CITY OF BERKELEY LAKE, GEORGIA

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

Together With Independent Auditors' Report

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ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2016
CITY OF BERKELEY LAKE, GEORGIA

MAYOR

Lois Salter

MAYOR PRO-TEM

Rebecca Spitler

CITY COUNCIL

Jack W. McDaniel, Jr.
W. Rodney Hammond
Scott Lee
Bob Smith
Rebecca Spitler

CITY ADMINISTRATOR AND CLERK

Tom Rozier

DEPUTY CITY ADMINSTRATOR

Pat Chapman

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INDEPENDENT AUDITOR'S REPORT

To The Honorable Mayor and Members of the City Council

CITY OF BERKELEY LAKE, GEORGIA

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Berkeley Lake, Georgia, as of and for the year ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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 financial position of the governmental activities and each major fund of the City of Berkeley Lake, Georgia, as of December 31, 2016 and 2015, and the respective changes in financial position for the General Fund, Capital Projects Funds and Debt Service Fund for the years then ended in accordance with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2017 on our consideration of the City'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis found on pages 4 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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.

Report on Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 33-49 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreement 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*, and should be considered in assessing the results of our audit.

J. Terry Gordon & Co.

J. TERRY GORDON & CO.
Certified Public Accountants
Norcross, Georgia

April 21, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the City of Berkeley Lake provides this *Management's Discussion and Analysis* for readers of the City's financial statements for the year ended December 31, 2016. This narrative overview of the City's financial activities should be read in conjunction with the basic financial statements and disclosures to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

- The assets of the City of Berkeley Lake exceeded its liabilities at the close of the year by $12,534,973 (reported as "*net position*"). Of this amount, $1,242,117 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's governmental funds report combined ending fund balances of $1,757,958. Approximately 70 percent of this amount, $1,231,391, is available for spending at the City's discretion (*unassigned general fund balance*).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Berkeley Lake's basic financial statements. The City of Berkeley Lake's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. Comparative data is presented when available.

Government-wide Financial Statements. The *government-wide financial statements* include the *statement of net position* and the *statement of activities*. One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of the year's activities?" The *statement of net position* and the *statement of activities* report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses is taken into account regardless of when cash is received or paid.

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. The City's *net position*, which is the difference between assets, what the citizens own, and liabilities, what the citizens owe, is one way to measure the City's *financial 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. Other non-financial factors, however, such as changes in the City's property tax base and the condtion of the City's capital assets (roads, buildings, etc.) must be considered to assess the *overall health* of the City.

The *statement of activities* present information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both the government-wide financial statements contain the City's only activities:

- Governmental activities: most of the City's basic services are reported here, including public safety, infrastructure maintenance, parks and recreation, and general administration. Taxes, fines/forfeits and intergovernmental revenues (governmental activities) finance most of these activities.

The government-wide financial statements can be found on pages 10 and 11 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are required to be established by state law. The City of Berkeley Lake uses one category fund: governmental fund.

In fund financial statements, information is presented in separate columns for each of the major funds. Data from non-major funds are combined into a single, aggregated column for presentation. Individual fund data for each of these non-major funds is provided in the form of combining statements elsewhere in this report.

Governmental Funds. Most of the City's basic *governmental activities* reported in the government-wide statements are accounted for in *governmental funds*, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. The relationship (or differences) between *governmental activities* (reported in the *statement of net position* and the *statement of activities*) and *governmental funds* is described in a reconciliation beside the fund financial statements. The City uses four governmental funds whose basic financial statements can be found on pages 12 and 13 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15-32 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including combining financial statements

for non-major funds referred to earlier. Individual fund statements and schedules are presented following the required supplementary information. These statements and schedules contain much more detailed financial information about individual services or divisions of the City.

This report includes two schedules (pages 12 and 14) that reconcile the amounts reported on the governmental fund financial statements (modified accrual basis of accounting) with the governmental activities reported on the government-wide financial statements (accrual basis of accounting). The following summarizes the impact of transitioning from modified accrual to accrual accounting:

- Capital assets used in governmental activities on the government-wide statements are not reported on the fund financial statements.
- Unless due and payable, long-term liabilities appear only in the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements but is reported as expenditures on the governmental fund financial statements.
- Some expenses reported in the government-wide statements represent increases in liabilities on the government-wide statements but are not reported as expenditures in governmental funds because they do not require the use of current financial resources.

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 Berkeley Lake, assets exceeded liabilities by $12,534,973 as of December 31, 2016.

CITY OF BERKELEY LAKE

NET POSITION AS OF DECEMBER 31, 2016 AND 2015

	Governmental Activities	
	2016	2015
Current and Other Assets	$ 1,824,549	$ 1,522,679
Net Capital Assets	10,777,015	10,825,797
Total Assets	12,601,564	12,348,476
Other Liabilities	66,591	386,014
Total Liabilities	66,591	386,014
Investment in Capital Assets	10,777,015	10,825,797
Restricted Net Position	515,841	289,111
Unrestricted Net Position	1,242,117	847,554
Total Net Position	$12,534,973	$11,962,462

The largest portion of the City's net position (85.9 percent) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available to future spending.

Restricted net position totaling $515,841 are constrained by debt covenants or legal requirements and are not available for day-to-day operations of the City. The remaining balance of unrestricted net position ($1,242,117) may be used to meet the City's ongoing obligations to citizens and creditors.

CITY OF BERKELEY LAKE
CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Other Taxes	$ 392,423	$ 332,193
Investment Earnings	3,397	3,719
Other	6,494	24,629
Total Revenues	1,373,948	1,499,676
Expenses:		
General Government	344,069	351,247
Public Safety	69,963	95,907
Housing and Development	138,623	52,173
Judicial	4,622	7,007
Public Works	232,454	779,539
Culture and Recreation	11,706	11,284
Interest	-	12,003
Total Expenses	801,437	1,309,160
Increase (Decrease) in Net Position	572,511	190,516
Beginning Net Position	11,962,462	11,771,946
Ending Net Position	$12,534,973	$11,962,462

Governmental Activities. Governmental fund activities increased the City's governmental fund balance by $572,511 in year 2016. Key elements of this increase are as follows:

- Total revenues were $1,373,948, a decrease of $125,728 (8%) over the prior year. Grant revenue decreased in 2016.

- Expenditures totaled $801,437. This represents a significant decrease of $507,723 (38.7%) under the previous year. A decrease in public works expenditures over prior year accounted for a substantial portion for this change.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Berkeley Lake uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and financial reporting requirements.

Governmental Funds. The City uses governmental funds 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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year. The City of Berkeley Lake uses four governmental funds: the general fund, capital projects fund and the debt service fund.

At the end of the current year, the City's general fund reported an ending fund balance of $1,242,117, an increase of $394,563 or 46.5 percent in comparison with the prior year. Approximately 99.1 percent of this amount ($1,231,391) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is either *nonspendable or restricted* to indicate that it is not available for new spending because it has already been committed for other restricted purposes.

As a measure of the general fund's liquidity, it may be useful to compare *unassigned fund balance* to total fund expenditures. Unassigned fund balance represents 211.4 percent of total general fund expenditures for the current year.

Key factors to the increase of the general fund's fund balance of $394,563 during the current year are as follows:

- No transfers out to other governmental funds to pay off general obligation bond debt was required.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's budget is prepared according to the Georgia statutes and the City of Berkeley Lake Code. The most significant budgeted fund is the General Fund.

The City's original budget for 2016 was amended during the year. The budget was balanced using allocation from prior year reserves (fund balance).

2016 General Fund Budget

	Original Budget	Amendments	Final Budget	Actual
Revenue/Other Financing Sources	$1,148,603	$ 225,345	$1,373,948	$1,373,948
Expenditures/Other Financing Uses	$1,231,814	$(479,159)	$ 752,655	$ 752,655

Actual revenues and expenditures were on target with final budget for 2016.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City of Berkeley Lake's investment in capital assets for its governmental activities as of December 31, 2016, amounted to $10,777,015 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements and machinery and equipment.

During the year ended December 31, 2016, the City's purchases for capital assets totaled $16,211.

More information on capital assets may be found in the notes to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's elected officials considered many factors when adopting the budget for the year ending December 31, 2017. Budget calculations were based on, but not limited to, the following:

1. During 2014, the City commissioned an evaluation of the condition of streets within its boundaries. As a result of those findings, the City budgeted for paving roadways with an evaluation of 'fair' or 'poor' in 2015, using SPLOST, City/County SPLOST funding and Local Maintenance and Improvement Grant funding. Since that time, roads that were in the 'good' category in 2014 have worsened so that work extends into 2017.

2. The City continues to expend operational funds in the development of its own storm water management program.

3. New residential development will continue to produce income from permit fees in 2017.

4. During 2014 through 2016, the City worked with franchisees to ensure appropriate fees were being paid for use of the City's rights of way based upon the current City boundaries. That work resulted in an increase in current and future franchise fees.

5. While the City became free of general obligation debt at the end of 2015, there was much discussion regarding maintaining continuity of professional staffing and ensuring the City's financial and operational well-being on an ongoing basis by evaluating staff compensation plans and setting aside funds for paving roads, maintaining City Hall and addressing short-term and long-term storm water infrastructure issues. Toward that end, the City expects to set a millage rate equal to or slightly less than the roll-back rate during 2017.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Berkeley Lake finances for all of its citizens, taxpayers, customers, and investors and creditors. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City Administrator/Clerk, 4040 South Berkeley Lake Road, Berkeley Lake, Georgia 30096.

BASIC FINANCIAL STATEMENTS

CITY OF BERKELEY LAKE, GEORGIA

STATEMENT OF NET POSITION

DECEMBER 31, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 1,126,547	$ -	$ 1,126,547
Receivables:			
Property taxes	17,459	-	17,459
Other taxes	153,976	-	153,976
Intergovernmental	32,011	-	32,011
Prepaid items	10,726	-	10,726
Restricted Assets:			
Cash	483,830	-	483,830
Capital Assets:			
Nondepreciable capital assets	9,302,261	-	9,302,261
Depreciable capital assets, net	1,474,754	-	1,474,754
Total Assets	$12,601,564	-	$12,601,564
LIABILITIES			
Current Liabilities:			
Accounts payable	$ 43,874	$ -	$ 43,874
Retainage payable	-	-	-
Accrued liabilities	8,307	-	8,307
Unearned revenue	14,410	-	14,410
Liabilities Payable From:			
Restricted assets	-	-	-
Long-Term Liabilities:			
General obligation bonds payable (net of current portion)	-	-	-
Total Liabilities	$ 66,591	$ -	$ 66,591
NET POSITION			
Investment in capital assets	$10,777,015	$ -	$10,777,015
Restricted For:			
Debt service	-	-	-
Capital projects	515,841	-	515,841
Unrestricted	1,242,117	-	1,242,117
Total Net Position	$12,534,973	$ -	$12,534,973

The accompanying notes are an integral part of these financial statements.

CITY OF BERKELEY LAKE, GEORGIA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2016

	Program Revenues			Program Revenues	Net (Expense) Revenue and Changes in Net Position Primary Government			
Functions/Programs	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total 2016	Total 2015
Primary Government:								
Governmental Activities:								
General government	$340,069	$102,264	$ -	$ -	$ (237,805)	$ -	$ (237,805)	$ (250,187)
Public safety	73,963	-	-	-	(73,963)	-	(73,963)	(95,907)
Housing and development	138,623	35,159	-	-	(103,464)	-	(103,464)	(18,884)
Judicial	4,622	-	-	-	(4,622)	-	(4,622)	(7,007)
Public works	232,454	-	-	392,011	159,557	-	159,557	(226,916)
Culture and recreation	11,706	-	-	-	(11,706)	-	(11,706)	(11,284)
Interest on long-term debt	-	-	-	-	-	-	-	(12,003)
Total Governmental Activities	$801,437	$137,423	$ -	$392,011	$ (272,003)	$ -	$ (272,003)	$ (622,188)
General Revenues:								
Property Taxes					$ 442,200	$ -	$ 442,200	$ 452,163
Insurance premium tax					114,904	-	114,904	106,079
Franchise taxes					228,398	-	228,398	183,801
Other taxes					49,121	-	49,121	42,313
Unrestricted investment earnings					3,397	-	3,397	3,719
Miscellaneous revenue/other					6,494	-	6,494	24,629
Total General Revenues					844,514	-	844,514	812,704
Change in Net Position					572,511	-	572,511	190,516
Net Position - Beginning					11,962,462	-	11,962,462	11,771,946
Net Position - Ending					$12,534,973	$ -	$12,534,973	$11,962,462

The accompanying notes are an integral part of these financial statements.

CITY OF BERKELEY LAKE, GEORGIA

BALANCE SHEET
GOVERNMENT FUNDS

DECEMBER 31, 2016

	General	Special Purpose Local Option Sales Tax Capital Projects	Special Purpose Dam Repair/ Reconstruction Capital Projects	Debt Service	2016 Total Governmental Funds	2015 Total Governmental Funds
Assets						
Cash and cash equivalents	$1,126,547	$ -	$ -	$ -	$ 1,126,547	$ 691,929
Restricted assets (cash)	-	483,830	-	-	483,830	338,649
Receivables, net	171,435	-	-	-	171,435	175,222
Prepaid items	10,726	-	-	-	10,726	13,671
Due from other funds	-	-	-	-	-	10,153
Due from other governments	-	32,011	-	-	32,011	303,208
Total Assets	$1,308,708	$515,841	$ -	$ -	$ 1,824,549	$ 1,532,832
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	$ 43,874	$ -	$ -	$ -	$ 43,874	$ 325,571
Retainage payable	-	-	-	-	-	32,734
Accrued liabilities	8,307	-	-	-	8,307	13,333
Due to other funds	-	-	-	-	-	10,153
Unearned revenue	14,410	-	-	-	14,410	14,376
Total Liabilities	66,591	-	-	-	66,591	396,167
Fund balances:						
Nonspendable:						
Prepaid items	10,726	-	-	-	10,726	13,671
Restricted:						
Debt service	-	-	-	-	-	7
Capital projects expenditures	-	515,841	-	-	515,841	289,104
Unassigned, reported in:						
General fund	1,231,391	-	-	-	1,231,391	833,883
Total Fund Balances	1,242,117	515,841	-	-	1,757,958	1,136,665
Total Liabilities and Fund Balances	$1,308,708	$515,841	$ -	$ -	1,824,549	1,532,832
Amounts reported for governmental activities in the statement of net position are different because:						
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds					10,777,015	10,825,797
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:						
General obligation bonds payable					-	-
Net Position of Governmental Activities					$12,534,973	$11,962,462

The accompanying notes are an integral part of these financial statements.

CITY OF BERKELEY LAKE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENT FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2016

	General	Special Purpose Local Option Sales Tax Capital Projects	Special Purpose Dam Repair/ Reconstruction Capital Projects	Debt Service	2016 Total Governmental Funds	2015 Total Governmental Funds
Revenues:						
Taxes	$ 864,695	$ -	$ -	$ -	$ 864,695	$ 813,298
Licenses and permits	107,352	-	-	-	107,352	105,407
Intergovernmental	-	390,830	-	-	390,830	551,190
Fines and forfeits	1,800	-	-	-	1,800	7,550
Investment earnings	3,397	1,181	-	-	4,578	5,152
Other	4,693	-	-	-	4,693	17,078
Total revenues	981,937	392,011	-	-	1,373,948	1,499,675
Expenditures:						
Current:						
General government	277,316	13,971	-	-	291,287	320,443
Public safety	73,963	-	-	-	73,963	95,907
Housing and develop.	138,623	-	-	-	138,623	52,173
Judicial	4,622	-	-	-	4,622	7,007
Public works	76,212	156,242	-	-	232,454	779,539
Culture & recreation	11,706	-	-	-	11,706	11,284
Bond repayment	-	-	-	-	-	585,500
Debt service	-	-	-	-	-	12,003
Total expenditures	582,442	170,213	-	-	752,655	1,863,856
Excess (deficiency) of revenues over expenditures	399,495	221,798	-	-	621,293	(364,181)
Other financing sources (uses):						
Transfers in	7	4,939	-	-	4,946	462,008
Transfers out	(4,939)	-	-	(7)	(4,946)	(462,008)
Total other financing sources (uses)	(4,932)	4,939	-	(7)	-	-
Net change in fund balance	394,563	226,737	-	(7)	621,293	(364,181)
Fund balances at beginning of year	847,554	289,104	-	7	1,136,665	1,500,846
Fund balances at end of year	$1,242,117	$515,841	$ -	$ -	$1,757,958	$1,136,665

The accompanying notes are an integral part of these financial statements.

CITY OF BERKELEY LAKE, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2016

Net Changes in Fund Balances - Total Governmental Fund	$621,293
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Government-Wide Statements of Activities and Changes in Net Position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	
Additions	16,211
Depreciation expense	(64,993)
Change in Net Position of Governmental Activities	$572,511

The accompanying notes are an integral part of these financial statements.

CITY OF BERKELEY LAKE, GEORGIA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

Note 1. Description of Governmental Unit

The City of Berkeley Lake was incorporated in 1956 under provisions of the laws of the State of Georgia. The City operates under a Mayor - Council form of government and provides the following services in addition to general administrative responsibilities; public safety, streets maintenance, and cultural and recreational activities.

Note 2. Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities at the government-wide financial reporting level, provided they do not conflict with or contradict GASB pronouncements.

B. Reporting Entity

The City's financial statements include the accounts of all City operations and included in this report are all activities of the City of Berkeley Lake. The accounting policies and the presentation of the financial report of the City of Berkeley Lake, Georgia (the "City") have been designed to conform to generally accepted accounting principles as applicable to governmental units, in accordance with the Governmental Accounting Standards Board (GASB). In conformity with the Governmental Accounting Standards Board (GASB) Codification Section 2100, defining the governmental reporting entity, the City includes all funds that are controlled by or dependent on the City Council of the City. Since no other entities are controlled by or rely on the City, the reporting entity consists solely of the City.

Note 2. Summary of Significant Accounting Policies (Continued)

C. Government-wide and Fund Financial Statements

The Governmental Accounting Standards Board (GASP) has issued Statement No. 34. This statement establishes new financial reporting requirements for state and local governments throughout the United States. Its implementation creates new information and restructures much of the information that governments have presented in the past. The GASB's intent is to make annual reports more comprehensive and easier to understand.

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements - The government-wide financial statements include a statement of net position and a statement of activities. These statements report financial information for the City as a whole. All funds other than fiduciary activities are included at the government-wide reporting level. Individual funds are not displayed at this reporting level but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. The City of Berkeley Lake had no business-like activities as of December 31, 2016.

The statement of net position presents the financial position of the governmental activities of the City.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the governmental activities of the City. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function.

Note 2. Summary of Significant Accounting Policies (Continued)

The statement of activities reports the expenses of a given function offset by program revenues directly related to the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted*.

Taxes and other revenue sources not properly included with program revenues are reported as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are provided for governmental funds.

Major individual governmental funds are reported in separate columns with composite columns for non-major funds.

Fund Accounting - The City uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses only one category of funds: governmental.

Note 2. **Summary of Significant Accounting Policies** (Continued)

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance. The following are the City's major governmental funds:

General Fund - The general fund accounts for all financial resources except those required to be accounted for in other funds. The general fund's fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Georgia.

Special Purpose Local Option Sales Tax Capital Projects Fund - This fund is used to account for long-term projects financed by the passage of a special purpose local option sales tax and as such is restricted for those purposes.

Berkeley Lake Dam Repair/Reconstruction Capital Projects Fund - This fund is used to account for the repair/reconstruction to the dam financed by a general obligation bond issuance.

Debt Service Fund - This fund is used to account for the accumulation of resources for, and the payment of, the City's General Obligation Refunding Series 2009 and the General Obligation Bonds, Series 2011, general long-term debt principal and interest.

D. Measurement Focus and Financial Statement Presentation

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of the City are included on the statement of net position. The statement of activities reports revenues and expenses, including depreciation.

Note 2. Summary of Significant Accounting Policies (Continued)

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial statements. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. The City had no proprietary funds as of and for the year ended December 31, 2016.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the phrase "available for exchange transactions" means expected to be received within twelve months of year-end.

Note 2. Summary of Significant Accounting Policies (Continued)

Revenues - Non-exchange Transactions - Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales taxes, property taxes, grants, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, other taxes, interest and federal and state grants.

Unearned Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred revenue (i.e., they are measured but not available) rather than as revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

F. Assets, Liabilities, and Net Position or Equity

1. *Cash, Cash Equivalents and Investments*

Cash and cash equivalents include amounts in demand deposits and all highly liquid investments with a maturity of three months or less when purchased.

Note 2. Summary of Significant Accounting Policies (Continued)

Investments are stated at fair value.

Statutes authorize the City to invest in U.S. Government obligations, State of Georgia obligations, obligations of other municipalities, and certificates of deposit.

2. *Receivables*

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable.

3. *Interfund Balances*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds."

4. *Inventories and Prepaid Items*

On both the government-wide and fund financial statements, supplies are recorded as expenditures at the time items are purchased; they are not recorded on the statement of net position due to a lack of materiality.

Certain payments to service providers reflect costs applicable to future periods and are recorded as prepaid items when purchased. These amounts are subsequently adjusted at audit date. They are labeled as prepaid items in both government-wide and fund financial statements.

5. *Capital Assets*

General capital assets are those assets not specifically related to activities reported in proprietary funds. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the governmental fund financial statements.

Note 2. **Summary of Significant Accounting Policies** (Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City's infrastructure generally consists of streets and roads. Improvements (i.e., betterments) to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. The capitalization threshold is generally any item exceeding $500.

All reported capital assets are depreciated except for land. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Buildings and improvements	25 years
Machinery and equipment	5-10 years
Furniture and fixtures	7 years

6. *Compensated Absences/Vacation Pay*

Employees of the City are entitled to paid vacation, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and, accordingly, no liability has been recorded in the accompanying financial statements. The City's policy is to recognize the costs of compensated absences when actually paid to City's employees.

Note 2. Summary of Significant Accounting Policies (Continued)

7. *Accrued Liabilities and Long-term Obligations*

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of these funds. Debt service expenditures are recognized as a liability in the governmental fund financial statements when due.

8. *Fund Equity*

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

For the classification of fund balances: (1) the government considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes or which both restricted and unrestricted fund balance is available and (2) committed, assigned or unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Net Position

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets.

Note 2. Summary of Significant Accounting Policies (Continued)

Net positions are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net positions are reported as unrestricted.

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

9. *Estimates*

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

10. *Comparative Data*

Comparative total data for the prior year have been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

Note 3. Stewardship, Compliance and Accountability

A. Budgetary Information

The City adopts an annual operating budget for the general fund, the capital projects fund and the debt service fund. The budget resolution reflects the total of each department's appropriation in each fund.

The governmental funds' budgets are adopted on a basis consistent with GAAP. All unexpended, unencumbered annual appropriations lapse at year-end.

Note 3. **Stewardship, Compliance and Accountability** (Continued)

The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is the department level with the following provisions:

- The departments may transfer funds from one object or purpose to another within the department, subject to approval by Mayor/Council.

- The City Council may amend the budget by motion during the year.

Formal budgetary integration is employed as a management control device during the year for all budgeted funds.

Note 4. **Deposit and Investment Risk**:

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a financial institution failure, the City's deposits may not be returned. The City has no formal policy, but follows State of Georgia requirements that all deposits be federally insured or fully collateralized.

Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State of Georgia law limits investments to include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia or other states, obligations of other political subdivisions of the State of Georgia, and pooled investment programs of the State of Georgia. The City has no investment policy that would further limit its investment choices. Investments are reported at fair value.

Note 4. Deposit and Investment Risk (Continued)

Concentration of Credit Risk

The City has no formal policy on the amount the City may invest in any one issuer.

Foreign Currency Risk

The City has no investments dominated in a foreign currency. The City participates in the State of Georgia Local Government Investment Pool. Assets in this pool are invested in Georgia Fund 1, created by OCGA 36-83-8, which is a stable net asset investment pool that follows Standard and Poor's criteria for AAA rated money market funds. Georgia Fund 1 is managed by the Georgia Office of the State Treasurer. The investment policies of Georgia Fund 1 are established by the Georgia State Depository Board. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1.00 per share. Georgia Fund 1 is managed by the Georgia Office of Treasury and Financial Services. The investment policies of Georgia Fund 1 are established by the Georgia State Depository Board.

Georgia Fund 1 is rated AAA by Standard & Poor's. The weighted average maturity at December 31, 2016 was 34 days. At December 31, 2016, the City's balance in Georgia Fund 1 was $1,206.

Note 5. Receivables

Receivables at December 31, 2016, consisted of taxes, interest and intergovernmental receivables. Receivables and payables are recorded on the City's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

Note 6. Property Taxes

The City's property taxes are billed and collected by Gwinnett County. The City levies annual real and personal property taxes based on the lien date of January 1. After adoption of the millage rate, the levy date is September 15, with taxes due on that date through November 15. After this 60 day period, the taxes become delinquent and subject to penalty and interest. At year end, the receivables represent delinquent taxes. At the fund reporting level, if delinquent taxes are not paid within 60 days of year end, they are recorded as deferred revenue since they are not available to finance current expenditures.

Note 7. Capital Assets

Capital asset activity for the year ended December 31, 2016 was as follows:

	Balance 12/31/2015	Additions	Deductions	Balance 12/31/2016
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 9,302,261	$ -	$ -	$ 9,302,261
Other capital assets:				
Buildings and improvements	1,770,036	-	-	1,770,036
Machinery and equipment	127,550	-	5,812	121,738
Furniture and fixtures	71,493	-	-	71,493
Computers and peripherals	19,639	16,211	-	35,850
Total other capital assets	1,988,718	16,211	5,812	1,999,117
Accumulated depreciation:				
Buildings and improvements	302,181	45,386	-	347,567
Machinery and equipment	78,969	10,102	5,812	83,259
Furniture and fixtures	65,899	4,656	-	70,555
Computers and peripherals	18,133	4,849	-	22,982
Total accumulated depreciation	465,182	64,993	5,812	524,363
Governmental activities capital assets, net	$10,825,797	$(48,782)	$ -	$10,777,015

Note 7. Capital Assets (Continued)

(Continued)	Balance 12/31/2015	Additions	Deductions	Balance 12/31/2016
Governmental activities depreciation expense:				
General government		$ 64,993		

Note 8. Defined Contribution Plan

The City adopted a defined contribution plan under the GMA 401(a) Defined Contribution Plan ("GMA Plan") on November 21, 2013 effective January 1, 2014 for all eligible administrative employees who work forty (40) hours per week.

Waiting Period - The waiting period to participate is six (6) months (not to exceed 12 months) of service calculated from the commencement of the employee's employment with the City. Eligible employees as of January 1, 2014 were given credit for prior service.

City Matching Amounts - Under the Plan, the City matches 100% of the employee contributions up to 7% of the employees compensation (gross income from the City).

Vesting Schedule - The vesting schedule is graduated based upon the following table:

Completed Years of Service as Eligible Employee	Vested %
1 year	20%
2 years	40%
3 years	60%
4 years	80%
5 years	100%

Contributions by the year ended December 31, 2016 and 2015 were $25,961 and $11,763, respectively. Plan members contributed for the year ended December 31, 2016 and 2015 were $39,902 and $11,763, respectively.

Note 9. Other Notes

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined the Georgia Interlocal Risk Management Agency (GIRMA). This membership allows the City to share liability, crime, motor vehicle and property damage risks.

Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. The GIRMA is a municipal interlocal risk management agency to function as an unincorporated nonprofit instrumentality of its member municipalities - GIRMA establishes and administers one or more group self-insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of municipal government. GIRMA is to defend and protect in accordance with the member government contract and related coverage descriptions any member of GIRMA against liability or loss.

The City of Berkeley Lake must participate at all times in at least one fund which is established by GIRMA. Other responsibilities of the City are as follows:

- To pay all contributions, assessments or other sums due to GIRMA at such times and in such amounts as shall be established by GIRMA.
- To select a person to serve as a Member representative.
- To allow GIRMA and its agents reasonable access to all facilities of the City and all records, including but not limited to financial records, which relate to the purpose of GIRMA.
- To allow attorneys appointed by GIRMA to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the Fund or Funds established by GIRMA.

Note 9. Other Notes (Continued)

A. **Risk Management** (Continued)

- To assist and cooperate in the defense and settlement of claims adjusters, Service Company, and any agent, employee, officer or independent contractor of GIRMA relating to the purposes of GIRMA.

- To furnish GIRMA such budget, operating and underwriting information as may be requested.

- To report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in GIRMA or any Fund established by GIRMA being required to pay claim for loss or injuries to municipal property when such loss or injury is within the scope of the protection of a Fund or Funds in which the City participates.

The City of Berkeley Lake retains the first $1,000 of each risk of loss in the form of a deductible. The City files all claims with GIRMA. GIRMA bills the City for any risks of loss up to $1,000 deductible.

Pursuant to Title 34, Chapter 9, Article 5 of the Official Code of Georgia Annotated, the City of Berkeley Lake is a member of the Georgia Municipal Association Workers' Compensation Self Insurance Fund. The liability of the fund to the employees of any employer (City of Berkeley Lake) is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers' compensation and/or employer's liability. The City pays an annual contribution to GMA for the workers' compensation.

The Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the purview of Workers' Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding or compensation therefor, although such suits, other proceedings, allegations or demands be wholly groundless, false or fraudulent. The Fund is to pay all costs taxed against members in any legal proceedings defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Note 10. Interfund Transfers

The composition of interfund transfers for the year ended December 31, 2016 is as follows:

Transfer In	Transfer Out	Amount
General Fund	Debt Service Fund	$ 7
Capital Projects Fund	General Fund	4,939
		$4,946

Interfund transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations, and 3) move capital assets between governmental activities and business-type activities, also within business-type activities. Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business–type fund group.

These transfers were based on monies being receipted into different funds on a temporary basis.

Note 11. Contingent Liabilities

Grant contingencies - Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

Litigation - There are no matters of pending or threatened litigation against the City as of December 31, 2016.

Note 12. Subsequent Event

The date through which events occurring after December 31, 2016 has been evaluated for possible adjustment to the financial statements or disclosure is April 21, 2017, which is the date on which the financial statements were available to be issued.

Note 13. Joint Venture

Under Georgia law, the City, in conjunction with other municipalities and counties in the Greater Atlanta Metropolitan area, is a member of the Atlanta Regional Commission (ARC). The ARC is composed of 64 municipalities and 10 counties in the Greater Atlanta Metropolitan area. Membership in the ARC is required by the Official Code of Georgia Annotated (OGCA) Section 50-8-34, which provides for the organizational structure of the ARC in Georgia. The ARC Board membership includes representation from each county and municipality of the area, as well as representatives from the private sector and other governmental entities. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the ARC. Separate financial statements for the ARC are available from:

Atlanta Regional Commission
40 Courtland Street, N.E.
Atlanta, Georgia 30303

REQUIRED SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF BERKELEY LAKE, GEORGIA
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-Positive (Negative)
	Original	Final		
Revenues:				
Taxes	$739,633	$864,695	$ 864,695	$ -
Licenses and permits	96,174	107,352	107,352	-
Intergovernmental	-	-	-	-
Fines and forfeits	-	1,800	1,800	-
Investment earnings	1,200	3,397	3,397	-
Other	15,784	4,693	4,693	-
Total revenues	852,791	981,937	981,937	-
Expenditures:				
General government	388,668	277,316	277,316	-
Public safety	75,145	73,963	73,963	-
Housing and development	113,388	138,623	138,623	-
Judicial	6,700	4,622	4,622	-
Public works	137,028	76,212	76,212	-
Culture and recreation	20,405	11,706	11,706	-
Health and welfare	-	-	-	-
Total expenditures	741,334	582,442	582,442	-
Excess (deficiency) of revenues over expenditures	111,457	399,495	399,495	-
Other Financing Sources (Uses):				
Transfers in	-	-	7	7
Transfers (out)	-	-	(4,939)	(4,939)
Total other financing sources (uses)	-	-	(4,932)	(4,932)
Net change in fund balance	$111,457	$399,495	394,563	$(4,932)
Fund balances - beginning			847,554	
Fund balances - end			$1,242,117	

GOVERNMENTAL FUNDS

GENERAL FUND

The General Fund is the main operating fund of the City. It is used to account for all financial resources traditionally associated with government except those required to be accounted for in another fund.

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of specifically planned projects.

Special Purpose Local Option Sales Tax Capital Projects Fund

This fund is used to account for long-term projects financed by the passage of a special purpose local option sales tax referendum.

Berkeley Lake Dam Repair/Reconstruction Capital Projects Fund

This fund is used to account for the repair/reconstruction to the dam financed by a general obligation bond issuance.

DEBT SERVICE FUND

The Debt Service Fund is used for the accumulation of resources for, and the payment of, principal and interest on general long-term debt (other than Enterprise Funds).

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

These Capital Assets are the fixed assets of the City, other than those accounted for in the Proprietary (Enterprise) Funds. Assets are recorded at historical cost if purchased, or if historical cost is not available, estimated historical cost, or fair market value on the date donated, if donated.

CITY OF BERKELEY LAKE, GEORGIA
GENERAL FUND

COMPARATIVE BALANCE SHEET

DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
Cash	$1,126,547	$691,929
Restricted assets (cash)	-	15,253
Property taxes receivable	17,459	12,033
Other taxes receivable	153,976	163,189
Prepaid items	10,726	13,671
Due from other funds	-	10,153
Total assets	$1,308,708	$906,228
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	$ 43,874	$ 30,965
Accrued liabilities	8,307	13,333
Unearned revenue	14,410	14,376
Total liabilities	66,591	58,674
Fund balance:		
Nonspendable	10,726	13,671
Unassigned	1,231,391	833,883
Total fund balance	1,242,117	847,554
Total liabilities and fund balance	$1,308,708	$906,228

CITY OF BERKELEY LAKE, GEORGIA
GENERAL FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Revenues:		
Taxes	$ 864,695	$ 623,292
Licenses and permits	107,352	105,407
Intergovernmental	-	-
Fines and forfeits	1,800	7,550
Investment earnings	3,397	3,719
Other	4,693	17,078
Total revenues	981,937	757,046
Expenditures:		
Current:		
General government	277,316	320,443
Public safety	73,963	95,907
Housing and development	138,623	52,173
Judicial	4,622	7,007
Public works	76,212	111,411
Culture and recreation	11,706	11,284
Health and welfare	-	-
Total expenditures	582,442	598,225
Excess (deficiency) of revenues over expenditures	399,495	158,821
Other Financing Sources (Uses):		
Transfers in	7	55,544
Transfers out	(4,939)	(406,464)
Total other financing sources (uses)	(4,932)	(350,920)
Net change in fund balance	394,563	(192,099)
Fund balance at beginning of year	847,554	1,039,653
Fund balance at end of year	$1,242,117	$ 847,554

CITY OF BERKELEY LAKE, GEORGIA
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts			Variance with Final Budget-
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Taxes	$739,633	$864,695	$ 864,695	$ -
Licenses and permits	96,174	107,352	107,352	-
Intergovernmental	-	-	-	-
Fines and forfeits	-	1,800	1,800	-
Investment earnings	1,200	3,397	3,397	-
Other	15,784	4,693	4,693	-
Total revenues	852,791	981,937	981,937	-
Expenditures:				
General government	388,668	277,316	277,316	-
Public safety	75,145	73,963	73,963	-
Housing and development	113,388	138,623	138,623	-
Judicial	6,700	4,622	4,622	-
Public works	137,028	76,212	76,212	-
Culture and recreation	20,405	11,706	11,706	-
Health and welfare	-	-	-	-
Total expenditures	741,334	582,442	582,442	-
Excess (deficiency) of revenues over expenditures	111,457	399,495	399,495	-
Other Financing Sources (Uses):				
Transfers in	-	-	7	7
Transfers (out)	-	-	(4,939)	(4,939)
Total other financing sources (uses)	-	-	(4,932)	(4,932)
Net change in fund balance	$111,457	$399,495	394,563	$(4,932)
Fund balances - beginning			847,554	
Fund balances - end			$1,242,117	

CITY OF BERKELEY LAKE, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND

COMPARATIVE BALANCE SHEET

DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
Cash	$ -	$ -
Restricted assets (cash)	483,830	323,389
Investments	-	-
Taxes receivable	-	-
Intergovernmental receivable	32,011	303,208
Total assets	$515,841	$626,597
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	$ -	$327,340
Intergovernmental payable	-	-
Accrued liabilities	-	-
Due to other funds	-	10,153
Total liabilities	-	337,493
Fund balance:		
Restricted	515,841	289,104
Total fund balance	515,841	289,104
Total liabilities and fund balance	$515,841	$626,597

CITY OF BERKELEY LAKE, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Revenues:		
Intergovernmental	$390,830	$ 551,190
Investment earnings	1,181	1,433
	392,011	552,623
Expenditures:	170,213	668,128
Excess of revenues over expenditures	221,798	(115,505)
Other financing sources (uses):		
Transfers (net)	4,939	(12,436)
Total other financing sources (used)	4,939	(12,436)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	226,737	(127,941)
Fund balance, January 1	289,104	417,045
Fund balance, December 31	$515,841	$ 289,104

CITY OF BERKELEY LAKE, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts			Variance with Final Budget-
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Intergovernmental	$295,332	$390,830	$390,830	$ -
Investment earnings	480	1,181	1,181	-
Total revenues	295,812	392,011	392,011	-
Expenditures	490,480	170,213	170,213	-
Excess (deficiency) of revenues over expenditures	(194,668)	221,798	221,798	-
Other Financing Sources (Uses):				
Transfers in (out)	-	-	4,939	4,939
Total other financing sources (uses)	-	-	4,939	4,939
Excess of revenues and other financing sources over (under) expenditures and other financing uses	$(194,668)	$221,798	226,737	$4,939
Fund balance, January 1			289,104	
Fund balance, December 31			$515,841	

CITY OF BERKELEY LAKE, GEORGIA
DAM REPAIR/RECONSTRUCTION
CAPITAL PROJECTS FUND

COMPARATIVE BALANCE SHEET

DECEMBER 31, 2016 AND 2015

	2016	2015
Assets:		
Cash	$ -	$43,108
Restricted assets (cash)	-	-
Investments	-	-
Taxes receivable	-	-
Intergovernmental receivable	-	-
Total assets	$ -	$43,108
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	$ -	$ -
Retainage payable	-	-
Accrued liabilities	-	-
Due to other funds	-	-
Total liabilities	-	-
Fund balance:		
Restricted	-	43,108
Total fund balance	-	43,108
Total liabilities and fund balance	$ -	$43,108

CITY OF BERKELEY LAKE, GEORGIA
DAM REPAIR/RECONSTRUCTION
CAPITAL PROJECTS FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Revenues:		
Intergovernmental	$ -	$ -
Investment earnings	-	-
	-	-
Expenditures	-	-
Excess of revenues over expenditures	-	-
Other Financing Sources (Uses):		
Transfers (net)	-	(43,108)
Total other financing sources (used)	-	(43,108)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	-	(43,108)
Fund balance, January 1	-	43,108
Fund balance, December 31	$ -	$ -

CITY OF BERKELEY LAKE, GEORGIA
DAM REPAIR/RECONSTRUCTION
CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts			Variance with Final Budget-
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Intergovernmental	$ -	$ -	$ -	$ -
Investment earnings	-	-	-	-
	-	-	-	-
Expenditures:	-	-	-	-
Excess of revenues over expenditures	-	-	-	-
Other Financing Sources (Uses):				
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess of revenues and other financing sources over (under) expenditures and other financing uses	$ -	$ -	-	$ -
Fund balance, January 1			-	
Fund balance, December 31			$ -	

CITY OF BERKELEY LAKE, GEORGIA
DEBT SERVICE FUND

COMPARATIVE BALANCE SHEET

DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
Cash	$ -	$ -
Restricted assets (cash)	-	7
Investments	-	-
Taxes receivable	-	-
Intergovernmental receivable	-	-
Total assets	$ -	$ 7
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	$ -	$ -
Intergovernmental payable	-	-
Accrued liabilities	-	-
Total liabilities	-	-
Fund balance:		
Restricted	-	7
Total fund balance	-	7
Total liabilities and fund balance	$ -	$ 7

CITY OF BERKELEY LAKE, GEORGIA
DEBT SERVICE FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Revenues:		
Taxes	$ -	$ 190,006
Investment earnings	-	-
Total revenues	-	190,006
Expenditures:	-	12,003
Excess (deficiency) of revenues over expenditures	-	178,003
Other Financing Sources (Uses):		
Bonds issued for dam repair/reconstruction	-	-
Bonds repayments	-	(585,500)
Transfers in	(7)	406,464
Transfers out	-	-
Total other financing sources (uses)	(7)	(179,036)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(7)	(1,033)
Fund balance, January 1	7	(1,040)
Fund balance, December 31	$ -	$ 7

CITY OF BERKELEY LAKE, GEORGIA
DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-Positive (Negative)
	Original	Final		
Revenues:				
Taxes	$ -	$ -	$ -	$ -
Investment earnings	-	-	-	-
	-	-	-	-
Expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other Financing Sources (Uses):				
Transfers in (out)	-	-	(7)	(7)
Bonds repayment	-	-	-	-
Total other financing sources	-	-	(7)	(7)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	$ -	$ -	(7)	$ (7)
Fund balance, January 1			7	
Fund balance, December 31			$ -	

CITY OF BERKELEY LAKE, GEORGIA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE BY FUNCTION AND ACTIVITY

DECEMBER 31, 2016

Function and Activity	Total	Land	Buildings and Improvements	Furniture and Fixtures	Machinery and Equipment	Computers and Peripherals
General Government	$11,301,378	$9,302,261	$1,770,036	$71,493	$121,738	$35,850
Total Capital Assets - Governmental Funds	$11,301,378	$9,302,261	$1,770,036	$71,493	$121,738	$35,850

CITY OF BERKELEY LAKE, GEORGIA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES - BY FUNCTION AND ACTIVITY

FOR THE YEAR ENDED DECEMBER 31, 2016

Capital Assets - Governmental Funds Function and Activity	January 1, 2016	Additions	Deductions	Capital Assets - Governmental Funds December 31, 2016
General Government	$11,290,979	$16,211	$5,812	$11,301,378
	$11,290,979	$16,211	$5,812	$11,301,378

CITY OF BERKELEY LAKE, GEORGIA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULE BY SOURCE

FOR THE YEAR ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Capital Assets - Governmental Funds:		
Land	$ 9,302,261	$ 9,302,261
Buildings and improvements	1,770,036	1,770,036
Furniture and fixtures	71,493	71,493
Machinery and equipment	121,738	127,550
Computers and peripherals	35,850	19,639
Total Capital Assets	$11,301,378	$11,290,979
Investments in Capital Assets - Governmental Funds By Source:		
General Fund	$ 6,812,442	$ 6,816,014
Capital Projects Fund	4,488,936	4,474,965
	$11,301,378	$11,290,979

OTHER REPORTING SECTION

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Honorable Mayor and City Council
City of Berkeley Lake, Georgia

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited the basic financial statements of the governmental activities and each major fund of the City of Berkeley Lake, Georgia, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City of Berkeley Lake, Georgia's basic financial statements, and have issued our report thereon dated April 21, 2017. 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.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* if a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Berkeley Lake, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Berkeley Lake, Georgia's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

J. TERRY GORDON & CO.
Certified Public Accountants
Norcross, Georgia

April 21, 2017

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Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To The Honorable Mayor and Members of the City Council

CITY OF BERKELEY LAKE, GEORGIA

Report on the Schedule of Projects Financed with Special Purpose Local Option Sales Tax

We have audited the accompanying Schedule of Projects Financed with Special Purpose Local Option Sales Tax of the City of Berkeley Lake, Georgia, as of and for the year ended December 31, 2016.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the Schedule of Projects Financed with Special Purpose Local Option Sales Tax 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 an opinion on the Schedule of Projects Financed with Special Purpose Local Option Sales Tax 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 Schedule of Projects Financed with Special Purpose Local Option Sales Tax, 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 Schedule of Projects Financed with Special Purpose Local Option Sales Tax 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 Schedule of Projects Financed with Special Purpose Local Option Sales Tax.

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

Opinion

In our opinion, the Schedule of Projects Financed with Special Purpose Local Option Sales Tax referred to above present fairly, in all material respects, the fund of the City of Berkeley Lake, Georgia, as of December 31, 2016 in accordance with accounting principles generally accepted in the United States of America.

J. Terry Gordon & Co.

J. TERRY GORDON & CO.
Certified Public Accountants
Norcross, Georgia

April 21, 2017

CITY OF BERKELEY LAKE, GEORGIA

SCHEDULE OF PROJECTS FINANCED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX

FOR THE YEAR ENDED DECEMBER 31, 2016

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Year	Current Year	Total
2009 SPLOST Referendum:					
Streets, Roads & Bridges	$ 659,128	$ 659,128	$277,528	$ -	$277,528
Administrative Facilities	988,692	983,459	-	-	-
Total	$1,647,820	$1,642,587	$277,528	$ -	$277,528
2014 SPLOST Referendum:					
Streets, Roads & Bridges	$ 562,988	$ 562,988	$390,600	$170,213	$560,813
Total	$ 562,988	$ 562,988	$390,600	$170,213	$560,813