949	\$ 5,433	\$ 5,407	\$ 4,667	\$ 4,407	\$ 5,358
Less: Debt applicable to debt limit	89	1,754	2,044	1,957	1,837	1,941	1,849	1,757	1,688	1,636
Legal Debt Margin	\$ 2,644	\$ 1,806	\$ 2,925	\$ 3,685	\$ 4,112	\$ 3,492	\$ 3,558	\$ 2,910	\$ 2,719	\$ 3,722

* Source: Cherokee County Tax Digest

City of Ball Ground, Georgia

Pledged Revenue Coverage Water System Bonds Last Ten Fiscal Years

(Unaudited)

Water Revenue Bonds							
Fiscal Year	Operating Revenue	(1) Direct Operating Expenses	Net Revenue Available For Debt Service	Debt Service Requirements			Times Coverage
				Principal	Interest	Total	
2006	686,804	360,143	326,661	14,893	62,328	77,221	4.23
2007	796,820	514,018	282,802	15,728	55,276	71,004	3.98
2008	610,593	580,424	30,169	15,379	55,636	71,015	0.42
2009	605,758	555,737	50,021	16,370	54,634	71,004	0.70
2010	627,117	512,191	114,926	17,926	53,078	71,004	1.62
2011	567,147	454,231	112,916	18,703	59,560	78,263	1.44
2012	580,045	464,021	116,024	18,584	52,387	70,971	1.63
2013	587,351	489,523	97,828	19,389	51,615	71,004	1.38
2014	857,795	(2) 638,085	219,710	22,011	48,893	70,904	3.10
2015	810,458	(2) 626,952	183,506	21,180	49,824	71,004	2.58

Note: (1) Direct operating expenses excludes depreciation

Note: (2) Revenue from the sales of water and sewer capacity is counted in the operating revenue for calculation of debt service requirements.

City of Ball Ground, Georgia

Top Ten Water Customers For Fiscal Year 2015

	<u>Gallons Used</u>	<u>% of Total Gallons</u>	<u>Dollar Amount</u>	<u>% of Total Billed</u>
HBR0138002	1,524,200	3.1%	\$ 9,909	1.4%
HBE0015501	1,016,800	2.1%	6,182	0.9%
BGH1101500	596,900	1.2%	3,348	0.5%
OCRNEWSCHOOL	525,800	1.1%	2,960	0.4%
VLS0026001	386,800	0.8%	2,243	0.3%
SGH0000000	306,200	0.6%	1,558	0.2%
GFRI051000	216,400	0.4%	1,250	0.2%
MWWLOWER/UPPER	215,100	0.4%	1,232	0.2%
CNH0299500	143,400	0.3%	812	0.1%
BGH10150DG	143,000	0.3%	809	0.1%
	<u>5,074,600</u>	10.4%	<u>\$ 30,303</u>	<u>4.2%</u>

Note: Difference in dollar amounts billed as compared to gallons used is caused by the tiered rate system and the timing of the water use. Spikes in water usage will cause higher dollar amounts to be billed.

City of Ball Ground, Georgia

Water Customers Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Number of Customers</u>	<u>Number Increase</u>	<u>% Increase</u>
2006	638	41	6.9%
2007	744	106	16.6%
2008	817	73	9.8%
2009	841	24	2.9%
2010	854	13	1.5%
2011	847	-7	-0.8%
2012	851	4	0.5%
2013	872	21	2.5%
2014	935	63	7.2%
2015	971	36	3.9%

Note: Customer decline is due to unit vacancy and foreclosures.

City of Ball Ground, Georgia

Water & Sewer Rates June 30, 2015

Water Rates - Residential (Inside City limits)

	Standard	Senior	
		Citizens	Disabled
Base Rate	\$ 17.00	\$ 14.00	\$ 14.00
0 - 3,000 gallons	2.30	2.30	2.30
3,001 - 5,000 gallons	2.50	2.50	2.50
5,001 - 8,000 gallons	4.15	4.15	4.15
8,001 - 10,000 gallons	4.45	4.45	4.45
Over 10,000 gallons	6.00	6.00	6.00

Water Rates - Residential (Outside City limits)

	Standard	Senior	
		Citizens	Disabled
Base Rate	\$ 20.50	\$ 17.50	\$ 17.50
0 - 3,000 gallons	3.35	3.35	3.35
3,001 - 5,000 gallons	4.25	4.25	4.25
5,001 - 8,000 gallons	5.00	5.00	5.00
8,001 - 10,000 gallons	5.55	5.55	5.55
Over 10,000 gallons	6.50	6.50	6.50

Sewer Rates

Base Rate	\$ 15.50
Per 1,000 gallons	\$ 5.10

City of Ball Ground, Georgia

Demographic and Economic Statistics (1) Last Ten Calendar Years

Calendar Year	County Population	Personal Income (in thousands)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2005	184,211	5,176,329	28,100	33.6	33,000	3.90
2006	192,107	5,398,207	28,100	35.8	35,057	4.40
2007	195,327	5,965,000	30,171	33.8	37,200	4.60
2008	210,529	7,078,403	33,700	33.8	36,500	8.20
2009	215,084	6,582,430	30,604	34.0	37,000	8.90
2010	214,346	6,430,594	30,001	34.2	38,636	10.10
2011	218,286	6,595,948	30,217	34.1	39,337	7.30
2012	221,315	7,338,805	33,160	36.3	39,560	6.90
Calendar Year	City Population	Median Household Income	Per Capita Personal Income	Median Age	Ball Ground Elementary	Unemployment Rate
2013	1,510	55,726	36,905	39.4	570	4.15
2014	1,563	51,332	32,842	39.7	557	4.30

(1) 2013 is the first year in which this information has been available on the local level.

Sources: Georgia Department of Labor, Bureau of the Census, Atlanta Regional Commission, Cherokee County School District and the Cherokee County Development Authority.

City of Ball Ground, Georgia
Principal Employers
Current Year and Eight Years Ago **

Employer	2015			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Cherokee County Board of Education	57	1	11.92%	45	1	14%
FRN, Inc	29	2	6.07%	-		-
Awnex, Inc.	25	3	5.23%	-		-
Cool Tech HVAC Inc	25	4	5.23%	22	3	7%
Eagle Eye Communication	20	5	4.18%	-		-
Cheshire Heating & AC	17	6	3.56%	20	4	6%
D-Lab Screen Printing	17	7	3.56%	11	7	4%
City of Ball Ground	14	8	2.93%	-		-
Blue Ridge Mountain Recovery Center	12	9	2.51%	-		-
Uncle Pepper's Pizza Kitchen	9	10	1.88%	-		-
DSI Waste Services	-		-	23	2	7%
Arrow Exterminators	-		-	14	5	4%
AJ's Pit Stop, Inc	-		-	11	6	4%
Little Hearts Depot	-		-	10	8	3%
Preferred Commercial Floor Covering, Inc.	-		-	9	9	3%
Easy Ride Golf Cars	-		-	5	10	2%
Total	225		47.07%	170		54.49%

Source: Ball Ground Finance Department

*** Information prior to 2007 was not available*

City of Ball Ground, Georgia
Full-time-Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government:										
Governing Body	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Chief Executive (Mgr. Or Admin.)	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	1.2
Police Records & Court	0.9	0.9	0.9	0.9	0.9	0.9	-	-	-	-
Financial Administration	1.0	1.0	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.4
Water Administration	0.9	0.8	0.8	0.8	0.8	0.8	-	-	-	0.7
Human Resources	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Public Safety:										
Police Administration	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Police Patrol	2.0	2.0	3.0	2.0	2.0	2.0	2.0	1.0	1.0	2.0
Building Inspections	-	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Planning & Zoning	0.1	0.1	0.3	0.3	0.3	0.3	0.2	0.2	0.6	0.6
Parks Areas	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Public Works	1.9	2.9	2.9	2.9	2.9	2.9	2.4	2.4	2.4	2.4
Highways & Streets Administration	1.0	1.0	1.0	1.0	-	-	-	-	-	-
Sanitary Administration	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.6
Total	16.0	17.1	18.5	17.5	16.5	16.5	14.2	13.2	13.6	16.2

Source: City of Ball Ground Finance Department

Note: 2009 removed one patrol officer and 2010 removed one Highway and Streets Labor position

City of Ball Ground, Georgia

Operating Indicators by Function Last Ten Fiscal Years

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Works:										
Street resurfacing (miles)	0.4	1.3	0.5	0.3	0.3	0.2	1.0	0.6	0.7	1.6
Police protection:										
Number of citations written	204	155	190	288	230	196	110	99	174	216
Number of automobile accidents	35	31	20	29	39	31	49	35	25	43
Number of reported crimes	201	133	55	165	114	82	42	80	68	70

Source: City of Ball Ground Courts and Records

City of Ball Ground, Georgia

Capital Assets Statistics by Function Last Ten Fiscal Years

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Works:										
Miles of streets	12	12	13	14	14	14	14	14	14	16
Police protection:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of police officers	3	3	4	3	3	3	3	2	3	3
Building permits issued	87	65	39	20	18	-	2	40	47	67
Recreation and culture:										
Number of parks	4	4	4	4	4	4	4	5	5	5
Park acreage	27	27	27	27	27	27	27	30	30	32

Source: Various City of Ball Ground Departments