

City of Ball Ground, Georgia



Comprehensive Annual Financial Report

For The Fiscal
Year Ended
June 30, 2013

*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, 2013

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, 2013**

TABLE OF CONTENTS

I. INTRODUCTORY SECTION

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

II. FINANCIAL SECTION

Independent Auditor’s Report.....	1-3
Management’s Discussion and Analysis.....	4-17
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	18
Statement of Activities	19
Fund Financial Statements:	
Balance Sheet – Governmental Funds	20
Reconciliation of the Balance Sheet to the	
Statement of Net Position – Governmental Activities	21
Statement of Revenues, Expenditures, and Changes in Fund	
Balances – Governmental Funds.....	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in	
Fund Balances of Governmental Funds to the Statement of Activities.....	23
General Fund - Statement of Revenues, Expenditures,	
and Changes in Fund Balances – Budget and Actual.....	24
Statement of Net Position – Proprietary Funds	25
Statement of Revenues, Expenses, and Changes in Fund Net	
Position – Proprietary Funds	26
Statement of Cash Flows – Proprietary Funds.....	27 and 28
Notes to Financial Statements.....	29-45
Schedules:	
Schedules of Expenditures of Special Purpose Local Option Sales Tax Proceeds	46

**CITY OF BALL GROUND, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

TABLE OF CONTENTS

III. STATISTICAL SECTION (Unaudited)

Net Assets by Component – Last Ten Fiscal Years	47
Changes in Net Position – Last Ten Fiscal Years	48 and 49
Fund Balances of Governmental Funds – Last Ten Fiscal Years	50
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years.....	51
Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years.....	52
Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years	53
Principal Property Taxpayers – Current Year and Five Years Ago	54
Property Tax Levies and Collections – Last Ten Fiscal Years	55
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	56
Direct and Overlapping Governmental Activities Debt.....	57
Legal Debt Margin Information – Last Ten Fiscal Years	58
Pledged Revenue Coverage Water System Bonds – Last Ten Fiscal Years	59
Top Ten Water Customers	60
Water Customers	61
Water & Sewer Rates	62
Demographic and Economic Statistics – Last Ten Calendar Years	63
Principal Employers - Current Fiscal Year and Five Years Ago	64
Full-time Equivalent City Government Employees by Function/Program – Last Ten Fiscal Years	65
Operating Indicators by Function – Last Ten Fiscal Years.....	66
Capital Assets Statistics by Function – Last Ten Fiscal Years	67

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

November 21, 2013

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, 2013, 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, and 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, 2013, are free of 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 unqualified opinion that the City of Ball Ground, Georgia's financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor's report is presented as the first component of the financial section of the report.

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

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

GOVERNMENTAL STRUCTURE, LOCAL ECONOMIC CONDITION AND OUTLOOK

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

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

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

FINANCIAL INFORMATION

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

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

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

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

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

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Ball Ground for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the sixth 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**

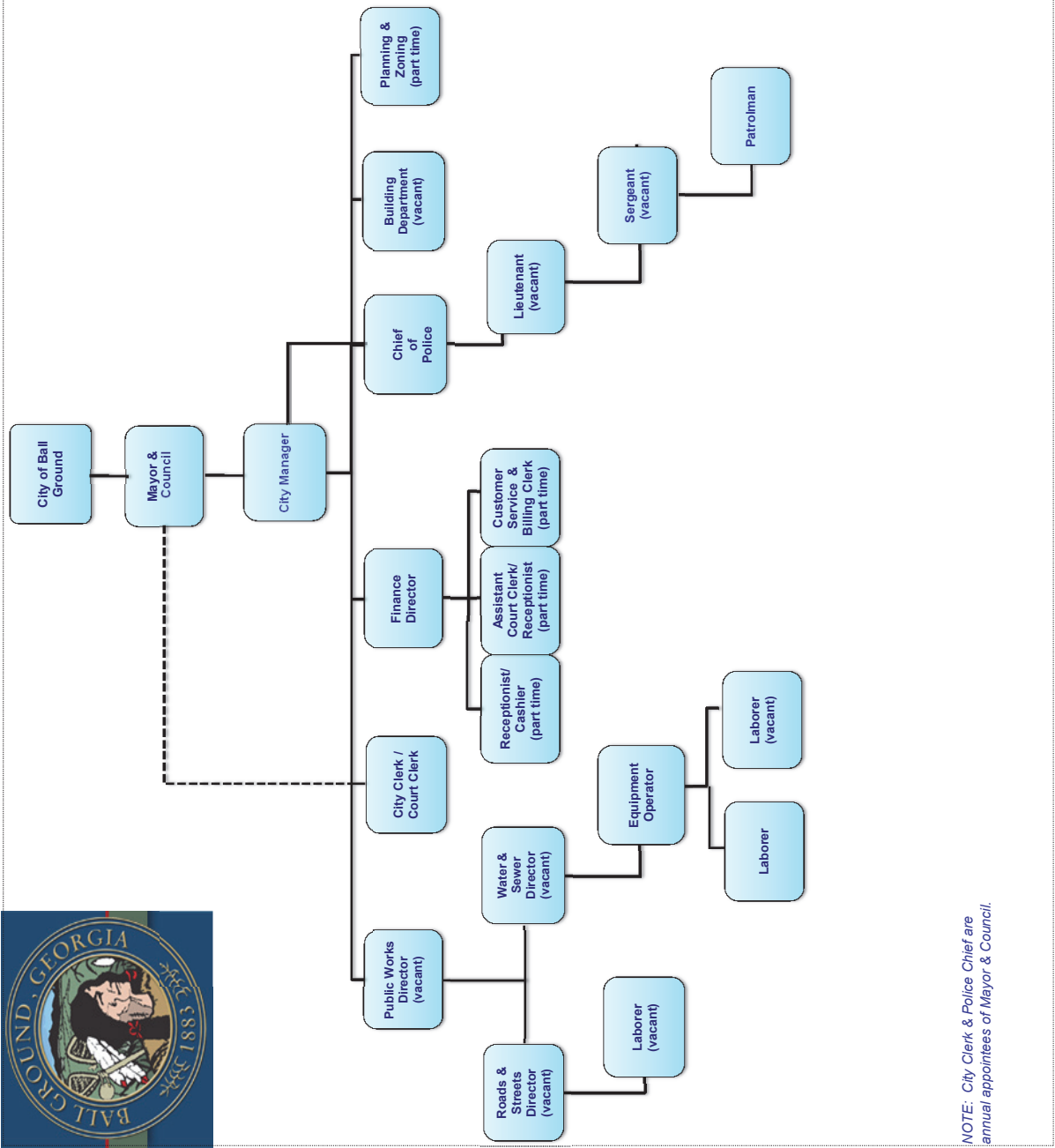
Presented to

**City of Ball Ground
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO



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

City of Ball Ground, Georgia

Principal Officials

June 30, 2013

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 L. Jordan

Finance Director

Donna W. England

Police Chief

R. Bryon Reeves, Interim

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 statement audit, 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, and each major fund of the **City of Ball Ground, Georgia** (the "City"), as of and for the fiscal year ended June 30, 2013, 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, and each major fund of the City of Ball Ground, Georgia, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 1 and 14, the City of Ball Ground, Georgia implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, as well as Statement No. 65, *Items Previously Reported as Assets and Liabilities*, as of July 1, 2012. Our opinions are not modified with respect to this matter.

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 4-17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ball Ground, Georgia's basic financial statements. The Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds as required by the Official Code of Georgia 48-8-21, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2013 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
November 21, 2013

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, 2013

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, 2013. We encourage readers to consider the information presented here in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

- Total Net Position are comprised of the following:
 - 1) Net investment in capital assets of \$6,935,188 includes property and equipment, net of accumulated depreciation, and is reduced for outstanding debt related to the purchase or construction of capital assets as compared to \$7,019,665 at June 30, 2012.
 - 2) Restricted net position of \$113,411 represents the portion to be used for capital projects. This represents a 4.8% decrease from the previous year.
 - 3) Unrestricted net position of \$917,217 represent the portion available to maintain the City's continuing obligations to citizens and creditors. This represents an increase of \$352,548 over the previous year's position or a 62.4% increase. The increased sales of water and sewer capacity fees and building permits are the driving force behind the substantial increase in net position.
- The City's total assets, \$11,114,262 and deferred outflows of resources, \$86,621, exceeded its liabilities of \$3,235,067 by \$7,965,816 for the fiscal year reported as compared to \$7,703,539 in the year ended June 30, 2012. The total assets are almost three and a half times the total liabilities.
- At the close of the current fiscal year the City's current assets were \$338,426 more than the close of the prior fiscal year. The increase of cash makes up the largest portion (70%) of the increase in current assets. Again the increase in cash is directly correlated with the increase in sales of building permits and water and sewer capacity fees.
- The City's net investment in capital assets decreased by \$84,477 primarily due to disposal of some assets along with continued depreciation expense.
- The government's total liabilities declined by \$57,507, a 1.7% decrease. However, the largest reduction was in the noncurrent liabilities primarily through the reduction of existing capital debt. During the current fiscal year the noncurrent liabilities decreased by \$47,521 which accounts for 83% of the reduction.

City of Ball Ground, Georgia
Management's Discussion and Analysis
June 30, 2013

- As of the close of the current fiscal year, the City of Ball Ground's governmental funds reported combined ending fund balances of \$527,934 an increase of \$22,285 in comparison with the prior fiscal year. Of this amount \$344,434 is unassigned and available for spending.
- At the end of the current year, unassigned fund balance for the general fund was \$344,434 or 51.4% of the General Fund expenditures as compared to 48.0% in the prior fiscal year.

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 position presents information that includes all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the 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 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 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.

City of Ball Ground, Georgia
Management's Discussion and Analysis
June 30, 2013

The government-wide financial statements can be found on pages 18 and 19 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The 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 two 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 and the Special Local Option Sales Tax ("SPLOST") Fund, both are presented as major funds.

The City of Ball Ground adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 20 through 23 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, both of which are considered to be major funds of the City of Ball Ground.

City of Ball Ground, Georgia
Management's Discussion and Analysis
June 30, 2013

The basic proprietary fund financial statements can be found on pages 25 through 28 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Ball Ground, assets exceeded liabilities by \$7,879,195 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 related debt used to acquire those assets that is still outstanding. 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 Fund Activities 2013	Governmental Fund Activities 2012	Business-type Activities 2013	Business-type Activities 2012	Total 2013	Total 2012
Current and other assets	\$ 843,356	\$ 694,556	\$ 376,343	\$ 136,911	\$ 1,219,699	\$ 831,467
Capital assets	6,498,758	6,469,345	3,395,805	3,645,495	9,894,563	10,114,840
Total assets	<u>7,342,114</u>	<u>7,163,901</u>	<u>3,772,148</u>	<u>3,782,406</u>	<u>11,114,262</u>	<u>10,946,307</u>
Deferred charges	86,621	95,615	-	-	86,621	95,615
Total deferred outflow of resources	<u>86,621</u>	<u>95,615</u>	<u>-</u>	<u>-</u>	<u>86,621</u>	<u>95,615</u>
Long-term debt outstanding	1,769,381	1,861,713	1,294,429	1,345,233	3,063,810	3,206,946
Other liabilities	124,463	147,484	46,794	33,759	171,257	181,243
Total liabilities	<u>1,893,844</u>	<u>2,009,197</u>	<u>1,341,223</u>	<u>1,378,992</u>	<u>3,235,067</u>	<u>3,388,189</u>
Net Position:						
Net investment in capital assets	4,828,536	4,715,685	2,106,652	2,303,980	6,935,188	7,019,665
Restricted	113,411	119,205	-	-	113,411	119,205
Unrestricted	592,944	415,429	324,273	99,434	917,217	514,863
Total net position	<u>\$ 5,534,891</u>	<u>\$ 5,250,319</u>	<u>\$ 2,430,925</u>	<u>\$ 2,403,414</u>	<u>\$ 7,965,816</u>	<u>\$ 7,653,733</u>

At the end of the current fiscal year, the City of Ball Ground is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year. Total net position of the City's governmental activities increased by \$284,572 in fiscal year 2013 (\$5,534,891 in the current fiscal year versus \$5,250,319 in the prior fiscal year, which includes a restatement of \$49,806 for the implementation of GASB Statement No. 65). The increase is primarily due to the donation of assets, including the land held for resale. The business-type

City of Ball Ground, Georgia
Management's Discussion and Analysis
June 30, 2013

activities, which include water and sewerage fund and solid waste fund ended the year with an increase in net position of \$27,511. The City's total net position, which includes both the governmental and business type activities, increased \$312,083. 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 \$917,217 which is an increase of \$352,548 from the prior year. These funds may be used to meet the government's ongoing obligations to citizens and creditors. Only the \$113,411 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 Fund Activities 2013	Governmental Fund Activities 2012	Business-type Activities 2013	Business-type Activities 2012	Total 2013	Total 2012
Revenues:						
Charges for services	\$ 82,448	\$ 31,012	\$ 682,540	\$ 664,468	\$ 764,988	\$ 695,480
Capital grants and contributions	625,308	386,772	221,500	-	846,808	386,772
General revenues:					-	-
Property taxes	321,873	298,419	-	-	321,873	298,419
Other taxes	225,307	202,160	-	-	225,307	202,160
Other revenues	1,914	4,794	736	6,268	2,650	11,062
Total revenues	1,256,850	923,157	904,776	670,736	2,161,626	1,593,893
Expenses:						
General government	285,118	279,953	-	-	285,118	279,953
Judicial	5,027	4,958	-	-	5,027	4,958
Public safety	228,956	205,975	-	-	228,956	205,975
Public works	293,165	277,993	-	-	293,165	277,993
Health and welfare	6,334	6,316	-	-	6,334	6,316
Culture and recreation	63,354	8,874	-	-	63,354	8,874
Housing and development	13,164	16,024	-	-	13,164	16,024
Interest on long-term debt	93,246	102,697	-	-	93,246	102,697
Solid waste	-	-	88,772	80,967	88,772	80,967
Water and sewerage	-	-	772,407	1,033,736	772,407	1,033,736
Total expenses	988,364	902,790	861,179	1,114,703	1,849,543	2,017,493
Change in net position before transfers	268,486	20,367	43,597	(443,967)	312,083	(423,600)
Transfers	16,086	(135)	(16,086)	135	-	-
Change in net position	284,572	20,232	27,511	(443,832)	312,083	(423,600)
Net position, beginning of year, restated	5,250,319	5,230,087	2,403,414	2,847,246	7,653,733	8,077,333
Net position, end of year	\$ 5,534,891	\$ 5,250,319	\$ 2,430,925	\$ 2,403,414	\$ 7,965,816	\$ 7,653,733

City of Ball Ground, Georgia
Management's Discussion and Analysis
June 30, 2013

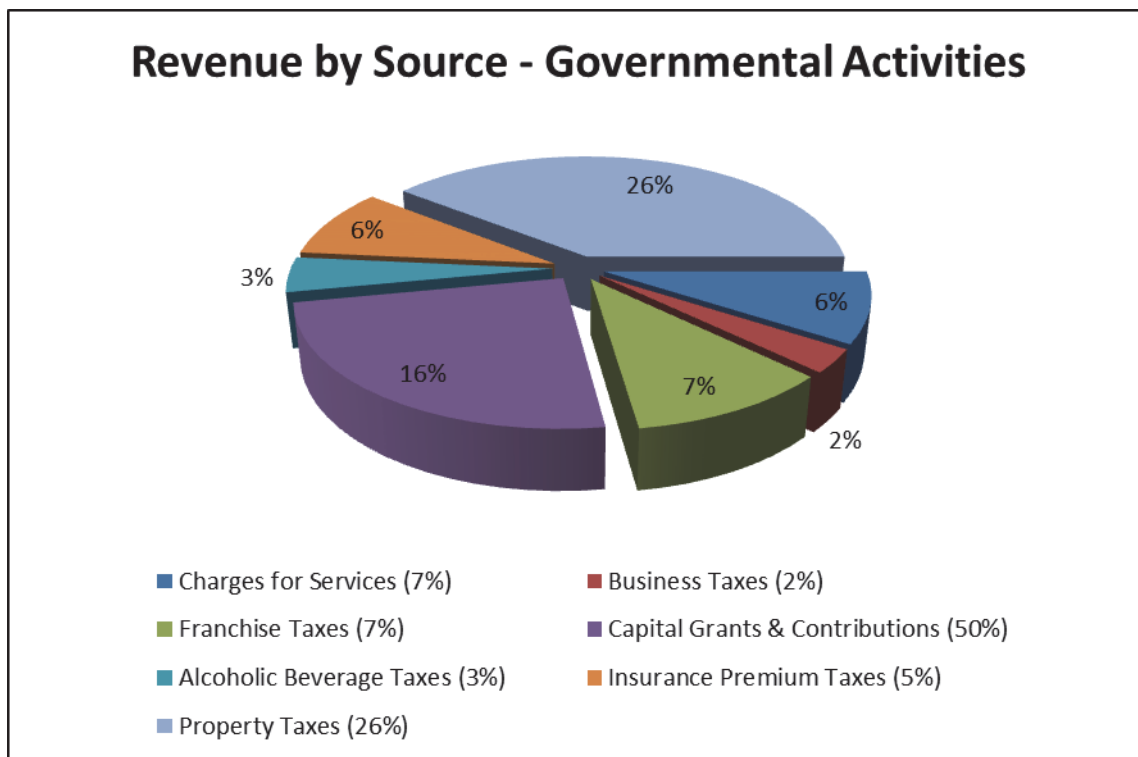
Governmental Activities. The City of Ball Ground's net position in the governmental activities were increased by \$284,572 which resulted from an increase in total assets of \$178,213 and the decrease in total liabilities of \$115,353. The key elements that contributed to the increase of net position are as follows:

Increase in Total Assets

The key element is the increase contributions related to the contributions of capital assets and of land held for resale which was acquired with the purchase of the old Ball Ground Elementary School. The portion being held for resale has a fair market value of \$150,000. The capital assets reported approximately \$50,000 of donated values.

Decrease in Total Liabilities

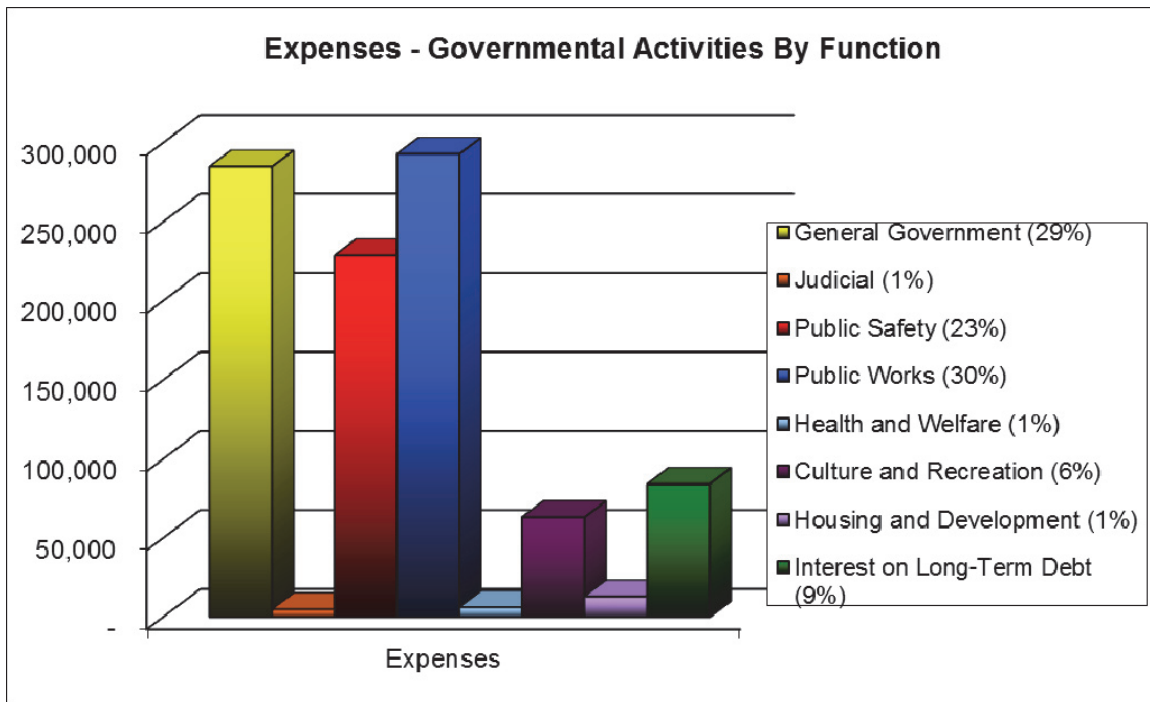
The key element is the decrease of accounts payable of \$22,826 or 16% from prior year. During the prior fiscal year the City was invoiced in August 2012 for a replacement of a damaged street light post, \$14,410 and for additional services related to the Valley Streetscapes Project for the same time period. The remaining decrease is tied to the reduction in the debt service payments made on the outstanding leases.



The governmental activities program revenues increased for the current fiscal year by \$289,972 as compared to the prior fiscal year. There were number factors that were responsible for this substantial increase in revenues. The largest factor affecting the increase in revenues was the contributions related to the acquisition of the old Ball Ground Elementary School of \$203,133. The other factors that contributed to the increased revenues were the increase in sales of building

City of Ball Ground, Georgia
 Management's Discussion and Analysis
 June 30, 2013

permits \$41,152, the park usage fees of \$10, 397 and the receipt of \$35,000 in park bond reimbursements from the County.



Along with the increase in revenues the governmental activities had an increase in expenditures of \$76,580. The largest increase of expenditures was in parks (culture and recreation). The expenditures in this area in the prior fiscal year were \$8,874 as compared to \$63,354 in the current fiscal year. Fiscal year 2013 was the first year that the City was responsible for all the parks maintenance. In prior years Cherokee County maintained all of the parks. The other large increase of expenditures was in public safety. During the prior fiscal year the City employed three police officers for four and a half months and during the current fiscal year the City employed three police officers for twelve months which resulted in an increase of expenditures of \$22,981.

Business-Type Activities. Net position before transfers for this year was \$43,597 as compared to a loss of \$443,967 in the prior fiscal year or in other words an increase in net position of \$487,564 prior to transfers.

Some of the key elements for this increase in net position were as follows:

- The largest single factor that resulted in the dramatic increase was the increase of water and sewer capacity fees. During fiscal year 2012 the gross sales of water capacity fees were \$6,000 and sewer capacity fees were \$12,500 as compared to the current fiscal year gross sales of \$67,500 and \$176,000 respectively. Gross water capacity fees increased by \$61,500 and gross sewer capacity fees increased by \$163,500 in a one year period. The increases of water and sewer capacity fees were caused primarily by the development of Phase II of Lantern Walk Subdivision.

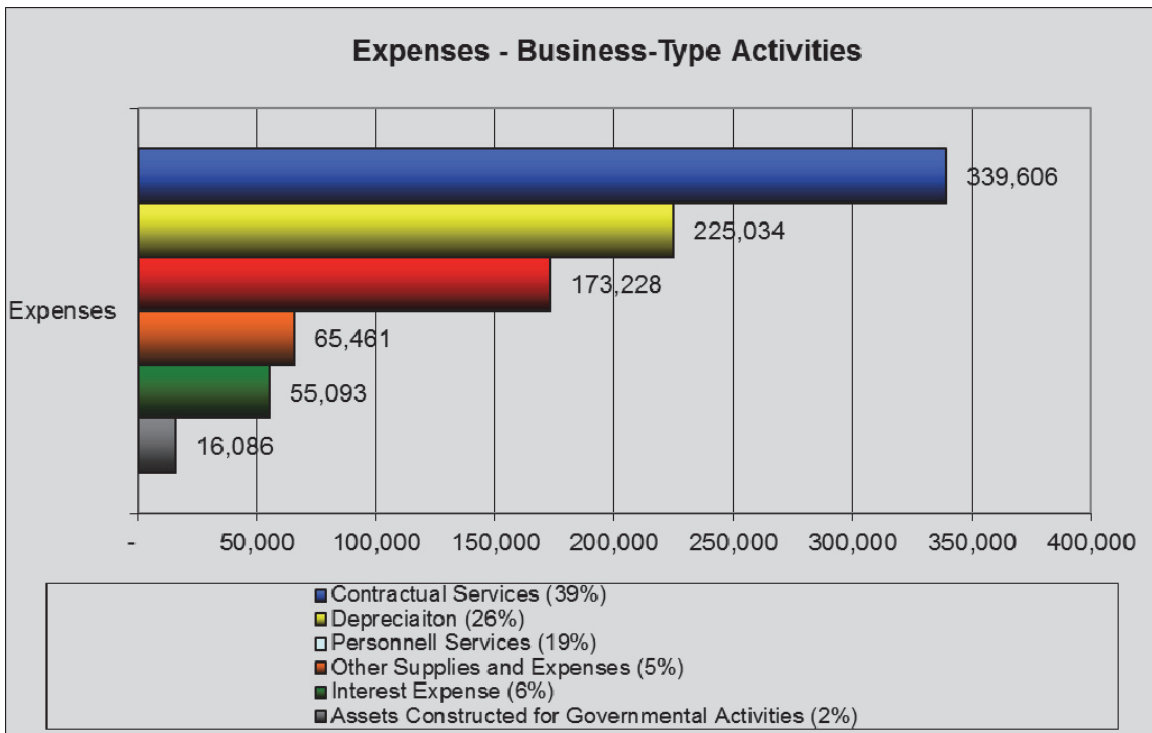
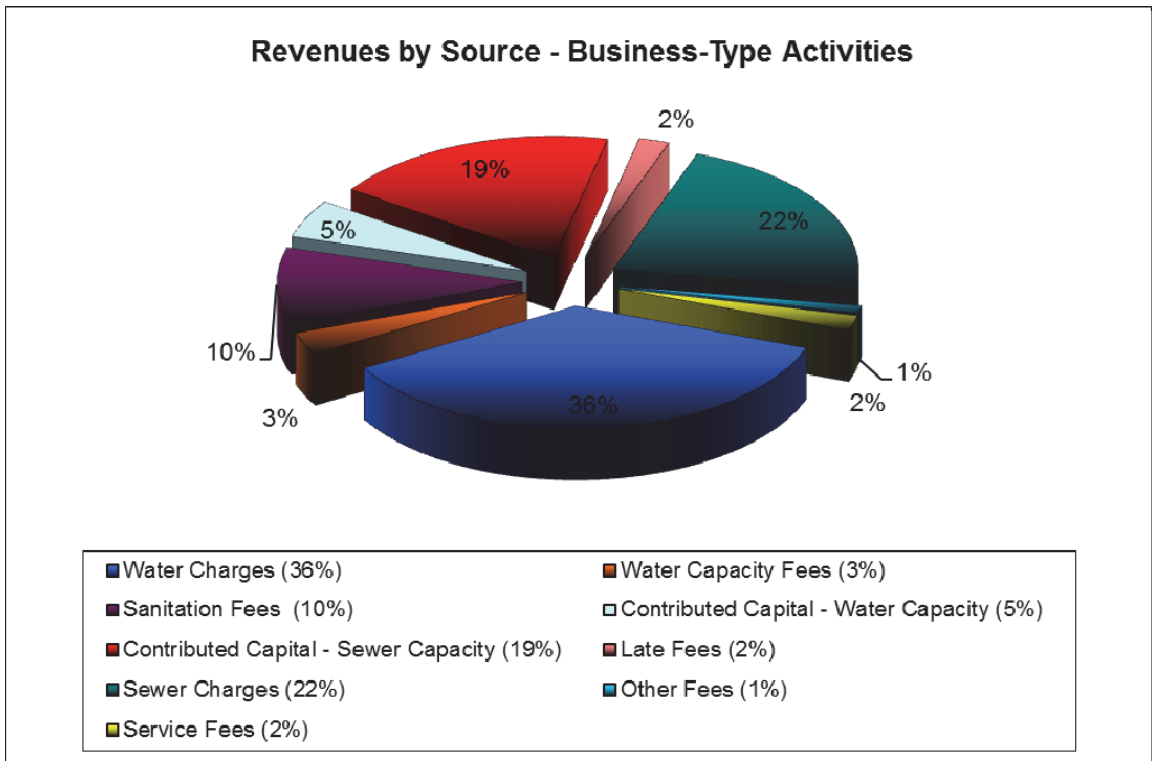
City of Ball Ground, Georgia
Management's Discussion and Analysis
June 30, 2013

- In the prior fiscal year the largest single factor that attributed to the large loss was related to a disposal of capital assets. During the fiscal year 2012 the elected body approved the sale of the City's Flat Bottom water line to Cherokee County Water and Sewerage Authority. The transaction resulted in a loss on the disposal of the capital asset of \$257,686 which made up 58% of the loss. During fiscal year 2013 the City did not experience a comparable transaction and that is reflected in the expenses in the current fiscal year of \$861,179 as compared to the prior fiscal year of \$1,114,703.

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

- During the current fiscal year the number of water customers increased by 21, the number of sewer customers increased by 33 and the number of sanitation customers increased by 18. Although the numbers may not seem substantial the percentage increases are as follows: water 2.5%, sewer 6.3% and sanitation 3.9%. The increase in customers directly impacted water, sewer, and sanitation sales.
- The operating revenues increased by \$12,414 (2%) and operating expenses increased by \$3,582 (0.4%) during the current fiscal year as compared to the previous fiscal year.
- The increase of revenues during the current fiscal year afforded the water and sewerage fund the ability to repay the advance of \$93,922 to general fund.
- The business-type activities ended the year with a net position of \$2,430,925 in the current fiscal year as compared to \$2,403,414 at year end of the prior fiscal year.
- During the current fiscal year the contractual services for both Water and Sewerage Fund ("Water") and Solid Waste Fund were the increased by \$30,603. The Water Fund experienced a \$27,282 increase and Solid Waste experienced a \$3,321 increase in contractual services. Within the Water Fund's contractual services, the cost for collection, disposal, and treatment of sewerage made up the largest increase of \$12,910, the cost for contract services for water increased by \$9,674 and small equipment purchases increased by \$3,769 with the purchase of a Bull Dog / 2 wheel drive vehicle for the water department. The increase in the operating costs in the Solid Waste Fund was a direct relationship with the increase in charges for services revenues.

City of Ball Ground, Georgia
 Management's Discussion and Analysis
 June 30, 2013



City of Ball Ground, Georgia
Management's Discussion and Analysis
June 30, 2013

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Ball Ground's governmental funds reported combined ending fund balances of \$527,934, an increase of \$22,285 in comparison with the prior year. A portion of the combined ending fund balance comes from the SPLOST funds and is restricted for capital improvements (\$113,411) as approved by the respective referendums.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance was \$344,434. This amount is available for spending at the government's discretion. The unassigned fund balance increased by \$97,004 (39.2%) during the current fiscal year. The governmental activities are made up of two funds, the General Fund and SPLOST Fund.

General Fund Budgetary Highlights

Revenues:

Actual revenues exceeded budgeted revenues by \$116,265. Listed below is a brief summary of factors that attributed to the increased revenues in the current fiscal year.

- Property taxes collected for current and prior years were \$10,532 or 3.4% over budget due to a better than expected collection rate for the current taxes.
- Franchise taxes exceeded budget by \$12,310 primarily due to the increase in natural gas franchise fees; Atlanta Gas Light reached a settlement with the City and remitted taxes owed for reporting errors in prior.
- Business taxes experienced an over budget variance of \$13,697 due to the increase in the insurance premium tax. The increase in the City's population put the City in a higher bracket for insurance taxes. The rates increase from \$15 to \$25 per insurance company operating in the city limits.
- Licenses and permits were \$24,247 over budget due to the substantial increase in building permit fees. The budget allowed for 15 building permits and during the current fiscal year the City issued 41 building permits and received \$265 in inspection fees.
- Charges for services exceeded budget by \$8,422 due to the park and gym usage fees. Along with the maintenance of these facilities during the current fiscal year the City inherited the ability to recoup some of the maintenance costs through minimal usage fees.

City of Ball Ground, Georgia
Management's Discussion and Analysis
June 30, 2013

- Fines and forfeitures were \$2,625 under budget due to a decrease in the number of fines issued. The number of citations issued in the prior fiscal year was 110 as compared to 99 in the current fiscal year.
- Intergovernmental revenue exceeded budget by \$45,000 due to the reimbursement from Cherokee County for Parks Projects expenditures paid by the City of Ball Ground.
- Rental income was unbudgeted revenue due to the rental agreement for 301 Gilmer Ferry not being in place at the time of budget preparation. Fiscal year 2013 was the first full year of rental income for 301 Gilmer Ferry (the old City Hall building).
- Miscellaneous revenue exceeded the current fiscal year budget due to the unanticipated sale of one mobile unit for \$671 through GovDeals.

Expenditures:

Actual expenditures exceeded budgeted expenditures by \$96,787. A brief summary of the variances which resulted in an overall budget shortfalls are explained below:

- Culture and recreation – Parks exceeded budget by \$139,336 of which \$70,000 was reimbursed by Cherokee County for Parks Project expenditures. After reimbursement there was an overage of \$69,336 which can be explained by the increased maintenance and operation costs of all City parks, ball fields, and gymnasium. Prior to June 1, 2012 Cherokee County maintained and operated all City parks and ball fields however due to County's budgetary cuts the responsibility was placed with the City.
- General government – General administration was under budget \$5,321 the largest portion of the overall \$9,369, however management implemented cost saving measures to offset the shrinkage of the tax digest and the sluggish collection of delinquent property taxes in the other departments: Clerk of council, Mayor, City manager, General government buildings which contributed \$4,048 to the reduction of budgeted expenditures.
- Municipal Court – Expenditures were under budget by \$2,223 largely due to management implemented cost saving measures to reduce travel and education expenditures.
- Public Safety – Expenditures were under budget by \$11,886 largely due to the personnel, workers comp and liability insurance cost being less than budgeted however in addition there were other cost saving measures in place in professional services and gasoline expenditures.
- Public works – Highways and streets were under budget by \$18,856 due to the actual costs being less than anticipated for the LMIG Paving Grant.
- Planning and zoning – Expenditures were over budget by \$2,850 a direct result of the unplanned expenditure for leasing an off street parking lot, \$2,400 and the cost share of needed software, \$1,000.

City of Ball Ground, Georgia
Management's Discussion and Analysis
June 30, 2013

- Over all, expenditures were less than budgeted due primarily to the conscious effort of the City's management and staff's to reduce spending in every area to compensate for any cost over runs and decline in revenues.

SPLOST Fund Highlights

Revenue totaled \$352,341 which was \$16,321 more than anticipated.

The sales tax was used for various projects in the City including roads, streets and sidewalks, the downtown, public safety projects, water system improvements and park improvements. The expenditures for the current fiscal year were \$362,135 of which \$128,412 was used for public works projects and costs such as roads, streets, and storm drain improvements; \$52,312 was used for parks, and \$4,532 for general government.

This fund was the source of debt service payments on the City Hall, Valley Street, and 2011 police vehicle expenditures. The debt service payments for the current fiscal year were \$110,269 (City Hall), \$57,563 (Valley Street), and \$9,047 (2011 police vehicle) for a total of \$176,879 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 \$324,273 an increase of \$224,839 from the previous year.

Capital Assets and Debt Administration

The City of Ball Ground's investment in capital assets for its governmental and business-type activities as of June 30, 2013, amounted to \$9,894,563 (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:

- *Deep patch Valley Street, \$10,759*
- *Railroad Crossing, \$17,494*
- *Gymnasium, \$99,240*
- *Land (Tract 3, 1.48 acres behind gymnasium), \$6,019*
- *Land, (Tract 4, .74 acres possible future gym parking lot) \$3,955*

City of Ball Ground, Georgia
Management's Discussion and Analysis
June 30, 2013

- *Storm drain repair on Groover Street, \$16,086*
- *Storm drain improvement a Old Dawsonville Road, \$7,800*
- *Resurfacing Old Dawsonville Road, \$47,876*
- *Stream buffer project, \$61, 452*
- *Improvements to Gym, \$28,643*
- *Mapping & GIS data base for existing water and sewer system, \$8,921*

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 508,715	\$ 498,742	\$ 45,697	\$ 45,697	\$ 554,412	\$ 544,439
Construction in progress	115,017	74,601	-	8,921	115,017	83,522
Land improvements	107,787	46,336	-	-	107,787	46,336
Buildings	2,331,598	2,203,714	-	-	2,331,598	2,203,714
Machinery and equipment	82,929	82,929	715,185	759,107	798,114	842,036
Infrastructure	6,635,384	6,535,369	4,640,943	4,640,943	11,276,327	11,176,312
Vehicles	107,966	107,966	-	-	107,966	107,966
Total	9,889,396	9,549,657	5,401,825	5,454,668	15,291,221	15,004,325
Less accumulated depreciation	(3,390,638)	(3,080,312)	(2,006,020)	(1,809,173)	(5,396,658)	(4,889,485)
Total	\$ 6,498,758	\$ 6,469,345	\$ 3,395,805	\$ 3,645,495	\$ 9,894,563	\$ 10,114,840

More detailed information on the City's capital assets can be found in Note 4 on page 38 and 39 in the financial statements.

City of Ball Ground's Long-Term Debt

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Governmental activities:		
Capital leases	\$ 1,756,843	\$ 1,753,660
Compensated absences	12,538	12,438
Total	<u>1,769,381</u>	<u>1,766,098</u>
Business-type activities:		
Bonds payable	1,203,844	1,318,848
Notes payable	85,309	118,282
Compensated absences	5,276	3,718
Total	<u>1,294,429</u>	<u>1,440,848</u>
Grand Total - All Activities	<u>\$ 3,063,810</u>	<u>\$ 3,206,946</u>

The City's total long-term debt had a net decrease of \$47,521 during the fiscal year.

City of Ball Ground, Georgia
Management's Discussion and Analysis
June 30, 2013

More detailed information on the City's long-term debt can be found in Note 7 on pages 40 through 42 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, 2013**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash	\$ 565,286	\$ 251,705	\$ 816,991
Taxes receivable	46,671	-	46,671
Accounts receivable	12,620	62,768	75,388
Intergovernmental receivable	53,987	-	53,987
Prepaid items	14,792	11,019	25,811
Inventories	-	36,991	36,991
Land for resale	150,000	-	150,000
Restricted cash	-	13,860	13,860
Capital assets:			
Non-depreciable	623,732	45,697	669,429
Depreciable, net of accumulated depreciation	5,875,026	3,350,108	9,225,134
Total assets	<u>7,342,114</u>	<u>3,772,148</u>	<u>11,114,262</u>
<u>Deferred Outflows of Resources</u>			
Deferred charges	86,621	-	86,621
Total deferred outflow of resources	<u>86,621</u>	<u>-</u>	<u>86,621</u>
<u>Liabilities</u>			
Liabilities:			
Accounts payable	119,471	29,200	148,671
Interest payable	4,992	2,252	7,244
Customer deposits payable	-	13,860	13,860
Unearned revenue	-	1,482	1,482
Noncurrent liabilities:			
Compensated absences, due within one year	11,911	5,012	16,923
Compensated absences, due in more than one year	627	264	891
Bonds payable, due within one year	-	20,359	20,359
Bonds payable, due in more than one year	-	1,183,485	1,183,485
Notes payable, due within one year	-	24,840	24,840
Notes payable, due in more than one year	-	60,469	60,469
Capital leases, due within one year	93,568	-	93,568
Capital leases, due in more than one year	1,663,275	-	1,663,275
Total liabilities	<u>1,893,844</u>	<u>1,341,223</u>	<u>3,235,067</u>
<u>Net Position</u>			
Net investment in capital assets	4,828,536	2,106,652	6,935,188
Restricted for:			
Capital projects	113,411	-	113,411
Unrestricted	592,944	324,273	917,217
Total net position	<u>\$ 5,534,891</u>	<u>\$ 2,430,925</u>	<u>\$ 7,965,816</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, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 285,118	\$ 12,734	\$ 155,618	\$ (116,766)	\$ -	\$ (116,766)
Judicial	5,027	9,375	-	4,348	-	4,348
Public safety	228,956	45	-	(228,911)	-	(228,911)
Public works	293,165	-	352,175	59,010	-	59,010
Health and welfare	6,334	-	-	(6,334)	-	(6,334)
Culture and recreation	63,354	17,997	117,515	72,158	-	72,158
Housing and development	13,164	42,297	-	29,133	-	29,133
Interest on long-term debt	93,246	-	-	(93,246)	-	(93,246)
Total governmental activities	988,364	82,448	625,308	(280,608)	-	(280,608)
Business-type activities:						
Water and sewerage	772,407	586,818	221,500	-	35,911	35,911
Solid waste	88,772	95,722	-	-	6,950	6,950
Total business-type activities	861,179	682,540	221,500	-	42,861	42,861
Total primary government	\$ 1,849,543	\$ 764,988	\$ 846,808	(280,608)	42,861	(237,747)
General revenues:						
Taxes:						
Property taxes				321,873	-	321,873
Franchise taxes				87,610	-	87,610
Alcoholic beverage taxes				41,157	-	41,157
Business taxes				21,041	-	21,041
Insurance premium taxes				71,392	-	71,392
Financial institute taxes				4,107	-	4,107
Unrestricted investment earnings				984	203	1,187
Miscellaneous				930	533	1,463
Transfers				16,086	(16,086)	-
Total general revenues and transfers				565,180	(15,350)	549,830
Change in net position				284,572	27,511	312,083
Net position, beginning of year, restated				5,250,319	2,403,414	7,653,733
Net position, ending of year				\$ 5,534,891	\$ 2,430,925	\$ 7,965,816

The accompanying notes are an integral part of this statement.

CITY OF BALL GROUND, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

	<u>General</u>	<u>SPLOST</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Cash	\$ 448,219	117,067	\$ 565,286
Taxes receivable	46,671	-	46,671
Accounts receivable, net	12,620	-	12,620
Intergovernmental receivable	-	53,987	53,987
Prepaid items	14,792	-	14,792
Advances to other funds	50,713	-	50,713
Total Assets	<u>\$ 573,015</u>	<u>\$ 171,054</u>	<u>\$ 744,069</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>			
Liabilities:			
Accounts payable	\$ 117,125	\$ 2,346	\$ 119,471
Advances from other funds	-	50,713	50,713
Total Liabilities	<u>117,125</u>	<u>53,059</u>	<u>170,184</u>
Deferred Inflows of Resources:			
Unavailable revenue - property taxes	45,951	-	45,951
Total Deferred Inflows of Resources	<u>45,951</u>	<u>-</u>	<u>45,951</u>
Fund balances:			
Nonspendable:			
Prepaid items	14,792	-	14,792
Advances to other funds	50,713	-	50,713
Restricted:			
Capital improvements	-	113,411	113,411
Assigned:			
Capital improvements	-	4,584	4,584
Unassigned	344,434	-	344,434
Total Fund Balances	<u>409,939</u>	<u>117,995</u>	<u>527,934</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 573,015</u>	<u>\$ 171,054</u>	<u>\$ 744,069</u>

The accompanying notes are an intergral part of this statement.

CITY OF BALL GROUND, GEORGIA

**RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2013**

Total governmental fund balances	\$	527,934
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Amounts reported for governmental activities in the Statement of Net Position are different because:

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

Cost	9,889,396	
Less: accumulated depreciation	<u>(3,390,638)</u>	6,498,758

Land held for resale investments included as part of governmental activities are not financial resources and, therefore, are not reported in the funds. 150,000

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

Property taxes		45,951
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Long-term liabilities are not due and payable in the current period and are not reported in the funds.

Compensated absences	(12,538)	
Interest payable	(4,992)	
Capital leases	<u>(1,670,222)</u>	<u>(1,687,752)</u>

Net position of governmental activities	\$	<u>5,534,891</u>
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The accompanying notes are an integral part of this statement.

CITY OF BALL GROUND, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>General</u>	<u>SPLOST</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes	\$ 547,839	\$ -	\$ 547,839
Licenses and permits	51,397	-	51,397
Intergovernmental	70,000	352,037	422,037
Charges for services	18,042	-	18,042
Fines and forfeitures	9,375	-	9,375
Investment earnings	984	138	1,122
Rental Income	3,634	-	3,634
Miscellaneous	764	166	930
Total revenues	<u>702,035</u>	<u>352,341</u>	<u>1,054,376</u>
Expenditures:			
Current:			
General government	237,247	4,131	241,378
Judicial	5,027	-	5,027
Public safety	214,984	-	214,984
Public works	33,644	17,571	51,215
Health and welfare	6,334	-	6,334
Culture and recreation	159,556	8,621	168,177
Housing and development	13,164	-	13,164
Capital outlay:			
General government	-	401	401
Public works	-	110,841	110,841
Culture and recreation	-	43,691	43,691
Debt service:			
Principal	-	92,432	92,432
Interest and other charges	-	84,447	84,447
Total expenditures	<u>669,956</u>	<u>362,135</u>	<u>1,032,091</u>
Excess (deficiency) of revenues over expenditures	32,079	(9,794)	22,285
Other financing sources (uses):			
Transfers in	-	8,584	8,584
Transfers out	(8,584)	-	(8,584)
Total other financing sources (uses)	<u>(8,584)</u>	<u>8,584</u>	<u>-</u>
Net change in fund balances	23,495	(1,210)	22,285
Fund balances, beginning of year	<u>386,444</u>	<u>119,205</u>	<u>505,649</u>
Fund balances, end of year	<u>\$ 409,939</u>	<u>\$ 117,995</u>	<u>\$ 527,934</u>

The accompanying notes are an integral part of this statement.

CITY OF BALL GROUND, GEORGIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

Net changes in fund balances - total governmental funds: \$ 22,285

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 exceeds capital outlays in the current period.

Capital outlay	270,520	
Depreciation expense	<u>(310,326)</u>	(39,806)

The effect of various miscellaneous transactions involving capital assets (i.e. donations) is to increase net position. 69,219

The effect of transactions involving donated land held for resale is to increase net position. 150,000

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

Property taxes		(659)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments - capital lease		92,432
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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	(100)	
Change in accrued interest	195	95

Change in net position - governmental activities \$ 293,566

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
FOR THE YEAR ENDED JUNE 30, 2013**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property taxes	\$ 312,000	\$ 312,000	\$ 322,532	\$ 10,532
Franchise taxes	75,300	75,300	87,610	12,310
Business taxes	124,000	124,000	137,697	13,697
Licenses and permits	27,150	27,150	51,397	24,247
Charges for services	9,620	9,620	18,042	8,422
Fines and forfeitures	12,000	12,000	9,375	(2,625)
Intergovernmental revenue	25,000	25,000	70,000	45,000
Investment earnings	300	300	984	684
Rental Income	-	-	3,634	3,634
Miscellaneous	400	400	764	364
Total revenues	<u>585,770</u>	<u>585,770</u>	<u>702,035</u>	<u>116,265</u>
Expenditures				
General government:				
Legislative	10,515	10,515	10,794	(279)
Clerk of Council	65,374	65,374	64,243	1,131
Mayor	10,725	10,725	9,901	824
City manager	22,400	22,400	20,916	1,484
Elections	250	250	-	250
General administration	102,852	102,852	97,531	5,321
General government buildings	34,500	34,500	33,862	638
Judicial:				
Municipal court	7,250	7,250	5,027	2,223
Public safety:				
Patrol	226,870	226,870	214,984	11,886
Public works:				
Highways and streets	52,500	52,500	33,644	18,856
Health and welfare:				
Community center	7,600	7,600	6,334	1,266
Culture and recreation:				
Parks	19,000	19,000	158,336	(139,336)
Library	1,000	1,000	1,000	-
Tree City	1,433	1,433	220	1,213
Housing and development:				
Planning and zoning	9,650	9,650	12,500	(2,850)
Building department	1,250	1,250	664	586
Total expenditures	<u>573,169</u>	<u>573,169</u>	<u>669,956</u>	<u>(96,787)</u>
Excess of revenues over expenditures	12,601	12,601	32,079	19,478
Other financing uses:				
Transfers out	-	-	(8,584)	(8,584)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(8,584)</u>	<u>(8,584)</u>
Net change in fund balance	12,601	12,601	23,495	10,894
Fund balance, beginning of year	386,444	386,444	386,444	-
Fund balance, end of year	<u>\$ 399,045</u>	<u>\$ 399,045</u>	<u>\$ 409,939</u>	<u>\$ 10,894</u>

The accompanying notes are an integral part of this statement.

CITY OF BALL GROUND, GEORGIA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013**

	Business-type Activities - Enterprise Funds		
	Water and Sewerage	Solid Waste	Total
<u>Assets</u>			
Current assets:			
Cash	\$ 237,490	\$ 14,215	\$ 251,705
Accounts receivable, net	53,699	9,069	62,768
Prepaid expenses	11,019	-	11,019
Inventories	36,991	-	36,991
Restricted cash, customer deposits	13,860	-	13,860
Total current assets	<u>353,059</u>	<u>23,284</u>	<u>376,343</u>
Non-current assets:			
Capital assets:			
Non-depreciable	45,697	-	45,697
Depreciable, net of accumulated depreciation	3,350,108	-	3,350,108
Total capital assets	<u>3,395,805</u>	<u>-</u>	<u>3,395,805</u>
Total non-current assets	<u>3,395,805</u>	<u>-</u>	<u>3,395,805</u>
Total assets	<u>3,748,864</u>	<u>23,284</u>	<u>3,772,148</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	29,078	122	29,200
Interest payable	2,252	-	2,252
Unearned revenue	1,482	-	1,482
Compensated absences, current	5,012	-	5,012
Current portion of notes payable	24,840	-	24,840
Payable from restricted assets:			
Customer deposits payable	13,860	-	13,860
Current portion of bonds payable	20,359	-	20,359
Total current liabilities	<u>96,883</u>	<u>122</u>	<u>97,005</u>
Non-current liabilities:			
Compensated absences	264	-	264
Notes payable	60,469	-	60,469
Bonds payable	1,183,485	-	1,183,485
Total non-current liabilities	<u>1,244,218</u>	<u>-</u>	<u>1,244,218</u>
Total liabilities	<u>1,341,101</u>	<u>122</u>	<u>1,341,223</u>
<u>Net Position</u>			
Net investment in capital assets	2,106,652	-	2,106,652
Unrestricted	301,111	23,162	324,273
Total net position	<u>\$ 2,407,763</u>	<u>\$ 23,162</u>	<u>\$ 2,430,925</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
JUNE 30, 2013**

	Business-type Activities - Enterprise Funds		
	Water and Sewerage	Solid Waste	Total
Operating revenues:			
Charges for service	\$ 586,818	\$ 95,722	\$ 682,540
Miscellaneous revenue	533	-	533
Total operating revenues	<u>587,351</u>	<u>95,722</u>	<u>683,073</u>
Operating expenses:			
Personnel services	157,967	15,261	173,228
Contractual services	270,078	69,528	339,606
Other supplies and expenses	61,478	3,983	65,461
Depreciation	225,034	-	225,034
Total operating expenses	<u>714,557</u>	<u>88,772</u>	<u>803,329</u>
Net operating income (loss)	<u>(127,206)</u>	<u>6,950</u>	<u>(120,256)</u>
Non-operating revenue (expenses):			
Interest revenue	203	-	203
Interest expense	(55,093)	-	(55,093)
Loss on disposal of capital assets	(2,757)	-	(2,757)
Assets constructed for governmental activities	(16,086)	-	(16,086)
Total non-operating revenue (expenses)	<u>(73,733)</u>	<u>-</u>	<u>(73,733)</u>
Changes in net position before capital contributions	<u>(200,939)</u>	<u>6,950</u>	<u>(193,989)</u>
Capital contributions - water capacity sales	45,500	-	45,500
Capital contributions - sewer capacity sales	176,000	-	176,000
	<u>221,500</u>	<u>-</u>	<u>221,500</u>
Change in net position	20,561	6,950	27,511
Net position, beginning of year	2,387,202	16,212	2,403,414
Net position, end of year	<u>\$ 2,407,763</u>	<u>\$ 23,162</u>	<u>\$ 2,430,925</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, 2013**

	Business-type Activities - Enterprise Funds		
	Water and Sewerage	Solid Waste	Totals
Cash flows from operating activities:			
Receipts from customers	\$ 587,299	\$ 94,393	\$ 681,692
Payments to employees	(156,409)	(15,261)	(171,670)
Payments to suppliers	(422,442)	(73,494)	(495,936)
Net cash provided by operating activities	8,448	5,638	14,086
Cash flows used in noncapital financing activities:			
Assets purchased for governmental activities	(16,086)	-	(16,086)
Net cash used in noncapital financing activities	(16,086)	-	(16,086)
Cash flows from capital and related financing activities:			
Principal paid on capital debt	(52,362)	-	(52,362)
Interest paid on capital debt	(55,202)	-	(55,202)
Capital contributions - tap sales	221,500	-	221,500
Proceeds from sale of capital assets	21,899	-	21,899
Net cash provided by capital and related financing activities	135,835	-	135,835
Cash flows from investing activities:			
Interest received	203	-	203
Net cash provided by investing activities	203	-	203
Net increase in cash	128,400	5,638	134,038
Cash, beginning of period	122,950	8,577	131,527
Cash, end of period	<u>\$ 251,350</u>	<u>\$ 14,215</u>	<u>\$ 265,565</u>
Reconciliation of cash:			
Unrestricted	\$ 237,490	\$ 14,215	\$ 251,705
Restricted	13,860	-	13,860
	<u>\$ 251,350</u>	<u>\$ 14,215</u>	<u>\$ 265,565</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, 2013**

	Business-type Activities - Enterprise Funds		
	Water and Sewerage	Solid Waste	Totals
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (127,206)	\$ 6,950	\$ (120,256)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	225,034	-	225,034
Change in assets and liabilities:			
Increase in account receivable, net	(523)	(1,329)	(1,852)
Increase in inventory	(8,948)	-	(8,948)
Increase in prepaid expenses	(672)	-	(672)
Increase in accounts payable	11,056	17	11,073
Increase in unearned revenue	471	-	471
Increase in compensated absences	1,558	-	1,558
Decrease in advances from other funds	(93,922)	-	(93,922)
Increase in customer deposits	1,600	-	1,600
Net cash provided by operating activities	<u>\$ 8,448</u>	<u>\$ 5,638</u>	<u>\$ 14,086</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, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the City have been prepared in conformity with the accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. THE REPORTING ENTITY

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

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The City's financial statements include the City's accounts of all operations. As of June 30, 2013, there are no component units included in the financial statements of the City. The criteria for including organizations within the City's reporting entity, as set forth in Governmental Accounting Standards Board's Statement No. 61 (GASB 61), "The Financial Reporting Entity; Omnibus an amendment of GASB Statements No. 14 and 34", is financial accountability. Financial accountability is defined as appointment of a voting majority of the component unit's board and either the ability to impose will by the primary government, or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

B. BASIS OF PRESENTATION - FUND ACCOUNTING

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

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

C. GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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

C. GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)

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

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

Net position should be reported as restricted when constraints placed on use of the net position is 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 the use of the net position.

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 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 year or within sixty days of year-end and available to pay obligations of the current period): property taxes, sales tax, intergovernmental grants and investment earnings. Other revenues, including licenses and permits, certain charges for services are recorded as revenue when received in cash because they are generally not measurable until actually received.

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 which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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

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

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

The City reports the following major governmental funds:

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

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 local option sales tax dated August 30, 2004. The collection of this tax began in July, 2006. In addition another referendum was approved for the acquisition or construction of major capital projects on November 2, 2010. The collection of this tax began on July 2012.

The City reports the following major enterprise funds:

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.

Solid Waste Fund: This fund accounts for the operation of the sanitation system including all revenues from sources applicable to these operations and all expenses of the operations.

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 year-end.

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.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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

E. ENCUMBRANCES

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

F. CASH

Cash includes amounts in demand deposits. Statutes authorize the City to invest in U.S. Government obligations, U.S. Government agency obligations, State of Georgia obligations, obligations of other counties, municipal corporations and political subdivisions of the State of Georgia which are rated "AA" or better by Moody's Investors Service, Inc., negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association, repurchase agreements when collateralized by U.S. Government or agency obligations, and pooled investment programs sponsored by the State of Georgia for the investment of local government funds. Any investment or deposit in excess of the federal depository insured amounts must be collateralized by an equivalent amount of state or U.S. obligations. For purposes of the statement of cash flows, all highly liquid investments with an original maturity of less than 90 days are considered to be cash equivalents.

G. RECEIVABLES AND PAYABLES

Activity between funds that is representative of lending / borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds is reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

H. INVENTORIES

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

I. PREPAID ITEMS/EXPENSES

Payments to vendors for services that will benefit periods beyond June 30, 2013, 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 assets.

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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

J. CAPITAL ASSETS

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets acquired prior to July 1, 2003 consist of the road network assets that were acquired or that received substantial improvements subsequent to July 1, 1980 and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The threshold for capitalization for infrastructure is \$5,000 and for other capital assets is \$2,500.

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

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

K. COMPENSATED ABSENCES

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

L. DEFERRED OUTFLOWS / INFLOWS OF RESOURCES

The City implemented GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*, as of July 1, 2012. These new standards establish accounting and financial reporting for deferred outflows / inflows of resources and the concept of net position as the residual of all other elements presented in a statement of financial position.

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

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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

L. DEFERRED OUTFLOWS / INFLOWS OF RESOURCES (Continued)

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

M. USE OF ESTIMATES

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

N. LONG-TERM OBLIGATIONS

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums 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 year end. During the current fiscal year, there were no 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, 2013

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 and current liabilities. 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), or
 - (b) Legally or contractually required to be maintained intact

- 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; or
 - (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 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, 2013

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 represent the difference between assets less liabilities and deferred inflows of resources 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 statues 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, 2013, the City’s bank balances of \$815,054 were fully collateralized in compliance with the state requirements.

NOTE 3. RECEIVABLES

Receivables at June 30, 2013, for the City’s individual major funds are as follows:

	<u>General</u>	<u>SPLOST</u>	<u>Water and Sewerage</u>	<u>Solid Waste</u>	<u>Total</u>
Receivables:					
Taxes	\$ 46,765	\$ -	\$ -	\$ -	\$ 46,765
Accounts	12,620	-	66,001	11,313	89,934
Intergovernmental	-	53,987	-	-	53,987
Gross receivables	<u>59,385</u>	<u>53,987</u>	<u>66,001</u>	<u>11,313</u>	<u>190,686</u>
Less allowance for uncollectibles	(94)	-	(12,302)	(2,244)	(14,640)
Net total receivables	<u>\$ 59,291</u>	<u>\$ 53,987</u>	<u>\$ 53,699</u>	<u>\$ 9,069</u>	<u>\$ 176,046</u>

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 3. RECEIVABLES (Continued)

The City bills and collects its own 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, 2012. Secured property tax payments were due on December 20, 2012. 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 2012 City millage levy of 6.000 mills, a property owner would pay \$6.00 per \$1,000 of assessed valuation.

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CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 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	\$ 498,742	\$ 9,973	\$ -	\$ 508,715
Construction in progress	74,601	40,416	-	115,017
Total	<u>573,343</u>	<u>50,389</u>	<u>-</u>	<u>623,732</u>
Capital assets, being depreciated:				
Land improvements	46,336	61,451	-	107,787
Buildings and improvements	2,203,714	127,884	-	2,331,598
Machinery and equipment	82,929	-	-	82,929
Infrastructure	6,535,369	100,015	-	6,635,384
Vehicles	107,966	-	-	107,966
Total	<u>8,976,314</u>	<u>289,350</u>	<u>-</u>	<u>9,265,664</u>
Less accumulated depreciation for:				
Land improvements	(11,181)	(2,107)	-	(13,288)
Buildings and improvements	(325,650)	(50,513)	-	(376,163)
Machinery and equipment	(61,373)	(3,745)	-	(65,118)
Infrastructure	(2,602,491)	(241,429)	-	(2,843,920)
Vehicles	(79,617)	(12,532)	-	(92,149)
Total	<u>(3,080,312)</u>	<u>(310,326)</u>	<u>-</u>	<u>(3,390,638)</u>
Total capital assets, being depreciated, net	<u>5,896,002</u>	<u>(20,976)</u>	<u>-</u>	<u>5,875,026</u>
Governmental activities capital assets, net	<u>\$ 6,469,345</u>	<u>\$ 29,413</u>	<u>\$ -</u>	<u>\$ 6,498,758</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 45,697	\$ -	\$ -	\$ 45,697
Construction in progress	8,921	-	(8,921)	-
Total	<u>54,618</u>	<u>-</u>	<u>(8,921)</u>	<u>45,697</u>
Capital assets, being depreciated:				
Machinery and equipment	759,107	8,921	(52,843)	715,185
Infrastructure	4,640,943	-	-	4,640,943
Total	<u>5,400,050</u>	<u>8,921</u>	<u>(52,843)</u>	<u>5,356,128</u>
Less accumulated depreciation for:				
Machinery and equipment	(419,432)	(39,444)	28,187	(430,689)
Infrastructure	(1,389,741)	(185,590)	-	(1,575,331)
Total	<u>(1,809,173)</u>	<u>(225,034)</u>	<u>28,187</u>	<u>(2,006,020)</u>
Total capital assets, being depreciated, net	<u>3,590,877</u>	<u>(216,113)</u>	<u>(24,656)</u>	<u>3,350,108</u>
Business-type activities capital assets, net	<u>\$ 3,645,495</u>	<u>\$ (216,113)</u>	<u>\$ (33,577)</u>	<u>\$ 3,395,805</u>

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 4. CAPITAL ASSETS (Continued)

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

Governmental Activities:	
General government	\$ 43,354
Public safety	14,258
Public works	241,950
Culture and recreation	<u>10,764</u>
Total depreciation expense - governmental activities	<u>\$ 310,326</u>
Business-type Activities:	
Water and sewerage	<u>\$ 225,034</u>
Total depreciation expense - business-type activities	<u>\$ 225,034</u>

NOTE 5. INTERFUND BALANCES AND ACTIVITY

A. ADVANCES BETWEEN FUNDS

Advances to/from other funds at June 30, 2013 consist of the following:

<u>\$ 50,713</u>	Advances from the General Fund to the SPLOST Fund for property acquisition
------------------	--

B. TRANSFER TO/FROM OTHER FUNDS

Transfers to/from other funds at June 30, 2013, consist of the following:

<u>\$8,584</u>	Transfer to the SPLOST Fund from the General Fund to compensate for the budget shortfall in SPLOST distributions for the same time period.
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NOTE 6. INTERGOVERNMENTAL REVENUE AND RECEIVABLE

The following amounts are due from other governments at June 30, 2013:

SPLOST Fund:

Cherokee County- Special Purpose Local Option Sales Tax	<u>\$ 53,987</u>
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The following amounts are a breakdown of intergovernmental revenues as of June 30, 2013 as referenced on the Statement of Revenues, Expenditures, and Changes in Fund Balances on page 22:

General Fund:

Cherokee County – Parks Bond Funds	<u>\$ 70,000</u>
------------------------------------	------------------

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 6. INTERGOVERNMENTAL REVENUE AND RECEIVABLE (Continued)

SPLOST Fund:

Special Purpose Local Option Sales Tax	\$ 337,370
Georgia DOT - LMIG Funds	<u>14,667</u>
	<u>\$ 352,037</u>

NOTE 7. LONG-TERM DEBT

Governmental Activities:

Capital leases in the governmental activities consisted of the following as of June 30, 2013:

BB&T, purchase of 2011 police vehicle, original lease amount of \$25,757 with an interest rate of 3.43%, monthly payments of \$754 until maturity in 2014. \$ 5,952

Cherokee Bank, construction of Valley Street, original note amount of \$600,000 with an interest rate of 5.10 %, monthly payments of \$4,797 until maturity in 2022. \$ 427,392

BB&T, refinance of city administration building, original lease amount of \$1,450,000 with an interest rate of 4.52%, monthly payments of \$9,189 until maturity in 2031. \$ 1,323,499

Business-type Activities:

Notes payable in the Water and Sewerage Fund consisted of the following as of June 30, 2013:

Georgia Environmental Facilities Agency, construction of water line, original note amount of \$120,486 with an interest rate of 4.76%, quarterly payments of \$2,821 until maturity in 2014. \$ 2,788

BB&T, refinance of Badger Radio Read Meter System, original note amount of \$171,612 with an interest rate of 3.32 %, monthly payments of \$2,038 until maturity in 2017. \$ 82,521

Revenue Bonds payable in the Water and Sewerage Fund consisted of the following as of June 30, 2013:

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. \$ 1,203,844

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 7. LONG-TERM DEBT (Continued)

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
Governmental Activities:					
Compensated absences	\$ 12,438	\$ 16,036	\$ 15,936	\$ 12,538	\$ 11,911
Capital lease payable	1,849,275	-	92,432	1,756,843	93,568
Governmental activities long-term liabilities	<u>\$ 1,861,713</u>	<u>\$ 16,036</u>	<u>\$ 108,368</u>	<u>\$ 1,769,381</u>	<u>\$ 105,479</u>
Business-type Activities:					
Compensated absences	\$ 3,718	\$ 6,090	\$ 4,532	\$ 5,276	\$ 5,012
Notes payable	118,282	-	32,973	85,309	24,840
Revenue bonds	1,223,233	-	19,389	1,203,844	20,359
Business-type activities long-term liabilities	<u>\$ 1,345,233</u>	<u>\$ 6,090</u>	<u>\$ 56,894</u>	<u>\$ 1,294,429</u>	<u>\$ 50,211</u>

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

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

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2014	\$ 173,863
2015	167,832
2016	167,832
2017	167,832
2018	167,832
2019-2023	806,492
2024-2028	551,345
2029-2031	257,294
Total minimum lease payments	2,460,322
Less amount representing interest	(703,479)
Present value of future minimum lease payments	<u>\$ 1,756,843</u>

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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 (title transfers 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. As of June 30, 2013 the City had \$2,075,757 of equipment and improvements under capital lease.

The following table represents the debt service requirements for the City's notes payable as of June 30, 2013.

Year Ending June 30,	Business-type Activities		Total Service
	Principal	Interest	
2014	\$ 24,840	\$ 2,439	\$ 27,279
2015	22,795	1,663	24,458
2016	23,564	894	24,458
2017	14,110	158	14,268
	<u>\$ 85,309</u>	<u>\$ 5,154</u>	<u>\$ 90,463</u>

The following table represents the debt service requirements for the City's revenue bonds as of June 30, 2013.

Year Ending June 30,	Principal	Interest	Total Debt Service
2014	\$ 20,359	\$ 50,645	\$ 71,004
2015	21,241	49,763	71,004
2016	22,162	48,842	71,004
2017	23,122	47,882	71,004
2018	24,124	46,880	71,004
2019-2023	137,239	217,781	355,020
2024-2028	169,669	185,351	355,020
2029-2033	209,762	145,258	355,020
2034-2038	259,329	95,691	355,020
2039-2043	314,694	40,326	355,020
2044	2,143	1,056	3,199
Total	<u>\$ 1,203,844</u>	<u>\$ 929,475</u>	<u>\$ 2,133,319</u>

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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. In previous years the City matched contributions based on the length of service, up to a maximum of 4%; however as a cost saving measure the City suspended matching the employee's contributions. The City's total payroll for the fiscal year was \$435,281 including \$155,242 of payroll covered by these plans. The total amount of contributions made by plan members was \$11,762. There are three participants who are actively participating in the plan and the plan had \$72,138 of assets and reserves as of June 30, 2013.

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 but 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, 2013.

NOTE 10. VOLUNTEER FIRE FIGHTER'S COMPENSATION

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

NOTE 11. RISK MANAGEMENT

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

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

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 11. RISK MANAGEMENT (Continued)

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, as well as following 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 year or the current fiscal year. The City is unaware of any claims for which the City is liable (up to the applicable deductible) that was outstanding and unpaid at June 30, 2013. No provisions have been made in the financial statements for the year ended June 30, 2013 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.

NOTE 12. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

During fiscal year 2013, two expenditure items exceeded appropriated amounts as shown in the preceding budgetary comparison statement. The management of the City intends to generate future income to offset the current 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 24: The cost overrun was a direct result of the purchase and renovation of a City gymnasium, a Stream buffer project and the total maintenance expense of the City parks, which previously were maintained by Cherokee County. However \$70,000 of the cost overrun was offset by reimbursement from Cherokee County for two projects. The largest portion of the cost overrun in planning and zoning was the direct result of the unplanned expenditure of leasing an off street parking lot, \$2,400 and the cost share of needed software, \$1,000.

General Fund department:	Final Budget	Actual	Actual Over Budget
Parks	\$ 19,000	\$ 158,336	\$ (139,336)
Planning and zoning	9,650	12,500	(2,850)

CITY OF BALL GROUND, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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 year ended June 30, 2013 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

NOTE 14. CHANGE IN ACCOUNTING PRINCIPLE

The City has determined that a restatement of beginning net position of the Governmental Activities was required to recognize the change in accounting principle for implementation of Governmental Accounting Standards Board (GASB) Statement No. 65, through which bond issuance costs are written off as of July 1, 2012. This adjustment resulted in changes to beginning net position of Governmental Activities as follows:

	Governmental Activities
Net position, as previously reported	\$ 5,300,125
Recognition of bond issuance costs in accordance with GASB 65	(49,806)
Net position, as restated	<u>\$ 5,250,319</u>

OTHER SUPPLEMENTAL INFORMATION

The Special Report is applicable to the 2006 and 2012 Special 1 Percent Sales and Use Tax required by the State of Georgia.

CITY OF BALL GROUND, GEORGIA
SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE
LOCAL OPTION SALES TAX PROCEEDS
For the Fiscal Year Ended June 30, 2013

2006 Issue

Project	Original Estimated Cost	Current Estimated Cost	Prior Years	Expenditures Current Year	Total	Estimated % of Completion
Roads, Streets and Sidewalks	\$ 1,000,000	\$ 2,464,201	\$ 2,400,216	\$ 63,985	\$ 2,464,201	100.00%
Administration - City Hall and Maintenance Facility	450,000	1,468,227	1,419,440	48,787	1,468,227	100.00%
Public Safety - Police Equipment	340,000	125,061	121,291	3,770	125,061	100.00%
Water System Improvements	500,000	132,512	132,512	-	132,512	100.00%
Recreation - Park Improvements	100,000	151,266	117,879	33,387	151,266	100.00%
	<u>\$ 2,390,000</u>	<u>\$ 4,341,267</u>	<u>\$ 4,191,338</u>	<u>\$ 149,929</u>	<u>\$ 4,341,267</u>	

2012 Issue

Project	Original Estimated Cost	Current Estimated Cost	Prior Years	Expenditures Current Year	Total	Estimated % of Completion
Transportation Facilities and Improvements (<i>Roads, Streets, and Sidewalks</i>)	\$ 658,100	\$ 658,100	-	\$ 121,992	\$ 121,992	18.54%
Fire Facilities, Vehicles and Equipment	250,000	250,000	-	-	-	0.00%
City Hall Debt Service	662,400	662,400	-	61,612	61,612	9.30%
Public Safety - Law Enforcement Facilities, Vehicles, Equipment	200,000	200,000	-	5,277	5,277	2.64%
Community Center	100,000	100,000	-	-	-	0.00%
Water / Sewer System Improvements	100,000	100,000	-	-	-	0.00%
Park and Recreation Facilities	99,500	99,500	-	19,325	19,325	19.42%
	<u>\$ 2,070,000</u>	<u>\$ 2,070,000</u>	<u>\$ -</u>	<u>\$ 208,206</u>	<u>\$ 208,206</u>	
				Audit fees paid with TAVT revenues	4,000	
				Total expenditures in SPLOST Fund	<u>\$ 212,206</u>	

STATISTICAL SECTION (Unaudited)

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

Contents

Financial Trends

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

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property taxes.

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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Net investment in capital assets	\$ 1,592,503	\$ 1,799,231	\$ 2,129,514	\$ 943,843	\$ 3,971,970	\$ 4,567,443	\$ 4,778,827	\$ 4,690,885	\$ 4,715,685	\$ 4,828,536
Restricted	19,035	75,500	562,207	2,060,606	395,790	161,222	175,402	190,785	119,205	113,411
Unrestricted	874,793	634,912	238,174	278,354	236,956	311,599	371,900	398,223	465,235	592,944
Total governmental activities net position	\$ 2,486,331	\$ 2,509,643	\$ 2,929,895	\$ 3,282,803	\$ 4,604,716	\$ 5,040,264	\$ 5,326,129	\$ 5,279,893	\$ 5,300,125	\$ 5,534,891
Business-type activities										
Net investment in capital assets	\$ 1,794,078	\$ 2,027,547	\$ 2,152,935	\$ 2,148,276	\$ 3,231,507	\$ 3,072,767	\$ 2,981,354	\$ 2,781,707	\$ 2,303,980	\$ 2,106,652
Restricted	24,685	119,088	-	-	-	-	-	-	-	-
Unrestricted (deficit)	(50,459)	(194,016)	227,364	412,948	114,573	47,994	57,805	65,539	99,434	324,273
Total business-type activities net position	\$ 1,768,304	\$ 1,952,619	\$ 2,380,299	\$ 2,561,224	\$ 3,346,080	\$ 3,120,761	\$ 3,039,159	\$ 2,847,246	\$ 2,403,414	\$ 2,430,925
Primary government										
Net investment in capital assets	\$ 3,386,581	\$ 3,826,778	\$ 4,282,449	\$ 3,092,119	\$ 7,203,477	\$ 7,640,210	\$ 7,760,181	\$ 7,472,592	\$ 7,019,665	\$ 6,935,188
Restricted	43,720	194,588	562,207	2,060,606	395,790	161,222	175,402	190,785	119,205	113,411
Unrestricted	824,334	440,896	465,538	691,302	351,529	359,593	429,705	463,762	564,669	917,217
Total primary government net position	\$ 4,254,635	\$ 4,462,262	\$ 5,310,194	\$ 5,844,027	\$ 7,950,796	\$ 8,161,025	\$ 8,365,288	\$ 8,127,139	\$ 7,703,539	\$ 7,965,816

(1) Restricted net position is comprised mostly of SPLOST funds which have been restricted for capital projects.

City of Ball Ground, Georgia

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

(Unaudited)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities:										
General government	\$ 133,050	\$ 151,130	\$ 228,652	\$ 228,130	\$ 361,569	\$ 301,015	\$ 259,317	\$ 264,145	\$ 279,953	\$ 285,118
Judicial	14,243	8,548	15,781	15,429	13,631	26,357	22,818	7,055	4,958	5,027
Public safety	198,806	188,556	217,386	218,724	269,306	270,723	246,354	239,428	205,975	228,956
Public works	146,147	234,436	253,824	223,730	218,631	245,068	369,767	284,986	277,993	293,165
Health and welfare	5,028	6,174	617	7,086	-	8,072	6,799	6,585	6,316	6,334
Culture and recreation	7,957	8,680	12,185	17,043	31,362	9,156	7,641	53,058 (1)	8,874	63,354 (2)
Housing and development	591	7,502	3,157	18,037	35,608	21,348	21,135	18,096	16,024	13,164
Interest on long-term debt	449	37	3,898	15,225	88,571	92,035	87,078	102,181	102,697	93,246
Total governmental activities expenses	506,271	605,063	735,500	743,404	1,018,678	973,774	1,020,909	975,534	902,790	988,364
Business-type activities:										
Water and sewerage	208,154	425,077	566,861	724,898	886,375	874,290	833,624	779,241	1,033,736	772,407
Sanitation	-	-	3,270	29,248	38,400	61,901	75,339	73,711	80,967	88,772
Total business-type activities expenses	208,154	425,077	570,131	754,146	924,775	936,191	908,963	852,952	1,114,703	861,179
Total primary government expenses	714,425	1,030,140	1,305,631	1,497,550	1,943,453	1,909,965	1,929,872	1,828,486	2,017,493	1,849,543
Program Revenues										
Governmental Activities:										
Charges for Service:										
General government	454,142	55,056	-	-	9,735	9,215	10,555	13,900	10,800	12,734
Judicial	51,250	33,765	33,756	23,741	30,559	46,034	36,393	24,057	12,482	9,375
Public safety	-	2,270	6,102	75	-	-	-	260	125	45
Culture and recreation	-	-	40,317	6,650	7,477	6,955	4,795	5,800	6,300	17,997
Housing and development	20,450	32,619	110,341	100,670	45,044	23,425	15,493	1,130	1,305	42,297
Capital grants and contributions	-	-	-	162,100	1,345,408	491,166	781,892	425,249	386,772	625,308
Total governmental activities program revenues	525,842	123,710	190,516	293,236	1,438,223	576,795	849,128	470,396	417,784	707,756
Business-type activities:										
Charges for services:										
Water and Sewerage	209,420	327,353	686,551	781,862	609,065	604,731	627,069	563,774	573,854	586,818
Sanitation	-	-	-	31,531	52,983	72,969	81,769	84,266	90,614	95,722
Capital grants and contributions	1,268,861	177,527	121,572	-	1,121,884	-	99,310	-	-	221,500
Total business-type activities program revenues	1,478,281	504,880	808,123	813,393	1,783,932	677,700	808,148	648,040	664,468	904,040
Total primary government program revenues	\$ 2,004,123	\$ 628,590	\$ 998,639	\$ 1,106,629	\$ 3,222,155	\$ 1,254,495	\$ 1,657,276	\$ 1,118,436	#####	\$ 1,611,796

(continued)

City of Ball Ground, Georgia

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

(Unaudited)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (Expense)/Revenue										
Governmental Activities	\$ (434,571)	\$ (481,353)	\$ (544,984)	\$ (450,168)	\$ 419,543	\$ (396,979)	\$ (171,781)	\$ (505,138)	\$ (485,006)	\$ (280,608)
Business-type activities	1,090,600	79,803	242,206	59,247	859,157	(238,491)	(100,815)	(204,912)	(450,235)	42,861
Total primary government net expense	\$ 656,029	\$ (401,550)	\$ (302,778)	\$ (390,921)	\$ 1,278,700	\$ (655,470)	\$ (272,596)	\$ (710,050)	\$ (935,241)	\$ (237,747)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 158,652	\$ 160,701	\$ 189,865	\$ 205,635	\$ 268,030	\$ 320,395	\$ 317,148	\$ 313,052	\$ 298,419	\$ 321,873
Sales taxes	334,834	338,622	751,780	493,166	364,399	329,302	-	-	-	-
Other taxes	116,022	81,865	132,277	139,504	153,368	155,739	154,695	162,714	202,160	225,307
Unrestricted investment earnings	15,500	8,936	14,214	41,794	36,498	5,662	4,185	2,546	1,819	984
Miscellaneous	2,095	14,625	60,151	16,349	7,207	28,698	459	1,284	267	930
Gain on sale of capital assets	-	-	-	-	11,121	-	-	-	2,708	-
Transfers	(172,961)	(100,084)	(183,051)	(93,372)	54,478	-	(18,841)	(9,450)	(135)	16,086
Total governmental activities	454,142	504,665	965,236	803,076	895,101	839,796	457,646	470,146	505,238	565,180
Business-type activities										
Investment earnings	2,078	1,023	2,170	13,348	9,702	1,092	324	176	77	203
Miscellaneous	3,656	3,405	253	14,958	1,528	1,027	48	3,373	6,191	533
Gain on sale of capital assets	832	-	-	-	-	-	-	-	-	-
Transfers	172,961	100,084	183,051	93,372	(54,478)	-	18,841	9,450	135	(16,086)
Total business-type activities	179,527	104,512	185,474	121,678	(43,248)	2,119	19,213	12,999	6,403	(15,350)
Total primary government	\$ 633,669	\$ 609,177	\$ 1,150,710	\$ 924,754	\$ 851,853	\$ 841,915	\$ 476,859	\$ 483,145	\$ 511,641	\$ 549,830
Change in Net Position										
Governmental activities	\$ 19,571	\$ 23,312	\$ 420,252	\$ 352,908	\$ 1,314,644	\$ 442,817	\$ 285,865	\$ (34,992)	\$ 20,232	\$ 284,572
Business-type activities	1,270,127	184,315	427,680	180,925	815,909	(256,372)	(81,602)	(191,913)	(443,832)	27,511
Total primary government	\$ 1,289,698	\$ 207,627	\$ 847,932	\$ 533,833	\$ 2,130,553	\$ 186,445	\$ 204,263	\$ (226,905)	\$ (423,600)	\$ 312,083

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.

City of Ball Ground, Georgia

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

(Unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ 5,391	\$ -	\$ -	\$ 8,130	\$ -	\$ -	\$ -
Unreserved	186,974	220,658	233,797	279,047	230,673	255,296	330,244	-	-	-
Nondisable - prepaids	-	-	-	-	-	-	-	8,324	14,379	14,792
Nondisable - advances	-	-	-	-	-	-	-	-	124,635	50,713
Unassigned	-	-	-	-	-	-	-	326,527	247,430	344,434
Total general fund	\$ 186,974	\$ 220,658	\$ 233,797	\$ 284,438	\$ 230,673	\$ 255,296	\$ 338,374	\$ 334,851	\$ 386,444	\$ 409,939
All Other Governmental Funds										
Reserved (1)	\$ 19,035	\$ 75,500	\$ 562,207	\$ 2,060,606	\$ 358,802	\$ 161,222	\$ 175,402	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	689,710	429,275	-	-	-	-	-	-	-	-
Restricted - capital projects	-	-	-	-	-	-	-	190,785	119,205	113,411
Assigned - capital projects	-	-	-	-	-	-	-	-	-	4,584
Total all other governmental funds	\$ 708,745	\$ 504,775	\$ 562,207	\$ 2,060,606	\$ 358,802	\$ 161,222	\$ 175,402	\$ 190,785	\$ 119,205	\$ 117,995

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

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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	\$ 584,196	\$ 649,284	\$ 1,046,336	\$ 843,795	\$ 770,863	\$ 759,707	\$ 493,991	\$ 454,873	\$ 518,074	\$ 547,839
Licenses and permits	14,091	32,619	110,341	100,670	54,779	32,640	26,048	15,030	12,105	51,397
Intergovernmental	-	-	-	-	17,500	491,166	781,892	425,196	358,460	422,037
Charges for service	291	2,270	6,102	6,725	7,477	6,955	4,795	6,060	6,425	18,042
Fines and forfeitures	51,170	33,765	33,756	23,741	30,559	46,034	36,393	24,057	12,482	9,375
Investment earnings	15,499	8,936	14,214	41,794	36,498	5,662	4,185	2,599	1,851	1,122
Penalties & interest	-	3,277	2,063	2,288	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	-	-	-	3,634
Miscellaneous	8,243	14,625	58,087	14,061	7,207	28,698	459	1,284	267	930
Total revenues	673,490	744,776	1,270,899	1,033,074	924,883	1,370,862	1,347,763	929,099	909,664	1,054,376
Expenditures										
General government	122,270	143,383	211,946	195,225	308,773	277,066	217,405	221,073	235,933	241,378
Judicial	14,243	8,548	15,781	15,429	13,631	26,357	22,818	7,055	4,958	5,027
Public safety	174,793	173,607	179,725	193,627	249,449	239,502	211,995	218,967	193,703	214,984
Public works	58,230	147,198	171,456	134,249	111,235	45,422	200	54,774	75,927	51,215
Health and welfare	5,028	6,174	6,107	7,314	9,341	8,072	6,799	6,585	6,316	6,334
Culture and recreation	5,321	5,737	8,987	12,283	26,931	4,604	2,388	9,419	34,644	168,177 (1)
Housing and development	591	7,502	3,157	18,037	35,608	21,348	21,135	18,096	16,024	13,164
Capital outlay	325,400	316,181	504,742	627,007	2,393,680	744,487	541,941	208,294	198,939	154,933
Debt service										
Interest	449	37	4,208	15,225	310,007	112,131	87,078	87,097	88,724	84,447
Issuance costs	-	-	-	-	-	-	-	57,982	-	-
Principal	9,239	6,611	24,764	34,766	88,175	92,035	119,905	94,029	91,818	92,432
Total expenditures	715,564	814,978	1,130,873	1,253,162	3,546,830	1,571,024	1,231,664	983,371	946,986	1,032,091
Excess (deficiency) of revenues over (under) expenditures	(42,074)	(70,202)	140,026	(220,088)	(2,621,947)	(200,162)	116,099	(54,272)	(37,322)	22,285
Other Financing Sources (Uses)										
Transfers in	107,401	230,871	-	-	54,478	-	-	-	14,000	8,584
Transfers out	(280,362)	(330,955)	(183,051)	(93,372)	-	-	(18,841)	(9,450)	-	(8,584)
Capital leases	-	-	113,596	1,700,000	600,000	24,964	-	1,475,757	-	-
Paymet to refinance lease	-	-	-	-	-	-	-	(1,388,931)	-	-
Proceeds from sale of capital assets	-	-	-	162,500	211,900	2,241	-	-	3,335	-
Total other financing sources (uses)	(172,961)	(100,084)	(69,455)	1,769,128	866,378	27,205	(18,841)	77,376	17,335	-
Net change in fund balances	\$ (215,035)	\$ (170,286)	\$ 70,571	\$ 1,549,040	\$ (1,755,569)	\$ (172,957)	\$ 97,258	\$ 23,104	\$ (19,987)	\$ 22,285
Debt service as a percentage of noncapital expenditures	2%	1%	5%	8%	35%	25%	30%	23%	24%	23%

(1) During the 2013 fiscal year the City purchased a new gymnasium from the County school system and made approximately \$35,000 of improvements to the City parks.

City of Ball Ground, Georgia

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

Fiscal 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
2004	20,337,480	499,322	1,760,240	(188,540)	22,408,502	6.250	56,021,255	40.00
2005	22,104,080	719,220	2,058,590	(1,760)	24,880,130	6.250	62,200,325	40.00
2006	24,292,720	685,566	2,531,390	(182,489)	27,327,187	6.050	68,317,968	40.00
2007	32,637,720	880,575	2,346,550	(269,514)	35,595,331	5.500	88,988,328	40.00
2008	46,531,920	886,520	2,638,110	(371,080)	49,685,470	5.121	124,213,675	40.00
2009	53,260,560	1,155,316	2,636,990	(697,943)	56,418,483	5.121	141,046,207	40.00
2010	55,641,920	1,956,239	3,374,900	(1,481,987)	59,491,072	5.194	148,727,680	40.00
2011	51,267,281	1,233,922	3,057,420	(1,280,470)	54,333,553	5.194	135,833,883	40.00
2012	51,000,995	1,231,007	3,112,820	(1,277,555)	54,067,267	5.194	135,168,168	40.00
2013	43,470,287	730,053	3,402,700	(985,546)	46,671,054	6.000	116,677,618	40.00

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)

Year of Levy	Direct Rate	Overlapping Rate							Total Rates Direct & Overlapping	
	City of Ball Ground (1)	Cherokee County			State of Georgia		Cherokee County Schools			
		General Maintenance and Operations	Fire District Special District	Parks County Wide	Total BOC Rate		Maintenance and Operations	Bonded Debt		Total
2003	5.892	5.125	2.295	0.000	7.420	0.25	18.450	1.269	19.719	33.281
2004	6.250	4.935	2.215	0.000	7.150	0.25	18.450	1.129	19.579	33.229
2005	6.250	4.739	2.500	0.000	7.239	0.25	18.450	0.900	19.350	59.678
2006	6.050	4.547	2.750	0.000	7.297	0.25	18.450	0.500	18.950	58.794
2007	5.500	4.400	2.750	0.000	7.150	0.25	18.450	0.400	18.850	57.750
2008	5.121	4.381	2.742	0.000	7.123	0.25	18.450	0.400	18.850	57.317
2009	5.121	4.381	2.742	0.580	7.703	0.25	18.450	0.400	18.850	31.340
2010	5.194	4.720	2.950	0.628	8.298	0.25	19.450	0.400	19.850	31.997
2011	5.194	5.365	3.129	0.641	9.135	0.25	19.450	0.400	19.850	33.342
2012	6.000	5.825	3.394	0.780	9.999	0.20	19.450	0.400	19.850	34.429
2013	6.000	5.798	3.373	0.776	9.947	0.15	19.450	0.400	19.850	35.847

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

(1) The City has one tax rate, there are no components to total.

City of Ball Ground, Georgia

Principal Property Taxpayers Current Year and Six Years Ago

Taxpayer	2013			2007 (a)		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
OCS Enterprises	\$ 744,200	1	1.59%	2,483,840	1	6.98%
Community & Southern Bank	733,080	2	1.57%	-		-
Holcomb Crossing LLC	697,240	3	1.49%	676,680	2	1.90%
Latimer Properties	560,280	4	1.20%	-		-
Mountain Express Oil	461,360	5	0.99%	-		-
Habersham Bank	422,600	6	0.91%	-		-
Smith, Donald L.	419,480	7	0.90%	471,360	3	1.32%
Latimer Properties	416,200	8	0.89%	-		-
Fitts, Stanley	379,206	9	0.81%	402,120	5	1.13%
Ball Ground Medical Park	378,160	10	0.81%	-		-
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	<u>\$ 5,211,806</u>		<u>11.17%</u>	<u>\$ 5,766,002</u>		<u>16.20%</u>

Source: Cherokee County Tax Asssors

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

City of Ball Ground, Georgia

Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year Ended June 30,	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
2004	140,053	123,893	88.5%	16,160	140,053	100%
2005	155,501	151,192	97.2%	4,131	155,323	100%
2006	165,329	151,182	91.4%	14,147	165,329	100%
2007	195,774	181,638	92.8%	14,136	195,774	100%
2008	239,881	224,634	93.6%	15,247	239,881	100%
2009	292,559	247,780	84.7%	40,075	287,855	98%
2010	286,896	245,626	85.6%	37,174	282,800	99%
2011	281,566	248,035	88.1%	27,294	275,329	98%
2012	266,377	246,088	92.4%	13,957	260,045	98%
2013	262,298	248,002	94.5%	n/a	248,002	95%

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	<u>Governmental Activities</u>	<u>Business-Type Activities</u>			Total Primary Government	Percentage of Personal Income ²	City Population	Per Capita
	Capital Leases	Revenue Bonds	Notes Payable	Capital Leases				
2004	6,611	1,350,800	84,033	12,207	1,453,651	0.03%	791	1,838
2005	24,018	1,338,084	76,618	9,001	1,447,721	0.03%	811	1,785
2006	88,832	1,323,640	68,844	5,376	1,486,692	0.03%	894	1,663
2007	1,754,065	1,308,747	60,692	-	3,123,504	0.05%	916	3,410
2008	2,043,936	1,293,368	249,802	37,555	3,624,661	0.05%	1,072	3,381
2009	1,956,892	1,276,998	221,848	19,931	3,491,357	0.05%	1,331	2,623
2010	1,836,987	1,259,629	188,685	1,565	3,286,866	0.05%	1,370	2,399
2011	1,941,093	1,241,817	154,183	-	3,337,093	0.05%	1,433	2,329
2012	1,849,275	1,223,233	118,282	-	3,190,790	0.05%	1,433	2,227
2013	1,756,843	1,203,844	85,309	-	3,045,996	0.04%	1,472	2,069

Source: Notes to the Financial Statements, Pages 29 - 45
Demographic and Economic Statistics, Page 63
Census on Population and Housing from 2010 census publications

City of Ball Ground, Georgia

Direct and Overlapping Governmental Activities Debt June 30, 2013

(Unaudited)

	<u>Net General Obligation Debt Outstanding</u>	<u>Percentage Applicable to the City(1)</u>	<u>Amount Applicable to the City(1)</u>
Direct debt:			
Capital lease payable	\$ 1,756,843	100.000%	\$ 1,756,843
Total direct debt	<u>\$ 1,756,843</u>		<u>\$ 1,756,843</u>
Overlapping General Obligation Debt:			
Cherokee County 2005	\$ 3,640,000	0.650%	\$ 23,647
Cherokee County 2008	3,655,000	0.650%	23,745
Cherokee County 2009	37,445,000	0.650%	243,262
Cherokee County 2010	10,767,000	0.650%	69,948
Cherokee County 2011	9,810,000	0.650%	63,731
Cherokee County Board of Education	334,805,000	0.650%	2,175,068
Overlapping Guaranteed Revenue Debt:			
2007 Resource Recovery Development Authority Bonds	<u>17,220,000</u>	0.650%	<u>111,870</u>
Total overlapping debt	<u>\$ 417,342,000</u>		<u>\$ 2,711,271</u>
Total direct and overlapping debt	<u>\$ 419,098,843</u>		<u>\$ 4,468,114</u>

Source: The overlapping debt numbers were obtained from Cherokee County's 2012 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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Assessed Value *	\$ 22,409	\$ 24,880	\$ 27,327	\$ 35,595	\$ 49,685	\$ 56,418	\$ 59,491	\$ 54,334	\$ 54,067	\$ 46,671
Debt Limit: 10% of assessed value	2,241	2,488	2,733	3,560	4,969	5,642	5,949	5,433	5,407	4,667
Less: Debt applicable to debt limit	7	24	89	1,754	2,044	1,957	1,837	1,941	1,849	1,757
Legal Debt Margin	\$ 2,248	\$ 2,512	\$ 2,822	\$ 5,314	\$ 7,013	\$ 7,599	\$ 7,786	\$ 7,374	\$ 7,256	\$ 6,424

* 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	
2004	209,420	175,721	33,699	11,495	5,011	16,506	2.04
2005	330,758	288,617	42,141	23,337	112,969	136,306	0.31
2006	686,804	360,143	326,661	14,893	62,328	77,221	4.23
2007	796,820	514,018	282,802	15,728	55,276	71,004	3.98
2008	610,593	580,424	30,169	15,379	55,636	71,015	0.42
2009	605,758	555,737	50,021	16,370	54,634	71,004	0.70
2010	627,117	512,191	114,926	17,926	53,078	71,004	1.62
2011	567,147	454,231	112,916	18,703	59,560	78,263	1.44
2012	580,045	464,021	116,024	18,584	52,387	70,971	1.63
2013	587,351 (2)	489,523	97,828	19,389	51,615	71,004	1.38

Note: (1) Direct operating expenses excludes depreciation

Note (2) Revenue from the sales of water and sewer capacity of \$221,500 were not counted in the operating revenue

City of Ball Ground, Georgia

Top Ten Water Customers For Fiscal Year 2013

	<u>Gallons Used</u>	<u>% of Total Gallons</u>	<u>Dollar Amount</u>	<u>% of Total Billed</u>
HBR0138002	1,130,400	2.6%	\$ 7,349	1.2%
BGH1q101500	1,307,500	3.0%	6,568	1.0%
HBE0015501	733,100	1.7%	4,479	0.7%
OCR0046000	604,400	1.4%	3,437	0.5%
MSR0083500	397,800	0.9%	2,808	0.4%
VLS0026001	330,200	0.8%	1,864	0.3%
MWWLOWER/UPPEI	248,700	0.6%	1,613	0.3%
RHD0038000	197,400	0.5%	1,286	0.2%
CNH0303000	156,100	0.4%	897	0.1%
VLS0021001	155,900	0.4%	875	0.1%
	<u>5,261,500</u>	12.1%	<u>\$ 31,176</u>	<u>5.0%</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>
2004	590	11	1.9%
2005	597	7	1.2%
2006	638	41	6.9%
2007	744	106	16.6%
2008	817	73	9.8%
2009	841	24	2.9%
2010	854	13	1.5%
2011	847	-7	-0.8%
2012	851	4	0.5%
2013	872	21	2.5%

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

City of Ball Ground, Georgia

Water & Sewer Rates

June 30, 2013

Water Rates - Residential (Inside City limits)

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

Water Rates - Residential (Outside City limits)

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

Sewer Rates

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

City of Ball Ground, Georgia

Demographic and Economic Statistics (1) Last Ten Calendar Years

Calendar Year	County Population	Personal Income (in thousands)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2003	164,100	4,879,842	29,737	33.4	27,698	3.90
2004	170,885	5,227,372	30,590	34.2	29,416	3.00
2005	184,211	5,176,329	28,100	33.6	33,000	3.90
2006	192,107	5,398,207	28,100	35.8	35,057	4.40
2007	195,327	5,965,000	30,171	33.8	37,200	4.60
2008	210,529	7,078,403	33,700	33.8	36,500	8.20
2009	215,084	6,582,430	30,604	34.0	37,000	8.90
2010	214,346	6,430,594	30,001	34.2	38,636	10.10
2011	218,286	6,595,948	30,217	34.1	39,337	7.30
2012	221,315	7,338,805	33,160	36.3	39,560	6.90

(1) Data above was not available for the City. The data presented above is for Cherokee County, Georgia where the City is located.

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 Six Years Ago **

Employer	2013			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Awnex, Inc.	80	1	15.24%	-		-
Cherokee County Board of Education	75	2	14.29%	45	1	14%
Cool Tech HVAC Inc	24	3	4.57%	22	3	7%
FRN, Inc	20	4	3.81%	-		-
Singleton Food Services, Inc	19	5	3.62%	-		-
Cheshire Heating & AC	15	6	2.86%	20	4	6%
D-Lab Screen Printing	14	7	2.67%	-		-
Uncle Pepper's Pizza Kitchen	10	8	1.90%	-		-
The Dawg House	9	9	1.71%	-		-
Ball Ground Animal Hospital	8	10	1.52%	-		-
DSI Waste Services				23	2	7%
Arrow Exterminators				14	5	4%
AJ's Pit Stop, Inc				11	6	4%
City of Ball Ground				11	7	4%
Little Hearts Depot				10	8	3%
Preferred Commercial Floor Covering, Inc.				9	9	3%
Easy Ride Golf Cars				5	10	2%
Total	274		52.19%	221		54.49%

Source: Ball Ground Finance Department

** Information prior to 2007 was not available.

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

<u>Function/Program</u>	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government:										
Governing Body	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Chief Executive (Mgr. Or Admin.)	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Police Records & Court	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	-	-
Financial Administration	0.5	0.5	1.0	1.0	1.2	1.2	1.2	1.2	1.2	1.2
Water Administration	0.5	0.5	0.9	0.8	0.8	0.8	0.8	0.8	-	-
Human Resources	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Public Safety:										
Police Administration	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Police Patrol	2.0	2.0	2.0	2.0	3.0	2.0	2.0	2.0	2.0	1.0
Building Inspections	-	-	-	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Planning & Zoning	0.1	0.1	0.1	0.1	0.3	0.3	0.3	0.3	0.2	0.2
Parks Areas	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Public Works	1.9	1.9	1.9	2.9	2.9	2.9	2.9	2.9	2.4	2.4
Highways & Streets Administration	1.0	1.0	1.0	1.0	1.0	1.0	-	-	-	-
Sanitary Administration	-	-	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Total	15.0	15.0	16.0	17.1	18.5	17.5	16.5	16.5	14.2	13.2

Source: City of Ball Ground Finance Department

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

City of Ball Ground, Georgia

Operating Indicators by Function Last Ten Fiscal Years

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Works:										
Street resurfacing (miles)	1.1	0.7	0.4	1.3	0.5	0.3	0.3	0.2	1.0	0.6
Police protection:										
Number of citations written	674	316	204	155	190	288	230	196	110	99
Number of automobile accidents	40	44	35	31	20	29	39	31	49	35
Number of reported crimes	177	154	201	133	55	165	114	82	42	80

Source: City of Ball Ground Courts and Records

City of Ball Ground, Georgia

Capital Assets Statistics by Function Last Ten Fiscal Years

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Works:										
Miles of streets	12	12	12	12	13	14	14	14	14	14
Police protection:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of police officers	3	3	3	3	4	3	3	3	3	2
Building permits issued	7	12	87	65	39	20	18	-	2	40
Recreation and culture:										
Number of parks	3	4	4	4	4	4	4	4	4	5
Park acreage	25	27	27	27	27	27	27	27	27	30

Source: Various City of Ball Ground Departments