



BALL GROUND

**City of Ball Ground, Georgia
Comprehensive Annual
Financial Report
For The Fiscal Year Ended June 30, 2016**

**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, 2016

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, 2016**

TABLE OF CONTENTS

I. INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal.....	i-iv
Certificate of Achievement for Excellence in Financial Reporting	v
Organizational Chart	vi
Principal Officials	vii

II. FINANCIAL SECTION

Independent Auditor’s Report.....	1-3
Management’s Discussion and Analysis.....	4-19
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	20
Statement of Activities	21
Fund Financial Statements:	
Balance Sheet – Governmental Funds	22
Reconciliation of the Balance Sheet to the	
Statement of Net Position – Governmental Activities	23
Statement of Revenues, Expenditures, and Changes in Fund	
Balances – Governmental Funds.....	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in	
Fund Balances of Governmental Funds to the Statement of Activities.....	25
General Fund – Statement of Revenues, Expenditures,	
and Changes in Fund Balances – Budget and Actual.....	26
District Fire Tax – Statement of Revenues, Expenditures,	
and Changes in Fund Balances – Budget and Actual.....	27
Statement of Net Position – Proprietary Funds	28
Statement of Revenues, Expenses, and Changes in Fund Net	
Position – Proprietary Funds	29
Statement of Cash Flows – Proprietary Funds.....	30 and 31
Notes to Financial Statements.....	32-51
Other Supplementary Information:	
Balance Sheet – Component Unit – Downtown Development Authority	52
Statement of Revenues, Expenditures, and Changes in Fund Balance – Component Unit	
Downtown Development Authority	53
Schedules of Expenditures of Special Purpose Local Option Sales Tax Proceeds	54

**CITY OF BALL GROUND, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

TABLE OF CONTENTS

III. STATISTICAL SECTION (Unaudited)

Net Position by Component – Last Ten Fiscal Years	55
Changes in Net Position – Last Ten Fiscal Years	56 and 57
Fund Balances of Governmental Funds – Last Ten Fiscal Years	58
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years.....	59
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	60
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	61
Principal Property Taxpayers – Current Year and Nine Years Ago	62
Property Tax Levies and Collections – Last Ten Fiscal Years	63
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	64
Direct and Overlapping Governmental Activities Debt.....	65
Legal Debt Margin Information – Last Ten Fiscal Years	66
Pledged Revenue Coverage Water System Bonds – Last Ten Fiscal Years	67
Top Ten Water Customers	68
Water Customers – Last Ten Fiscal Years	69
Water & Sewer Rates	70
Demographic and Economic Statistics – Last Ten Calendar Years	71
Principal Employers – Current Year and Nine Years Ago	72
Full-time Equivalent City Government Employees by Function/Program – Last Ten Fiscal Years	73
Operating Indicators by Function – Last Ten Fiscal Years.....	74
Capital Assets Statistics by Function – Last Ten Fiscal Years	75

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 12, 2016

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, 2016, 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, 2016, 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, 2016, 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 as well as the City's component unit, an entity for which the City is financially accountable. 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.

Relevant Financial Policies. The City of Ball Ground has established a policy requiring an annual review of all debt with comparison to current market rates and trends. If current rates appear to be favorable for cost savings, proposals for refinance are accepted. During this reporting period, it was found to be favorable to restructure three (3) of the City's existing loans. These three loans were refinanced at the current term so debt was not extended, but at reduced interest rates,

allowing the City to recognize a savings of approximately \$250,000 over the next 12 years. Although the objective is not always to improve cash flow, since debt was not extended and interest was reduced, this particular refinance will improve cash flow.

The City of Ball Ground has established a policy requiring an annual review of all assessed fees and billing rates. In 2011 this review resulted in a reduction in monthly rates for solid waste services by \$1.00 per month per customer. The same review process during this reporting period revealed the need to adjust the rate back to the original \$17.00 per month per customer level.

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.

Major Initiatives. During this reporting period, the City has completed an in depth assessment of the future demand and capacity for both water and sewer resources. Currently our system is serviced by a single source water well, but capacity limits future growth and development. Four attempts to drill new wells have been unsuccessful, which also means the funds spent on these attempts will produce no revenue. During the course of this reporting period, the City has worked to enter an agreement to secure future water capacity from a larger, very secure system, at wholesale rates by buying capacity in their water treatment plant. In the fiscal year 2017 reporting period, you will see evidence of the first purchase made. Future purchases of both water and sewer capacity will also be made that will secure the ability for continued growth and development, as well as drought protection.

Looking forward to 2017, in the next reporting period, the major initiative will be a 100% audit of all electrical services at City Facilities, including Street Lights. As this audit transpires the intent of the City is to reduce electrical costs by 10% across the board by identifying more efficient appliances, decreasing pump start times at sewer lift stations and booster pump facilities, and eliminating over lit areas with street lights.

The City of Ball Ground during this reporting period completed its first full year as a Georgia Main Street Community. Although this initiative does initially come with a cost associated, it has been very productive in that the Main Street Board has been instrumental in bringing 12 new businesses into the downtown district, and has been directly involved with the sale and current rehabilitation efforts on 4 previously vacant and blighted downtown buildings. The restoration of these buildings will eventually lead to increased revenue and downtown revitalization.

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, 2015. This was the ninth 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.

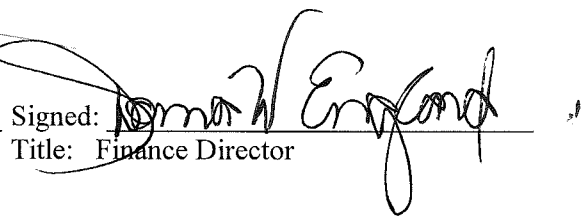
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate. The City 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**

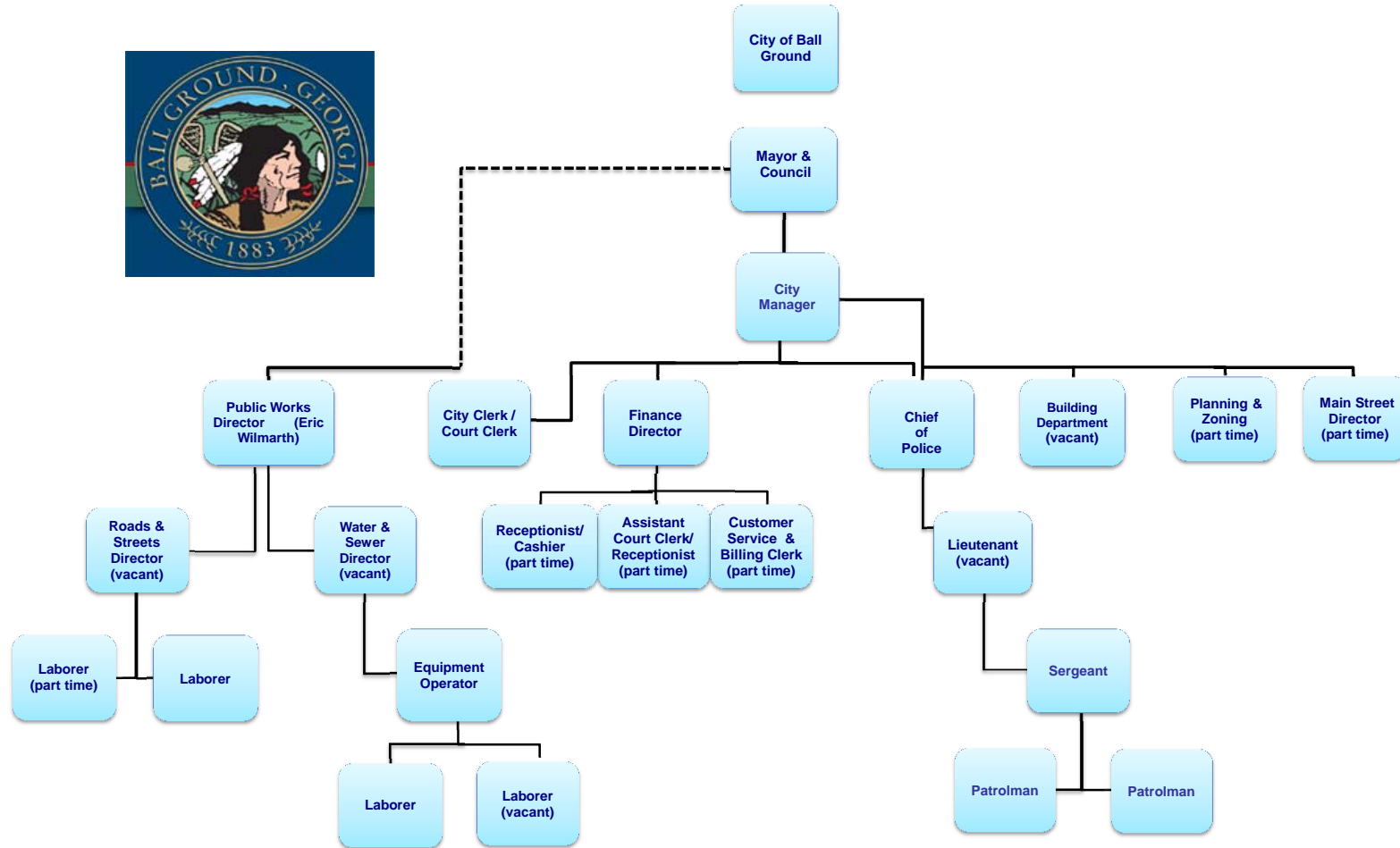
Presented to

**City of Ball Ground
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



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

City of Ball Ground, Georgia

Principal Officials
June 30, 2016

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

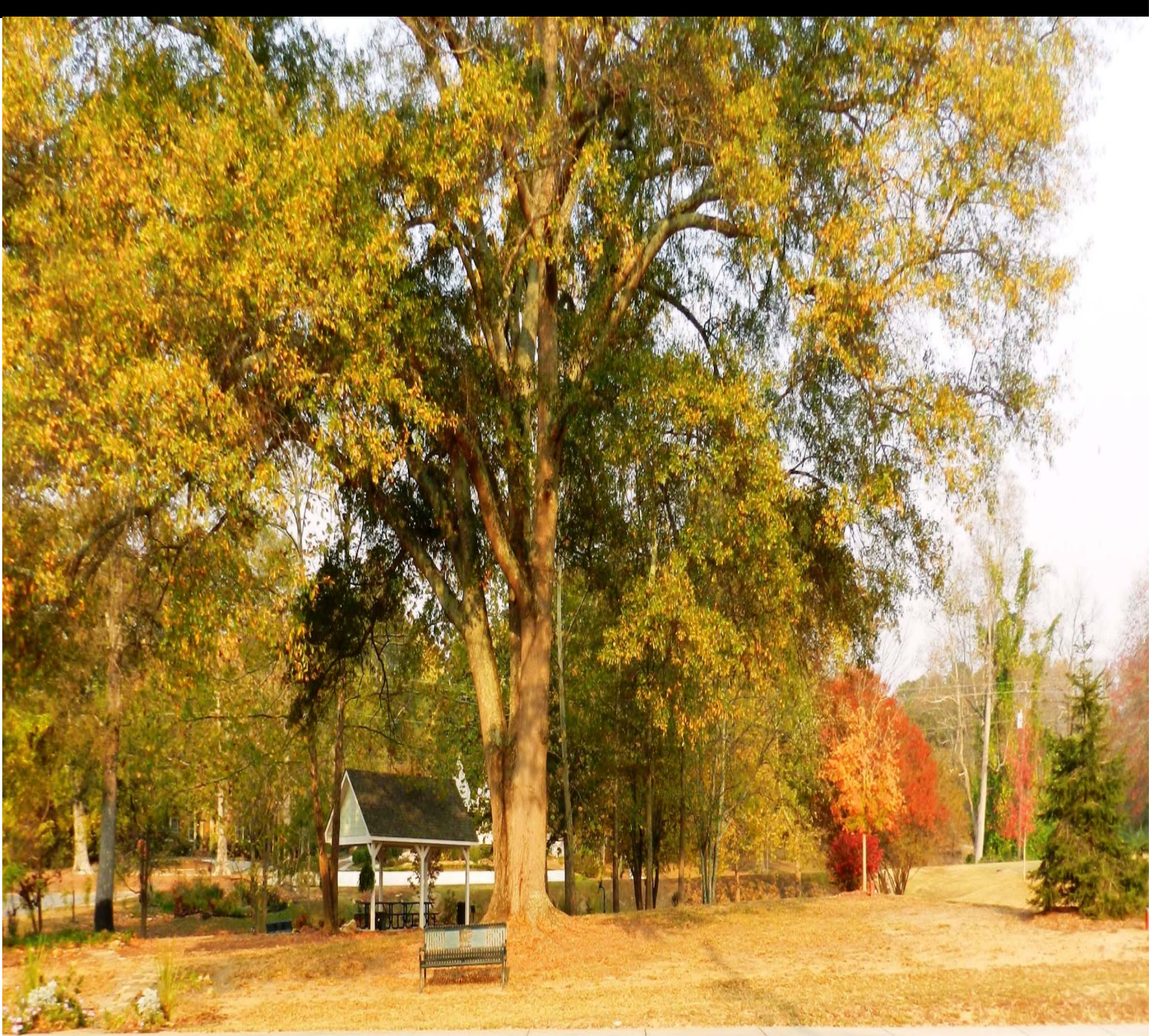
Public Works Director
Eric W. Wilmarth

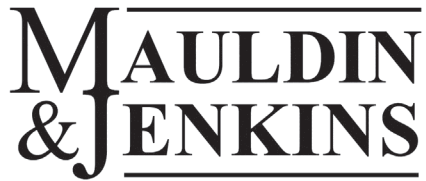
City Attorney
Darrell Caudill

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, the discretely presented component unit, 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, 2016, 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, the discretely presented component unit, each major fund, and the remaining fund information of the City of Ball Ground, Georgia, as of June 30, 2016, 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 4-19 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 other supplementary information 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 other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 other supplementary information 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 12, 2016 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 12, 2016

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, 2016

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, 2016. 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 \$10,587,054 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 \$9,515,048 in fiscal year 2015.
 - 2) Restricted net position of \$73,506 represents the portion to be used for capital projects (\$14,747) and fire protection services (\$58,759). This is a 48% decrease from the previous year (\$142,135).
 - 3) Unrestricted net position of \$790,692 represents the portion available to maintain the City's continuing obligations to citizens and creditors. This is a decrease of \$140,845 from the previous year's balance (\$931,537).
- The City's total assets, \$14,773,882 and deferred outflows of resources, \$75,292 exceeded its liabilities of \$3,397,922 by \$11,451,252 (total net position) for the fiscal year reported as compared to \$10,588,720 as total net position in fiscal year 2015. The total assets are 4.35 times the total liabilities.
- The City's capital assets, net of accumulated depreciation, increased by \$1,076,972 primarily due to the capital contributions of \$1,386,390 from the HOB GA LLC of four roads, water lines, and sewer lines in Mountain Brooke North Subdivision Unit II.
- The City's total liabilities increased by \$34,705 or less than 1% as a result of net effect of the decrease in current liabilities of \$64,740 and a increase of noncurrent liabilities of \$99,445 as compared to the prior fiscal year. During fiscal year ended June 30, 2016, the noncurrent liabilities increased due to the addition of debt and refinancing of some older debt in both the governmental activities and business-type activities.
- As of the close of the current fiscal year, the City of Ball Ground's governmental funds reported combined ending fund balances of \$559,052 a decrease of \$134,075 in comparison with the prior year. Of this amount, \$319,277 is unassigned and available for spending.
- At the end of the current year the unassigned fund balance for the governmental funds was \$319,277 or 10% of the governmental funds expenditures as compared to 26% in the prior fiscal year.

City of Ball Ground, Georgia
Management's Discussion and Analysis
June 30, 2016

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 include the primary government for the City of Ball Ground and one legally separate entity, the Downtown Development Authority, for which the City is financially accountable. It is included in the financial statements as a discretely presented component unit.

The government-wide financial statements can be found on pages 20 and 21 of this report.

City of Ball Ground, Georgia
Management's Discussion and Analysis
June 30, 2016

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 22 through 27 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 28 through 31 of this report.

City of Ball Ground, Georgia
Management's Discussion and Analysis
June 30, 2016

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 \$11,451,252 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 2016	Governmental Activities 2015	Business-type Activities 2016	Business-type Activities 2015	Total 2016	Total 2015
Current and other assets	\$ 675,669	\$ 884,197	\$ 383,844	\$ 360,690	\$ 1,059,513	\$ 1,244,887
Capital assets	9,113,310	8,345,389	4,601,059	4,292,008	13,714,369	12,637,397
Total assets	9,788,979	9,229,586	4,984,903	4,652,698	14,773,882	13,882,284
Deferred charges	75,292	69,653	-	-	75,292	69,653
Total deferred outflow of resources	75,292	69,653	-	-	75,292	69,653
Long-term debt outstanding	1,605,337	1,650,736	1,617,152	1,472,308	3,222,489	3,123,044
Other liabilities	108,975	179,205	66,458	60,968	175,433	240,173
Total liabilities	1,714,312	1,829,941	1,683,610	1,533,276	3,397,922	3,363,217
Net Position:						
Net investment in capital assets	7,593,181	6,687,758	2,993,873	2,827,290	10,587,054	9,515,048
Restricted	73,506	142,135	-	-	73,506	142,135
Unrestricted	483,272	639,405	307,420	292,132	790,692	931,537
Total net position	\$ 8,149,959	\$ 7,469,298	\$ 3,301,293	\$ 3,119,422	\$ 11,451,252	\$ 10,588,720

Total net position of the City's governmental activities increased by \$680,661 in fiscal year 2016 (\$8,149,959 in the current fiscal year versus \$7,469,298 in the prior fiscal year). The increase is primarily due to the capital contributions of four roads along with the infrastructure such as sidewalks, curb, gutter and cul-de-sacs from HOB GA LLC (Mountain Brooke North Subdivision) of \$1,014,983. 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 \$181,871. HOB GA LLC also made capital contributions of \$341,407, the value of the water and gravity sewer lines in the Mountain Brooke North Subdivision. The City's total net position, which includes both the governmental and business-type activities, increased \$862,532. 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 \$790,692 which is an decrease of \$140,845 from the prior year. These funds may be used to meet the

City of Ball Ground, Georgia
Management's Discussion and Analysis
June 30, 2016

government's ongoing obligations to citizens and creditors. Only the \$73,506 portion of the City's net position is subject to external restrictions on how it may be used.

CITY OF BALL GROUND'S NET POSITION
TABLE II

	Governmental Activities 2016	Governmental Activities 2015	Business-type Activities 2016	Business-type Activities 2015	Total 2016	Total 2015
Revenues:						
Charges for services	\$ 164,837	\$ 154,454	\$ 888,705	\$ 775,471	\$ 1,053,542	\$ 929,925
Capital grants and contributions	1,491,553	1,344,012	500,907	1,060,937	1,992,460	2,404,949
General revenues:						
Property taxes	582,945	532,160	-	-	582,945	532,160
Other taxes	251,678	243,623	-	-	251,678	243,623
Other revenues	15,535	15,072	242	24,441	15,777	39,513
Total revenues	2,506,548	2,289,321	1,389,854	1,860,849	3,896,402	4,150,170
Expenses:						
General government	333,299	327,737	-	-	333,299	327,737
Judicial	14,706	13,424	-	-	14,706	13,424
Public safety	613,481	393,339	-	-	613,481	393,339
Public works	457,800	389,150	-	-	457,800	389,150
Health and welfare	15,209	9,574	-	-	15,209	9,574
Culture and recreation	223,815	168,878	-	-	223,815	168,878
Housing and development	48,190	24,910	-	-	48,190	24,910
Interest on long-term debt	119,387	85,431	-	-	119,387	85,431
Solid waste	-	-	121,509	124,953	121,509	124,953
Water and sewerage	-	-	1,086,474	942,247	1,086,474	942,247
Total expenses	1,825,887	1,412,443	1,207,983	1,067,200	3,033,870	2,479,643
Change in net position before transfers	680,661	876,878	181,871	793,649	862,532	1,670,527
Transfers	-	32,685	-	(32,685)	-	-
Change in net position	680,661	909,563	181,871	760,964	862,532	1,670,527
Net position, beginning of year	7,469,298	6,559,735	3,119,422	2,358,458	10,588,720	8,918,193
Net position, end of year	\$ 8,149,959	\$ 7,469,298	\$ 3,301,293	\$ 3,119,422	\$ 11,451,252	\$ 10,588,720

Governmental Activities. The City of Ball Ground's net position in governmental activities was increased by \$680,661 which resulted from an increase in total assets of \$559,393 and a decrease in total liabilities of \$115,629. Significant elements that contributed to the increase of net position are discussed below.

Increase in Total Assets

The increase of total assets is a direct result of an increase of \$767,921 in capital assets from \$8,345,389 in the prior year to \$9,113,310 in the current fiscal year. The key element for this increase is due to capital contributions received in fiscal year 2016: \$1,014,983 from HOB GA LLC for four roads in Mountain Brooke North Subdivision. The contribution of the roads included right-of-way, curb and gutter, sidewalks, storm sewer, underground power and street lights associated with the four roads.

City of Ball Ground, Georgia
Management's Discussion and Analysis
June 30, 2016

Decrease in Total Liabilities

The total liabilities decreased by \$115,629 as compared to the prior year; however, the cause of the decrease is due to the net effect of a decrease in current liabilities \$70,230 and a decrease in long term liabilities \$45,399.

The current liabilities were reduced primarily due to the decrease in accounts payable as compared to last fiscal year. During the last fiscal year, the City received large contractor invoices in July for work completed on Northridge Sidewalk Project in June 2015 unlike during the current fiscal year.

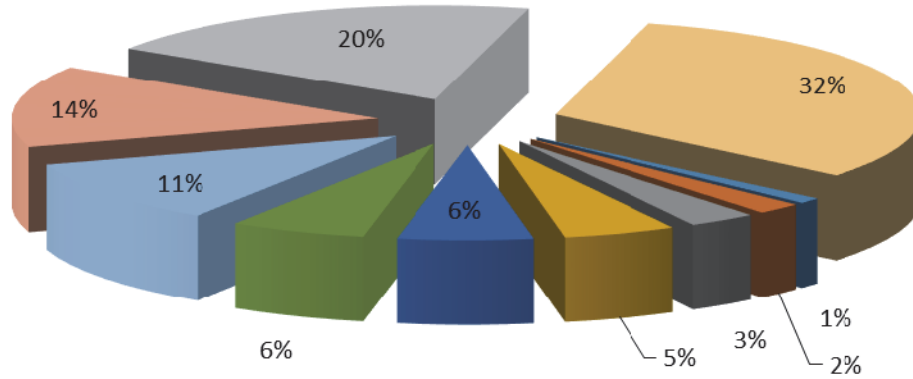
Although the City secured new debt for the 2015 997 John Deere ZTRK tractor and refinanced the City Hall and Valley Street debts, the City was able to decrease the noncurrent liabilities due to the continued principal payments on the existing debt and to the decrease in liability for compensated absences as of yearend.

Increase in Revenue

The governmental activities program revenues increased for fiscal year 2016 by \$157,924 as compared to fiscal year 2015 primarily due to the increases in capital grants and contribution revenues. During fiscal year 2016 the City accepted roads, sidewalks, and all related infrastructure for four roads in North Mountain Brooke Subdivision at a rate of \$1,014,983 as compared to the six roads and related infrastructure the City accepted from Lantern Walk Subdivision at a rate of \$720,375.

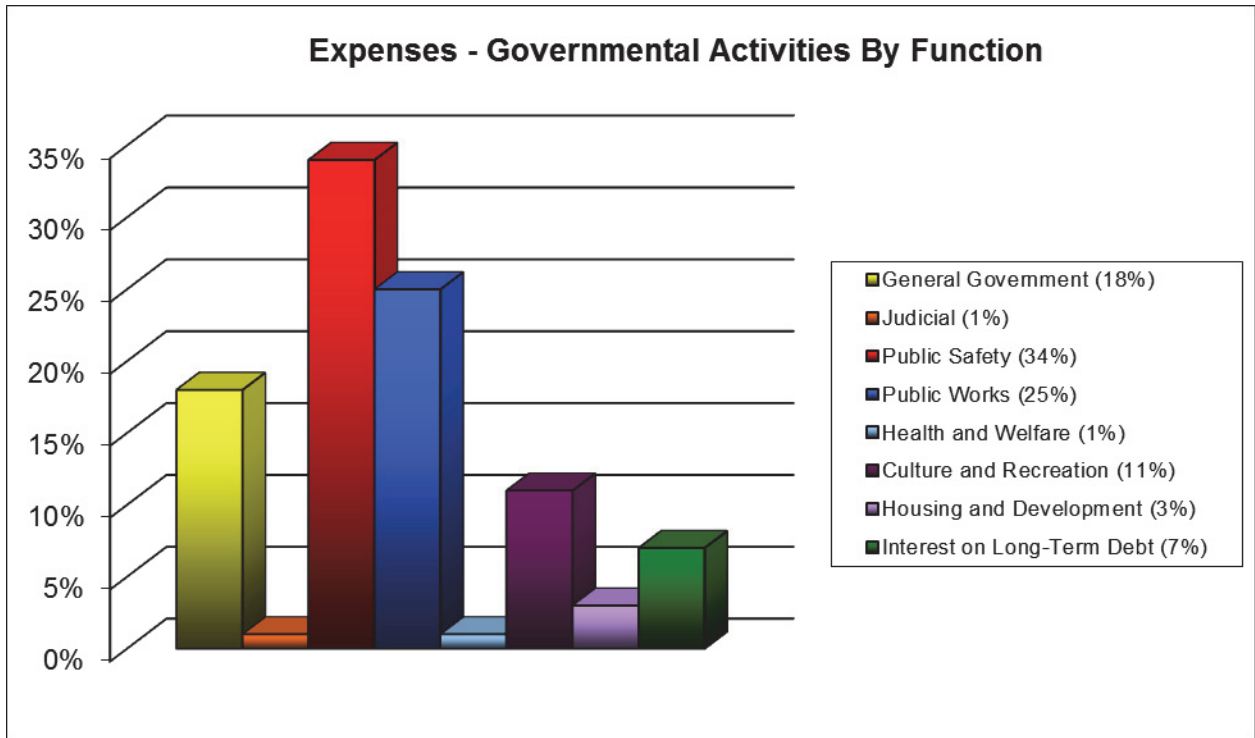
**City of Ball Ground, Georgia
Management's Discussion and Analysis
June 30, 2016**

Revenue by Source - Governmental Activities



■ Miscellaneous (1%)	■ Charges for services (2%)
■ Fines and forfeitures (3%)	■ TAVT and Motor Vehicle Tax (5%)
■ Franchise Taxes (6%)	■ Licenses and Permits (6%)
■ Business Taxes (11%)	■ Fire Taxes (14%)
■ Property Taxes (20%)	■ Capital Grants & Contributions (32%)

**City of Ball Ground, Georgia
Management's Discussion and Analysis
June 30, 2016**



Along with the increase in revenues the governmental activities had an increase in expenses of \$413,444. When comparing the expenses of fiscal year 2016 to that of the prior year the expenses of each program function were increased. The increases are as follows: General government \$5,562, Judicial \$1,282, Public safety \$220,142, Public works \$68,650, Health and welfare \$5,635, Culture and recreation \$54,937, Housing and development \$23,280, and interest on long-term debt \$33,956.

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

General Government – experienced increased expenses due to increases in travel and training expenses of City Council, Clerk of Council, and Mayor. Also due to health insurance costs for two part time employees who met the number of weekly hours worked requirement for City paid medical and dental insurance.

Judicial – expenses increased during the current fiscal year due to the increased court costs and training costs associated with holding Municipal Court.

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 (\$194,274) and the first of two payments of \$100,000 to Cherokee County for the City's cost share for the new fire station being constructed at 420 Valley Street.

**City of Ball Ground, Georgia
Management's Discussion and Analysis
June 30, 2016**

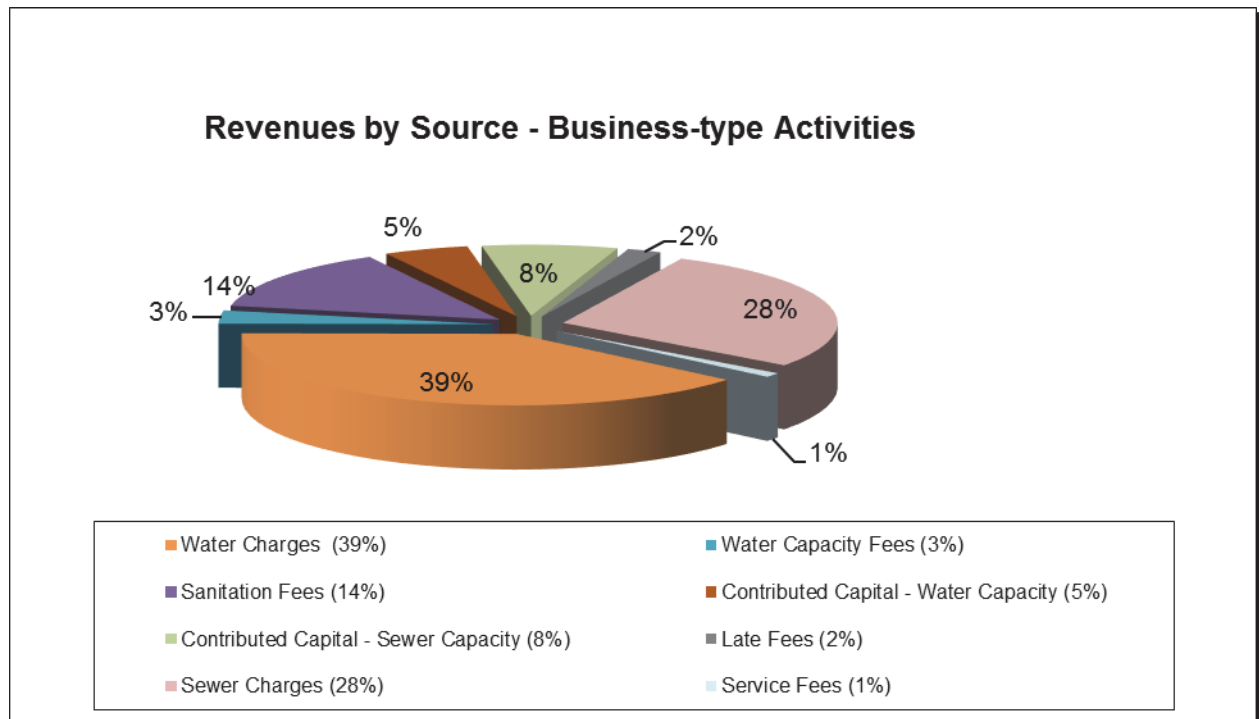
Public Works – expenses exceeded the prior year by \$68,650 due to several factors: increased road resurfacing and repair, and increased grounds maintenance required for the increased parks property.

Health and Welfare – expenses were slightly increased in the current year as compared to the prior year.

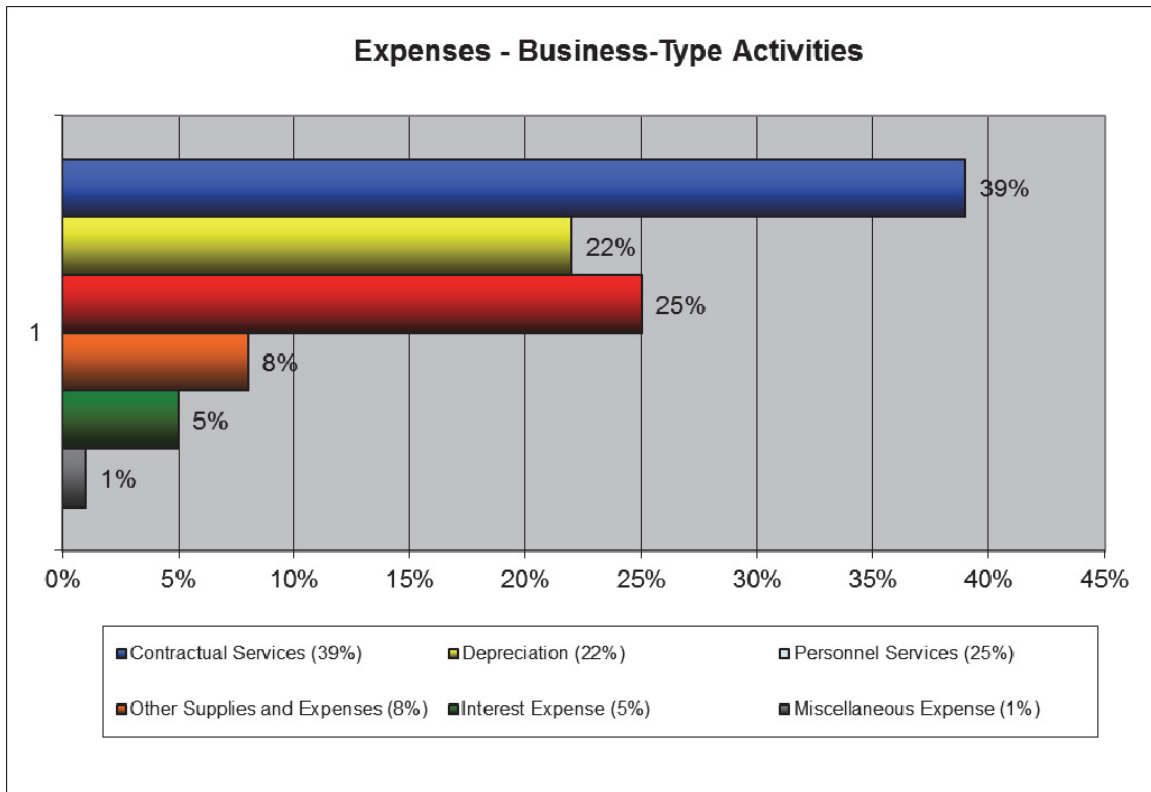
Culture and Recreation – increased by \$54,937 primarily due to the increased grounds maintenance expense for the increased park property.

Housing and Development – experienced increased expenses due to the implementation of the Main Street Program for an entire year. The current year expenses were \$48,190 as compared to \$24,910 in the prior year.

Interest on long-term debt – increased by \$33,956 due primarily to issuance costs associated with the refinance of the City Hall and Valley Street debt as well as new interest expense associated with the purchase of the 2015 John Deere tractor.



**City of Ball Ground, Georgia
Management's Discussion and Analysis
June 30, 2016**



Business-type Activities. The revenues decreased by \$470,995 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 Woods, resulted in 60 more customers who contributed to the increase of charges for water and sewer services and 102 new sanitation customers which contributed to the increased charges for sanitation services.

During fiscal year 2016 there was substantial development in two new subdivisions, Sage Hill, and Heritage Woods in addition the continued development in Mountain Brooke. The City issued the same number of building permits in fiscal year 2016 as in the prior year; however, since the cost of each building permit varies depending on the size and other specifications of the dwelling the annual revenue was different. In fact the revenue in fiscal year 2016 was \$10,326 more than fiscal year 2015 due to the differences in the dwellings built in the two year period.

Along with the increased number of building permits issued by the City in fiscal year 2016 as compared to the prior year, the number of water and sewer capacity fees also increased. In fiscal year 2015, the City collected for 40 residential water capacity fees and 26 residential sewer capacity fees, as compared to 44 residential, 3 irrigation, and 2 commercial (2" meters) water capacity fees and 17 residential and 1 commercial residential sewer capacity fee in the current fiscal year. However, the difference in the numbers and types of water and sewer connections in fiscal year 2016 resulted in an increase of water capacity fees of \$10,200 and a decrease of sewer capacity fees of \$15,788.

City of Ball Ground, Georgia
Management's Discussion and Analysis
June 30, 2016

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. During the current fiscal year, there were six more building permits issued in Sage Hill than in the previous fiscal year.

The other contributing factor for the slight reduction of water capacity fees and sewer capacity fees is the development in a new subdivision, Heritage Woods, 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. During fiscal year 2016, there were four more building permits issued in Heritage Woods as compared to the prior fiscal year.

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

- The largest single factor that contributed to the increase in net position was the contributed capital from HOB GA LLC for \$371,407 for water and sewer lines in Mountain Brooke Subdivision.

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

- During the current fiscal year, the number of water customers increased by 60, the number of sewer customers increased by 53, and the number of sanitation customers increased by 102. Although the numbers may not seem substantial, the percentage increases are as follows: water 6.2%, sewer 8.1%, and sanitation 16.7%.
- The increase in customers directly impacted water, sewer, and sanitation sales. The operating revenues increased by \$93,300 (11.7%): \$69,778 Water and Sewerage Fund ("Water") and \$23,522 in Solid Waste Fund.

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. The governmental funds are comprised of the following: General Fund, District Fire Tax Fund and SPLOST Fund.

As of the end of the current fiscal year, the City of Ball Ground's governmental funds reported combined ending fund balances of \$559,052, a decrease of \$134,075 in comparison with the prior year. The decrease in fund balances is largely due to the \$100,000 payment (first of two payments) to Cherokee County for the City's cost share for the construction of the new fire station.

City of Ball Ground, Georgia
Management's Discussion and Analysis
June 30, 2016

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance was \$327,516. This amount is available for spending at the City's discretion. The unassigned fund balance decreased by \$96,526 (22.8%) during the current fiscal year.

General Fund Budgetary Highlights

Revenues:

Actual revenues exceeded budgeted revenues by \$75,079. Listed below is a brief summary of factors that attributed to the increased revenues in fiscal year 2016.

- Contributions of \$41,200 exceeded budgetary expectations. The contributions were from the Lantern Walk Developers and from Botanical Garden Donations. The contributions from Lantern Walk Developers (\$21,600) to be used to pay for required street lights throughout the subdivision, and the contributions from individuals for the purpose of developing the Botanical Gardens located on the City Hall property.
- Licenses and permits exceeded budget by \$39,665 due to the substantial increase in building permits and inspections fees of \$34,940, and the alcoholic beverage licenses of \$4,375. The budget allowed for 50 building permits (averaging \$1,000 each) and during the current year the City issued 67 (averaging \$1,251 each) building permits and received \$1,100 in inspection fees.
- Business taxes exceeded budget by \$16,084 due to the increase in business occupation taxes \$5,956, alcoholic beverage excise taxes \$6,469, insurance premium \$2,628, and financial institutions tax \$644.
- Franchise taxes exceeded budget by \$5,094 primarily due to the increase in electrical and cable TV 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.
- Charges for services revenue exceeded budget by \$1,702 due to the increase in park and park facilities usage fees.
- Investment earnings exceeded budget by \$591 because the City maintained higher balances in the interest bearing accounts.

City of Ball Ground, Georgia
Management's Discussion and Analysis
June 30, 2016

Expenditures:

Actual expenditures exceeded budgeted expenditures by \$125,280. A brief summary of the largest variances which resulted in an overall budget shortfall are explained below:

- General government – Expenditures were \$4,033 under budget although two departments exceeded budget. During fiscal year 2016, the City's policy changed to provide medical and dental insurance coverage to any part time employee working more than 20 hours per week. Therefore the Mayor's department exceeded budget by \$3,096 due to this change in policy which was not in place at the time of budget preparation. The General government buildings department exceeded budget by \$3,011 due to an insurance deductible payment of \$5,000 due to City Hall flooding on December 24, 2015.
- Judicial – Municipal court expenditures were over budget by \$4,556 due to the increased dues and fees and supplies. With the increased number of cases being tried to the municipal court came the increased need for attorney consultation fees as well as increased times the City municipal court was responsible for providing for a public defender.
- Public Safety – Expenditures exceeded budget by \$11,374 due to the increased salaries and FICA costs which resulted from the addition of a patrol officer on staff for 10 months of the fiscal year. Also repairs and maintenance exceeded budget due to unanticipated vehicle repairs.
- Public Works – Highways and streets exceeded budget by \$36,824 of which \$26,981 was reimbursed by the developers of Lantern Walk Subdivision. During the previous fiscal year, the developers of Lantern Walk Subdivision paid a total of \$5,381 as a deposit to be used to pay for street lights in Lantern Walk Subdivision. During the current fiscal year, the developers of the Lantern Walk Subdivision paid \$21,600 to be used to pay for the street lights in Lantern Walk Subdivision.

Another factor contributing to the overage was the installation of a fence around the new downtown parking lot as required per the parking lot lease. The cost of the fence was \$5,909.

During the current fiscal year it was necessary that the City install storm water infrastructure to control storm water on Grogan and Billy Lane which attributed \$3,400 to the budget overage.

- Culture and recreation – Parks exceeded budget by \$57,790 due to unbudgeted but necessary expenditures: \$22,945 to complete the Gateway Sign, \$12,940 to develop the Botanical Gardens. Also other budget overages were \$16,161 in grounds maintenance and \$8,497 in repairs and maintenance due to the increased City park area and park facilities.
- Tree City – exceeded budget by \$4,592 due to a continual battle with beetle and ant infestations in two of the public parks that resulted in two more trees dying. The cost of removing the trees, although necessary for public safety, was unbudgeted.

City of Ball Ground, Georgia
Management's Discussion and Analysis
June 30, 2016

- Housing and development – Planning and zoning department expenditures were over budget by \$4,267, largely due to the new parking lot lease with Georgia Northeastern Railroad. The cost of the tools needed for inspections and a set of International Code (Georgia's newest adopted inspection codes) contributed to the budget overruns.

Housing and development – Building department overran budget by \$1,294 due to the cost of training and travel expenditures to have another employee trained to do inspections. With the increased building within the City, another employee was required to help with the new building inspections.

- Housing and development – Main Street department expenditures were over budget by \$7,979, largely due to the allotment of a portion of the Main Street Director's salary and benefits.

District Tax Fund Highlights

Revenues of \$206,198 exceed anticipated collections of \$199,000. The taxes collected by the City are payable to the County through an intergovernmental agreement for the County to provide fire protection services to the citizens of the City of Ball Ground. The ending fund balance of the fund increased by \$11,924 which is due to the timing of the service contract with the County. The agreement with the County is for the twelve months ending September 30 of each year.

SPLOST Fund Highlights

Revenue totaled \$435,370 which was \$55,350 more than anticipated.

The sales tax was used for various projects in the City. Expenditures for the current year were \$2,102,781 of which \$262,695 was used for public works projects and costs such as roads, streets, storm drain and other infrastructure improvements; \$100,000 was used for public safety for the first of two payments to Cherokee County for the City's cost share of the new fire station being built at 420 Valley Street, \$10,800 was used for culture and recreation (parks), \$1,674,484 was used for debt service payments and, \$54,802 was used for issuance costs associated with the refinance of the City Hall and Valley Street debts.

This fund was the source of debt service payments on leases funding City Hall, Valley Street, (2) 2014 police vehicle expenditures, 2015 tag reader, and 2015 John Deere ZTRK mower. The debt service payments for the current year were \$99,818 (City Hall), \$48,944 (Valley Street), \$8,454 (2014 police vehicle #1 purchased in 2014), \$8,888 (2014 police vehicle #2 purchased in 2015), \$6,626 (2015 tag reader), and \$ 3,582 (2015 John Deere ZTRK mower) for a total of \$1,674,484 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 \$307,420 an increase of \$15,288 from the previous year.

**City of Ball Ground, Georgia
Management's Discussion and Analysis
June 30, 2016**

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, 2016, amounted to \$13,714,369 (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:

- *North Sewer System expansion, \$235,308*
- *Downtown off street parking lot, \$33,810*
- *Paving Valley Street (from school entrance to rail road), \$78,622*
- *Northridge sidewalk project (additional expenditures), \$10,677*
- *Groover Street water drainage improvements, \$20,457*
- *Paving Glenn Street, \$5,690*
- *2015 John Deere 997 ZTRK mower, \$15,920*
- *Retro-reflectivity signs – phase 2, \$9,546*
- *Recodification of City of Ball Ground's ordinances, \$12,721*
- *2005 GMC Canyon truck, \$5,450*
- *Gateway Historical Monument Sign, \$44,945*
- *Sewer line extension into City Park, \$6,600*
- *6" ductile iron water line (rail road at Valley Street to 315, 325, 335, 345 Gilmer Ferry), \$10,000*

CITY OF BALL GROUND'S CAPITAL ASSETS						
(Net of accumulated depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 640,631	\$ 640,631	\$ 269,077	\$ 269,077	\$ 909,708	\$ 909,708
Construction in progress	182,267	152,923	34,485	77,794	216,752	230,717
Land improvements	1,136,106	1,136,106	-	-	1,136,106	1,136,106
Buildings	2,350,315	2,350,315	73,105	73,105	2,423,420	2,423,420
Machinery and equipment	201,663	163,476	734,571	738,971	936,234	902,447
Infrastructure	9,061,350	7,886,917	6,217,058	5,593,743	15,278,408	13,480,660
Vehicles	145,553	174,202	-	-	145,553	174,202
Total	13,717,885	12,504,570	7,328,296	6,752,690	21,046,181	19,257,260
Less accumulated depreciation	(4,604,575)	(4,159,181)	(2,727,237)	(2,460,682)	(7,331,812)	(6,619,863)
Total	<u>\$ 9,113,310</u>	<u>\$ 8,345,389</u>	<u>\$ 4,601,059</u>	<u>\$ 4,292,008</u>	<u>\$ 13,714,369</u>	<u>\$ 12,637,397</u>

More detailed information on the City's capital assets can be found in Note 4 on pages 42 through 44 in the financial statements.

**City of Ball Ground, Georgia
Management's Discussion and Analysis
June 30, 2016**

City of Ball Ground's Long-Term Debt

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Governmental activities:		
Capital leases	\$ 60,610	\$ 1,636,248
Notes payable	1,534,145	-
Compensated absences	10,582	14,488
Total	<u>1,605,337</u>	<u>1,650,736</u>
Business-type activities:		
Bonds payable	1,140,488	1,160,653
Notes payable	451,769	-
Capital leases	14,929	304,065
Compensated absences	9,966	7,590
Total	<u>1,617,152</u>	<u>1,472,308</u>
Grand Total - All Activities	<u>\$ 3,222,489</u>	<u>\$ 3,123,044</u>

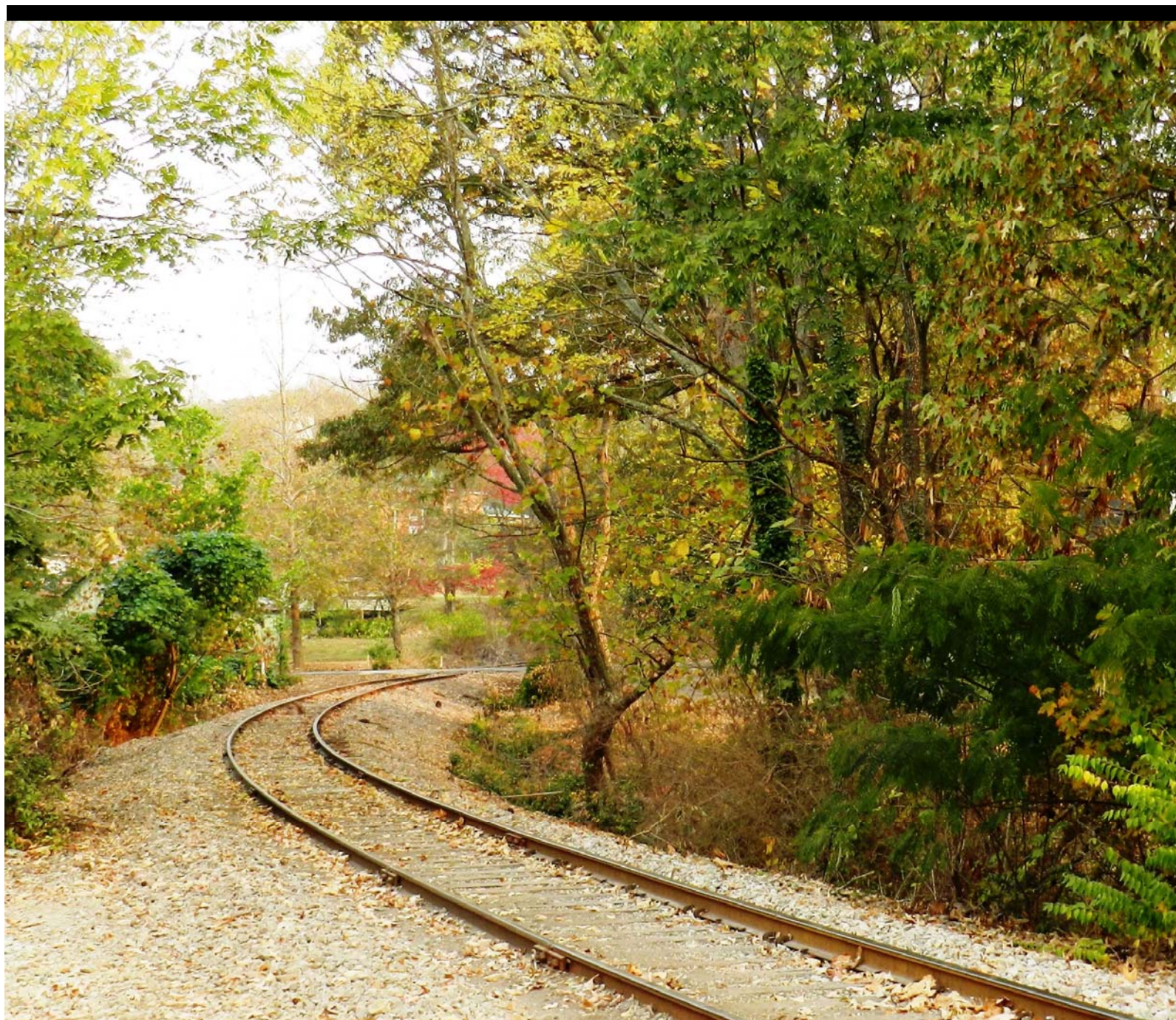
More detailed information on the City's long-term debt can be found in Note 7 on pages 45 through 49 in the notes to the financial statements.

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, 2016**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
<u>Assets</u>				
Cash	\$ 415,030	\$ 222,829	\$ 637,859	\$ 27,896
Taxes receivable, net	15,181	-	15,181	-
Accounts receivable, net	13,256	107,512	120,768	-
Intergovernmental receivable	69,957	-	69,957	-
Prepaid items	72,167	11,206	83,373	-
Inventories	-	26,597	26,597	-
Restricted cash	90,078	15,700	105,778	-
Capital assets:				
Non-depreciable	822,898	303,562	1,126,460	-
Depreciable, net of accumulated depreciation	8,290,412	4,297,497	12,587,909	-
Total assets	<u>9,788,979</u>	<u>4,984,903</u>	<u>14,773,882</u>	<u>27,896</u>
<u>Deferred Outflows of Resources</u>				
Deferred charges - prepayment penalty	75,292	-	75,292	-
Total deferred outflows of resources	<u>75,292</u>	<u>-</u>	<u>75,292</u>	<u>-</u>
<u>Liabilities</u>				
Liabilities:				
Accounts payable	102,447	46,561	149,008	-
Accrued interest payable	6,528	1,161	7,689	-
Accrued issuance costs payable	-	433	433	-
Customer deposits payable	-	15,700	15,700	-
Unearned revenue	-	2,603	2,603	-
Noncurrent liabilities:				
Compensated absences, due within one year	10,053	9,468	19,521	-
Compensated absences, due in more than one year	529	498	1,027	-
Bonds payable, due within one year	-	22,969	22,969	-
Bonds payable, due in more than one year	-	1,117,519	1,117,519	-
Notes payable, due within one year	115,011	31,507	146,518	-
Notes payable, due in more than one year	1,419,134	420,262	1,839,396	-
Capital leases, due within one year	26,180	9,336	35,516	-
Capital leases, due in more than one year	34,430	5,593	40,023	-
Total liabilities	<u>1,714,312</u>	<u>1,683,610</u>	<u>3,397,922</u>	<u>-</u>
<u>Net Position</u>				
Net investment in capital assets	7,593,181	2,993,873	10,587,054	-
Restricted for:				
Capital projects	14,747	-	14,747	-
Fire protection services	58,759	-	58,759	-
Economic development	0	-	-	27,896
Unrestricted	483,272	307,420	790,692	-
Total net position	<u>\$ 8,149,959</u>	<u>\$ 3,301,293</u>	<u>\$ 11,451,252</u>	<u>\$ 27,896</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, 2016

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Downtown Development Authority
	Expenses	Charges for Services	Capital Grants and Contributions	Primary Government			
				Governmental Activities	Business-type Activities	Total	
Primary government:							
Governmental activities:							
General government	\$ 333,299	\$ 14,855	\$ -	\$ (318,444)	\$ -	\$ (318,444)	\$ -
Judicial	14,706	40,030	-	25,324	-	25,324	-
Public safety	613,481	185	83,968	(529,328)	-	(529,328)	-
Public works	457,800	-	1,396,785	938,985	-	938,985	-
Health and welfare	15,209	-	-	(15,209)	-	(15,209)	-
Culture and recreation	223,815	24,607	10,800	(188,408)	-	(188,408)	-
Housing and development	48,190	85,160	-	36,970	-	36,970	-
Interest on long-term debt	119,387	-	-	(119,387)	-	(119,387)	-
Total governmental activities	1,825,887	164,837	1,491,553	(169,497)	-	(169,497)	-
Business-type activities:							
Water and sewerage	1,086,474	745,093	500,907	-	159,526	159,526	-
Solid waste	121,509	143,612	-	-	22,103	22,103	-
Total business-type activities	1,207,983	888,705	500,907	-	181,629	181,629	-
Total primary government	\$ 3,033,870	\$ 1,053,542	\$ 1,992,460	(169,497)	181,629	12,132	-
Component unit:							
Downtown Development Authority	22,104	-	34,751	-	-	-	12,647
	\$ 22,104	\$ -	\$ 34,751	\$ -	\$ -	\$ -	\$ 12,647
General revenues:							
Taxes:							
Property taxes				582,945	-	582,945	-
Franchise taxes				94,094	-	94,094	-
Alcoholic beverage taxes				46,469	-	46,469	-
Business taxes				23,843	-	23,843	-
Insurance premium taxes				82,628	-	82,628	-
Financial institute taxes				4,644	-	4,644	-
Unrestricted investment earnings				841	187	1,028	-
Miscellaneous				11,991	55	12,046	-
Gain from the sale of capital assets				2,703	-	2,703	15,249
Total general revenues				850,158	242	850,400	15,249
Change in net position				680,661	181,871	862,532	27,896
Net position, beginning of fiscal year				7,469,298	3,119,422	10,588,720	-
Net position, ending of fiscal year				\$ 8,149,959	\$ 3,301,293	\$ 11,451,252	\$ 27,896

The accompanying notes are an integral part of this statement.

CITY OF BALL GROUND, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

	General	District Fire Tax	SPLOST	Total Governmental Funds
<u>Assets</u>				
Cash	\$ 415,030	\$ -	\$ -	\$ 415,030
Taxes receivable	9,596	5,585	-	15,181
Accounts receivable	13,256	-	-	13,256
Intergovernmental receivable	-	1,229	68,728	69,957
Prepaid items	20,222	51,945	-	72,167
Restricted cash	14,747	-	75,331	90,078
Advances to other funds	151,632	-	-	151,632
Total Assets	<u>\$ 624,483</u>	<u>\$ 58,759</u>	<u>\$ 144,059</u>	<u>\$ 827,301</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 101,781	\$ -	\$ 666	\$ 102,447
Advances from other funds	-	-	151,632	151,632
Total Liabilities	<u>101,781</u>	<u>-</u>	<u>152,298</u>	<u>254,079</u>
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	8,585	5,585	-	14,170
Total Deferred Inflows of Resources	<u>8,585</u>	<u>5,585</u>	<u>-</u>	<u>14,170</u>
Fund balances (deficit):				
Nonspendable:				
Prepaid items	20,222	51,945	-	72,167
Advances to other funds	151,632	-	-	151,632
Restricted:				
Capital improvements	14,747	-	-	14,747
Fire protection services	-	1,229	-	1,229
Unassigned (deficit)	327,516	-	(8,239)	319,277
Total Fund Balances (Deficit)	<u>514,117</u>	<u>53,174</u>	<u>(8,239)</u>	<u>559,052</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 624,483</u>	<u>\$ 58,759</u>	<u>\$ 144,059</u>	<u>\$ 827,301</u>

The accompanying notes are an integral 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, 2016**

Total governmental fund balances	\$ 559,052
----------------------------------	------------

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	\$ 13,717,885	
Less: accumulated depreciation	<u>(4,604,575)</u>	9,113,310

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

Property taxes	14,170
----------------	--------

Long-term liabilities and related items are not due and payable in the current period and are not reported in the funds.

Compensated absences	(10,582)	
Accrued interest payable	(6,528)	
Capital leases	(60,610)	
Notes Payable	(1,534,145)	
Deferred charges - prepayment penalty	<u>75,292</u>	<u>(1,536,573)</u>

Net position of governmental activities	<u>\$ 8,149,959</u>
---	---------------------

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, 2016**

	General	District Fire Tax	SPLOST	Total Governmental Funds
Revenues:				
Taxes	\$ 626,505	\$ 206,198	\$ -	\$ 832,703
Licenses and permits	100,015	-	-	100,015
Intergovernmental	-	-	415,146	415,146
Charges for services	24,792	-	-	24,792
Fines and forfeitures	40,030	-	-	40,030
Investment earnings	841	-	224	1,065
Contributions	41,200	-	20,000	61,200
Rental Income	3,856	-	-	3,856
Miscellaneous	8,135	-	-	8,135
Total revenues	845,374	206,198	435,370	1,486,942
Expenditures:				
Current:				
General government	292,255	-	-	292,255
Judicial	14,706	-	-	14,706
Public safety	296,894	194,274	100,000	591,168
Public works	59,914	-	55,479	115,393
Health and welfare	13,337	-	-	13,337
Culture and recreation	115,763	-	10,800	126,563
Housing and development	48,190	-	-	48,190
Capital outlay:				
General government	12,721	-	-	12,721
Public works	5,910	-	207,216	213,126
Culture and recreation	35,885	-	-	35,885
Debt service:				
Principal	-	-	1,610,403	1,610,403
Interest and other charges	-	-	64,081	64,081
Issuance costs	-	-	54,802	54,802
Total expenditures	895,575	194,274	2,102,781	3,192,630
Excess (deficiency) of revenues over expenditures	(50,201)	11,924	(1,667,411)	(1,705,688)
Other financing sources:				
Issuance of notes payable	-	-	1,552,990	1,552,990
Capital leases	-	-	15,920	15,920
Proceeds from sale of capital asset	-	-	2,703	2,703
Total other financing sources	-	-	1,571,613	1,571,613
Net change in fund balances	(50,201)	11,924	(95,798)	(134,075)
Fund balances, beginning of fiscal year	564,318	41,250	87,559	693,127
Fund balances (deficit), end of fiscal year	\$ 514,117	\$ 53,174	\$ (8,239)	\$ 559,052

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, 2016**

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

Net change in fund balances - total governmental funds: \$ (134,075)

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 depreciation exceeded capital outlay in the current period.

Capital outlay	\$ 261,732	
Depreciation expense	(508,794)	(247,062)

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)	1,014,983
--	-----------

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

Property taxes	1,920
----------------	-------

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 leases	\$ 1,591,558	
Principal payments - notes payable	18,845	
Issuance of notes payable	(1,552,990)	
Issuance of capital lease	(15,920)	
Deferred charges from issuance of notes payable	11,713	
Amortization of deferred charges	(6,074)	47,132

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	3,906	
Change in accrued interest	(6,143)	(2,237)

Change in net position - governmental activities	<u>\$ 680,661</u>
--	-------------------

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, 2016**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues				
Property taxes	\$ 393,305	\$ 393,305	\$ 374,827	\$ (18,478)
Franchise taxes	89,000	89,000	94,094	5,094
Business taxes	141,500	141,500	157,584	16,084
Licenses and permits	60,350	60,350	100,015	39,665
Charges for services	23,090	23,090	24,792	1,702
Fines and forfeitures	46,000	46,000	40,030	(5,970)
Investment earnings	250	250	841	591
Contributions	-	-	41,200	41,200
Rental income	3,800	3,800	3,856	56
Miscellaneous	13,000	13,000	8,135	(4,865)
Total revenues	<u>770,295</u>	<u>770,295</u>	<u>845,374</u>	<u>75,079</u>
Expenditures				
General government:				
Legislative	15,200	15,200	13,388	1,812
Clerk of Council	77,438	77,438	76,809	629
Mayor	14,980	14,980	18,076	(3,096)
City manager	24,472	24,472	24,304	168
Elections	150	150	-	150
General administration	139,019	139,019	131,638	7,381
General government buildings	37,750	37,750	40,761	(3,011)
Judicial:				
Municipal court	10,150	10,150	14,706	(4,556)
Public safety:				
Patrol	251,127	285,520	296,894	(11,374)
Public works:				
Highways and streets	63,393	29,000	65,824	(36,824)
Health and welfare:				
Community center	12,700	12,700	13,337	(637)
Culture and recreation:				
Parks	81,400	81,400	139,190	(57,790)
Library	5,000	5,000	5,000	-
Tree City	2,866	2,866	7,458	(4,592)
Housing and development:				
Planning and zoning	18,050	18,050	22,317	(4,267)
Building department	1,000	1,000	2,294	(1,294)
Main Street department	15,600	15,600	23,579	(7,979)
Total expenditures	<u>770,295</u>	<u>770,295</u>	<u>895,575</u>	<u>(125,280)</u>
Net change in fund balance	-	-	(50,201)	(50,201)
Fund balance, beginning of fiscal year	<u>564,318</u>	<u>564,318</u>	<u>564,318</u>	<u>-</u>
Fund balance, end of fiscal year	<u>\$ 564,318</u>	<u>\$ 564,318</u>	<u>\$ 514,117</u>	<u>\$ (50,201)</u>

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, 2016**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues				
Property taxes	\$ 199,000	\$ 199,000	\$ 206,198	\$ 7,198
Total revenues	<u>199,000</u>	<u>199,000</u>	<u>206,198</u>	<u>7,198</u>
Expenditures				
Public safety:				
Fire protection services	199,000	199,000	194,274	4,726
Total expenditures	<u>199,000</u>	<u>199,000</u>	<u>194,274</u>	<u>4,726</u>
Net change in fund balance	-	-	11,924	11,924
Fund balance, beginning of fiscal year	41,250	41,250	41,250	-
Fund balance, end of fiscal year	<u>\$ 41,250</u>	<u>\$ 41,250</u>	<u>\$ 53,174</u>	<u>\$ 11,924</u>

The accompanying notes are an integral part of this statement.

CITY OF BALL GROUND, GEORGIA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016**

	Business-type Activities - Enterprise Funds		
	Water and Sewerage	Non-major Solid Waste	Total
<u>Assets</u>			
Current assets:			
Cash	\$ 191,710	\$ 31,119	\$ 222,829
Accounts receivable, net	91,264	16,248	107,512
Prepaid items	11,206	-	11,206
Inventories	26,597	-	26,597
Restricted cash, customer deposits	15,700	-	15,700
Total current assets	<u>336,477</u>	<u>47,367</u>	<u>383,844</u>
Non-current assets:			
Capital assets:			
Non-depreciable	303,562	-	303,562
Depreciable, net of accumulated depreciation	4,297,497	-	4,297,497
Total capital assets	<u>4,601,059</u>	<u>-</u>	<u>4,601,059</u>
Total non-current assets	<u>4,601,059</u>	<u>-</u>	<u>4,601,059</u>
Total assets	<u>4,937,536</u>	<u>47,367</u>	<u>4,984,903</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	37,025	9,536	46,561
Accrued interest payable	1,161	-	1,161
Accrued issuance costs payable	433	-	433
Unearned revenue	2,603	-	2,603
Compensated absences, current	9,468	-	9,468
Current portion of notes payable	31,507	-	31,507
Current portion of capital lease payable	9,336	-	9,336
Payable from restricted assets:			
Customer deposits payable	15,700	-	15,700
Current portion of bonds payable	22,969	-	22,969
Total current liabilities	<u>130,202</u>	<u>9,536</u>	<u>139,738</u>
Non-current liabilities:			
Compensated absences	498	-	498
Notes payable	420,262	-	420,262
Capital lease payable	5,593	-	5,593
Bonds payable	1,117,519	-	1,117,519
Total non-current liabilities	<u>1,543,872</u>	<u>-</u>	<u>1,543,872</u>
Total liabilities	<u>1,674,074</u>	<u>9,536</u>	<u>1,683,610</u>
<u>Net Position</u>			
Net investment in capital assets	2,993,873	-	2,993,873
Unrestricted	269,589	37,831	307,420
Total net position	<u>\$ 3,263,462</u>	<u>\$ 37,831</u>	<u>\$ 3,301,293</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, 2016**

	Business-type Activities - Enterprise Funds		
	Water and Sewerage	Non-major Solid Waste	Total
Operating revenues:			
Charges for service	\$ 745,093	\$ 143,612	\$ 888,705
Miscellaneous revenue	55	-	55
Total operating revenues	<u>745,148</u>	<u>143,612</u>	<u>888,760</u>
Operating expenses:			
Personnel services	277,138	23,034	300,172
Contractual services	368,352	98,475	466,827
Other supplies and expenses	95,958	-	95,958
Depreciation	268,853	-	268,853
Total operating expenses	<u>1,010,301</u>	<u>121,509</u>	<u>1,131,810</u>
Net operating income (loss)	<u>(265,153)</u>	<u>22,103</u>	<u>(243,050)</u>
Non-operating revenue (expenses):			
Interest revenue	187	-	187
Interest expense	(65,427)	-	(65,427)
Issuance costs - refinance public works property	(8,594)	-	(8,594)
Loss on disposal of capital assets	(2,152)	-	(2,152)
Total non-operating revenue (expenses)	<u>(75,986)</u>	<u>-</u>	<u>(75,986)</u>
Net income (loss) before capital contributions	<u>(341,139)</u>	<u>22,103</u>	<u>(319,036)</u>
Capital contributions	371,407	-	371,407
Capital contributions - water capacity sales	50,000	-	50,000
Capital contributions - sewer capacity sales	79,500	-	79,500
Total capital contributions	<u>500,907</u>	<u>-</u>	<u>500,907</u>
Change in net position	159,768	22,103	181,871
Net position, beginning of fiscal year	<u>3,103,694</u>	<u>15,728</u>	<u>3,119,422</u>
Net position, end of fiscal year	<u>\$ 3,263,462</u>	<u>\$ 37,831</u>	<u>\$ 3,301,293</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, 2016**

	Business-type Activities - Enterprise Funds		
	Water and Sewerage	Non-major Solid Waste	Totals
Cash flows from operating activities:			
Receipts from customers	\$ 721,291	\$ 140,898	\$ 862,189
Payments to employees	(274,762)	(23,034)	(297,796)
Payments to suppliers	(452,807)	(96,775)	(549,582)
Net cash provided by (used in) operating activities	(6,278)	21,089	14,811
Cash flows from capital and related financing activities:			
Principal paid on capital debt	(312,257)	-	(312,257)
Interest paid on capital debt	(66,712)	-	(66,712)
Capital contributions - tap sales	129,500	-	129,500
Purchases of capital assets	(214,049)	-	(214,049)
Proceeds from the sale of capital assets	5,400	-	5,400
Debt issuance costs paid	(8,161)	-	(8,161)
Proceeds from capital debt	454,725	-	454,725
Net cash used in capital and related financing activities	(11,554)	-	(11,554)
Cash flows from investing activities:			
Interest received	187	-	187
Net cash provided by investing activities	187	-	187
Net increase (decrease) in cash	(17,645)	21,089	3,444
Cash, beginning of fiscal year	225,055	10,030	235,085
Cash, end of fiscal year	<u>\$ 207,410</u>	<u>\$ 31,119</u>	<u>\$ 238,529</u>
Reconciliation of cash:			
Unrestricted	\$ 191,710	\$ 31,119	\$ 222,829
Restricted	15,700	-	15,700
	<u>\$ 207,410</u>	<u>\$ 31,119</u>	<u>\$ 238,529</u>

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, 2016**

	Business-type Activities - Enterprise Funds		
	Water and Sewerage	Non-major Solid Waste	Totals
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (265,153)	\$ 22,103	\$ (243,050)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	268,853	-	268,853
Change in assets and liabilities:			
Increase in accounts receivable, net	(20,993)	(2,714)	(23,707)
Decrease in inventory	2,522	-	2,522
Decrease in prepaid items	1,475	-	1,475
Increase in accounts payable	7,506	1,700	9,206
Decrease in unearned revenue	(1,564)	-	(1,564)
Increase in compensated absences	2,376	-	2,376
Decrease in customer deposits	(1,300)	-	(1,300)
Net cash provided by (used in) operating activities	<u>\$ (6,278)</u>	<u>\$ 21,089</u>	<u>\$ 14,811</u>
Non cash capital and related financing activities			
Donations of capital assets	<u>\$ 371,407</u>	<u>\$ -</u>	<u>\$ 371,407</u>

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, 2016

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 City 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, 2016, there is one component unit 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. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City.

The Downtown Development Authority (the "DDA") was created by resolution on September 25, 2005 pursuant to the Official Code of Georgia Annotated (OCGA) Section 36-42-8.1 9a) for the purpose of promoting the redevelopment of the downtown area of the City. The seven members of the DDA's governing body are appointed by the City Council. Although a legally separate entity, the City is financially accountable for the activities of the DDA as the City can impose its will by significantly influencing the programs, projects, and activities of the DDA. Financial information with regard to the DDA can be obtained from the City of Ball Ground, 215 Valley Street, Ball Ground, Georgia 30107.

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.

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

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

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.

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.

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

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

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.

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.

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

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

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

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.

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.

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

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

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.”

Advances between funds, as reported in the fund financial statements, represent long-term borrowing arrangements with established repayment schedules, and are offset by non-spendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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, 2016, 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.

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 years
Infrastructure	20-30 years
Buildings	50 years
Building improvements	20 years
Vehicles	2-15 years
Machinery and equipment	3-15 years

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

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

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.

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.

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

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

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, 2016

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, 2016

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, 2016, the City’s bank balances of \$743,637 were fully collateralized in compliance with the state requirements.

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 3. RECEIVABLES

Receivables at June 30, 2016, 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	\$ 9,596	5,585	\$ -	\$ -	\$ -
Accounts	13,256	-	-	104,031	18,532
Intergovernmental	-	1,229	68,728	-	-
Gross receivables	<u>22,852</u>	<u>6,814</u>	<u>68,728</u>	<u>104,031</u>	<u>18,532</u>
Less allowance for uncollectibles	-	-	-	(12,767)	(2,284)
Net total receivables	<u>\$ 22,852</u>	<u>6,814</u>	<u>\$ 68,728</u>	<u>\$ 91,264</u>	<u>\$ 16,248</u>

The City contracted with Cherokee County to bill and collect the City's 2015 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, 2015. Secured property tax payments were due on December 20, 2015. 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 2015 City millage levy of 5.139 mills, a property owner would pay \$5.14 per \$1,000 of assessed valuation.

The remainder of this page is intentionally left blank.

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016 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	\$ 640,631	\$ -	\$ -	\$ 640,631
Construction in progress	152,923	87,010	(57,666)	182,267
Total	<u>793,554</u>	<u>87,010</u>	<u>(57,666)</u>	<u>822,898</u>
Capital assets, being depreciated:				
Land improvements	1,136,106	-	-	1,136,106
Buildings and improvements	2,350,315	-	-	2,350,315
Machinery and equipment	163,476	38,187	-	201,663
Infrastructure	7,886,917	1,209,184	(34,751)	9,061,350
Vehicles	174,202	-	(28,649)	145,553
Total	<u>11,711,016</u>	<u>1,247,371</u>	<u>(63,400)</u>	<u>12,894,987</u>
Less accumulated depreciation for:				
Land improvements	(103,158)	(81,410)	-	(184,568)
Buildings and improvements	(483,061)	(54,524)	-	(537,585)
Machinery and equipment	(80,731)	(18,556)	-	(99,287)
Infrastructure	(3,375,676)	(337,622)	34,751	(3,678,547)
Vehicles	(116,555)	(16,682)	28,649	(104,588)
Total	<u>(4,159,181)</u>	<u>(508,794)</u>	<u>63,400</u>	<u>(4,604,575)</u>
Total capital assets, being depreciated, net	<u>7,551,835</u>	<u>738,577</u>	<u>-</u>	<u>8,290,412</u>
Governmental activities capital assets, net	<u>\$ 8,345,389</u>	<u>\$ 825,587</u>	<u>\$ (57,666)</u>	<u>\$ 9,113,310</u>

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 4. CAPITAL ASSETS (Continued)

Capital asset activity for the fiscal year ended June 30, 2016 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	<u>77,794</u>	<u>197,474</u>	<u>(240,783)</u>	<u>34,485</u>
Total	<u>346,871</u>	<u>197,474</u>	<u>(240,783)</u>	<u>303,562</u>
Capital assets, being depreciated:				
Machinery and equipment	738,971	5,450	(9,850)	734,571
Buildings	73,105	-	-	73,105
Infrastructure	<u>5,593,743</u>	<u>623,315</u>	<u>-</u>	<u>6,217,058</u>
Total	<u>6,405,819</u>	<u>628,765</u>	<u>(9,850)</u>	<u>7,024,734</u>
Less accumulated depreciation for:				
Machinery and equipment	(492,327)	(38,603)	2,298	(528,632)
Buildings	(7,631)	(6,974)	-	(14,605)
Infrastructure	<u>(1,960,724)</u>	<u>(223,276)</u>	<u>-</u>	<u>(2,184,000)</u>
Total	<u>(2,460,682)</u>	<u>(268,853)</u>	<u>2,298</u>	<u>(2,727,237)</u>
Total capital assets, being depreciated, net Business-type activities	<u>3,945,137</u>	<u>359,912</u>	<u>(7,552)</u>	<u>4,297,497</u>
capital assets, net	<u>\$ 4,292,008</u>	<u>\$ 557,386</u>	<u>\$ (248,335)</u>	<u>\$ 4,601,059</u>

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 4. CAPITAL ASSETS (Continued)

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

Governmental Activities:	
General government	\$ 44,479
Public safety	22,784
Public works	342,407
Health and welfare	1,872
Culture and recreation	97,252
Total depreciation expense - governmental activities	\$ 508,794
Business-type Activities:	
Water and sewerage	\$ 268,853
Total depreciation expense - business-type activities	\$ 268,853

NOTE 5. INTERFUND BALANCES AND ACTIVITY

ADVANCES BETWEEN FUNDS

Advances to/from other funds at June 30, 2016 consist of the following:

<u>\$ 151,632</u>	Advances from the General Fund to the SPLOST Fund for property acquisition
-------------------	--

The City has advance funded several SPLOST projects with General Fund dollars. As the City continues to collect the sales tax dollars, these balances will be repaid to the General Fund.

NOTE 6. INTERGOVERNMENTAL REVENUE AND RECEIVABLE

The following amounts are due from other governments at June 30, 2016:

SPLOST Fund:

Cherokee County- Special Purpose Local Option Sales Tax

\$ 68,728

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 6. INTERGOVERNMENTAL REVENUE AND RECEIVABLE (Continued)

The following amounts are a breakdown of intergovernmental revenues as of June 30, 2016 as referenced on the Statement of Revenues, Expenditures, and Changes in Fund Balances on page 23:

SPLOST Fund:

Special Purpose Local Option Sales Tax	\$ 395,868
Georgia DOT – LMIG Funds	<u>19,278</u>
	<u>\$ 415,146</u>

NOTE 7. LONG-TERM DEBT

Governmental Activities:

Capital leases in the governmental activities consisted of the following as of June 30, 2016:

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>\$ 13,010</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>\$ 22,561</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>\$ 12,272</u>
Deere Credit, Inc, purchase of 2015 997 ZTRAK with 60” rear discharge deck, original lease amount of \$15,920 with an interest rate of 4.00%, monthly payments of \$358 until maturity in 2020.	<u>\$ 12,767</u>

Notes payable in the governmental activities consisted of the following as of June 30, 2016:

Regions, refinance of Valley Street, original lease amount of \$341,367 with an interest rate of 2.350%, monthly payments of \$4,567 until maturity in 2023.	<u>\$ 333,585</u>
Regions, refinance of city administration building, original lease amount of \$1,211,623 with an interest rate of 2.95%, monthly payments of \$8,553 until maturity in 2031.	<u>\$1,200,560</u>

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

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, 2016:

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. \$ 1,140,488

Notes payable in the Water and Sewerage Fund consisted of the following as of June 30, 2016:

Regions, refinance public works facility, original lease amount of \$281,525 with an interest rate of 2.85%, monthly payments of \$2,156 until maturity in 2029. \$ 278,569

GEFA, construction of north sewer line expansion, original note \$173,200 with an interest rate of 1.52%, monthly payments of \$1,557 until maturity in 2027. \$ 173,200

Capital leases payable in the Water and Sewerage Fund consisted of the following as of June 30, 2016:

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. \$ 14,929

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Compensated absences	\$ 14,488	\$ 15,798	\$ 19,704	\$ 10,582	\$ 10,053
Notes payable	-	1,552,990	18,845	1,534,145	115,011
Capital lease payable	1,636,248	15,920	1,591,558	60,610	26,180
Governmental activities long-term liabilities	<u>\$ 1,650,736</u>	<u>\$ 1,584,708</u>	<u>\$ 1,630,107</u>	<u>\$ 1,605,337</u>	<u>\$ 151,244</u>
Business-type Activities:					
Compensated absences	\$ 7,590	\$ 8,785	\$ 6,409	\$ 9,966	\$ 9,468
Notes payable	-	454,725	2,956	451,769	31,507
Capital lease payable	304,065	-	289,136	14,929	9,336
Revenue bonds	1,160,653	-	20,165	1,140,488	22,969
Business-type activities long-term liabilities	<u>\$ 1,472,308</u>	<u>\$ 463,510</u>	<u>\$ 318,666</u>	<u>\$ 1,617,152</u>	<u>\$ 73,280</u>

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 7. LONG-TERM DEBT (Continued)

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

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

Notes Payable. The City's total notes payable debt service requirements to maturity are as follows:

Governmental Activities
Notes Payable

Year Ended June 30,	Principal	Interest	Total Debt Service
2017	\$ 115,011	\$ 42,423	\$ 157,434
2018	118,203	39,231	157,434
2019	121,485	35,949	157,434
2020	124,771	32,663	157,434
2021	128,325	29,109	157,434
2022-2026	502,250	97,678	599,928
2027-2031	424,100	29,190	453,290
	<u>\$ 1,534,145</u>	<u>\$ 306,243</u>	<u>\$ 1,840,388</u>

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

Fiscal Year Ending June 30,	Governmental Activities
2017	\$ 28,267
2018	24,741
2019	10,224
2020	718
Total minimum lease payments	\$ 63,950
Less amount representing interest	(3,340)
Present value of future minimum lease payments	<u>\$ 60,610</u>

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 7. LONG-TERM DEBT (Continued):

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 \$98,496 of equipment and improvements under capital lease, with \$30,591 of accumulated depreciation expense as of June 30, 2016. The City's business-type activities had \$27,627 under capital lease, with \$9,166 of accumulated depreciation expense as of June 30, 2016. The related annual amortization of the capital lease assets is included with depreciation expense for capital assets.

Business-type Activities			
Notes Payable			
Fiscal			Total Debt
Year Ended	Principal	Interest	Service
June 30,			
2017	\$ 31,507	\$ 9,930	\$ 41,437
2018	34,953	9,597	44,550
2019	35,747	8,803	44,550
2020	36,545	8,005	44,550
2021	37,396	7,154	44,550
2022-2026	200,240	22,521	222,761
2027-2029	75,381	3,186	78,567
	<u>\$ 451,769</u>	<u>\$ 69,196</u>	<u>\$ 520,965</u>

Business-type Activities		
Capital Leases		
Fiscal		Business-Type
Year Ending		Activities
June 30,		
2017		\$ 9,697
2018		5,656
	Total minimum lease payments	\$ 15,353
	Less amount representing interest	(424)
	Present value of future minimum lease payments	\$ 14,929

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 7. LONG-TERM DEBT (Continued):

The following table represents the debt service requirements for the City's revenue bonds as of June 30, 2016.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2017	\$ 22,969	\$ 48,035	\$ 71,004
2018	23,965	47,039	71,004
2019	25,003	46,001	71,004
2020	25,963	45,041	71,004
2021	27,212	43,792	71,004
2022-2026	154,685	200,335	355,020
2027-2031	191,250	163,770	355,020
2032-2036	236,407	118,613	355,020
2037-2041	292,386	62,634	355,020
2042-2044	140,648	7,591	148,239
Total	<u>\$ 1,140,488</u>	<u>\$ 782,851</u>	<u>\$ 1,923,339</u>

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 \$557,555 including \$334,634 payroll covered by these plans. The total amount of contributions made by Plan members was \$15,891 and the amount of the contributions made by the City was \$6,180. There are seven participants who are actively participating in the Plan and the Plan had \$119,956 of assets and reserves as of June 30, 2016.

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.

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, 2016.

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.

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

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, 2016. No provisions have been made in the financial statements for the fiscal year ended June 30, 2016 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, 2016

NOTE 12. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

During fiscal year 2016, ten 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 26.

General Fund:	Budget	Actual	Actual (Over) Budget
Mayor	\$ 14,980	\$ 18,076	\$ (3,096)
General Government Buildings	37,750	40,761	(3,011)
Municipal Court	10,150	14,706	(4,556)
Public Safety	285,520	296,894	(11,374)
Highways and Streets	29,000	65,824	(36,824)
Parks and Recreation	81,400	139,190	(57,790)
Tree City	2,866	7,458	(4,592)
Building Department	1,000	2,294	(1,294)
Planning and Zoning	18,050	22,317	(4,267)
Main Street Department	15,600	23,579	(7,979)

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, 2016 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 SUPPLEMENTARY INFORMATION

This section of the CAFR includes the Special Report that is applicable to the 2012 Special 1 Percent Sales and Use Tax required by the State of Georgia as well as the governmental fund level statements for the the City's discretely presented component uni, the Downtown Development Authority.



CITY OF BALL GROUND, GEORGIA

**BALANCE SHEET
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
JUNE 30, 2016**

<u>Assets</u>		
Cash		\$ 27,896
Total Assets		<u>\$ 27,896</u>
 <u>Fund Balances</u>		
Restricted:		
Downtown development		\$ 27,896
Total Fund Balances		<u>\$ 27,896</u>

CITY OF BALL GROUND, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Revenues:	
Miscellaneous	\$ 50,000
Total revenues	50,000
Expenditures:	
Current:	
Housing and development	22,104
Total expenditures	22,104
Net change in fund balances	27,896
Fund balances, beginning of fiscal year	-
Fund balances, end of fiscal year	\$ 27,896

CITY OF BALL GROUND, GEORGIA
SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE
LOCAL OPTION SALES TAX PROCEEDS
For the Fiscal Year Ended June 30, 2016
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	\$ 960,000	\$ 626,579 ⁽¹⁾	\$ 315,222	\$ 941,801	98.10%
Fire Facilities, Vehicles and Equipment	250,000	250,000	-	60,000	60,000	24.00%
City Hall Debt Service	662,400	662,400	291,339	99,817	391,156	59.05%
Public Safety - Law Enforcement Facilities, Vehicles, Equipment	200,000	200,000	83,439	23,968	107,407	53.70%
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>112,139</u> ⁽²⁾	<u>10,800</u>	<u>122,939</u>	60.33%
Total 2012 SPLOST Issue	<u>\$ 2,070,000</u>	<u>\$ 2,476,173</u>	<u>\$ 1,113,496</u>		<u>\$ 1,623,303</u>	
				Public safety projects funded with General Fund 40,000		
				Principal expenditures paid with proceeds from new note 1,498,172		
				Issuance costs paid with proceeds from new note 54,802		
				Total expenditures in SPLOST Fund <u>\$ 2,102,781</u>		

Note (1) The beginning balance for the Transportation Facilities and Improvements line has been restated to remove \$20,000 of costs which were originally paid by the General Fund and not SPLOST dollars.

Note (2) The beginning balance for the Park and Recreation Facilities line has been restated to remove \$91,634 of costs which were originally paid by the General Fund and not SPLOST dollars.

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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 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	\$ 7,593,181
Restricted for capital projects (1)	2,060,606	395,790	161,222	175,402	190,785	119,205	113,411	173,804	97,770	14,747
Restricted for fire protection services (2)	-	-	-	-	-	-	-	-	44,365	58,759
Unrestricted	278,354	236,956	311,599	371,900	398,223	465,235	592,944	532,471	639,405	483,272
Total governmental activities net position	<u>\$ 3,282,803</u>	<u>\$ 4,604,716</u>	<u>\$ 5,040,264</u>	<u>\$ 5,326,129</u>	<u>\$ 5,279,893</u>	<u>\$ 5,300,125</u>	<u>\$ 5,534,891</u>	<u>\$ 6,559,735</u>	<u>\$ 7,469,298</u>	<u>\$ 8,149,959</u>
Business-type activities										
Net investment in capital assets	\$ 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	\$ 2,993,873
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	412,948	114,573	47,994	57,805	65,539	99,434	324,273	314,484	292,132	307,420
Total business-type activities net position	<u>\$ 2,561,224</u>	<u>\$ 3,346,080</u>	<u>\$ 3,120,761</u>	<u>\$ 3,039,159</u>	<u>\$ 2,847,246</u>	<u>\$ 2,403,414</u>	<u>\$ 2,430,925</u>	<u>\$ 2,358,458</u>	<u>\$ 3,119,422</u>	<u>\$ 3,301,293</u>
Primary government										
Net investment in capital assets	\$ 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	\$ 10,587,054
Restricted for capital projects (1)	2,060,606	395,790	161,222	175,402	190,785	119,205	113,411	173,804	97,770	14,747
Restricted for fire protection services (2)	-	-	-	-	-	-	-	-	41,250	58,759
Unrestricted	691,302	351,529	359,593	429,705	463,762	564,669	912,633	846,955	931,537	790,692
Total primary government net position	<u>\$ 5,844,027</u>	<u>\$ 7,950,796</u>	<u>\$ 8,161,025</u>	<u>\$ 8,365,288</u>	<u>\$ 8,127,139</u>	<u>\$ 7,703,539</u>	<u>\$ 7,965,816</u>	<u>\$ 8,918,193</u>	<u>\$ 10,588,720</u>	<u>\$ 11,451,252</u>

(1) Restricted net position for capital projects is comprised mostly of SPLOST 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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government	\$ 228,130	\$ 361,569	\$ 301,015	\$ 259,317	\$ 264,145	\$ 279,953	\$ 285,118	\$ 294,574	\$ 327,737	\$ 333,299
Judicial	15,429	13,631	26,357	22,818	7,055	4,958	5,027	6,708	13,424	14,706
Public safety	218,724	269,306	270,723	246,354	239,428	205,975	228,956	215,644	393,339	613,481
Public works	223,730	218,631	245,068	369,767	284,986	277,993	293,165	292,784	389,150	457,800
Health and welfare	7,086	-	8,072	6,799	6,585	6,316	6,334	7,643	9,574	15,209
Culture and recreation	17,043	31,362	9,156	7,641	53,058 (1)	8,874	63,354 (2)	82,705	168,878 (4)	223,815
Housing and development	18,037	35,608	21,348	21,135	18,096	16,024	13,164	12,508	24,910	48,190
Interest on long-term debt	15,225	88,571	92,035	87,078	102,181	102,697	93,246	89,579	85,431	119,387
Total governmental activities expenses	743,404	1,018,678	973,774	1,020,909	975,534	902,790	988,364	1,002,145	1,412,443	1,825,887
Business-type activities:										
Water and sewerage	724,898	886,375	874,290	833,624	779,241	1,033,736	772,407	937,832	942,247	1,086,474
Sanitation	29,248	38,400	61,901	75,339	73,711	80,967	88,772	109,533	124,953	121,509
Total business-type activities expenses	754,146	924,775	936,191	908,963	852,952	1,114,703	861,179	1,047,365	1,067,200	1,207,983
Total primary government expenses	\$ 1,497,550	\$ 1,943,453	\$ 1,909,965	\$ 1,929,872	\$ 1,828,486	\$ 2,017,493	\$ 1,849,543	\$ 2,049,510	\$ 2,479,643	\$ 3,033,870
Program Revenues										
Governmental activities:										
Charges for Service:										
General government	\$ -	\$ 9,735	\$ 9,215	\$ 10,555	\$ 13,900	\$ 10,800	\$ 12,734	\$ 13,128	\$ 12,755	\$ 14,855
Judicial	23,741	30,559	46,034	36,393	24,057	12,482	9,375	15,438	40,761	40,030
Public safety	75	-	-	-	260	125	45	10	105	185
Culture and recreation	6,650	7,477	6,955	4,795	5,800	6,300	17,997	17,648	25,829	24,607
Housing and development	100,670	45,044	23,425	15,493	1,130	1,305	42,297	48,261	75,004	85,160
Capital grants and contributions	162,100	1,345,408	491,166	781,892	425,249	386,772	625,308	1,336,032 (3)	1,344,012	1,491,553
Total governmental activities program revenues	293,236	1,438,223	576,795	849,128	470,396	417,784	707,756	1,430,517	1,498,466	1,656,390
Business-type activities:										
Charges for services:										
Water and Sewerage	781,862	609,065	604,731	627,069	563,774	573,854	586,818	640,881	655,447	745,093
Sanitation	31,531	52,983	72,969	81,769	84,266	90,614	95,722	106,952	120,024	143,612
Capital grants and contributions	-	1,121,884	-	99,310	-	-	221,500	223,850	1,060,937	500,907
Total business-type activities program revenues	813,393	1,783,932	677,700	808,148	648,040	664,468	904,040	971,683	1,836,408	1,389,612
Total primary government program revenues	\$ 1,106,629	\$ 3,222,155	\$ 1,254,495	\$ 1,657,276	\$ 1,118,436	\$ 1,082,252	\$ 1,611,796	\$ 2,402,200	\$ 3,334,874	\$ 3,046,002

(continued)

City of Ball Ground, Georgia

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

(Unaudited)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (Expense)/Revenue										
Governmental Activities	\$ (450,168)	\$ 419,543	\$ (396,979)	\$ (171,781)	\$ (505,138)	\$ (485,006)	\$ (280,608)	\$ 428,372	\$ 86,023	\$ (169,497)
Business-type activities	59,247	859,157	(258,491)	(100,815)	(204,912)	(450,235)	42,861	(75,702)	769,208	181,629
Total primary government net expense	<u>\$ (390,921)</u>	<u>\$ 1,278,700</u>	<u>\$ (655,470)</u>	<u>\$ (272,596)</u>	<u>\$ (710,050)</u>	<u>\$ (935,241)</u>	<u>\$ (237,747)</u>	<u>\$ 352,670</u>	<u>\$ 855,231</u>	<u>\$ 12,132</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 205,635	\$ 268,030	\$ 320,395	\$ 317,148	\$ 313,052	\$ 298,419	\$ 321,873	\$ 354,239	\$ 532,160	\$ 582,945
Sales taxes	493,166	364,399	329,302	-	-	-	-	-	-	-
Other taxes	139,504	153,368	155,739	154,695	162,714	202,160	225,307	228,953	243,623	251,678
Unrestricted Investment Earnings	41,794	36,498	5,662	4,185	2,546	1,819	984	1,471	1,042	841
Miscellaneous	16,349	7,207	28,698	459	1,284	267	930	11,809	14,030	11,991
Gain on Sale of Capital Assets	-	11,121	-	-	-	2,708	-	-	-	2,703
Transfers	(93,372)	54,478	-	(18,841)	(9,450)	(135)	16,086	-	32,685	-
Total governmental activities	<u>\$ 803,076</u>	<u>\$ 895,101</u>	<u>\$ 839,796</u>	<u>\$ 457,646</u>	<u>\$ 470,146</u>	<u>\$ 505,238</u>	<u>\$ 565,180</u>	<u>\$ 596,472</u>	<u>\$ 823,540</u>	<u>\$ 850,158</u>
Business-type activities										
Investment earnings	\$ 13,348	\$ 9,702	\$ 1,092	\$ 324	\$ 176	\$ 77	\$ 203	\$ 291	\$ 168	\$ 187
Miscellaneous	14,958	1,528	1,027	48	3,373	6,191	533	2,944	19,989	55
Gain on Sale of Capital Assets	-	-	-	-	-	-	-	-	4,284	-
Transfers	93,372	(54,478)	-	18,841	9,450	135	(16,086)	-	(32,685)	-
Total business-type activities	<u>121,678</u>	<u>(43,248)</u>	<u>2,119</u>	<u>19,213</u>	<u>12,999</u>	<u>6,403</u>	<u>(15,350)</u>	<u>3,235</u>	<u>(8,244)</u>	<u>242</u>
Total primary government	<u>\$ 924,754</u>	<u>\$ 851,853</u>	<u>\$ 841,915</u>	<u>\$ 476,859</u>	<u>\$ 483,145</u>	<u>\$ 511,641</u>	<u>\$ 549,830</u>	<u>\$ 599,707</u>	<u>\$ 815,296</u>	<u>\$ 850,400</u>
Change in Net Position										
Governmental activities	\$ 352,908	\$ 1,314,644	\$ 442,817	\$ 285,865	\$ (34,992)	\$ 20,232	\$ 284,572	\$ 1,024,844	\$ 909,563	\$ 680,661
Business-type activities	180,925	815,909	(256,372)	(81,602)	(191,913)	(443,832)	27,511	(72,467)	760,964	181,871
Total primary government	<u>\$ 533,833</u>	<u>\$ 2,130,553</u>	<u>\$ 186,445</u>	<u>\$ 204,263</u>	<u>\$ (226,905)</u>	<u>\$ (423,600)</u>	<u>\$ 312,083</u>	<u>\$ 952,377</u>	<u>\$ 1,670,527</u>	<u>\$ 862,532</u>

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)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund										
Reserved	\$ 5,391	\$ -	\$ -	\$ 8,130	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	279,047	230,673	255,296	330,244	-	-	-	-	-	-
Nonspendable - prepaids	-	-	-	-	8,324	14,379	14,792	19,029	18,433	20,222
Nonspendable - advances	-	-	-	-	-	124,635	50,713	50,713	111,632	151,632
Restricted	-	-	-	-	-	-	-	34,000	10,211	14,747
Unassigned	-	-	-	-	326,527	247,430	344,434	453,255	424,042	327,516
Total general fund	\$ 284,438	\$ 230,673	\$ 255,296	\$ 338,374	\$ 334,851	\$ 386,444	\$ 409,939	\$ 556,997	\$ 564,318	\$ 514,117
All Other Governmental Funds										
Reserved (1)	\$ 2,060,606	\$ 358,802	\$ 161,222	\$ 175,402	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Nonspendable - prepaid items	-	-	-	-	-	-	-	-	39,178	51,945
Restricted - capital projects	-	-	-	-	190,785	119,205	113,411	139,804	87,559	-
Restricted - fire protection (2)	-	-	-	-	-	-	-	-	41,250	1,229
Assigned - capital projects	-	-	-	-	-	-	4,584	-	-	-
Unassigned (deficit)	-	-	-	-	-	-	-	-	-	(8,239)
Total all other governmental funds	\$ 2,060,606	\$ 358,802	\$ 161,222	\$ 175,402	\$ 190,785	\$ 119,205	\$ 117,995	\$ 139,804	\$ 167,987	\$ 44,935

(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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes	\$ 843,795	\$ 770,863	\$ 759,707	\$ 493,991	\$ 454,873	\$ 518,074	\$ 547,839	\$ 606,785	\$ 785,891	(2) \$ 832,703
Licenses and permits	100,670	54,779	32,640	26,048	15,030	12,105	51,397	61,211	87,654	100,015
Intergovernmental	-	17,500	491,166	781,892	425,196	358,460	422,037	1,301,847	(1) 500,101	415,146
Charges for service	6,725	7,477	6,955	4,795	6,060	6,425	18,042	17,836	26,039	24,792
Fines and forfeitures	23,741	30,559	46,034	36,393	24,057	12,482	9,375	15,438	40,761	40,030
Investment earnings	41,794	36,498	5,662	4,185	2,599	1,851	1,122	1,656	1,278	1,065
Penalties & interest	2,288	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	34,000	85,951	61,200
Rental income	-	-	-	-	-	-	3,634	3,428	3,610	3,856
Miscellaneous	14,061	7,207	28,698	459	1,284	267	930	8,381	10,420	8,135
Total revenues	1,033,074	924,883	1,370,862	1,347,763	929,099	909,664	1,054,376	2,050,582	1,541,705	1,486,942
Expenditures										
General government	195,225	308,773	277,066	217,405	221,073	235,933	241,378	260,506	282,469	292,255
Judicial	15,429	13,631	26,357	22,818	7,055	4,958	5,027	6,708	13,424	14,706
Public safety	193,627	249,449	239,502	211,995	218,967	193,703	214,984	203,437	375,170	(2) 591,168
Public works	134,249	111,235	45,422	200	54,774	75,927	51,215	44,739	104,254	115,393
Health and welfare	7,314	9,341	8,072	6,799	6,585	6,316	6,334	7,260	8,364	13,337
Culture and recreation	12,283	26,931	4,604	2,388	9,419	34,644	168,177	63,261	72,075	126,563
Housing and development	18,037	35,608	21,348	21,135	18,096	16,024	13,164	12,508	24,910	48,190
Capital outlay	627,007	2,393,680	744,487	541,941	208,294	198,939	154,933	1,278,299	(1) 536,466	261,732
Debt service										
Interest	15,225	310,007	112,131	87,078	87,097	88,724	84,447	85,890	76,759	64,081
Issuance costs	-	-	-	-	57,982	-	-	-	-	54,802
Principal	34,766	88,175	92,035	119,905	94,029	91,818	92,432	100,681	102,490	1,610,403
Total expenditures	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	3,192,630
Excess (deficiency) of revenues over (under) expenditures	(220,088)	(2,621,947)	(200,162)	116,099	(54,272)	(37,322)	22,285	(12,707)	(54,676)	(1,705,688)
Other Financing Sources (Uses)										
Transfers in	-	54,478	-	-	-	14,000	8,584	19,162	-	-
Transfers out	(93,372)	-	-	(18,841)	(9,450)	-	(8,584)	(19,162)	-	-
Capital leases	1,700,000	600,000	24,964	-	1,475,757	-	-	31,574	51,002	15,920
Issuance of note payable	-	-	-	-	-	-	-	-	-	1,552,990
Payment to refinance lease	-	-	-	-	(1,388,931)	-	-	-	-	-
Proceeds from sale of capital assets	162,500	211,900	2,241	-	-	3,335	-	150,000	-	2,703
Total other financing sources (uses)	1,769,128	866,378	27,205	(18,841)	77,376	17,335	-	181,574	51,002	1,571,613
Net change in fund balances	\$ 1,549,040	\$ (1,755,569)	\$ (172,957)	\$ 97,258	\$ 23,104	\$ (19,987)	\$ 22,285	\$ 168,867	\$ (3,674)	\$ (134,075)
Debt service as a percentage of noncapital expenditures	8%	35%	25%	30%	23%	24%	20%	24%	17%	59%

(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
2007	2006	\$ 32,637,720	\$ 880,575	\$ 2,346,550	\$ (269,514)	\$ 35,595,331	\$ 6	\$ 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	6.000	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
2016	2015	66,357,960	1,215,404	2,181,020	(869,823)	68,884,561	8.575 (2)	172,211,403	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.

(2) The decrease in the total millage rate is due to the decrease of the City's mill rate from (5.375 mills to 5.139 mills) however the Fire District Tax levy (3.436 mills) remained the same as the previous year. The Fire District Tax levy is 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)

Fiscal Year	Tax Digest Year	Direct Rate			Overlapping Rate								Total Rates Direct & Overlapping
		City of Ball Ground	Fire District Special District (1)	Total	Cherokee County			State of		Cherokee County Schools			
					General Maintenance and Operations	Fire District Special District	Parks County Wide	Total BOC Rate	Georgia	Maintenance and Operations	Bonded Debt	Total	
2007	2006	6.050	0.000	6.050	4.547	2.750	0.000	7.297	0.25	18.450	0.500	18.950	32.547
2008	2007	5.500	0.000	5.500	4.400	2.750	0.000	7.150	0.25	18.450	0.400	18.850	31.750
2009	2008	5.121	0.000	5.121	4.381	2.742	0.000	7.123	0.25	18.450	0.400	18.850	31.344
2010	2009	5.121	0.000	5.121	4.381	2.742	0.580	7.703	0.25	18.450	0.400	18.850	31.924
2011	2010	5.194	0.000	5.194	4.720	2.950	0.628	8.298	0.25	19.450	0.400	19.850	33.592
2012	2011	5.194	0.000	5.194	5.365	3.129	0.641	9.135	0.25	19.450	0.400	19.850	34.429
2013	2012	6.000	0.000	6.000	5.825	3.394	0.780	9.999	0.20	19.450	0.400	19.850	36.049
2014	2013	6.000	0.000	6.000	5.798	3.373	0.776	9.947	0.15	19.450	0.400	19.850	35.947
2015	2014	5.375	3.436	8.811	5.728	0.000	0.744	6.472	0.10	19.450	0.000	19.450	34.833
2016	2015	5.139	3.436	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 Nine Years Ago

Taxpayer	2015 Tax Digest Year			2006 Tax Digest Year		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Latimer Properties LLC	\$ 1,305,360	1	1.89%	-		
Holcomb Crossing LLC	801,480	2	1.16%	676,680	2	1.90%
Georgia Power Company	659,040	3	0.96%	-		
Atlanta Gas Light	486,600	4	0.71%	-		
Fitts, Stanley Jr & Fitts, Kathleen M	411,080	5	0.60%	-		
Smith, C Donald III	403,880	6	0.59%	-		
Cherry Grove Plantation LLC	401,920	7	0.58%	471,360	3	1.32%
Ball Ground Medical Park I, LLC	351,520	8	0.51%	402,120	5	1.13%
Southern Sky Development LLC	338,240	9	0.49%	-		
American Petro Inc.	293,320	10	0.43%	-		
OCS Enterprise	-		-	744,200	1	2.09%
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	\$ 5,452,440		7.92%	\$ 4,026,362		11.31%

Source: Cherokee County Tax Asssors

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
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%	33,521	281,556	99.996%
2012	2011	266,377	246,088	92.38%	20,279	266,367	99.996%
2013	2012	262,298	248,002	94.55%	14,285	262,287	99.996%
2014	2013	253,417	238,649	94.17%	14,679	253,328	99.965%
2015	2014	269,026	260,939	96.99%	7,992	268,931	99.965%
2016	2015	292,030	282,904	96.87%	n/a	282,904	96.875%

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
	Notes Payable	Capital Leases	Revenue Bonds	Notes Payable	Capital Leases				
2007	-	\$ 1,754,065	\$ 1,308,747	\$ 60,692	-	\$ 3,123,504	0.06%	916	\$ 3,410
2008	-	2,043,936	1,293,368	249,802	\$ 37,555	3,624,661	0.06%	1,072	3,381
2009	-	1,956,892	1,276,998	221,848	19,931	3,475,669	0.05%	1,331	2,611
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
2016	1,534,145	60,610	1,140,488	451,769	14,929	3,201,941	5.13%	1,705	1,878

Source: Notes to the Financial Statements, Pages 45 - 49
Demographic and Economic Statistics, Page 71
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, 2016

(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:			
Notes payable	1,534,145	100.000%	1,534,145
Capital lease payable	\$ 60,610	100.000%	\$ 60,610
Total direct debt	<u>\$ 1,594,755</u>		<u>\$ 1,594,755</u>
Overlapping General Obligation Debt:			
Cherokee County 2009	\$ 33,548,319	0.808%	\$ 271,108
Cherokee County 2010	9,967,000	0.808%	80,545
Cherokee County 2011	6,380,000	0.808%	51,558
Cherokee County 2014	21,763,000	0.808%	175,870
Cherokee County Board of Education	407,665,000	0.808%	3,294,392
Overlapping Guaranteed Revenue Debt:			
2007 Resource Recovery Development Authority Bonds	<u>15,955,901</u>	0.808%	<u>128,942</u>
Total overlapping debt	<u>\$ 495,279,220</u>		<u>\$ 4,002,413</u>
Total direct and overlapping debt	<u>\$ 496,873,975</u>		<u>\$ 5,597,168</u>

Source: The overlapping debt numbers were obtained from Cherokee County's 2015 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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Assessed Value *	\$ 35,595	\$ 49,685	\$ 56,418	\$ 59,491	\$ 54,334	\$ 54,067	\$ 46,671	\$ 44,073	\$ 53,579	\$ 68,885
Debt Limit: 10% of assessed value	\$ 3,560	\$ 4,969	\$ 5,642	\$ 5,949	\$ 5,433	\$ 5,407	\$ 4,667	\$ 4,407	\$ 5,358	\$ 6,888
Less: Debt applicable to debt limit	1,754	2,044	1,957	1,837	1,941	1,849	1,757	1,688	1,636	1,595
Legal Debt Margin	\$ 1,806	\$ 2,925	\$ 3,685	\$ 4,112	\$ 3,492	\$ 3,558	\$ 2,910	\$ 2,719	\$ 3,722	\$ 5,293

* 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	
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
2016	874,648 (2)	741,448	133,200	20,165	50,531	70,696	1.88

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 2016

	<u>Gallons Used</u>	<u>% of Total Gallons</u>	<u>Dollar Amount</u>	<u>% of Total Billed</u>
HBE0015501	1,277,300	2.4%	\$ 7,784	0.9%
HBR0138002	1,111,000	2.1%	7,235	0.9%
BGH1/2/3/101500	986,500	1.9%	5,827	0.7%
VLS0026001	529,800	1.0%	3,083	0.4%
OCRNEWSCHOOL	377,100	0.7%	2,096	0.3%
MWWLOWER/UPPER	284,200	0.5%	1,644	0.2%
RLR0012500	250,200	0.5%	1,484	0.2%
OCR0048000	221,800	0.4%	1,274	0.2%
PFD0R77301	198,600	0.4%	1,295	0.2%
SMB0001000/MBD0010150	193,800	0.4%	1,119	0.1%
	<u>5,430,300</u>	10.3%	<u>\$ 32,841</u>	<u>4.0%</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>
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%
2016	1,031	60	6.2%

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

City of Ball Ground, Georgia

Water & Sewer Rates

June 30, 2016

Water Rates - Residential (Inside City limits)

	Standard	Senior Citizens	Disabled
Base Rate	\$ 18.00	\$ 15.00	\$ 15.00
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	\$ 21.50	\$ 18.50	\$ 18.50
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	\$ 16.50
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
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
2015	1,705	62,379	36,586	39.4	500	4.15

(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 Nine Years Ago

Employer	2016			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Cherokee County Board of Education	60	1	11.67%	45	1	14%
FRN, Inc	29	2	5.64%	-	-	-
Awnex, Inc.	25	3	4.86%	-	-	-
Cool Tech HVAC Inc	25	4	4.86%	22	3	7%
Eagle Eye Communication	20	5	3.89%	-	-	-
Cheshire Heating & AC	17	6	3.31%	20	4	6%
D-Lab Screen Printing	17	7	3.31%	11	7	4%
City of Ball Ground	14	8	2.72%	-	-	-
Blue Ridge Mountain Recovery Center	12	9	2.33%	-	-	-
Puebol Grill 2 LLC	10	10	1.95%	-	-	-
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	229		44.55%	170		54.49%

Source: Ball Ground Finance Department

City of Ball Ground, Georgia

Full-time-Equivalent City Government Employees by Function/Program Last Ten Fiscal Years

<u>Function/Program</u>	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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	1.2	1.2
Police Records & Court	0.9	0.9	0.9	0.9	0.9	-	-	-	-	-
Financial Administration	1.0	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.4	1.4
Water Administration	0.8	0.8	0.8	0.8	0.8	-	-	-	0.7	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	3.0	2.0	2.0	2.0	2.0	1.0	1.0	2.0	3.0
Building Inspections	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Planning & Zoning	0.1	0.3	0.3	0.3	0.3	0.2	0.2	0.6	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	2.9	2.9	2.9	2.9	2.9	2.4	2.4	2.4	2.4	4.1
Highways & Streets Administration	1.0	1.0	1.0	-	-	-	-	-	-	-
Sanitary Administration	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.6	0.6
Total	17.1	18.5	17.5	16.5	16.5	14.2	13.2	13.6	16.2	18.9

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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Works:										
Street resurfacing (miles)	1.3	0.5	0.3	0.3	0.2	1.0	0.6	0.7	1.6	0.5
Police protection:										
Number of citations written	155	190	288	230	196	110	99	174	216	307
Number of automobile accidents	31	20	29	39	31	49	35	25	43	49
Number of reported crimes	133	55	165	114	82	42	80	68	70	87

Source: City of Ball Ground Courts and Records

City of Ball Ground, Georgia

Capital Assets Statistics by Function Last Ten Fiscal Years

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Works:										
Miles of streets	12	13	14	14	14	14	14	14	16	18
Police protection:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of police officers	3	4	3	3	3	3	2	3	3	4
Building permits issued	65	39	20	18	-	2	40	47	67	73
Recreation and culture:										
Number of parks	4	4	4	4	4	4	5	5	5	5
Park acreage	27	27	27	27	27	27	30	30	32	32

Source: Various City of Ball Ground Departments