

CITY OF BUFORD, GEORGIA

AUDITED BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**CITY OF BUFORD, GEORGIA
AUDITED BASIC FINANCIAL STATEMENTS
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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

The Honorable Members of the Board of Commissioners
City of Buford, Georgia

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Buford, Georgia (the "City") as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Buford Board of Education, which represent 100% of the assets, net position, revenues, and expenses of the discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Buford Board of Education, is based solely on the report of the other auditors. 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 error or fraud. 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.

Honorable Members of the Board of Commissioners
City of Buford, Georgia

OPINIONS

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Buford, Georgia, as of June 30, 2016, and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparison of the General Fund, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, the City of Buford Retirement Plan on pages 62-64 and the City of Buford Postemployment Benefit Plan on pages 65-67 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 Buford, Georgia's basic financial statements. The accompanying supplementary information which consist of the combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Projects Constructed and Expenditures Incurred with Special Sales Tax Proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining nonmajor and individual fund financial statements, budgetary comparison schedules, Schedule of Expenditures of Federal Awards, and Schedule of Projects Constructed and Expenditures Incurred with Special Sales Tax Proceeds are the responsibility of management and were derived from and relate 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 combining and individual nonmajor fund financial statements, budgetary comparison schedules, Schedule of Expenditures of Federal Awards, and Schedule of Projects Constructed and Expenditures Incurred with Special Sales Tax Proceeds are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

To the Board of Commissioners
City of Buford, Georgia

OTHER REPORTING REQUIRED BY GOVERNMENTAL AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2016, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Buford, Georgia's internal control over financial reporting and compliance.

Wilcox & Bivings, P.C.

Suwanee, Georgia
December 31, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED

**CITY OF BUFORD, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Management of the City of Buford, Georgia (the "City") provides this Management Discussion and Analysis, as prescribed by the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). This narrative overview and analysis of the City's financial activities is for the fiscal year ending June 30, 2016. Please consider this information in conjunction with the City's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the fiscal year ended June 30, 2016 by \$150,336,424 ("net position"). Of this amount, \$22,946,240, the "unrestricted net position" may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies as more fully described below. \$116,132,671 of net position consisted of net investment in capital assets. The remainder of net position consisted of amounts restricted by law, contracts, donors or debt agreements. \$9,345,116 was restricted for capital projects to be financed by SPLOST funds, \$616,428 was restricted for debt service of the 2010 and 2015 General Obligation Bonds, \$741,720 was restricted in the Municipal Competitive Trust of the Utilities Funds, \$532,735 was restricted for Education and \$21,514 is restricted to uses mandated by Hotel/Motel Tax laws of the State of Georgia.
- The City's total net position increased by \$5,370,999 in the fiscal year ended June 30, 2016.
- As of the close of the current fiscal year ended June 30, 2016, the City's governmental funds reported combined ending fund balances of \$58,850,265. 23.49% of this total amount, \$13,821,985 is available for use within the City's policies ("unassigned fund balances").
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$13,821,985 or 42.66% of total general fund expenditures and transfers out, which totaled \$32,398,372.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplemental information in addition to the basic financial statements themselves.

Government-wide financial statements

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

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. 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.

The statement of activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when 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, such as uncollected property taxes and earned and unused compensated absences.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues ("governmental activities") from functions that are intended to recover all or a significant portion of their costs through user fees and charges ("business-type activities").

OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED

Government-wide financial statements - Continued

The governmental activities of the City include general government (financial and administration), public safety (public safety, marshal and code enforcement), public services (highway and street, building inspection, culture and recreation and maintenance) and intergovernmental (school transfers and general obligation bond related capital expenditures). The business-type activities of the City include the Utilities Fund, which consists of the City's Gas, Electric, Solid Waste and Recycling, and Waste Water and Water systems operations, and the Buford Community Center, Town Park and Theatre. The government-wide financial statements can be found on pages 13-14 of this reporting package.

Fund financial statements

A fund is a grouping of related accounts 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. All of the funds of the City can be divided into three categories - governmental funds, proprietary funds and fiduciary 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, the governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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 effect of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains eleven 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 2015 General Obligation Capital Projects Fund which are considered to be major funds. Data from the other nine funds are combined into a single, aggregated presentation, Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 15 to 19 of this reporting package.

Proprietary Funds

The City maintains one type of proprietary 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 gas, electric, solid waste and recycling, wastewater and water operations (Utilities Fund) and to account for the operations of the Buford Community Center Fund. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Utilities Fund is considered a major fund of the City. The basic proprietary funds financial statements can be found on pages 20 to 23 of this reporting package.

Fiduciary Fund

The City maintains one fiduciary fund consisting of agency funds related to the Buford Board of Education SPLOST funds from Gwinnett and Hall Counties. The basic fiduciary fund financial statement can be found on page 24 of this reporting package.

Notes to the Basic 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 basic financial statements can be found on pages 25 to 61 of this reporting package.

OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED

Supplementary Information Required or Recommended by GASB 34

Supplementary information required by GASB 34 consisting of pension and OPEB disclosures, combining nonmajor governmental funds, schedules of budget to actual for nonmajor governmental funds and a statement of changes in assets and liabilities for the agency fund can be found on pages 62 to 84 of this reporting package.

The Single Audit Section

Reporting and schedules required by *Government Auditing Standards* and the Single Audit can be found on pages 85 to 93 of this reporting package.

Schedule Required by the State of Georgia

The schedule required by the State of Georgia relating to SPLOST expenditures can be found on page 94 of this reporting package.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the City of Buford, assets exceeded liabilities by \$150,336,424 as of June 30, 2016.

The largest portion of the City's net position, totaling \$116,132,671 (77.25%) reflects its investments in capital assets (such as land, buildings and improvements, furniture, machinery and equipment, computer equipment, vehicles, utility systems and infrastructure); less any related debt used to acquire those assets that are 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'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 the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, totaling \$11,257,513 (7.49%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$22,946,240 (15.26%) may be used to meet the government's ongoing obligations to citizens and creditors.

During the fiscal year ended June 30, 2016, governmental activities current and other assets increased by \$10,095,145. The majority of this increase was due to amounts due from the City of Buford Board of Education for expenditures related to the new Buford High School Arena. This amount totaled \$8,784,783, and will be reimbursed when the Board of Education receives the proceeds of the upcoming Gwinnett County SPLOST V. In addition Capital Project Funds related to SPLOST funds recorded an increase in current and other assets totaling \$1,847,876.

The business-type activities current and other assets decreased by \$3,031,408 and unrestricted net position decreased \$2,458,063. Factors in this decrease included a decrease in revenues of \$3,073,871, a decrease in expenses of \$3,835,643, and an increase in net operating transfers out of \$5,426,966. The majority of the decrease in revenues and expenses was due to lower revenues and expense from Gas Department activity due to milder winter weather during fiscal year 2016.

The property tax rate decreased to 12.90 mills from 12.95 for the tax year billed in 2015 and payable in 2016.

As of June 30, 2016, the governmental activities of the City had positive balances in net investment in capital assets of \$59,640,049, in restricted assets totaling \$10,515,793 and in unrestricted net position of \$877,531. As of June 30, 2015, the governmental activities of the City had positive balances in net investment in capital assets of \$58,546,575, in restricted assets totaling \$12,151,455 and a negative balance in unrestricted net position of (\$7,250,656).

The unrestricted net position of business-type activities had a positive balance of \$22,068,709 as of June 30, 2016, and a positive balance of \$24,526,772 as of June 30, 2015.

CITY OF BUFORD, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS - CONTINUED

CITY OF BUFORD, GEORGIA'S CONDENSED NET POSITION

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total - Primary Government</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 60,946,550	\$ 50,851,405	\$ 31,568,646	\$ 34,600,054	\$ 92,515,196	\$ 85,451,459
Capital assets	<u>66,143,285</u>	<u>65,549,811</u>	<u>56,492,622</u>	<u>55,807,076</u>	<u>122,635,907</u>	<u>121,356,887</u>
Total assets	<u>127,089,835</u>	<u>116,401,216</u>	<u>88,061,268</u>	<u>90,407,130</u>	<u>215,151,103</u>	<u>206,808,346</u>
Deferred outflows of resources	<u>1,205,902</u>	<u>78,216</u>	<u>-</u>	<u>-</u>	<u>1,205,902</u>	<u>78,216</u>
Total assets and deferred outflows of resources	<u>128,295,737</u>	<u>116,479,432</u>	<u>88,061,268</u>	<u>90,407,130</u>	<u>216,357,005</u>	<u>206,886,562</u>
Noncurrent liabilities	54,342,006	51,973,719	6,222,152	6,107,188	60,564,158	58,080,907
Other liabilities	<u>2,774,885</u>	<u>864,375</u>	<u>2,536,065</u>	<u>2,781,891</u>	<u>5,310,950</u>	<u>3,646,266</u>
Total liabilities	<u>57,116,891</u>	<u>52,838,094</u>	<u>8,758,217</u>	<u>8,889,079</u>	<u>65,875,108</u>	<u>61,727,173</u>
Deferred inflows of resources	<u>145,473</u>	<u>193,964</u>	<u>-</u>	<u>-</u>	<u>145,473</u>	<u>193,964</u>
Net position:						
Net investment in capital assets	59,640,049	58,546,575	56,492,622	55,807,076	116,132,671	114,353,651
Restricted	10,515,793	12,151,455	741,720	1,184,203	11,257,513	13,335,658
Unrestricted	<u>877,531</u>	<u>(7,250,656)</u>	<u>22,068,709</u>	<u>24,526,772</u>	<u>22,946,240</u>	<u>17,276,116</u>
Total net position	\$ <u>71,033,373</u>	\$ <u>63,447,374</u>	\$ <u>79,303,051</u>	\$ <u>81,518,051</u>	\$ <u>150,336,424</u>	\$ <u>144,965,425</u>

CITY OF BUFORD, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS - CONTINUED

Analysis of the City's Operations

The following table provides a summary of the City's operations for the year ended June 30, 2016 and June 30, 2015. Governmental activities increased the City's net position by \$7,585,999 for the year ended June 30, 2016 and increased net position by \$5,708,790 for the year ended June 30, 2015. Business-type activities decreased the City's net position by \$(2,215,000) for the year ended June 30, 2016 and increased net position by \$2,270,194 for the year ended June 30, 2015.

CITY OF BUFORD, GEORGIA'S CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total-Primary Government	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 3,281,243	\$ 2,715,362	\$ 60,540,812	\$ 63,862,951	\$ 63,822,055	\$ 66,578,313
Capital grants and Contributions	2,600,972	1,926,030	900,938	1,094,000	3,501,910	3,020,030
Operating grants	50,344	-	-	-	50,344	-
General revenues:						
Taxes	13,097,780	12,083,228	-	-	13,097,780	12,083,228
Franchise fees	955,880	915,632	-	-	955,880	915,632
Investment income	170,817	18,283	302,490	112,315	473,307	130,598
Miscellaneous	62,415	77,873	2,345,418	2,094,263	2,407,833	2,172,136
Total revenues	20,219,451	17,736,408	64,089,658	67,163,529	84,309,109	84,899,937
Expenses:						
General government	5,685,827	3,599,957	-	-	5,685,827	3,599,957
Public safety	495,957	393,874	-	-	495,957	393,874
Public services	8,500,927	7,005,910	-	-	8,500,927	7,005,910
Debt service	1,541,499	621,669	-	-	1,541,499	621,669
Intergovernmental - Board of Education	19,650,000	18,400,000	-	-	19,650,000	18,400,000
Gas system	-	-	19,123,150	22,447,756	19,123,150	22,447,756
Electric system	-	-	15,590,647	16,600,734	15,590,647	16,600,734
Solid waste and recycling	-	-	2,495,421	2,222,162	2,495,421	2,222,162
Wastewater system	-	-	1,921,943	2,491,279	1,921,943	2,491,279
Water system	-	-	2,488,389	1,838,291	2,488,389	1,838,291
Utilities Fund - Nondivisional	-	-	81,271	119,309	81,271	119,309
Community Center	-	-	1,363,079	1,180,012	1,363,079	1,180,012
Total expenses	35,874,210	30,021,410	43,063,900	46,899,543	78,938,110	76,920,953
Increases (decreases) in net position before transfers	(15,654,759)	(12,285,002)	21,025,758	20,263,986	5,370,999	7,978,984
Transfers - internal	23,240,758	17,993,792	(23,240,758)	(17,993,792)	-	-
Increases (decreases) in net position	7,585,999	5,708,790	(2,215,000)	2,270,194	5,370,999	7,978,984
Net position - beginning of year - restated	63,447,374	57,738,584	81,518,051	79,247,857	144,965,425	136,986,441
Net position - end of year	\$ 71,033,373	\$ 63,447,374	\$ 79,303,051	\$ 81,518,051	\$ 150,336,424	\$ 144,965,425

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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, 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.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$58,850,265. Of this amount, \$44,823,186 (76.16%) of this total is restricted due to external limitations on its use. These uses include 1) capital projects funded by the 2015 General Obligation Bonds (\$32,917,614) and by SPLOST funds (\$9,345,116), 2) debt service related to the 2010 GOB Bond (\$445,599) and the 2015 GOB Bond (\$1,560,608), 3) education purposes (\$532,735), and 4) tourism promotion (\$21,514). \$205,094 (0.35%) of fund balances is considered unspendable because it has been used for prepaid items. \$13,821,985 (23.49%) constitutes unassigned fund balance.

The General Fund is the main operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$13,821,985, and total fund balance was \$14,559,814. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the fund's total operational expenditures. Unassigned fund balance represents 44.82% of total expenditures, while total fund balance represents 47.22% of that same amount.

The General Fund's fund balance increased by \$10,059,984 during the current fiscal year. Key factors are as follows:

- Total revenues increased by \$1,803,938. Components of this increase included an increase in property tax revenues of \$505,773, an increase in intergovernmental revenue of \$582,113, an increase in charges for services of \$565,881, an increase in sales and excise taxes of \$123,353, an increase in franchise taxes of \$40,248, a decrease in miscellaneous income of \$(15,458), and an increase in investment income of \$2,028. Factors of the increase in property tax revenue included an increase in the assessed valuation and occurred despite the decrease in the millage rate from 12.95 to 12.90. The increase in intergovernmental revenue was due to the completion of the several new CDBG grants in fiscal year 2016. Sales and excise taxes increased mainly due to an increase in the insurance premium tax. Charges for services increased due to a large increase in business and occupation licenses of \$200,716 and building and inspection fees of \$387,767 caused by the economic upturn in the area.
- Total expenditures decreased by \$(1,954,234). Components of this decrease in expenditures included an increase in financial administration of \$708,026, an increase in Public Services-Public Safety, Marshal and Code Enforcement of \$102,083, an increase in Public Services-Highway and Street of \$1,549,281, an increase in Public Services-Building Inspection of \$28,612, a decrease in Public Services-Culture and Recreation of \$(5,082,391), an increase in Public Services-Maintenance of \$240,155 and an increase in intergovernmental payments to the City of Buford Board of Education of \$500,000. Factors influencing increased expenses included higher payroll costs due to employee raises, and increased retirement costs due to an additional funding payment of \$1,000,000 made in fiscal year 2016. The decrease in Public Services-Culture and Recreation was due mainly to land purchased in fiscal year 2015.
- Other financing sources increased by \$5,447,778, due to an increase of \$5,505,741 in transfers from the Utilities Fund and a decrease of \$(57,963) in transfers from the Hotel/Motel Tax Fund. Other financing uses increased by \$165,300 due to a decrease in transfers to the 2010 GOB debt service fund of \$(16,876) due to a decrease in interest expense, and an increase in transfers to the Buford Community Center, Town Park, and Theatre of \$182,176 for additional operating expenses.

Proprietary funds

The City's proprietary funds statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the proprietary funds had a balance of \$22,068,709, consisting of the Utilities Fund balance of \$21,770,750 and the Buford Community Center Fund of \$297,959. The funds had a net position decrease for the fiscal year totaling \$(2,663,246), consisting of the Utilities Fund's decrease of \$(2,770,757) and the Buford Community Center fund's increase of \$107,511.

CITY OF BUFORD, GEORGIA
 MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS - CONTINUED

General Fund Budgetary Highlights

The City made revisions to the original budgeted expenditures as necessary during the year, as approved by the City Commission, including amending the budget in order to equal actual expenditures at the end of the fiscal year. Overall these changes resulted in a decrease from the original budgeted expenditures totaling \$(591,495) a percentage decrease of 1.90%. Financial administration decreased \$(1,332,880). Public Safety increased \$2,457. Public Services - Highway and Street increased \$510,454. Public Services - Building Inspection increased \$22,879. Public Services - Culture and Recreation increased \$46,012. Public Services - Maintenance increased \$159,583. There was no change in intergovernmental expenditures for the City of Buford Board of Education.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2016, amounts to \$122,635,907, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, furniture, machinery and equipment, computer equipment, utility infrastructure, infrastructure assets, and vehicles.

Major capital asset events during the current fiscal year included the following:

- The City added \$2,807,474 to its Gas System, \$1,434,948 to its Water and Wastewater System and \$280,256 to its Electric System for improvements and expansion of the systems.
- The City capitalized \$805,324 in street additions and improvements.
- The City purchased new vehicles totaling \$165,640 for the Gas Department, \$104,986 for the Solid Waste and Recycling Department and \$18,500 for the Electric Department.
- The City added land for various governmental activities for the anticipated downtown parking deck totaling \$187,005.

Depreciation expense totaled \$2,545,516 in the governmental activities and \$4,450,401 in the business-type enterprises.

CAPITAL ASSETS AT YEAR-END (NET OF ACCUMULATED DEPRECIATION)

	Governmental Activities		Business-Type Activities		Total-Primary Government	
	2016	2015	2016	2015	2016	2015
Land	\$ 16,588,147	\$ 16,401,142	\$ 202,663	\$ 202,663	\$ 16,790,810	\$ 16,603,805
Construction in progress	2,813,994	769,791	4,167,727	3,928,598	6,981,721	4,698,389
Utility system infrastructure	-	-	113,492,703	108,970,025	113,492,703	108,970,025
Buildings and improvements	31,861,062	31,793,104	156,507	156,507	32,017,569	31,949,611
City parks	4,626,207	4,626,207	-	-	4,626,207	4,626,207
Furniture and equipment	1,029,718	995,218	633,248	548,234	1,662,966	1,543,452
Sidewalks	612,087	612,087	-	-	612,087	612,087
Streets	18,902,447	18,097,123	-	-	18,902,447	18,097,123
Streetscapes & hardscapes	6,283,065	6,283,065	-	-	6,283,065	6,283,065
Vehicles	241,974	241,974	2,102,484	1,813,358	2,344,458	2,055,332
Accumulated depreciation	(16,815,416)	(14,269,900)	(64,262,710)	(59,812,309)	(81,078,126)	(74,082,209)
Total	\$ 66,143,285	\$ 65,549,811	\$ 56,492,622	\$ 55,807,076	\$ 122,635,907	\$121,356,887

Additional information on the City's capital assets can be found in note 5 in the notes to the basic financial statements on pages 38-40 of this reporting package.

**CITY OF BUFORD, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

DEBT ADMINISTRATION

At the end of the current fiscal year, the City had \$44,024,830 in outstanding debt consisting of general obligation bonds.

CITY OF BUFORD, GEORGIA'S OUTSTANDING DEBT

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total-Primary Government</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
General obligation bonds	\$ <u>44,024,830</u>	\$ <u>44,773,252</u>	\$ _____	\$ _____	\$ <u>44,024,830</u>	\$ <u>44,773,252</u>
Total	\$ <u>44,024,830</u>	\$ <u>44,773,252</u>	\$ _____	\$ _____	\$ <u>44,024,830</u>	\$ <u>44,773,252</u>

The City's total debt (including compensated absences and other long-term operating liabilities) decreased from \$45,444,086 to \$44,592,148 during the current fiscal year, a decrease of \$851,938. Activity consisted of principal payments on general obligation bonds totaling \$500,000, amortization of the refunding premium of \$248,422, a decrease in accrued costs for landfill post closure costs of \$142,566, and an increase in accrued compensated absences of \$39,050.

The General Obligation Bonds issued in 2015 are for the purpose of acquisition and construction of school facilities to be owned by the Board of Education of the City of Buford school system "BOE". The City entered into an intergovernmental contract with the BOE in regards to issuance, use of proceeds and payment of the Bonds as of June 1, 2015. The contract stipulates that the BOE's payment obligations consist of the payments of all amounts coming due as principal and interest on the Bonds as set forth in the Bonds and the Bond Ordinance directly to and for the applicable account of the City as so designated by the City. The obligation of the BOE to pay promptly its obligations shall be absolute and unconditional and shall not be subject to any defense or right of setoff, counterclaim, or recoupment arising from any breach by the City of any obligation to the Board or the breach by the BOE of any obligation to the City. In addition, the Board has notified the State Board of Education of the issuance of the Bonds and has authorized and directed the State Board to withhold and transfer any state appropriation to which the BOE is entitled to. The Sinking Fund Custodian shall be required to transfer to the paying agent for the Bonds such amounts of monies as are necessary to provide for the payment of the principal and/or interest on the Bonds coming due each payment date. The BOE has assigned SPLOST revenues from the Intergovernmental Agreement with the Board of Education of Gwinnett County dated July 17, 2015 for use in payment of the Bonds.

Additional information on the City's long-term debt can be found in note 6 on pages 40-43 of this reporting package.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The area's economy continues to show strength with a particularly high level of activity in the light industrial/office/warehouse sector. Several projects have been completed with others slated for completion in 2017. Single family housing construction is healthy with several developments offering a range of housing opportunities. The retail sector continues its steady improvement. A new car dealership is under construction with several commercial developments either proposed or in concept development. The City is assisting in the development of a new Buford High School campus. As part of this project, the City is constructing a roadway connector adjacent to the campus. The City plans to continue improvements to its infrastructure, further invest in its utility systems, support planning and development in the City and focus on delivery of services to its citizens and customers.

With regards to capital projects, the South Lee Street utility improvement and streetscape project is underway. Numerous gas and electric extension and improvement projects were completed in 2016 supporting development, roadway projects, system safety and reliability, which will continue in 2017. A new Buford City Gym begins construction with completion in 2018. Water plant and sewer plant capital investments are being evaluated.

**CITY OF BUFORD, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS - CONTINUED

The Georgia Department of Transportation let the Buford Highway widening project on the north side of the City with construction now underway. The City has partnered with Gwinnett County on a road widening project on State Route 20 utilizing SPLOST and other funding. The project should begin in 2017. A number of other capital projects are in the planning stages for 2017 and beyond.

Buford Community Center and Theatre continues to host events, weddings, receptions and meetings with demand for the facility remaining strong. Buford Youth Sports Complex continues to host youth sporting events and draws teams and spectators from across Georgia and the Southeast.

Fiscal Year 2016 Budget

General Fund budgeted revenue and transfers in for the 2017 fiscal year total \$46,451,150, while General Fund budgeted expenditures and transfers out for the 2017 fiscal year total \$41,049,936.

Budgeted revenues for the Utilities Fund for the 2017 fiscal year include \$3,823,000 for the Waste Water System, \$980,000 for the Water System, \$4,080,000 for Solid Waste and Recycling, \$19,740,000 for the Electric System, \$34,846,965 for the Gas System and \$1,039,000 for Nondivisional revenues for a total of \$64,508,965. Budgeted expenditures and transfers out for the 2017 fiscal year include \$4,047,400 for the Waste Water System, \$1,745,500 for the Water System, \$2,496,500 for Solid Waste and Recycling, \$16,000,200 for the Electric System, \$19,142,410 for the Gas System, \$30,000 for Nondivisional expenditures and \$25,000,000 transfers out for a total of \$68,462,010.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Buford, 2300 Buford Highway, Buford, Georgia 30518.

The financial statements of the City of Buford Board of Education are audited by the Georgia Department of Audits, as allowed by Code of Georgia Annotated 50-6-6. These component financial statements can be obtained from the City of Buford Board of Education at 70 Wiley Drive, Buford, Georgia 30518.

BASIC FINANCIAL STATEMENTS

CITY OF BUFORD, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2016

	Primary Government			Component Unit 06/30/15 City of Buford Board of Education
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 10,218,784	\$ 4,923,865	\$ 15,142,649	\$ 11,687,468
Investments	3,806,990	16,720,966	20,527,956	-
Receivables - net	428,304	2,955,675	3,383,979	1,036,872
Due from other governments	1,650,751	182,938	1,833,689	4,835,288
Due from Buford Board of Education	8,256,797	-	8,256,797	-
Prepaid expenses	205,094	226,947	432,041	192,657
Inventories	-	-	-	7,421
Restricted cash and cash equivalents	8,784,783	-	8,784,783	-
Restricted investments	27,617,410	6,535,892	34,153,302	-
Interfund balances	(22,363)	22,363	-	-
Capital assets being depreciated - net	46,741,144	52,122,232	98,863,376	48,277,718
Capital assets not being depreciated	<u>19,402,141</u>	<u>4,370,390</u>	<u>23,772,531</u>	<u>11,936,495</u>
Total assets	<u>127,089,835</u>	<u>88,061,268</u>	<u>215,151,103</u>	<u>77,973,919</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	<u>1,205,902</u>	-	<u>1,205,902</u>	<u>3,659,288</u>
Total assets and deferred outflows of resources	<u>128,295,737</u>	<u>88,061,268</u>	<u>216,357,005</u>	<u>81,633,207</u>
LIABILITIES				
Accounts payable	\$ 1,294,063	2,285,263	3,579,326	3,367,157
Accrued interest	889,779	-	889,779	-
Other accrued liabilities	91,043	250,802	341,845	4,657,333
General obligation bonds payable, due in less than one year	500,000	-	500,000	-
Intergovernmental payable, due in less than one year	-	-	-	3,040,000
Long-term liabilities, due in more than one year				
General obligation bonds payable	43,524,830	-	43,524,830	-
Intergovernmental agreement	-	-	-	5,238,942
Customer deposits	-	5,794,172	5,794,172	-
Accrued compensated absences	139,338	121,104	260,442	-
Net OPEB obligation	4,552,752	-	4,552,752	-
Net pension liability	6,125,086	-	6,125,086	26,228,911
Accrued landfill closure and post-closure care costs	-	<u>306,876</u>	<u>306,876</u>	-
Total liabilities	<u>57,116,891</u>	<u>8,758,217</u>	<u>65,875,108</u>	<u>42,532,343</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	<u>145,473</u>	-	<u>145,473</u>	<u>9,143,955</u>
NET POSITION				
Net Investment in capital assets	59,640,049	56,492,622	116,132,671	51,334,463
Restricted for:				
Capital projects - SPLOST	9,345,116	-	9,345,116	-
Capital projects - Board of Education	-	-	-	1,426,116
Debt service	616,428	-	616,428	-
Municipal Competitive Trust	-	741,720	741,720	-
Education	532,735	-	532,735	-
Federal programs	-	-	-	192,521
Other purposes	21,514	-	21,514	-
Unrestricted	<u>877,531</u>	<u>22,068,709</u>	<u>22,946,240</u>	<u>(22,996,191)</u>
Total net position	<u>\$ 71,033,373</u>	<u>\$ 79,303,051</u>	<u>\$ 150,336,424</u>	<u>\$ 29,956,909</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

CITY OF BUFORD, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government:				
Financial and administration	\$ 5,685,827	\$ 2,233,110	\$ -	\$ -
Public safety:				
Public safety, Marshal and Code enforcement	495,957	-	-	-
Public services:				
Highway and street	5,477,489	-	50,344	2,486,937
Building inspection	314,379	915,010	-	-
Culture and recreation	1,711,813	133,123	-	114,035
Maintenance	997,246	-	-	-
Intergovernmental:				
Board of Education	19,650,000	-	-	-
Debt Service:				
Interest and fiscal charges	<u>1,541,499</u>	-	-	-
Total governmental activities	<u>35,874,210</u>	<u>3,281,243</u>	<u>50,344</u>	<u>2,600,972</u>
Business-type activities:				
Gas system	19,123,150	31,120,634	-	-
Electric system	15,590,647	19,924,115	-	-
Solid waste and recycling	2,495,421	3,894,570	-	-
Wastewater system	1,921,943	3,052,268	-	608,628
Water system	2,488,389	1,019,141	-	292,310
Non-divisional utility	81,271	966,790	-	-
Community Center	<u>1,363,079</u>	<u>563,294</u>	-	-
Total business-type activities	<u>43,063,900</u>	<u>60,540,812</u>	<u>-</u>	<u>900,938</u>
Total primary government	<u>\$ 78,938,110</u>	<u>\$ 63,822,055</u>	<u>\$ 50,344</u>	<u>\$ 3,501,910</u>
Component Unit				
City of Buford Board of Education	<u>\$ 45,198,426</u>	<u>\$ 2,906,433</u>	<u>\$ 27,056,760</u>	<u>\$ 77,220</u>

General revenues:

Taxes:

Property
Sales and excise
Franchise fees
Investment income
Miscellaneous

Transfers - internal activity

Total general revenues and transfers

Change in net position

Net position at beginning of year - restated

Net position at end of year

Net (Expense) Revenue and Changes in Net Position			Component Unit
Primary Government			06/30/15
Governmental Activities	Business-Type Activities	Total	City of Buford Board of Education
\$(3,452,717)	\$ -	\$(3,452,717)	\$ -
(495,957)	-	(495,957)	-
(2,940,208)	-	(2,940,208)	-
600,631	-	600,631	-
(1,464,655)	-	(1,464,655)	-
(997,246)	-	(997,246)	-
(19,650,000)	-	(19,650,000)	-
(1,541,499)	-	(1,541,499)	-
<u>(29,941,651)</u>	-	<u>(29,941,651)</u>	-
-	11,997,484	11,997,484	-
-	4,333,468	4,333,468	-
-	1,399,149	1,399,149	-
-	1,738,953	1,738,953	-
-	(1,176,938)	(1,176,938)	-
-	885,519	885,519	-
-	<u>(799,785)</u>	<u>(799,785)</u>	-
-	<u>18,377,850</u>	<u>18,377,850</u>	-
<u>\$(29,941,651)</u>	<u>\$ 18,377,850</u>	<u>\$(11,563,801)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$(15,158,013)</u>
\$ 11,202,607	\$ -	\$ 11,202,607	\$ 10,781,309
1,895,173	-	1,895,173	3,800,146
955,880	-	955,880	-
170,817	302,490	473,307	8
62,415	2,345,418	2,407,833	3,578,410
<u>23,240,758</u>	<u>(23,240,758)</u>	<u>-</u>	<u>-</u>
<u>37,527,650</u>	<u>(20,592,850)</u>	<u>16,934,800</u>	<u>18,159,873</u>
7,585,999	(2,215,000)	5,370,999	3,001,860
<u>63,447,374</u>	<u>81,518,051</u>	<u>144,965,425</u>	<u>26,955,049</u>
<u>\$ 71,033,373</u>	<u>\$ 79,303,051</u>	<u>\$ 150,336,424</u>	<u>\$ 29,956,909</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

	General	Capital Project	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,177,140	\$ 6,778,576	\$ 11,047,851	\$ 19,003,567
Investments - certificates of deposit	3,806,990	27,617,410	-	31,424,400
Property taxes receivable - net	210,060	-	-	210,060
Sales and excise taxes receivable	-	-	78,270	78,270
Other receivables	139,974	-	-	139,974
Due from other governments	1,325,765	-	324,986	1,650,751
Due from Buford Board of Education	8,256,797	-	-	8,256,797
Interfund balances	1,511,995	-	-	1,511,995
Prepaid items	<u>205,094</u>	<u>-</u>	<u>-</u>	<u>205,094</u>
Total assets	<u>\$ 16,633,815</u>	<u>\$ 34,395,986</u>	<u>\$ 11,451,107</u>	<u>\$ 62,480,908</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 1,271,779	\$ -	\$ 22,284	\$ 1,294,063
Accrued expenses	91,043	-	-	91,043
Interfund balances	<u>-</u>	<u>1,478,372</u>	<u>55,986</u>	<u>1,534,358</u>
Total liabilities	<u>1,362,822</u>	<u>1,478,372</u>	<u>78,270</u>	<u>2,919,464</u>
DEFERRED INFLOWS OF RESOURCES				
Property tax revenue	<u>711,179</u>	<u>-</u>	<u>-</u>	<u>711,179</u>
Total deferred inflows of resources	<u>711,179</u>	<u>-</u>	<u>-</u>	<u>711,179</u>
FUND BALANCES				
Non-spendable:				
Prepaid items	205,094	-	-	205,094
Restricted for:				
Capital projects - City of Buford Board of Education	-	32,917,614	-	32,917,614
Capital project - SPLOST construction	-	-	9,345,116	9,345,116
Debt service	-	-	2,006,207	2,006,207
Education	532,735	-	-	532,735
Tourism, conventions and trade shows	-	-	21,514	21,514
Unassigned	<u>13,821,985</u>	<u>-</u>	<u>-</u>	<u>13,821,985</u>
Total fund balances	<u>14,559,814</u>	<u>32,917,614</u>	<u>11,372,837</u>	<u>58,850,265</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,633,815</u>	<u>\$ 34,395,986</u>	<u>\$ 11,451,107</u>	<u>\$ 62,480,908</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF BUFORD, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2016

Total fund balance - total governmental funds	\$ 58,850,265
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 governmental funds balance sheet.	66,143,285
Other long-term assets are not available to pay for current period expenditures, and therefore, are reported as deferred inflows of resources in governmental funds:	
Property tax revenue	711,179
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported in fund liabilities. Interest on long-term debt is not accrued in governmental funds, but is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position:	
General obligation bonds - 2010 issue	(6,503,236)
General obligation bonds - 2015 issue	(33,050,000)
Refunding premium - 2015 issue	(4,471,594)
Accrued interest payable	(889,779)
Compensated absences	(139,338)
OPEB obligation	(4,552,752)
Net pension liability	(6,125,086)
Deferred outflows of pension related resources	1,205,902
Deferred inflows of pension related resources	<u>(145,473)</u>
Net assets of governmental activities	\$ <u>71,033,373</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF BUFORD, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	General	Capital Project	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes - property	\$ 11,290,667	\$ -	\$ -	\$ 11,290,667
Charges for services	3,281,243	-	-	3,281,243
Intergovernmental	743,259	-	1,908,057	2,651,316
Taxes - sales and excises	1,627,074	-	268,099	1,895,173
Franchise fees	955,880	-	-	955,880
Miscellaneous	62,415	-	-	62,415
Investment income	<u>18,104</u>	<u>141,987</u>	<u>10,726</u>	<u>170,817</u>
Total revenues	<u>17,978,642</u>	<u>141,987</u>	<u>2,186,882</u>	<u>20,307,511</u>
EXPENDITURES				
Current operating:				
General government:				
Financial and administration	\$ 3,692,970	\$ -	\$ -	\$ 3,692,970
Public safety:				
Public safety, Marshal and Code enforcement	495,957	-	-	495,957
Public services:				
Highway and street	5,405,454	-	69,326	5,474,780
Building inspection	314,379	-	-	314,379
Culture and recreation	888,512	-	76,600	965,112
Maintenance	914,083	-	-	914,083
Intergovernmental:				
Buford Board of Education	18,900,000	2,228,372	-	21,128,372
Debt Service:				
Principal retirement	-	-	500,000	500,000
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>1,070,810</u>	<u>1,070,810</u>
Total expenditures	<u>30,611,355</u>	<u>2,228,372</u>	<u>1,716,736</u>	<u>34,556,463</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,632,713)</u>	<u>(2,086,385)</u>	<u>470,146</u>	<u>(14,248,952)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	24,479,714	-	732,648	25,212,362
Transfers out	<u>(1,787,017)</u>	<u>-</u>	<u>(184,587)</u>	<u>(1,971,604)</u>
Total other financing sources (uses)	<u>22,692,697</u>	<u>-</u>	<u>548,061</u>	<u>23,240,758</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	10,059,984	(2,086,385)	1,018,207	8,991,806
Fund balances at beginning of year - restated	<u>4,499,830</u>	<u>35,003,999</u>	<u>10,354,630</u>	<u>49,858,459</u>
Fund balances at ending of year	<u>\$ 14,559,814</u>	<u>\$ 32,917,614</u>	<u>\$ 11,372,837</u>	<u>\$ 58,850,265</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

CITY OF BUFORD, GEORGIA
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
 TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Net change in fund balances - total governmental funds	\$	8,991,806
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the Government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital asset additions recorded in the current period:</p>		
		3,138,990
<p>Depreciation expense on capital assets is reported in the government-wide statement of activities, but does not require the use of current financial resources, therefore, depreciation expense is not reported as an expenditure in the governmental funds:</p>		
	(2,545,516)
<p>Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the increase (decrease) during the current year in deferred inflows or resources that are earned but not collected:</p>		
Property tax revenue	(88,060)
<p>The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the government-wide statement of activities:</p>		
Principal payments on general obligation bonds		500,000
<p>Some expenses reported in the government-wide statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds:</p>		
Refunding premium - bond issuance - amortization		248,422
Accrued interest	(719,111)
Compensated absences	(20,907)
Pension cost	(1,247,538)
OPEB liability	(672,087)
Change in net position of governmental activities	\$	7,585,999

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

CITY OF BUFORD, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>General Fund</u>			Variance with Final budget Over (Under)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Taxes - property	\$ 10,344,900	\$ 10,344,900	\$ 11,290,667	\$ 945,767
Charges for services	2,450,195	2,450,195	3,281,243	831,048
Taxes - sales and excise	1,424,900	1,424,900	1,627,074	202,174
Franchise fees	900,000	900,000	955,880	55,880
Intergovernmental	906,000	906,000	743,259	(162,741)
Miscellaneous	65,000	65,000	62,415	(2,585)
Investment income	<u>10,000</u>	<u>10,000</u>	<u>18,104</u>	<u>8,104</u>
Total revenues	<u>16,100,995</u>	<u>16,100,995</u>	<u>17,978,642</u>	<u>1,877,647</u>
EXPENDITURES				
Current operating:				
General government:				
Financial and administration	5,025,850	3,692,970	3,692,970	-
Public safety:				
Public safety, Marshal and Code enforcement	493,500	495,957	495,957	-
Public services:				
Highway and street	4,895,000	5,405,454	5,405,454	-
Building inspection	291,500	314,379	314,379	-
Culture and recreation	842,500	888,512	888,512	-
Maintenance	754,500	914,083	914,083	-
Intergovernmental:				
Board of Education	<u>18,900,000</u>	<u>18,900,000</u>	<u>18,900,000</u>	<u>-</u>
Total expenditures	<u>31,202,850</u>	<u>30,611,355</u>	<u>30,611,355</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,101,855)</u>	<u>(14,510,360)</u>	<u>(12,632,713)</u>	<u>1,877,647</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	28,986,195	28,986,195	24,479,714	(4,506,481)
Transfers out	<u>(1,475,000)</u>	<u>(1,787,017)</u>	<u>(1,787,017)</u>	<u>-</u>
Net other financing sources (uses)	<u>27,511,195</u>	<u>27,199,178</u>	<u>22,692,697</u>	<u>(4,506,481)</u>
Change in fund balance	12,409,340	12,688,818	10,059,984	(2,628,834)
Fund balance at beginning of year	<u>4,499,830</u>	<u>4,499,830</u>	<u>4,499,830</u>	<u>-</u>
Fund balance at end of year	\$ <u>16,909,170</u>	\$ <u>17,188,648</u>	\$ <u>14,559,814</u>	\$ <u>(2,628,834)</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

CITY OF BUFORD, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Utilities Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,667,946	\$ 255,919	\$ 4,923,865
Investments	16,720,966	-	16,720,966
Accounts receivable, net	2,955,675	-	2,955,675
Due from other governments	182,938	-	182,938
Due from other funds	-	22,363	22,363
Prepaid expenses	<u>166,034</u>	<u>60,913</u>	<u>226,947</u>
Total current assets	<u>24,693,559</u>	<u>339,195</u>	<u>25,032,754</u>
Noncurrent assets:			
Restricted assets:			
Restricted investments	6,535,892	-	6,535,892
Capital assets - net	<u>56,325,415</u>	<u>167,207</u>	<u>56,492,622</u>
Total noncurrent assets	<u>62,861,307</u>	<u>167,207</u>	<u>63,028,514</u>
Total assets	<u>\$ 87,554,866</u>	<u>\$ 506,402</u>	<u>\$ 88,061,268</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 2,246,582	\$ 38,681	\$ 2,285,263
Other accrued liabilities	<u>248,247</u>	<u>2,555</u>	<u>250,802</u>
Total current liabilities	<u>2,494,829</u>	<u>41,236</u>	<u>2,536,065</u>
Noncurrent liabilities:			
Customer deposits payable	5,794,172	-	5,794,172
Accrued compensated absences	121,104	-	121,104
Accrued landfill closure and post-closure care costs	<u>306,876</u>	<u>-</u>	<u>306,876</u>
Total noncurrent liabilities	<u>6,222,152</u>	<u>-</u>	<u>6,222,152</u>
Total liabilities	<u>8,716,981</u>	<u>41,236</u>	<u>8,758,217</u>
NET POSITION			
Investment in capital assets	56,325,415	167,207	56,492,622
Restricted for:			
Municipal Competitive Trust - Electric	741,720	-	741,720
Unrestricted	<u>21,770,750</u>	<u>297,959</u>	<u>22,068,709</u>
Total net position	<u>\$ 78,837,885</u>	<u>\$ 465,166</u>	<u>\$ 79,303,051</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

CITY OF BUFORD, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Utilities Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
OPERATING REVENUES			
Charges for services:			
Gas	\$ 31,120,634	\$ -	\$ 31,120,634
Electric	19,924,115	-	19,924,115
Solid waste and recycling	3,894,570	-	3,894,570
Wastewater	3,052,268	-	3,052,268
Water	1,019,141	-	1,019,141
Penalties	691,639	-	691,639
Service charges	275,151	-	275,151
Buford Community Center	<u>-</u>	<u>563,294</u>	<u>563,294</u>
Total charges for services	<u>59,977,518</u>	<u>563,294</u>	<u>60,540,812</u>
Miscellaneous:			
Other	<u>482,797</u>	<u>413</u>	<u>483,210</u>
Total miscellaneous	<u>482,797</u>	<u>413</u>	<u>483,210</u>
Total operating revenues	<u>60,460,315</u>	<u>563,707</u>	<u>61,024,022</u>
OPERATING EXPENSES			
Utilities purchased for resale	24,715,151	-	24,715,151
Personal services	5,965,529	247,266	6,212,795
Depreciation	4,437,559	12,842	4,450,401
Contractual services	2,825,728	315,296	3,141,024
Materials and supplies	2,131,979	42,152	2,174,131
Utilities	700,437	155,347	855,784
Repairs and maintenance	703,351	103,653	807,004
Event expenses	-	459,969	459,969
Other operating	<u>221,087</u>	<u>26,554</u>	<u>247,641</u>
Total operating expenses	<u>41,700,821</u>	<u>1,363,079</u>	<u>43,063,900</u>
Income (loss) from operations	18,759,494	(799,372)	17,960,122
NONOPERATING REVENUES (EXPENSES)			
Refunds and rebates	1,862,208	-	1,862,208
Grant income	900,938	-	900,938
Investment income	<u>302,486</u>	<u>4</u>	<u>302,490</u>
Total nonoperating revenues (expenses)	<u>3,065,632</u>	<u>4</u>	<u>3,065,636</u>
Income (loss) before transfers	21,825,126	(799,368)	21,025,758
TRANSFERS IN (OUT)			
Transfers in	-	1,130,969	1,130,969
Transfers out	<u>(24,371,727)</u>	<u>-</u>	<u>(24,371,727)</u>
Total transfers in (out)	<u>(24,371,727)</u>	<u>1,130,969</u>	<u>(23,240,758)</u>
Change in net position	(2,546,601)	331,601	(2,215,000)
Total net position at beginning of year	<u>81,384,486</u>	<u>133,565</u>	<u>81,518,051</u>
Total net position at end of year	<u>\$ 78,837,885</u>	<u>\$ 465,166</u>	<u>\$ 79,303,051</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

CITY OF BUFORD, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Utilities Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
<i>CASH FLOWS FROM OPERATING ACTIVITIES:</i>			
Cash received - customers	\$ 59,689,472	\$ 566,052	\$ 60,255,524
Cash received - other operating sources	482,797	413	483,210
Cash payments - suppliers for goods and services	(31,754,821)	(1,147,643)	(32,902,464)
Cash payments - personal services	(5,893,039)	(247,772)	(6,140,811)
Net cash provided (used) by operating activities	<u>22,524,409</u>	<u>(828,950)</u>	<u>21,695,459</u>
<i>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</i>			
Transfers from other funds	-	1,108,606	1,108,606
Transfers to other funds	(24,371,727)	-	(24,371,727)
Net cash provided (used) by noncapital financing activities	<u>(24,371,727)</u>	<u>1,108,606</u>	<u>(23,263,121)</u>
<i>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</i>			
Purchases of capital assets	(5,201,671)	(33,276)	(5,234,947)
Proceeds of capital grants	<u>718,000</u>	<u>-</u>	<u>718,000</u>
Net cash provided (used) by capital and related financing activities	<u>(4,483,671)</u>	<u>(33,276)</u>	<u>(4,516,947)</u>
<i>CASH FLOWS FROM INVESTING ACTIVITIES:</i>			
Purchase and sales of investments, net	(11,598,815)	-	(11,598,815)
Income from investments and other	<u>2,446,632</u>	<u>4</u>	<u>2,446,636</u>
Net cash provided (used) by investing activities	<u>(9,152,183)</u>	<u>4</u>	<u>(9,152,179)</u>
Increase (decrease) in cash and cash equivalents	(15,483,172)	246,384	(15,236,788)
Cash and cash equivalents at beginning of year	<u>20,151,118</u>	<u>9,535</u>	<u>20,160,653</u>
Cash and cash equivalents at end of year	<u>\$ 4,667,946</u>	<u>\$ 255,919</u>	<u>\$ 4,923,865</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

CITY OF BUFORD, GEORGIA
STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Utilities Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
<i>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</i>			
Income (loss) from operations	\$ 18,759,494	\$(799,372)	\$ 17,960,122
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:			
Cash flows reported in other categories:			
Depreciation	4,437,559	12,842	4,450,401
Changes in assets and liabilities:			
Accounts receivable	(511,988)	2,758	(509,230)
Prepaid expenses	(28,137)	(46,835)	(74,972)
Accounts payable	(300,995)	1,789	(299,206)
Customer deposits payable	239,387	-	239,387
Accrued liabilities	(70,911)	(132)	(71,043)
Net cash provided (used) by operating activities	\$ <u>22,524,409</u>	\$(<u>828,950</u>)	\$ <u>21,695,459</u>
<i>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET ASSETS:</i>			
Current assets - cash and cash equivalents	\$ 4,667,946	\$ 255,919	\$ 4,923,865
Restricted assets - cash and cash equivalents	-	-	-
Total cash and cash equivalents at end of year	\$ <u>4,667,946</u>	\$ <u>255,919</u>	\$ <u>4,923,865</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

CITY OF BUFORD, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
CITY OF BUFORD BOARD OF EDUCATION SPLOST FUNDS
JUNE 30, 2016

	AGENCY FUNDS		
	Gwinnett County SPLOST Fund	Hall County SPLOST Fund	Total Agency Funds
ASSETS			
Cash and cash equivalents	\$ <u>262,653</u>	\$ <u>265,579</u>	\$ <u>528,232</u>
Total assets	\$ <u>262,653</u>	\$ <u>265,579</u>	\$ <u>528,232</u>
LIABILITIES			
Held in trust - City of Buford Board of Education	\$ <u>262,653</u>	\$ <u>265,579</u>	\$ <u>528,232</u>
Total net liabilities	\$ <u>262,653</u>	\$ <u>265,579</u>	\$ <u>528,232</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Buford, Georgia (the "City") have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

These financial statements are prepared in accordance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This Statement established financial reporting requirements for state and local governments throughout the United States and required new information and restructured much of the information that governments presented in the past. Comparability with reports issued in years prior to June 30, 2003 is affected. With the implementation of GASB Statement No. 34, the City has prepared required supplementary information titled *Management's Discussion and Analysis*, which precedes the financial statements.

REPORTING ENTITY

The City was incorporated December 23, 1937, under Code of Georgia Annotated Title 69-1 and reincorporated under a revised City Charter in 2003. The City operates under a Commission-Manager form of government and is vested with all rights, powers, and privileges incident to a Municipal corporation. The City's charter authorizes the following services: public safety (public safety, marshal and code enforcement), highways and streets, culture and recreation, maintenance, sanitation and utility services, education and general administrative services.

For financial reporting purposes, the accompanying financial statements include all the operations over which the City is financially accountable. The City is financially accountable for organizations that make up its legal entity, as well as legally separate organizations that meet certain criteria. In accordance with GASB 14, *The Financial Reporting Entity*, as amended by GASB 39, *Determining Whether Certain Organizations are Component Units*, the criteria for inclusion in the reporting entity involve those cases where the City or its officials appoint a voting majority of the organization's governing body, and is either able to impose its will on the organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City or the nature and significance of the relationship between the City and the organization is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Applying this definition, the City has determined that the component unit and/or joint venture reportable within the accompanying financial statements is the City of Buford Board of Education.

Blended component units, although legally separate entities, are, in substance, part of the City's operations, and accordingly, data from these units are combined with data of the City. There are no blended component units. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. The Discretely presented component unit discussed below was evaluated and should be included in the City's reporting entity in accordance with GASB Statement No. 14 as amended by GASB 39 because of their financial relationship with the City.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

REPORTING ENTITY - CONTINUED

Discretely Presented Component Unit

City of Buford Board of Education - The City of Buford Board of Education ("BOE") is the governing authority of the City School System. There are five members on the Board. Four of them are elected by the public, and one is the Chairman of the City of Buford Board of Commissioners. The BOE is a legally separate entity with the power to sue or be sued. The BOE has decision-making authority, the power to designate management, the power to incur indebtedness, and the ability to significantly influence operations. The BOE controls the employment of all personnel and has the final decision on how its funds are disbursed. However, the City Council holds the authority to levy taxes and determines the amount of tax revenue flowing to the BOE. The City approves the property tax millage, levies the tax and remits the school portion of the tax to the board. In addition, the City provides additional funds as necessary to ensure that the quality of educational facilities and services provided are maintained at the highest level possible. Finally, the City may, and has, approved the issuance of bonded debt for the use of the BOE and is legally responsible for that debt. Thus, the BOE is a component unit of the City because it is fiscally dependent on the City. The amounts on the government-wide financial statements are from the BOE's audited financial statements for the year ending June 30, 2015, which were released on March 1, 2016 and are the latest available as of the date of our report.

The financial statements of the City of Buford Board of Education noted above were audited by other independent auditors. These component financial statements can be obtained from the City of Buford Board of Education at 2625 Sawnee Avenue, Buford, Georgia 30518.

Note information in these Notes to Basic Financial Statements does not include any data related to the City of Buford Board of Education. GASBS No. 14, paragraph 63 states that "determining which discretely presented component unit disclosures are essential to fair presentation is a matter of professional judgment and should be done on a component unit-by-component unit basis." Because of the fact that these financial statements are primarily concerned with the Primary Government of the City of Buford, and due to the fact that the BOE has separately issued financial statements that are readily available to users, this information is not included in these notes.

City of Buford Downtown Development Authority - This Authority, while consisting of a board of directors, has had no financial activity for the year ended June 30, 2016 or in prior years.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

Government-Wide Financial Statements

The City of Buford's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position and report information on all of the activities of the City. The statements present summaries of governmental and business-type activities of the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all the City's assets and liabilities, including capital assets as well as infrastructure assets acquired after July 1, 1980 and long term liabilities, are included in the Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues of the City are reported in three categories: (1) charges for services, (2) operating grants and contributions, and (3) capital grants and contributions. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION - CONTINUED

Government-Wide Financial Statements - Continued

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total column. In the Statement of Activities, transactions of a service type nature between the governmental activities and the business-type activities have not been eliminated.

The City applies all applicable GASB pronouncements, including all NCGA Statements and Interpretations currently in effect.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all governmental funds. An accompanying schedule is presented to reconcile and explain differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements. The City has presented all funds that meet those qualifications.

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures in the current period. Accordingly, revenues are recorded when received in cash, except those revenues that are subject to accrual (generally sixty days after year-end) which are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City are property tax, sales tax, intergovernmental revenues and other taxes. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received. Expenditures are recorded in the accounting period in which the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources.

The City has presented the following major governmental funds:

General Fund - The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Capital Projects Funds

The Capital Projects Funds account for all resources used for the acquisition and/or construction of major capital facilities by the City, except those financed by the General and Enterprise Funds. The following is a description of the City's major Capital Projects Funds.

2015 General Obligation Bond Construction Fund – This fund is used to account for the construction and financing of projects funded by the City of Buford 2015 General Obligation Bonds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION - CONTINUED

Governmental Fund Financial Statements - Continued

Other governmental funds that are not considered major include the following:

Special Revenue Fund

The Special Revenue Fund is used by the City to account for the accumulation and disbursement of restricted resources. The following is a description of the City's Special Revenue Fund:

Hotel/Motel Tax Fund - used to account for receipt and allocation of the City's hotel/motel tax. Use of this tax is limited by law to promotion of tourism. The City hotel/motel tax rate for its three hotels was 7% during the fiscal year ending June 30, 2016.

Debt Service Funds

The Debt Service Funds account for the accumulation of resources for, and the payment of governmental long term debt principal, interest, and fiscal charges. The following is a description of the City's Debt Service Funds:

2010 General Obligation Bond Debt Service Fund

The governmental long-term debt serviced by the Debt Service Fund relates to the 2010 General Obligation Bonds used to finance the construction of the Buford Community Center, Town Park and Theatre.

2015 General Obligation Bond Debt Service Fund

The governmental long-term debt serviced by the Debt Service Fund relates to the 2015 General Obligation Bonds used to finance the construction of related to the City of Buford Board of Education.

Capital Projects Funds

The Capital Projects Funds account for all resources used for the acquisition and/or construction of major capital facilities by the City, except those financed by the General and Enterprise Funds. The following is a description of the City's non-major Capital Projects Funds.

Gwinnett County 2005 SPLOST Fund - used to account for the construction and financing of projects funded by the Gwinnett County 2005 SPLOST.

Gwinnett County 2009 SPLOST Fund - used to account for the construction and financing of projects funded by the Gwinnett County 2009 SPLOST.

Gwinnett County 2014 SPLOST Fund - used to account for the construction and financing of projects funded by the Gwinnett County 2014 SPLOST.

Hall County 2009 SPLOST Fund - used to account for the construction and financing of projects funded by the Hall County 2009 SPLOST.

Hall County 2015 SPLOST Fund - used to account for the construction and financing of projects funded by the Hall County 2015 SPLOST.

Rest Haven 2001 SPLOST Fund - used to account for the construction and financing of projects funded by the City of Rest Haven 2001 SPLOST.

Rest Haven 2005 SPLOST Fund - used to account for the construction and financing of projects funded by the City of Rest Haven 2005 SPLOST.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION - CONTINUED

Proprietary Funds Financial Statements

Proprietary Funds Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows for each major proprietary fund and aggregated non-major funds.

Proprietary funds are accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary fund are those revenues that are generated from the primary operations of the funds. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the funds. All other expenses are reported as non-operating expenses.

The City has presented the following major proprietary fund:

Utilities Fund - used to account for the provision of electric, gas, water, waste water, sanitation and recycling services to the residents of the City of Buford and its surrounding areas. Activities of the fund include administration, operations and maintenance of the utility systems, and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for enterprise fund debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure the integrity of the fund.

Other proprietary funds that are not considered major include the following:

Buford Community Center Fund - used to account for the activity of the Buford Community Center, Town Park and Theatre.

Fiduciary Fund Financial Statements

Fiduciary Fund Financial Statements include a Statement of Fiduciary Assets and Liabilities. The City's Fiduciary Funds represent Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurements of results of operations. The Agency funds use the accrual basis of accounting like the proprietary funds explained above. Agency funds of the City are related to Buford Board of Education SPLOST funds from Gwinnett and Hall County SPLOST funds.

USE OF RESTRICTED/UNRESTRICTED NET POSITION

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

BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are adopted for the General and Proprietary (Enterprise) Funds. Capital Projects are budgeted over the life of the projects. Debt Service is budgeted through either the General or Proprietary (Enterprise) Fund depending on the type of debt. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). The budget for the Proprietary (Enterprise) Fund is adopted on a GAAP basis, except that depreciation expense is not budgeted. Budget amounts are as originally adopted, or as amended by the Board of Commissioners.

CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

BUDGETS AND BUDGETARY ACCOUNTING - CONTINUED

Budgeting Policy

- The prior year's actual revenues and expenditures/expenses for the General and Proprietary (Enterprise) Funds are compared to budget amounts for that year.
- Adjustments are made to the prior year's budgeted revenues and expenditures/expenses to make budgeted amounts agree with actual amounts. These are the proposed budgets for the coming year.
- The proposed budgets are submitted to the Board of Commissioners, who make adjustments to the proposed budgets as it deems necessary.
- The proposed budgets are revised in accordance with the Board of Commissioners recommendations and resubmitted to the Board of Commissioners for their approval.
- After reviewing the budget revisions, the Board of Commissioners approves and adopts the budgets.
- All budget amendments must be approved by the Board of Commissioners.
- All appropriations lapse at the end of the fiscal year.

CASH, CASH EQUIVALENTS AND INVESTMENTS

For purposes of the Statement of Cash Flows, the City considers cash, demand deposits, certificates of deposit, cash with agents and all highly liquid investments with original maturities of three months or less when purchased to be cash and cash equivalents. All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The City generally holds all investments until maturity.

INTERFUND RECEIVABLES AND PAYABLES

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

TRANSACTIONS BETWEEN FUNDS

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both the Governmental and Proprietary Funds.

PAYMENTS BETWEEN CITY AND BUFORD BOARD OF EDUCATION AGENCY FUND

Resource flows between a the City and the Agency Fund related to the Buford Board of Education SPLOST funds are reported as external transactions - that is, as revenues and expenses/expenditures in the financial statements.

ACCOUNTS RECEIVABLE AND UNEARNED REVENUES

Accounts receivable are recorded in the General, Special Revenue, Capital Project and Proprietary Funds. Receivables are stated at their net realizable value (face value less the allowance for uncollectible accounts). Delinquent taxes receivable are fully reserved by the deferral of the related revenues until payment is received. Utility revenue is recorded when earned. The accrual of earned, but unbilled receivables is made at year-end and included in the accompanying financial statements. The Utilities Fund grants credit to utility customers, all of whom are located in North Georgia Counties. Allowances for doubtful accounts totaled \$530,447 for the General Fund and \$3,561,002 for the Utilities Fund. No allowance was considered necessary for any receivables in the special revenue or capital project funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

PREPAID ITEMS

Prepaid balances are for payments made by the City in the current year for services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recorded to signify that a portion of the fund balance is not available for subsequent expenditures (“nonspendable fund balance”).

RESTRICTED CASH AND INVESTMENTS

Certain funds are held in the Utilities Fund in accounts restricted for the Municipal Competitive Trust Agreement with the Municipal Electric Authority of Georgia. These funds are held in cash or investments as allowed by State law and the requirements of the related debt agreements. The investments are stated at fair value and the City records all investment revenue earned on these investments in the appropriate fund.

INVENTORIES

There are no inventories of supplies or materials recorded at June 30, 2016, as amounts stored for supplies and materials were not of a material nature at that date.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The amounts that qualify for reporting in this category are related to pensions.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The amounts that qualify for reporting in this category are related to pensions.

In addition to liabilities, governmental activities fund balance will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The amounts that qualify for reporting in this category are related to property taxes.

MANAGEMENT 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 amount of revenues and expenditures or expenses during the reporting period. Accordingly, actual results could differ from those estimates.

PROPERTY TAX

Property Taxes - City property tax revenues are recognized when levied to the extent that they result in current receivables. Receivables outstanding more than 60 days after the fiscal year-end are recorded as deferred revenue in governmental funds. Taxes were levied on August 3, 2015, which is the date that the millage rate was established. Taxes are payable by November 20 and become delinquent and attach as an enforceable lien on that date. The City bills and collects property taxes through the General Fund and the funds are entirely related to and for the use of the Buford Board of Education and transferred along with additional funding appropriations as set by the City Commission in the budget process. The millage rate for the 2015 tax digest was set at 12.90 mills.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

CAPITAL ASSETS

Capital assets, which include property, plant and equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Capital assets utilized in the governmental funds are recorded as expenditures in the governmental fund financial statements. Depreciation expense is recorded in the government-wide financial statements and in the fund financial statements for proprietary funds. Repairs and maintenance are recorded as expenses and expenditures; renewal and betterments are capitalized. The City capitalizes interest costs as part of the cost of construction of various construction projects when material. There was no capitalized interest for the year ending June 30, 2016.

Assets capitalized, not including infrastructure assets, have an original cost of \$5,000 or more and over one year of useful life. Infrastructure assets capitalized have an original cost of \$10,000 or more. Depreciation has been calculated on depreciable assets using the straight-line method. Estimated useful lives are as follows:

Buildings and improvements	15-50 years
Equipment	5-10 years
Furniture and fixtures	10 years
Sidewalks	16-50 years
Streets, streetscapes and hardscapes	20-50 years
Utility Plant - Electric	20-50 years
Utility Plant - Gas	25-50 years
Utility Plant - Waste Water	25-50 years
Utility Plant - Water	25-50 years
Vehicles	5-10 years

The City has elected not to capitalize collections and works of art. Collections such as works of art and historical artifacts meet the definition of a capital asset. The requirement for capitalization is waived, however, for collections that meet the following conditions:

- The collection is held for reasons other than financial gain.
- The collection is protected, kept unencumbered, cared for, and preserved.
- The collection is subject to an organizational policy requiring that the proceeds from sales of collection items be used to acquire other items for collections.

The sale or disposal of capital assets is recorded by removing the cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

GASB Statement No. 34 requires the City to report and depreciate new infrastructure assets. Infrastructure assets include roads, bridges, drainage, sidewalks, etc. The City finalized implementation of the general provisions of GASB Statement No. 34 related to retroactive infrastructure provisions in the fiscal year ending June 30, 2007. All infrastructure acquired after years ending June 30, 1980 is included in these financial statements.

CAPITALIZED INTEREST

Interest costs are capitalized when incurred by proprietary funds on debt where proceeds were used to finance the construction of assets during the construction period of the related project. There were no interest costs incurred by the Utilities Fund for the year ended June 30, 2016, therefore no interest costs were charged to expense or capitalized for the year ended June 30, 2016.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

COMPENSATED ABSENCES

Compensated absences are recorded on the statement of activities in the government-wide financial statements and the statement of revenues, expenses, and changes in net position in the proprietary funds financial statements. The City's policy for compensated absences is as follows. Vacation is accrued at the rate of five days per year for employees with zero through three years of service, at a rate of ten days per year for employees with four years to nine years of service and at a rate of fifteen days per year for employees with ten or more years of service. Unused vacation leave, not to exceed thirty days, may be carried into the next calendar year. Any annual vacation leave above thirty days will be paid at the end of the calendar year. Sick leave accrues at the rate of five days per year. Unused sick leave may be carried into the next calendar year, not to exceed ten days.

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. Long-term liabilities expected to be financed from governmental fund types are not recorded in the governmental funds financial statements. Any related interest expense is recorded on the statement of activities in the government-wide financial statements and the statement of revenues, expenses, and changes in net position in the proprietary funds financial statements. Payments of principal and interest are recorded as expenditures on the statement of revenues, expenditures and changes in fund balance in the governmental fund financial statements.

Bond discounts and premiums are deferred and amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. In the fund financial statements, governmental fund types report the face amount of debt issued and related premiums or discounts as other financing sources. Bond issuance costs are reported as debt service expenditures.

FUND EQUITY

Beginning with the fiscal year ending June 30, 2011, the City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

Nonspendable fund balance - amounts that cannot be spent because they are not in a spendable form, such as prepaid expenses or inventory, or because they are legally or contractually required to be maintained intact.

Restricted fund balance - constraints are placed on the use of specific purposes by their providers, such as grantors, creditors and bondholders, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed fund balance - amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City of Buford Board of Commissioners. The Board of Commissioners is the City's highest level of decision-making authority, and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Board. Committed fund balance should also incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance - amounts that are constrained by the City's intent to use for a specific purpose, but are neither restricted nor committed. The intent should be expressed by the Board of Commission.

Unassigned fund balance – the residual classification representing fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the fund. These are amounts that are available for any purpose; positive amounts are reported only in the General Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

FUND EQUITY - CONTINUED

The City Commission establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the City Commission through adoption or amendment of the budget as intended for specific purpose (such as purchase of fixed assets, construction, debt service, or for other purposes).

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, then Assigned, and lastly, Unassigned.

NET POSITION

Net position represents the difference between assets and liabilities. Net investment in capital assets represents historical cost of assets, less accumulated depreciation, reduced by the outstanding balances of any borrowing used for acquisition, construction, or improvements of those assets, and adding back unspent proceeds. Net positions are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws and regulations of other governments.

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk - the risk that, in the event of the failure of a depository institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits to be 110% collateralized by depository insurance, obligations of the United States or certain obligations guaranteed by the U.S. Government, obligations of the State of Georgia, or industrial revenue bonds or bonds of public or development authorities, counties, or municipalities of the State of Georgia. The collateral pledged by the banks' trust department in the City's name is composed of bonds of U.S. Government Agencies. The City's policy on custodial credit risk is to comply with the requirements of the State of Georgia.

Deposits of the City's reporting entity are insured or collateralized with securities held by the City, its agent, or by the pledging financial institution's trust department or agent in the name of the City or applicable public trust.

Investments

State statutes authorize the City to invest only in certificates of deposit of banks and savings and loan associations which have deposits insured by the FDIC with any uninsured amounts collateralized by direct obligations of the United States or the State of Georgia; obligations of the United States and of its agencies and instrumentalities; or bonds or certificates of indebtedness of the State of Georgia and of its agencies and its instrumentalities.

CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS - CONTINUED

Investments - Continued

As of June 30, 2016, the City had the following investments:

<u>Investment</u>	<u>Rating</u>	<u>Maturity</u>	<u>Fair Value</u>
<u>Primary Government</u>			
<u>Governmental activities</u>			
Certificates of Deposit	N/A	365 day	\$ 3,806,990
Certificates of Deposit	N/A	730 day	27,617,410
<u>Business-type activities</u>			
Certificates of Deposit	N/A	365 day	11,962,495
Municipal Competitive Trust:			
Flexible Operating Account	N/A	365 day or less	7,222,373
Intermediate Tax Restricted	N/A	10 year maximum	741,720
Intermediate Extended Maturity	N/A	24 year maximum	<u>3,330,270</u>
Total			<u>\$ 54,681,258</u>

The City is involved in an external investment pool, the Municipal Competitive Trust, which is administered by the Municipal Electric Authority of Georgia (“MEAG”), a governmental entity. The City entered into a Municipal Competitive Trust agreement with MEAG. The City purchases for resale, electric power from MEAG. The City is a beneficiary of this trust, and the City and MEAG deposit monies in the trust from time to time. All monies are held by the trustee, Municipal Competitive Trust, for the City’s benefit and are invested in investment securities. The City has recorded the assets in the Enterprise Fund. The Municipal Competitive Trust permits the investment of funds in direct obligations of the United States Government, direct and general obligations of states, certain Federal agency discount notes and repurchase agreements collateralized by securities, which would otherwise be permissible under the laws of the State of Georgia. The fair value of the City’s position in the pool changes with market conditions, and is calculated based on the fair market value of net position held in the pool at the close of each business day.

Credit Risk - the City’s policy regarding credit risk is to follow state statute. The Municipal Competitive Trust permits the investment of funds in direct obligations of the United States Government, direct and general obligations of states, certain Federal agency discount notes and repurchase agreements collateralized by securities, which would otherwise be permissible under the laws of the State of Georgia.

Custodial Credit Risk - for an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. An investment in money market funds is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although money market funds seek to preserve the value of the investment at \$1.00 per share, it is possible to lose money by investing in the funds. Fund shares are not guaranteed by the US Government. The fund is a managed portfolio and its holdings are subject to change. The fund shares are held in an investment account in the City’s name. Custodial Credit Risk is not required for external investment pools; therefore, the Municipal Competitive Trust is exempt from this requirement. The City has no policy on custodial credit risk.

Interest Rate Risk - interest rate risk is the risk that changes in interest rates may adversely affect an investment’s fair value. Since the price of a bond fluctuates with market interest rates, the risk that an investor faces is that the price of a bond held in a portfolio will decline if market interest rates rise. The portfolio’s weighted average maturity (WAM) is a key determinant of the tolerance of a fund’s investments to rising interest rates. In general, the longer the WAM, the more susceptible the fund is to rising interest rates. The US Treasury Money Market interest rate risk is based on WAM. The Municipal Competitive Trust interest rate risk is based on the maximum duration of maturity of its investments.

CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS - CONTINUED

Investments - Continued

Concentration of Credit Risk - the City places no limit on the amount that the City may invest in any one issuer. External investment pools are excluded from the concentration of credit risk requirement; therefore, the Municipal Competitive Trust is exempt from this requirement.

Foreign Currency Risk - The City has no foreign currency risk as all investments are in U.S. dollar-denominated assets.

NOTE 3 - TAX AND ACCOUNT RECEIVABLES

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Current receivables:			
Property taxes	\$ 210,060	\$ -	\$ 210,060
Sales and excise tax receivable	78,270	-	78,270
Accounts	-	2,955,675	2,955,675
Other	<u>139,974</u>	<u>-</u>	<u>139,974</u>
Total current	<u>428,304</u>	<u>2,955,675</u>	<u>3,383,979</u>
Total receivables	\$ <u>428,304</u>	\$ <u>2,955,675</u>	\$ <u>3,383,979</u>

NOTE 4 - INTERFUND RECEIVABLES/PAYABLES AND TRANSACTIONS

Interfund balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded, and payment between funds are made. All interfund receivable/payable amounts are classified as short-term.

Interfund receivables/payables are as follows at June 30, 2016:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<u>General Fund:</u>		
GOB 2015 Construction Fund	\$ 1,478,372	\$ -
Hotel/Motel Tax Fund	<u>33,623</u>	<u>-</u>
Total General Fund	<u>1,511,995</u>	<u>-</u>
GOB 2015 Construction Fund - to General Fund	<u>-</u>	<u>1,478,372</u>
<u>Non-Major Governmental Funds:</u>		
Hotel/Motel Tax Fund - to General Fund	-	33,623
Hotel/Motel Tax Fund - Buford Community Center Fund	<u>-</u>	<u>22,363</u>
Total Non-Major Governmental Funds	<u>-</u>	<u>55,986</u>
<u>Non-Major Proprietary Funds:</u>		
Buford Community Center Fund - from Hotel/Motel Tax Fund	<u>22,363</u>	<u>-</u>
Total Non-Major Proprietary Fund	<u>22,363</u>	<u>-</u>
Total	\$ <u>1,534,358</u>	\$ <u>1,534,358</u>

CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 4 - INTERFUND RECEIVABLES/PAYABLES AND TRANSACTIONS - CONTINUED

Interfund transactions consisted of the following for the year ending June 30, 2016:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>General Fund:</u>		
Utilities Fund	\$ 24,371,727	\$ -
Hotel/Motel Tax Fund	107,987	-
2010 GOB Debt Service Fund	-	732,648
Buford Civic Center Fund	<u>-</u>	<u>1,054,369</u>
Total General Fund	<u>24,479,714</u>	<u>1,787,017</u>
<u>Special Revenue Fund:</u>		
Hotel/Motel Tax Fund - to General Fund	-	107,987
Hotel/Motel Tax Fund - to Buford Community Center	<u>-</u>	<u>76,600</u>
Total Special Revenue Fund	<u>-</u>	<u>184,587</u>
<u>Debt Service Funds:</u>		
2010 GOB Debt Service Fund - from General Fund	<u>732,648</u>	<u>-</u>
Total Debt Service Funds	<u>732,648</u>	<u>-</u>
<u>Proprietary Funds:</u>		
Utilities Fund - to General Fund	-	24,371,727
Buford Civic Center Fund - from General Fund	1,054,369	-
Buford Civic Center Fund - from Hotel/Motel Tax Fund	<u>76,600</u>	<u>-</u>
Total Proprietary Funds	<u>1,130,969</u>	<u>24,371,727</u>
Totals	\$ <u>26,343,331</u>	\$ <u>26,343,331</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the General Fund and Utilities Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. (c) Transfer funds to finance the debt service fund in fulfillment of the 2010 and 2015 General Obligation Bond obligations.

CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 5 - CAPITAL ASSETS - CONTINUED

Following is a summary of changes in the capital assets of business-type activities:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
BUSINESS-TYPE ACTIVITIES:				
<u>Not being depreciated:</u>				
Land - Gas	\$ 11,183	\$ -	\$ -	\$ 11,183
Land - Sanitation	85,000	-	-	85,000
Land - Water & waste water	106,480	-	-	106,480
Construction in progress - Gas	309,790	2,548	(306,228)	6,110
Construction in progress - Electric	206,607	346,481	(31,027)	522,061
Construction in progress - Water & wastewater	<u>3,412,201</u>	<u>235,791</u>	<u>(8,436)</u>	<u>3,639,556</u>
Subtotal	<u>4,131,261</u>	<u>584,820</u>	<u>(345,691)</u>	<u>4,370,390</u>
<u>Other capital assets:</u>				
Buildings and improvements - Electric	3,728	-	-	3,728
Buildings and improvements - Gas	6,006	-	-	6,006
Buildings and improvements - BCC	146,773	-	-	146,773
Equipment - Electric	130,635	-	-	130,635
Equipment - Gas	218,236	51,738	-	269,974
Equipment - Water & wastewater	192,254	-	-	192,254
Equipment - BCC	-	33,276	-	33,276
Furniture & fixtures - Water & wastewater	7,109	-	-	7,109
Utility plant - Electric	19,220,104	280,256	-	19,500,360
Utility plant - Gas	60,891,944	2,807,474	-	63,699,418
Utility plant - Water & wastewater	28,857,977	1,434,948	-	30,292,925
Vehicles - Electric	435,828	18,500	-	454,328
Vehicles - Gas	804,050	165,640	-	969,690
Vehicles - Solid waste & recycling	428,721	104,986	-	533,707
Vehicles - Water & wastewater	<u>144,759</u>	<u>-</u>	<u>-</u>	<u>144,759</u>
Subtotal	<u>\$ 111,488,124</u>	<u>\$ 4,896,818</u>	<u>\$ -</u>	<u>\$ 116,384,942</u>
<u>Accumulated depreciation:</u>				
Buildings and improvements - Electric	\$(3,728)	\$ -	\$ -	\$(3,728)
Buildings and improvements - Gas	(6,006)	-	-	(6,006)
Buildings and improvements - BCC	(-)	(12,842)	-	(12,842)
Equipment - Electric	(124,037)	(2,098)	-	(126,135)
Equipment - Gas	(196,572)	(7,865)	-	(204,437)
Equipment - Water & wastewater	(187,004)	(750)	-	(187,754)
Equipment - BCC	(-)	(-)	-	(-)
Furniture & fixtures - Water & wastewater	(7,109)	-	-	(7,109)
Utility plant - Electric	(12,456,411)	(965,454)	-	(13,421,865)
Utility plant - Gas	(28,788,091)	(2,368,851)	-	(31,156,942)
Utility plant - Water & wastewater	(16,595,754)	(971,082)	-	(17,566,836)
Vehicles - Electric	(325,798)	(19,057)	-	(344,855)
Vehicles - Gas	(631,881)	(84,148)	-	(716,029)
Vehicles - Solid waste & recycling	(346,157)	(18,004)	-	(364,161)
Vehicles - Water & waste water	<u>(143,761)</u>	<u>(250)</u>	<u>-</u>	<u>(144,011)</u>
Subtotal	<u>(59,812,309)</u>	<u>(4,450,401)</u>	<u>-</u>	<u>(64,262,710)</u>
Net other capital assets	<u>51,675,815</u>	<u>446,417</u>	<u>-</u>	<u>52,122,232</u>
Net capital assets	<u>\$ 55,807,076</u>	<u>\$ 1,031,237</u>	<u>\$(345,691)</u>	<u>\$ 56,492,622</u>

CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 5 - CAPITAL ASSETS - CONTINUED

Depreciation was charged to functions as follows:

Business-type activities:

Electric	\$ 986,609
Gas	2,460,864
Solid Waste and Recycling System	18,004
Waste Water	486,041
Water	486,041
Buford Community Center	<u>12,842</u>

Total business-type activities depreciation expense \$ 4,450,401

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2016:

Type of Debt	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016	Amounts Due within One Year
Governmental activities:					
General Obligation Bonds	\$ 40,053,236	\$ -	\$(500,000)	\$ 39,553,236	\$ 500,000
Refunding premium	4,720,016	-	(248,422)	4,471,594	-
Compensated absences	<u>118,431</u>	<u>20,907</u>	<u>-</u>	<u>139,338</u>	<u>-</u>
Total general long-term debt	\$ <u>44,891,683</u>	\$ <u>20,907</u>	\$(<u>748,422</u>)	\$ <u>44,164,168</u>	\$ <u>500,000</u>
Business-type activities:					
Accrued landfill closure and post closure care	449,442	-	(142,566)	306,876	-
Compensated absences	<u>102,961</u>	<u>18,143</u>	<u>-</u>	<u>121,104</u>	<u>-</u>
Total proprietary fund debt	\$ <u>552,403</u>	\$ <u>18,143</u>	\$(<u>142,566</u>)	\$ <u>427,980</u>	\$ <u>-</u>

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

GOVERNMENTAL ACTIVITIES

As of June 30, 2016, the governmental long-term debt of the financial reporting entity consisted of the following:

GENERAL OBLIGATION BONDS PAYABLE

City of Buford General Obligation Bonds - 2010 Issue

The City of Buford General Obligation Bonds - 2010 issue are dated October 21, 2010 and payable in the original amount of \$10,000,000. The bonds were issued for the purpose of providing funds to be used to pay the cost of acquiring, constructing, and equipping certain additional facilities, including a multi-purpose facility to house and in furtherance of the following: (i) recreation and athletics, including, but not limited to a passive park, (ii) fine arts, including, but not limited to a theater, (iii) education, (iv) public meeting space and community-wide events and programs, and (v) administrative offices, and other buildings and facilities useful in connection therewith and acquiring property, real and personal, necessary therefor, and paying expenses incident thereto, including the costs of issuing the bonds. The bonds bear an interest rate of 3.50%, with a final maturity date of July 1, 2030.

CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 6 - LONG-TERM DEBT - CONTINUED

City of Buford General Obligation Bonds - 2010 Issue - Continued

The following is a summary of the maturity of the bonds and interest thereon:

Amount of original issue	\$ 10,000,000
Less: amount redeemed	<u>(3,496,764)</u>
Net amount outstanding June 30, 2016 - total general obligation bonds payable	6,503,236
Less: current maturities	<u>500,000</u>
Long-term maturities	<u>\$ 6,003,236</u>

Annual debt service requirements

The annual debt service requirements to maturity, including principal and interest, for the General Obligation Bonds, Series 2010 long-term debt as of June 30, 2016, are as follows:

<u>Governmental-type Activities</u>			
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 500,000	\$ 223,238	723,238
2018	500,000	205,738	705,738
2019	500,000	188,238	688,238
2020	500,000	170,738	670,738
2021	500,000	153,238	653,238
2022-2026	2,500,000	503,691	3,003,691
2027-2029	<u>1,503,236</u>	<u>92,215</u>	<u>1,595,451</u>
Total	<u>\$ 6,503,236</u>	<u>\$ 1,537,096</u>	<u>\$ 8,040,332</u>

City of Buford General Obligation Bonds - 2015 Issue

The City of Buford General Obligation Bonds - 2015 issue are dated June 17, 2015 and payable in the original amount of \$33,050,000. The bonds were issued for the purpose of providing funds, together with other available funds of the Board of Education of the City of Buford ("BOE") to finance the costs of acquiring, constructing, and equipping certain capital outlay projects of the School System and the costs of issuance of the Bonds including capitalized interest, more specifically for the purpose of acquisition, construction and equipping certain additional Buford City School facilities, the addition of classrooms to existing schools, renovation of existing facilities and technology and preventive maintenance thereto in furtherance of K-12 education in the Buford City School district and other buildings and facilities useful in connection therewith, and acquiring property, real and personal, necessary thereof, and paying expenses incident thereto; to provide for the date and the maximum interest rate or rates of interest which such bonds shall bear, and the schedule of maturities of said bond issue; to provide for the levy of and collection of taxes to service said bond issue, and for other related purposes. The bonds bear interest rates varying from of 3.625% to 5.250%, with a final maturity date of January 1, 2029.

The City entered into an intergovernmental contract with the BOE in regards to issuance, use of proceeds and payment of the Bonds as of June 1, 2015. The contract stipulates that the BOE's payment obligations consist of the payments of all amounts coming due as principal and interest on the Bonds as set forth in the Bonds and the Bond Ordinance directly to and for the applicable account of the City as so designated by the City. The obligation of the BOE to pay promptly its obligations shall be absolute and unconditional and shall not be subject to any defense or right of setoff, counterclaim, or recoupment arising from any breach by the City of any obligation to the BOE or the breach by the BOE of any obligation to the City. In addition, the BOE has notified the State Board of Education of the issuance of the Bonds and has authorized and directed the State Board to withhold and transfer any state appropriation to which the BOE is entitled to. The Sinking Fund Custodian shall be required to transfer to the paying agent for the Bonds such amounts of monies as are necessary to provide for the payment of the principal and/or interest on the Bonds coming due each payment date.

CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 6 - LONG-TERM DEBT - CONTINUED

City of Buford General Obligation Bonds - 2015 Issue - Continued

Finally, the BOE has assigned SPLOST revenues from the Intergovernmental Agreement with the Board of Education of Gwinnett County dated July 17, 2015 for use in payment of the Bonds.

The following is a summary of the maturity of the bonds and interest thereon:

Amount of original issue at par	\$ 33,050,000
Less: amount redeemed	(_____)
Net amount outstanding June 30, 2016 - total general obligation bonds payable	33,050,000
Less: current maturities	_____
Long-term maturities	<u>\$ 33,050,000</u>

Annual debt service requirements

The annual debt service requirements to maturity, including principal and interest, for the General Obligation Bonds, Series 2015 long-term debt as of June 30, 2016, are as follows:

<u>Governmental-type Activities</u>			
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ -	\$ 1,552,569	\$ 1,552,569
2018	-	1,552,569	1,552,569
2019	11,960,000	1,552,569	13,512,569
2020	-	1,074,169	1,074,169
2021	-	1,074,169	1,074,169
2022-2026	10,390,000	4,346,006	14,736,006
2027-2029	<u>10,700,000</u>	<u>1,685,250</u>	<u>12,385,250</u>
Total	<u>\$ 33,050,000</u>	<u>\$ 12,837,301</u>	<u>\$ 45,887,301</u>

The annual debt service requirements to maturity, including principal and interest, for total General Obligation Bonds as of June 30, 2016, are as follows:

DEBT SERVICE REQUIREMENTS - TOTAL GENERAL OBLIGATION BONDS PAYABLE, SERIES 2010 AND 2015

<u>Governmental-type Activities</u>			
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 500,000	\$ 1,775,807	\$ 2,275,807
2018	500,000	1,758,307	2,258,307
2019	12,460,000	1,740,807	14,200,807
2020	500,000	1,244,907	1,744,907
2021	500,000	1,227,407	1,727,407
2022-2026	12,890,000	4,849,697	17,739,697
2027-2029	<u>12,203,236</u>	<u>1,777,465</u>	<u>13,980,701</u>
Total	<u>\$ 39,553,236</u>	<u>\$ 14,374,397</u>	<u>\$ 53,927,633</u>

COMPENSATED ABSENCES

City employees are entitled to receive, upon termination of or retirement from employment, all accumulated annual leave as referred to in Note 1. The General Fund has been used to liquidate compensated absences from Governmental Activities in prior years.

Noncurrent portion	\$ <u>139,338</u>
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CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 6 - LONG-TERM DEBT - CONTINUED

BUSINESS-TYPE ACTIVITIES:

As of June 30, 2016, the long-term debt payable from proprietary fund resources consisted of the following:

COMPENSATED ABSENCES

City employees are entitled to receive, upon termination of or retirement from employment, all accumulated annual leave as referred to in Note 1. The Proprietary Fund has been used to liquidate compensated absences from Business-type Activities in prior years.

Noncurrent portion \$ 121,104

NOTE 7 - RESTRICTED GOVERNMENT-WIDE ASSETS

Governmental activities

Restricted assets are composed of the following at June 30, 2016:

	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
GOB 2015 Construction Fund	\$ 6,778,576	\$ 27,617,410	\$ 34,395,986
Restricted for Customer Deposits	<u>2,006,207</u>	<u>-</u>	<u>2,006,207</u>
Total	\$ <u>8,784,783</u>	\$ <u>27,617,410</u>	\$ <u>36,402,193</u>

Business-type activities

Restricted assets are composed of the following at June 30, 2016:

	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
Municipal Competitive Trust	\$ -	\$ 741,720	\$ 741,720
Restricted for Customer Deposits	<u>-</u>	<u>5,794,172</u>	<u>5,794,172</u>
Total	\$ <u>-</u>	\$ <u>6,535,892</u>	\$ <u>6,535,892</u>

NOTE 8 - RESTRICTED FUND ASSETS

Proprietary Funds

Restricted assets are composed of the following at June 30, 2016:

	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
Municipal Competitive Trust	\$ -	\$ 741,720	\$ 741,720
Restricted for Customer Deposits	<u>-</u>	<u>5,794,172</u>	<u>5,794,172</u>
Total	\$ <u>-</u>	\$ <u>6,535,892</u>	\$ <u>6,535,892</u>

NOTE 9 - LIABILITIES PAYABLE FROM GOVERNMENT-WIDE RESTRICTED ASSETS

Business-type activities

Liabilities payable from restricted assets are composed of the following at June 30, 2016:

Customer Deposits	\$ <u>5,794,172</u>
Total	\$ <u>5,794,172</u>

CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 10 - LIABILITIES PAYABLE FROM FUND RESTRICTED ASSETS

Proprietary Funds

Liabilities payable from restricted assets are composed of the following at June 30, 2016:

Customer Deposits	\$ <u>5,794,172</u>
Total	\$ <u>5,794,172</u>

NOTE 11 - FUND BALANCE

The City governmental fund balances are restricted for specific purposes or as required by bond ordinances or higher levels of government. As of June 30, 2016, the restrictions are as follows:

Governmental Funds

Nonspendable:

Prepaid items	\$ 205,094
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Restricted for:

General Fund for education	532,735
Special Revenue Fund for tourism, conventions and trades shows	21,514
Capital Projects Funds for assets that are reserved for GOB funded projects	32,917,614
Capital Projects Funds for assets that are reserved for SPLOST funded projects	9,345,116
Debt Service Funds for payment of General Obligation Bond debt service	<u>2,006,207</u>

Total restricted governmental funds	\$ <u>45,028,280</u>
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NOTE 12 - RESTRICTED NET POSITION

Governmental Activities

Restricted net position is comprised of the following at June 30, 2016:

Restricted for:

SPLOST funded projects	\$ 9,345,116
General Obligation Bonds debt service	616,428
Education	532,735
Tourism, conventions and trade shows	<u>21,514</u>

Total net position restricted for governmental-type activities	\$ <u>10,515,793</u>
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Business-type Activities

Restricted net position is comprised of the following at June 30, 2016:

Restricted for:

Municipal Competitive Trust	\$ <u>741,720</u>
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Total net position restricted for business-type activities	\$ <u>741,720</u>
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NOTE 13 - PENSION PLAN

Plan Description

The City's defined benefit pension plan, City of Buford Retirement Plan ("The BRP"), provides retirement and death benefits to plan members and beneficiaries. These retirement provisions were established by an adoption agreement executed by the City Commission. The BRP is affiliated with the Georgia Municipal Employees Benefit System ("GMEBS"), an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Georgia Municipal Association assigns the authority to establish and amend the benefit provisions of the plans that participate in GMEBS to the respective employer entities; for the BRP, that authority rests with the City of Buford. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by written request to Georgia Municipal Association, 201 Pryor Street, SW, Atlanta, Georgia 30303.

Eligibility Requirements

Employees and officials: no waiting period

Normal Retirement Age

Employees: 65+5 or 60+30 or Rule of 75; minimum age of 50 (participant must be actively employed at the time when the 60+30 and Rule of 75 is satisfied in order to qualify)

Officials: 65 or 60+30 or Rule of 75; minimum age of 50 (participant must be actively employed at the time when the 60+30 and Rule of 75 is satisfied in order to qualify)

Early Retirement Age

Employees and officials: 55 +10

Benefit Formula

Employees: 2.00%

Officials Benefits

\$76

Vesting

Employees and officials: 10 years

Significant Accounting Policies

The City uses accounting policies consistent with recognition of liabilities and expenses in the Government-Wide, Governmental Funds and Proprietary Funds financial statements as described in Note 1. Employer contributions are recognized in the period in which the contributions are due. The information provided is available in actuarial valuations prepared as of January 1, 2016 for the plan year beginning July 1, 2016. The plan year runs from July 1 to June 30 annually.

Funding Policy

BRP members are not required and do not contribute to BRP. BRP is a noncontributory plan. The City is required to contribute at an actuarially determined rate; the rate was 13.83% of annual covered payroll for the plan year ending June 30, 2016 for a total recommended contribution of \$757,091. The rate is 18.13% of annual covered payroll for the plan year ending June 30, 2017 for a total recommended contribution of \$1,008,855. Payments for recommended contributions begin at the start of each fiscal year on July 1. The contribution requirements of the City are established and may be amended by the GMEBS Board of Trustees. The funding policy for the plan is to contribute an amount equal to the recommended contribution each year. The recommended contribution meets the guidelines of GASB Statement No. 27.

NOTE 13 - PENSION PLAN - CONTINUED

Plan Changes

Assumption and benefit changes for the last two fiscal years are as follows:

Changes of assumptions:

- As a result of the new administrative fee structure approved by the Board in December, 2014, the administrative assumption was updated for fiscal years beginning in 2016. The base fee is now \$6,500 with additional fees of \$54 per active and terminated vested participant, \$66 per retiree and beneficiary and .06% of the market value of assets.
- As a result of the plan change to provide immediate participation for Employees for the fiscal year ending in 2015, the eligibility assumption has been changed from one year to immediate. The increase in the Plan's NPL is minimal and has been included in the differences between expected and actuarial experience.
- Amounts reported for the fiscal year ending in 2015 and later reflect the following assumption changes approved by the Board in December, 2014 based on the results of an actuarial experience study covering the period January 1, 2010 to June 30, 2014.
 1. The mortality table for disabled participants was changed to remove the two-year set-forward for males and the one-year set-forward for females.
 2. The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 15% and to assume no turnover on, or after age 55. The select period rates were further constrained to not be less than the ultimate rates.
 3. The retirement rates where normal retirement is only available on or after age 65 were changed from the prior assumption of 100% at age 65 to the new assumption of 60% at ages 65 to 69 and 100% at age 70. Where normal retirement is available prior to age 65 the rates were changed from the prior assumption of 100% at earliest unreduced age, but not below age 60, to the new assumption of 10% at ages 55 to 59, 20% at age 60, 25 % at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70.
 4. The inflation assumption was decreased from 3.50% to 3.25%.
 5. The salary increase assumption was changed from select period rates during the first five years of service, followed by age-related rates to an assumption based on new service-related rates. Under the prior assumption, the salary increases ranged from 4.00% to 11.00% and included an inflation assumption of 3.50%. Under the new assumption, the salary increases range from 3.75% to 8.00% and include an inflation assumption of 3.25%.

Benefit changes:

- Effective January 1, 2015, the Plan was amended to provide for immediate participation for employees. This change had no impact on service credited under the Plan and has no impact on benefits.
- Effective May 4, 2015, the Plan was amended to change the benefit multiplier for Employees to 2%, to provide Officials with alternative normal retirement eligibility under the Rule of 75 with a minimum age of 50 and to include unused sick leave as credited service for vested participants.

Effect of Plan Changes on the Actuarial Accrued Liability

There was minimal effect from any plan changes on the Actuarial Accrued Liability.

NOTE 13 - PENSION PLAN - CONTINUED

Effect of Plan Changes on Recommended Contributions

There was no effect from any plan changes on the recommended contribution.

Annual Pension Cost

For the plan year ending June 30, 2016, the annual pension cost (APC) of \$757,901 was equal to the required and actual contributions.

Funding Status and Funding Progress

As Of January 1, 2016, the most recent valuation date, the actuarial value of plan assets was \$8,122,383, the actuarial accrued liability for benefits was \$12,385,088, and the actuarial value of assets as a percentage of that actuarial accrued liability was 65.58% (funded ratio). The unfunded actuarial accrued liability was \$4,262,705. The covered payroll (annual payroll of active employees covered in the plan) was \$5,475,883, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 77.85%.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2016.

The schedule of funding progress presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Methods and Assumptions

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect as of the date of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short term volatility in actuarial accrued liabilities and the actuarial value of assets. Additional information as of the latest actuarial valuation follows:

Actuarial Cost Method:

Projected unit credit

Amortization Method:

Closed level dollar method for remaining unfunded liability

Remaining Amortization Period:

Varies for the bases, with a net effective amortization period of 11 years

Asset Valuation Method

Sum of actuarial value at the beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 13 - PENSION PLAN - CONTINUED

Actuarial Assumptions

Net investment rate of return	7.75% per year
Projected salary increases	3.25% per year Plus service based merit increases
Inflation rate	3.25%
Cost of living adjustments	0.00% per year

The mortality and economic actuarial assumptions used in the January 1, 2016 valuation were approved by the Board in December, 2014 based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2014.

Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table with sex-distinct rates. The Plan termination basis (all lives) is the 1994 Group Annuity Reserving Unisex Table.

The RP-2000 mortality tables were determined to contain sufficient provision appropriate to reasonably reflect future mortality improvement based on a four-year review for the period January 1, 2010 to June 30, 2014. Mortality experience will be reviewed periodically and updated if necessary.

The net investment return is assumed to be 7.75% on an on-going basis, based on the long-term expected rate of return on pension plan investments.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015 are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Long-Term Nominal Real Rate of Return</u>
Domestic Equity	50%	5.95%	9.20%
International Equity	15%	6.45%	9.70%
Fixed Income	25%	1.55%	4.80%
Real Estate	10%	3.75%	7.00%
Cash	<u>0%</u>		
Total	<u>100%</u>		

CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 13 - PENSION PLAN - CONTINUED

Plan Membership as of January 1, 2016 actuarial valuation

Retirees and beneficiaries receiving benefits	50
Terminated plan members entitled to, but not yet receiving benefits	14
Active plan members	110
Active elected officials	<u>-</u>
Total	<u>174</u>

Trend information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Trend information is presented below.

APC TREND INFORMATION

<u>Plan Year Beginning</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
05/01/06	\$197,248	100%	\$0
05/01/07	\$230,119	100%	\$0
05/01/08	\$275,972	100%	\$0
05/01/09	\$598,520	100%	\$0
07/01/10	\$593,556	100%	\$0
07/01/11	\$654,230	100%	\$0
07/01/12	\$682,696	100%	\$0
07/01/13	\$734,655	100%	\$0
07/01/14	\$758,076	100%	\$0
07/01/15	\$757,901	100%	\$0

CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 13 - PENSION PLAN - CONTINUED

NET PENSION LIABILITY

Part a - Changes in the Net Pension Liability

	(TPL) (A) Total Pension Liability	(FNP) (b) Fiduciary Net Position	(NPL) (a-b) Net Pension Liability
Balances at September 30, 2014*	\$ 11,400,075	\$ 7,698,704	\$ 3,701,371
Changes for the year:			
Service cost	242,345	-	242,345
Interest on the total pension liability	860,448	-	860,448
Differences between expected and actual experience In the measurement of the total pension liability	910,203	-	910,203
Contributions - employer	-	806,632	(806,632)
Contributions - employee	-	-	-
Net investment income	-	80,385	(80,385)
Benefit payments, including refunds of employee Contributions	(595,041)	(595,041)	-
Administrative expense	-	(15,919)	15,919
Other	<u>1,281,817</u>	<u>-</u>	<u>1,281,817</u>
Net changes	<u>2,699,772</u>	<u>276,057</u>	<u>2,423,715</u>
Balance at September 30, 2015**	\$ <u>14,099,847</u>	\$ <u>7,974,761</u>	\$ <u>6,125,086</u>

Part B - Sensitivity of the Net Pension Liability to Changes in the Discount Rate

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
	\$ 7,944,340	\$ 6,125,086	\$ 4,613,018

*Entry age normal liabilities calculated using ages and service amounts as of January 1, 2015 are used to measure TPL as of September 30, 2014. The balances as of September 30, 2014 constitute measurements of the NPL for the fiscal year ending June, 30, 2015.

**Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2016 are used to measure TPL as of September 30, 2015. The balances as of September 30, 2015 constitute measurements of the NPL for the fiscal year ending June, 30, 2016.

CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 13 - PENSION PLAN - CONTINUED

PENSION EXPENSE AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO PENSIONS

Part A - Pension expense for the year ended June 30, 2016

Service cost	\$ 242,345
Interest on TPL	860,448
Employee contributions	-
Administrative expenses	15,919
Expected return on assets	(604,232)
Expensed portion of current year period differences between expected and Actual experience in TPL	182,039
Expensed portion of current year period assumption changes	-
Current year plan changes	1,281,817
Expensed portion of current year period differences between projected and Actual investment earnings	104,771
Current year recognition of deferred inflows and outflows established In prior years	(28,937)
Total pension expense for the year ended June 30, 2016	\$ <u>2,054,170</u>

Part B – Deferred outflows/inflows of resources related to pensions

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 772,618	\$ -
Changes of assumptions	14,208	-
Net difference between projected and actual earnings on pension plan investments	<u>273,603</u>	<u>-</u>
Total	\$ <u>1,060,429</u>	\$ <u>-</u>

CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 13 - PENSION PLAN - CONTINUED

PENSION EXPENSE AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO PENSIONS - CONTINUED

Part C - Projected recognition of deferred outflows/ (inflows)

	Outstanding Balance @ 07/01/15	Amount Recognized FYE 06/30/16	Outstanding Balance @ 06/30/16
<u>Fiscal Year Outflows</u>			
Demographic - established 2015	\$ 59,272	\$ 14,818	\$ 44,454
Assumption change - established 2015	18,944	4,736	14,208
Demographic - established 2016	910,203	182,039	728,164
Investment - established 2016	<u>523,847</u>	<u>104,771</u>	<u>419,076</u>
Total outflows	<u>1,512,266</u>	<u>306,364</u>	<u>1,205,902</u>
<u>Fiscal Year Inflows</u>			
Investment - established 2015	(193,964)	(48,491)	(145,473)
Total inflows	<u>(193,964)</u>	<u>(48,491)</u>	<u>(145,473)</u>
Net outflows (inflows)	\$ <u>1,318,302</u>	\$ <u>257,873</u>	\$ <u>1,060,429</u>

Deferred outflows (inflows) recognized in future years

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>Fiscal Year Outflows</u>				
Demographic - established 2015	\$ 14,818	\$ 14,818	\$ 14,818	\$ -
Assumption change - established 2015	4,736	4,736	4,736	-
Demographic - established 2016	182,041	182,041	182,041	182,041
Investment - established 2016	<u>104,769</u>	<u>104,769</u>	<u>104,769</u>	<u>104,769</u>
Total outflows	<u>306,364</u>	<u>306,364</u>	<u>306,364</u>	<u>286,810</u>
<u>Fiscal Year Inflows</u>				
Investment - established 2015	(48,491)	(48,491)	(48,491)	-
Total inflows	<u>(48,491)</u>	<u>(48,491)</u>	<u>(48,491)</u>	-
Net outflows (inflows)	\$ <u>257,873</u>	\$ <u>257,853</u>	\$ <u>257,873</u>	\$ <u>286,810</u>

NOTE 14 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - OPEB

Plan Description

City employees participate in a single-employer postemployment benefit plan sponsored by the City (the "Plan"). GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* require that employers providing post-employment benefits other than pensions record and disclose annual other post-employment benefit (OPEB) cost and a net OPEB obligation in their financial statements and disclose other information about their OPEB plans, including the unfunded actuarial liability (UAAL). The Plan allows employees to continue medical, prescription drug, dental and life insurance coverage beyond retirement, depending on whether the retiree had those coverages at the time they retire. Spouse benefits are the same as benefits for retirees except for life insurance. Benefits are payable to a spouse regardless of when the retiree dies. Retiree and spouse contribution rates are periodically reset by City ordinance. Membership in the Plan by City retirees is voluntary. The authority to establish and amend benefit provisions of the Plan rests with the City and is established by ordinance. The Plan does not issue separate financial statements. The City currently pays 100% of the premium.

Employees eligible for the plan include the following:

Elected officials: officials and their dependents are eligible for a period equal to their years of service.

Appointed positions and department heads: employees and their dependents are eligible for a period equal to their years of service in which they held an appointed position.

Regular employees: After thirty years of service, the employee and their dependents are eligible for life.

Summary of Significant Accounting Policies

The City uses accounting policies consistent with recognition of liabilities and expenses in the Government-Wide financial statements as described in Note 1 and with GASB Statements No. 43 and 45. The City has chosen the pay-as-you-go method of funding the Plan, and as of June 30, 2016, the Plan reported no assets.

Funding Policy

The City has chosen the pay-as-you-go method of funding the Plan, and recorded OPEB cost of \$672,087 for the year ended June 30, 2016 and a net OPEB obligation of \$4,552,752 based upon an actuarial valuation performed as of January 1, 2015 for the year ending June 30, 2016. This was recorded in the General Fund.

Annual OPEB Cost and Net OPEB Obligation

The City's latest actuarial valuation was performed for the Plan as of January 1, 2015 to determine the funded status of the Plan as of that date as well as the employer's annual required contribution (ARC) for the period according to the parameters of GASB 45. The ARC is the amount calculated to determine the annual cost of the Plan for accounting purposes *as if* the Plan were being funded through contributions to a trust fund. The GASB standards do not require that the contributions actually be made to a trust fund. The ARC is used to measure annual plan costs on an accrual basis. The calculation represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 25 years. The City's recorded annual OPEB cost includes the annual required contribution of \$996,740 plus interest of \$155,227, reduced by the current year contributions in the amount of \$195,775 and the ARC adjustments of \$(284,105) for a net total of \$672,087.

CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 14 - POSTEMPLOYMENT BENEFITS OTHER THEN PENSIONS - OPEB - CONTINUED

Annual OPEB Cost and Net OPEB Obligation - Continued

The City's annual OPEB cost, the percentage of annual cost contributed to the Plan, is as follows:

Net OPEB Obligation (NOO):

Fiscal Year Ending	OPEB Cost	Annual OPEB Cost Contributed	OPEB Obligation
06/30/09	\$420,024	17.86%	\$ 345,024
06/30/10	411,601	19.75%	675,315
06/30/11	402,395	28.21%	964,189
06/30/12	919,428	15.26%	1,743,291
06/30/13	907,061	15.89%	2,506,237
06/30/14	865,521	17.55%	3,219,819
06/30/15	889,809	25.73%	3,880,665
06/30/16	867,862	22.56%	4,552,752

The City's net OPEB obligation as of June 30, 2016 based on a pay-as-you-go plan is as follows:

Annual Required Contribution (a)	Interest on Existing NOO (b)	ARC Adjustment (c)	Annual OPEB Cost (a+b+c) (d)	Actual Contribution Amount (e)	Net Increase In NOO (d-e) (f)	NOO as of 06/30/16 (g)
\$ 420,024	\$ -	\$ -	\$ 420,024	\$ 75,000	\$ 345,024	\$ 345,024
420,024	13,801	(22,224)	411,601	81,310	330,291	675,315
420,024	27,013	(44,642)	402,395	113,521	288,874	964,189
946,388	38,568	(65,528)	919,428	140,326	779,102	1,743,291
946,388	69,732	(109,059)	907,061	144,115	762,946	2,506,237
946,388	100,249	(181,116)	865,521	151,939	713,582	3,219,819
996,740	128,793	(235,724)	889,809	228,963	660,846	3,880,665
996,740	155,227	(284,105)	867,862	195,775	672,087	4,552,752

Funding Status and Funding Progress

As of January 1, 2015, the most recent valuation date, the actuarial accrued liability for benefits was \$8,514,342, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$5,305,428, and the ratio of the unfunded actuarial liability to the covered payroll was 160.48%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2015.

The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The AAL and NOO are based on a pay-as-you-go plan.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation follows:

CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 14 - POSTEMPLOYMENT BENEFITS OTHER THEN PENSIONS - OPEB - CONTINUED

Methods and Assumptions

Valuation Date:

January 1, 2015

Actuarial Cost Method:

Projected Unit Credit

Amortization Method:

25-Year Level Dollar Amortization, Closed

Remaining Amortization Period:

18 years as of July 1, 2015

Methods and Assumptions - continued

Actuarial Assumptions

Net investment rate of return	4.00% per year
Inflation rate	3.25% per year
Cost of living adjustments	0.00% per year
Medical and drug cost under 65 trend rate	9.50% graded to 5.00% over 9 years
Medical and drug cost over 65 trend rate	11.00% graded to 5.00% over 12 years
Dental cost trend rate	5.00%

Plan Membership as of January 1, 2015 actuarial valuation

Current retirees, beneficiaries and dependents	9
Current active participants	105
Terminated participants entitled but not yet eligible	—
Total	<u>114</u>

**CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 15 - HOTEL/MOTEL LODGING TAX

The City has levied a hotel/motel lodging tax under OCGA 48-13-51(b). The City levies excise taxes at the rate of 7%. 3/7 (42.86%) goes into the general fund; 2/7 (28.57%) is remitted to the Cities destination marketing organizations (e.g. Gwinnett Convention and Visitors Bureau and Lake Lanier Convention and Visitors Bureau); the remaining 2/7 (28.57%) is spent on "tourism product development" such as the Buford Community Center or as defined in 48-13-50.2 under the definition tourism product development. A summary of the transactions for the year ending June 30, 2016 follows:

Total hotel/motel tax receipts collected @ 7%	\$ 268,099
Less: 71.43% of hotel/motel tax collected @ 7% to be remitted to City of Buford General Fund and Buford Community Center Fund	(191,499)
Tax collected to be expended for the promotion of tourism, conventions and trade shows	76,600
Expenditures for promotion of tourism, conventions and trade shows remitted to the Gwinnett and Lake Lanier Convention & Visitors Bureaus	(76,600)
Collections over (under) expenditures for year ended June 30, 2016	\$ _____

The schedule above reflects current year's revenues and expenditures relative to those current year revenues. The City's expenditures are substantially in compliance with state law and totaled 100% amounts collected for the year ending June 30, 2016. In current and prior years, the City may not have transferred the entire annual portion of the hotel/motel tax receipts to the General Fund and Buford Community Center Fund, therefore, the Hotel/Motel Tax Fund reports a year-end fund balance.

NOTE 16 - EXCESS EXPENDITURES OR EXPENSES OVER APPROPRIATIONS

The City had no excess expenditures or expenses over appropriations for the year ending June 30, 2016.

NOTE 17 - DEFICIT FUND BALANCES/RETAINED EARNINGS

The City had no deficits in fund balances or retained earnings as of June 30, 2016.

NOTE 18 - DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation plan is not available to employees until termination, retirement, death or unforeseeable emergencies.

In accordance with Section 457 of the Internal Revenue Code, plan assets are held in trust for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets and liabilities of the deferred compensation plans are not included in the accompanying financial statements.

NOTE 19 - LITIGATION

The City is a party to various legal proceedings, which normally occur in the course of governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the City, and accordingly, no provision for losses has been recorded.

NOTE 20 - COMMITMENTS AND CONTINGENT LIABILITIES

The City has *Potential Liability under MEAG Contracts* as follows:

Electrical System. The City has entered into Power Sales Contracts with the Municipal Electric Authority of Georgia ("MEAG") pursuant to which the City purchases electric power and energy for resale to its customers. MEAG was created by the State of Georgia for the purpose of owning and operating electric generation and transmission facilities to supply bulk electric power to political subdivisions of Georgia which owned and operated electric distribution systems as of March 18, 1975.

Under the terms of its Power Sales Contracts with MEAG, the City is obligated to take from MEAG, and MEAG is obligated to provide, all electric power and energy required by the City in excess of the amount received by the City as an allotment from federally owned projects through the Southeastern Power Administration ("SEPA"). Effective October 1, 1996, the City entered into a 20-year contract with SEPA under which the City is entitled to receive 2,356 kW of energy. Such allotment of SEPA power has been assigned by the City to MEAG and is transmitted to the City by MEAG through Georgia's Integrated Transmission System for a separate charge. Under its Power Sales Contracts with MEAG, the City has the right to receive additional power as needed from the Integrated Transmission System. The price paid by the City to MEAG under its Power Sales Contracts is intended to cover the City's share of all the costs of MEAG, including debt service on MEAG's long-term debt. The amounts required to be paid to MEAG under the Power Sales Contracts are payable first from revenues of the City's electrical system. To the extent the required payments are not made from revenues of the City's electric system or other funds, the City is required to include in its general revenue or appropriation measure or annual tax levy amounts sufficient to make such payments. Payments by the City are required to be made by the City whether or not MEAG's facilities or any part thereof are operating or operable or the output there from is interrupted, interfered with, curtailed or terminated in whole or in part. In addition, the City may be obligated to purchase additional power, subject to contractual limitations, in the event other MEAG participants default.

MEAG has issued bonds for the purpose of providing power generation and transmission and telecommunication facilities. The City is contingently liable for their pro rata share of the bonds as a power purchase cost until they are retired. The City's contingent contractual obligation varies by individual MEAG project and totals approximately \$96,286,819 as of June 30, 2016. The contingent obligations of the City are general obligations of the City to which the City's full faith credit and taxing powers are pledged.

The City has *Potential Liability under MGAG Contracts* as follows:

Gas System. The City has entered into the Gas Supply Contract and certain Supplemental Gas Supply Contracts with the Municipal Gas Authority of Georgia ("MGAG") under which the City buys natural gas for resale to its customers. Under such contracts with MGAG, the City is obligated to take from MGAG, and MGAG is obligated to provide, all of the City's natural gas requirements. The price paid by the City to MGAG under its contracts is intended to cover the City's share of all the costs of MGAG, including scheduled debt service of MGAG. Such payments are required to be made by the City whether or not MGAG's facilities or natural gas properties or any part thereof are operating or operable or the output there from is interrupted, interfered with, curtailed or terminated in whole or in part, or whether or not any of its natural gas suppliers or transporters defaults in its obligations under its gas supply or transportation contracts with MGAG. To the extent the required payments are not made from the revenues of the System or other funds, the City is required to include in its general revenue or appropriation measure or annual tax levy amounts sufficient to make such payments. The City is contingently liable for its pro-rata share of MGAG's debt in the amount of \$26,552,364 of as June 30, 2016. The contingent obligations of the City are general obligations of the City to which the City's full faith credit and taxing powers are pledged.

NOTE 21 - 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. Significant losses in these areas are all covered by commercial insurance. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 22 - SPECIAL PURPOSE LOCAL OPTION SALES TAX PROGRAM

The SPLOST 2009 agreement with Gwinnett County originally funded projects in the estimated amount of \$9,637,101. Estimated project budgets included \$5,960,000 for roads, street and bridges, \$1,677,101 for recreational facilities, and \$2,000,000 for water and sewer capital improvements. The estimated amounts have been amended to \$4,707,581 for roads, streets and bridges, \$1,324,679 for recreational facilities and \$1,579,725 for water and sewer capital improvements for a total of \$7,611,985. As of June 30, 2016, the City had collected \$7,611,985.

On August 13, 2014 the City signed the "Intergovernmental Agreement for Use and Distribution of Proceeds Generated by the 2014 Special Purpose Local Option Sales Tax Referendum". This agreement concerns the distribution of proceeds for the April 1, 2014 through March 31, 2017 Special Purpose Local Option Sales Tax ("SPLOST") for Gwinnett County. The City's estimated total is \$5,960,995, of which \$4,172,696 is allocated to recreational facilities and equipment and \$1,788,299 is allocated to transportation (roads, streets, bridges, drainage, sidewalks and related facilities and equipment). As of June 30, 2016, the City had collected \$3,934,663.

On December 11, 2008, the City signed the "Intergovernmental Agreement for Use and Distribution of Proceeds from the 2009 Special Purpose Local Option Sales Tax for Capital Outlay Projects". This agreement concerns the distribution of proceeds for the July 1, 2009 through June 30, 2015 Special Purpose Local Option Sales Tax ("SPLOST") for Hall County. The City's estimated total of \$141,000 has been revised to \$91,352 and is allocated to transportation (roads, streets, bridges, drainage, sidewalks and related facilities and equipment). As Of June 30, 2016 the City had collected \$91,352.

On January 22, 2015, the City signed the "Intergovernmental Agreement for the Use and Distribution of Proceeds from the 2015 Special Purpose Local Option Sales Tax for Capital Outlay Projects". This agreement concerns the distribution of proceeds for the July 1, 2015 through June 30, 2020 Special Purpose Local Option Sales Tax ("SPLOST") for Hall County. The City's estimated total is \$711,249, of which is \$600,000 is allocated to sewer infrastructure capital improvements and \$111,249 is allocated to transportation (roads, streets, bridges, drainage, sidewalks and related facilities and equipment). As of June 30, 2016, the City had collected \$133,148.

The City has agreements with the City of Rest Haven to expend their 2001 and 2005 SPLOST funds and has received \$90,874 for 2001 recreational facilities and \$546,785 for 2005 roads, streets and bridges.

There were no tax revenues related to the SPLOST 2009 Gwinnett County Agreement, the SPLOST 2009 Hall County Agreement, the SPLOST 2001 Rest Haven Agreement or the SPLOST 2005 Rest Haven Agreement for the year ended June 30, 2016. Tax revenues related to the SPLOST 2014 Gwinnett County Agreement totaled \$1,774,909 for the year ended June 30, 2016. Tax revenues related to the SPLOST 2015 Hall County Agreement totaled \$133,148 for the year ended June 30, 2016. SPLOST revenues from all sources totaled \$1,908,057 for the year ended June 30, 2016. The following is a schedule of the activity relating to these projects for the year ending June 30, 2016:

Gross Special Sales Tax Received and Receivable	\$ <u>1,908,057</u>
Project Expenditures:	
SPLOST - Gwinnett County - Roads, streets and bridges - 09	<u>69,326</u>
Total project expenditures	<u>69,326</u>
Net (over) under expended for year ended June 30, 2016	\$ <u><u>1,838,731</u></u>

CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 23 - TRANSACTIONS WITH COMPONENT UNITS AND OTHER RELATED ENTITIES

For the year ended June 30, 2016, The City incurred the following expenditures and transfers relating to the City of Buford Board of Education, a component unit of the City. For additional information, see Note 1.

General Fund

Transfers to City of Buford Board of Education	\$18,900,000
Capital project expenditures by the GOB 2015 Construction fund	<u>750,000</u>
Transfers to City of Buford Board of Education	<u>\$19,650,000</u>

For the year ended June 30, 2016, The City incurred the following expenditures reimbursable by the Gwinnett County SPLOST V relating to the City of Buford Board of Education, a component unit of the City. For additional information, see Note 1.

General Fund

Amounts due as of June 30, 2016 for expenditures reimbursable by City of Buford Board of Education related to New Buford High School Arena	\$ <u>8,256,797</u>
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Agency Funds

Amounts from SPLOST funds held in trust for the City of Buford Board of Education totaled \$528,232 as of June 30, 2016.

In addition, The City of Buford Housing Authority is a related organization of the City. The Authority provides safe and sanitary dwelling accommodations for persons of low income. The City appoints a voting majority of the Authority's board, but is not financially accountable for the Authority. The City has no significant influence over the management, budget, or policies of the Authority. The Authority reports independently. The City received payment in lieu of taxes from the Authority for the year ended June 30, 2016 totaling \$6,195.

NOTE 24 - JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the 10 county metro Atlanta area, is a member of the Atlanta Regional Commission ("ARC"). The City pays no annual dues to ARC. Membership in a Regional Commission ("RC") is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of an RC in Georgia. The ARC Board membership includes each county commission chairman in the region, one mayor from each county (except Fulton County) chosen by a caucus of mayors, one mayor from the northern half and one mayor from the southern half of Fulton County elected by a caucus of mayors within northern and southern Fulton County, the mayor of the City of Atlanta, one member of the Atlanta City Council, fifteen private citizens, one from each of the 15 multi-jurisdictional districts of roughly equal population, elected by the 23 public officials, and one member appointed by the Board of the Georgia Department of Community Affairs. OCGA Section 50-8-39.1 provides that the member governments are liable for any debts or obligations of the ARC. Separate financial statements may be obtained from Atlanta Regional Commission, 40 Courtland St, NE, Atlanta, GA 30303 or the Northeast Georgia Regional Commission, 305 Research Drive, Athens, GA 30605-2725.

NOTE 25 - GRANTS

In the normal course of operations, the City receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed by management to have a direct and material effect on the financial statements taken as a whole.

NOTE 26 - MUNICIPAL SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

An accrual has been recorded to account for the accrual of estimated closure and post closure costs of the municipal solid waste landfill located at Peachtree Industrial Boulevard and McEver Road (The "landfill").

GASB Statement No. 18, *"Accounting for Municipal Solid Waste Landfill Closure and Post closure Care Costs"* establishes standards of accounting and financial reporting for municipal solid waste landfill ("MSWLF") closure and post closure care costs that are required to be incurred by federal, state or local laws and/or regulations. The landfill is subject to the closure, post closure and long-term financial assurance requirements of the United States Environmental Protection Agency ("EPA"), and the Georgia Department of Natural Resources Environmental Protection Division ("EPD"). The closure, post closure and long-term financial assurance requirements relating to the landfill can be found in the Official Code of the State of Georgia at Section 12-8-20, et al, otherwise known as the "Georgia Comprehensive Solid Waste Management Act" and the "Rules of Georgia Department of Natural Resources Environmental Protection Division Chapter 391-3-4 Solid Waste Management".

The landfill ceased accepting waste in 1986. In 1998 the landfill was capped with a minimum of two-foot thick soil cover to close the site under existing EPD rules and regulations, then grassed, and has since been routinely maintained by the City to preserve its integrity. Since February 1997, the landfill has been the subject of routine ground water and methane monitoring and reporting in conformance with EPD rules and regulations.

On July 5, 2002, the City and its engineering firm filed an "Assessment of Corrective Measures for Municipal Solid Waste Landfill" with the EPD which addressed recommended actions by the City to meet EPD requirements for the landfill as related to closure and post closure. The recommended actions included (1) reduction of leachate generation at the source that contributes to ground water contamination, (2) control of the existing ground water contamination plume, and (3) control of landfill methane gas that may contribute to ground water contamination as well as directly impact nearby structures. The recommended actions included a landfill cap, natural attenuation, reactive zones, methane control and monitoring. The City has determined that the estimated costs per the assessment are reasonable and probable in determining whether to accrue the estimated costs.

GASB 18 requires that all closure and post-closure costs be recognized by the time the landfill was closed, and further states that all accounting changes adopted to conform to the provisions of the Statement should be applied retroactively for MSWLF's that are no longer accepting wastes. It also states the adjustments resulting from a change to comply with this statement should be treated as an adjustment of prior periods. For these reasons, an adjustment to beginning retained earnings was made during the year ended June 30, 2002 to reflect the accrual of a liability in the enterprise fund in the amount of \$1,195,450. This accrual is being reviewed periodically by engineers, and additional expense of \$292,244 was recognized and accrued for the year ending June 30, 2007. The remaining liability as of June 30, 2016 totaled \$306,876.

The recognition of the liability for closure and post closure care requirements is based on 100% landfill capacity used to date as the landfill ceased accepting waste in 1986. All estimated closure and post closure care is included in this estimate, however, changes in the amounts accrued may occur due to change in requirements of and decisions made by the EPD in relation to the landfill, inflation and changes in technology.

The City is listed on the State of Georgia's Hazardous Site Inventory and, as such, is eligible for reimbursement of certain costs. Any reimbursable amounts have not been included in cost estimates due to the uncertainty of amounts to be reimbursed. The City is not under any closure and post closure financial assurance requirements per EPD rule 391-3-4-.13 due to its closing prior to October 8, 1993.

There are no assets restricted for payment of closure and post closure care costs.

NOTE 27- MUNICIPAL COMPETITIVE TRUST AGREEMENT

The City has entered into a Municipal Competitive Trust (the "trust") agreement with the Municipal Electric Authority of Georgia ("MEAG"). The City purchases for resale, electric power from MEAG. The City is a beneficiary of the trust, and the City and MEAG may deposit monies in the trust. Monies are held by the trustee for the cities benefit on an individual participant basis, and are invested in investment securities. The City has recorded the assets in the Utilities Fund. The trust was established in 1999 to accumulate funds to be utilized by MEAG participants to mitigate the high cost of power plants and the impact of possible deregulation of the electric industry in Georgia. It is comprised of the Flexible Operating, Reserve Funded Debt, and Credit Support Operating accounts. Related earnings on investments in those accounts are retained and accounted for as part of the trust. The Flexible Operating account is unrestricted and funds may be used by the City for any purposes. Monies in the Credit Support Operating account and the Reserved Funded Debt account may be withdrawn on or after December 31, 2018 and December 31, 2025, respectively, if not otherwise expended by those dates. As of June 30, 2016, amounts in the accounts include \$10,552,643 in the Flexible Operating account and \$741,720 in the Reserve Funded debt account.

NOTE 28 - SUBSEQUENT EVENTS

The management of the City has evaluated subsequent events through December 31, 2016.

NOTE 29 - SIGNIFICANT ESTIMATES AND CONCENTRATIONS

Current Economic Environment

The current economic environment presents municipalities with unprecedented circumstances and challenges, which in some cases could result in declines in the volume of tax collections, other general revenues, municipal utility billings; constraints on liquidity and difficulty obtaining financing. These financial statements have been prepared using fair values and information currently available to the City, which are susceptible to change in the future based on economic conditions.

NOTE 30 - RESTATEMENT OF PRIOR YEAR NET POSITION AND FUND BALANCE

The City reclassified the City of Buford Hall County 2012 SPLOST Fund from a capital project fund to an agency fund and restated beginning fund balances in governmental activities, governmental funds and agency funds. The governmental activities and governmental funds beginning fund balances decreased by \$2,041,505 and the agency funds increased by \$2,041,505.

**SUPPLEMENTARY INFORMATION
REQUIRED BY GASB**

CITY OF BUFORD, GEORGIA
 REQUIRED SUPPLEMENTARY INFORMATION
 CITY OF BUFORD RETIREMENT PLAN
 SCHEDULE OF FUNDING PROGRESS - GASB 27
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

CITY OF BUFORD RETIREMENT PLAN

The schedule of funding progress presented below presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) – Entry Age (b)</u>	<u>Unfunded (Surplus) AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
05/01/04	\$3,878,988	\$3,857,632	\$(21,356)	100.55%	\$3,211,544	00.00%
05/01/05	4,038,954	3,919,072	(119,882)	103.06%	3,386,510	00.00%
05/01/06	4,230,728	4,160,053	(70,675)	101.70%	3,581,837	00.00%
05/01/07	4,481,312	4,422,411	(58,901)	101.33%	4,113,304	00.00%
05/01/08	4,756,582	4,888,293	131,711	97.31%	4,583,970	02.87%
05/01/09	3,330,796	6,181,956	2,851,160	53.88%	4,563,060	62.48%
01/01/10	4,326,615	6,665,538	2,338,923	64.91%	4,818,975	48.54%
01/01/11	4,746,044	7,173,312	2,427,268	66.16%	4,889,678	49.64%
01/01/12	5,257,336	7,693,665	2,436,329	68.33%	5,342,698	45.60%
01/01/13	5,890,062	8,617,483	2,727,421	68.35%	5,236,165	52.09%
01/01/14	6,572,276	9,423,951	2,851,675	69.74%	5,104,546	55.87%
01/01/15	7,364,762	9,990,565	2,625,803	73.72%	5,393,065	48.69%
01/01/16	9,122,383	12,385,088	3,262,705	73.66%	5,475,883	59.58%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2016.

CITY OF BUFORD, GEORGIA
 REQUIRED SUPPLEMENTARY INFORMATION
 CITY OF BUFORD RETIREMENT PLAN
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - GASB 68
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>Total Pension Liability:</u>	<u>2016</u>	<u>2015</u>
Service cost	\$ 242,345	\$ 229,426
Interest	860,448	814,082
Differences between expected and actual experience	910,203	74,088
Changes of assumptions	-	23,680
Changes of benefit terms	1,281,817	-
Benefit payments, including refunds of employee contributions	(595,041)	(490,971)
 Net change in total pension liability	 2,699,772	 650,305
Total pension liability - beginning	<u>11,400,075</u>	<u>10,749,770</u>
Total pension liability - ending	\$ <u>14,099,847</u>	\$ <u>11,400,075</u>
 <u>Plan Fiduciary Net Position:</u>		
Contributions - employer	\$ 806,632	\$ 740,510
Contributions - employee	-	-
Net investment income	80,385	770,232
Benefit payments, including refunds of employee contributions	(595,041)	(490,971)
Administrative expense	(15,919)	(12,688)
Other	<u>-</u>	<u>-</u>
 Net change in fiduciary net position	 276,057	 1,007,083
Plan fiduciary net position - beginning	<u>7,698,704</u>	<u>6,691,621</u>
Plan fiduciary net position - ending (b)	\$ <u>7,974,761</u>	\$ <u>7,698,704</u>
 Net position liability - ending (a)-(b)	 \$ <u>6,125,086</u>	 \$ <u>3,701,371</u>
 Plan's fiduciary net position as a percentage of the total pension liability	 56.56%	 67.53%
Covered-employee payroll	\$ 5,475,883	\$ 5,393,065
Net pension liability as a percentage of covered-employee payroll	111.86%	68.63%

Notes to the Schedule:

The Schedule will present 10 years of information once it is accumulated.

**CITY OF BUFORD, GEORGIA
 REQUIRED SUPPLEMENTARY INFORMATION
 CITY OF BUFORD RETIREMENT PLAN
 SCHEDULE OF CITY CONTRIBUTIONS - GASB 68
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>2015</u>
Actuarially determined contribution	\$ 758,076
Contributions in relation to the actuarially determined contributions	<u>758,076</u>
Contribution deficiency (excess)	\$ <u><u>-</u></u>
Covered employee payroll	\$ 5,393,065
Contributions as a percentage of covered employee payroll	14.06%

Notes to the Schedule:

2016 information will be determined after fiscal year end and will be included in the 2017 valuation report.

Contributions are recorded based on date of receipt into the GMEBS trust. Minor timing issues in receipt of monthly payments are not indicative of non-compliance with GMEBS funding policy. A plan is in compliance with the GMEBS funding policy if it pays either the dollar amount or the percentage of employee-covered payroll of the actuarially determined contributions.

2015 covered payroll is based on data collected as of August 31, 2014 for the 2015 actuarial valuation.

CITY OF BUFORD, GEORGIA
 REQUIRED SUPPLEMENTARY INFORMATION
 CITY OF BUFORD POSTEMPLOYMENT BENEFIT PLAN
 SCHEDULE OF FUNDING PROGRESS - GASB 45
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

CITY OF BUFORD POSTEMPLOYMENT BENEFIT PLAN

The schedule of funding progress presented below presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The AAL and NOO are based on a pay-as-you-go plan.

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll (b)-(a)/(c)</u>
03/01/08	\$ -	\$ 3,993,207	\$ 3,993,207	0%	\$4,668,009	85.54%
01/01/12	-	8,711,905	8,711,905	0%	5,250,809	165.92%
01/01/15	-	8,514,342	8,514,342	0%	5,305,428	160.48%

CITY OF BUFORD, GEORGIA
 REQUIRED SUPPLEMENTARY INFORMATION
 CITY OF BUFORD POSTEMPLOYMENT BENEFIT PLAN
 SCHEDULE OF EMPLOYER CONTRIBUTIONS - GASB 45
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

CITY OF BUFORD POSTEMPLOYMENT BENEFIT PLAN

The City's schedule of employer contributions compares actual contributions to the Annual OPEB Cost, showing the annual OPEB cost, the actual contributions made by the City and the percentage of annual OPEB cost contributed to the Plan, is as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Actual Contributions</u>	<u>Percentage Contributed</u>
06/30/10	\$ 411,601	\$ 345,024	19.75%
06/30/11	402,395	113,521	28.21%
06/30/12	919,428	140,326	15.26%
06/30/13	907,061	144,115	15.89%
06/30/14	865,521	151,939	17.55%
06/30/15	889,809	228,963	25.73%
06/30/16	867,862	195,775	22.56%

CITY OF BUFORD, GEORGIA
 REQUIRED SUPPLEMENTARY INFORMATION
 CITY OF BUFORD POSTEMPLOYMENT BENEFIT PLAN
 NET OPEB OBLIGATION - GASB 45
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

CITY OF BUFORD POSTEMPLOYMENT BENEFIT PLAN

The Net OPEB obligation measures the accumulated differences between the annual OPEB cost and the actual contributions between the annual contributions in relation to the ARC.

Net OPEB Obligation (NOO)

Annual Required Contribution (a)	Interest on Existing NOO (b)	ARC Adjustment (c)	Annual OPEB Cost (a+b+c) (d)	Actual Contribution Amount (e)	Net Increase In NOO (d-e) (f)	NOO as of 06/30/15 (g)
\$ 420,024	\$ -	\$ -	\$ 420,024	\$ 75,000	\$ 345,024	\$ 345,024
420,024	13,801	(22,224)	411,601	81,310	330,291	675,315
420,024	27,013	(44,642)	402,395	113,521	288,874	964,189
946,388	38,568	(65,528)	919,428	140,326	779,102	1,743,291
946,388	69,732	(109,059)	907,061	144,115	762,946	2,506,237
946,388	100,249	(181,116)	865,521	151,939	713,582	3,219,819
996,740	128,793	(235,724)	889,809	228,963	660,846	3,880,665
996,740	155,227	(284,105)	867,862	195,775	672,087	4,552,752

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2015.

COMBINING FINANCIAL STATEMENTS NON-MAJOR GOVERNMENTAL FUNDS

Nonmajor Governmental Funds are funds in which total fund assets, liabilities, revenues or expenditures are less than 10% of total governmental funds, and total fund assets, liabilities, revenues or expenditures are less than 5% of total governmental and business-type funds. These funds are made up of funds used to account for resources, which are required legally or by sound financial management to be accounted for in a fund other than the General Fund.

SPECIAL REVENUE FUND

The Special Revenue Funds are used by the City to account for the accumulation and disbursement of restricted resources. The following is a description of the City's Special Revenue Fund:

Hotel/Motel Tax Fund - used to account for receipt and allocation of the City's hotel/motel tax. Use of this tax is limited by law to promotion of tourism. The City hotel/motel tax rate for its three hotels was 7% during the fiscal year ending June 30, 2016.

DEBT SERVICE FUNDS

The Debt Service Funds account for the accumulation of resources for, and the payment of governmental long term debt principal, interest, and fiscal charges. The governmental long-term debt serviced by the Debt Service Funds consist of the 2010 General Obligation Bonds and the 2015 General Obligation Bonds.

CAPITAL PROJECTS FUNDS

The Capital Projects Funds account for all resources used for the acquisition and/or construction of major capital facilities by the City, except those financed by the General and Proprietary Funds. The following is a description of the City's non-major Capital Projects Funds.

Gwinnett County 2005 SPLOST Fund - used to account for the construction and financing of projects funded by the City of Buford 2005 SPLOST.

Gwinnett County 2009 SPLOST Fund - used to account for the construction and financing of projects funded by the City of Buford 2009 SPLOST.

Gwinnett County 2014 SPLOST Fund - used to account for the construction and financing of projects funded by the City of Buford 2014 SPLOST.

Hall County 2009 SPLOST Fund - used to account for the construction and financing of projects funded by the Hall County 2009 SPLOST.

Hall County 2015 SPLOST Fund - used to account for the construction and financing of projects funded by the Hall County 2015 SPLOST.

Rest Haven 2001 SPLOST Fund - used to account for the construction and financing of projects funded by the City of Rest Haven 2001 SPLOST.

Rest Haven 2005 SPLOST Fund - used to account for the construction and financing of projects funded by the City of Rest Haven 2005 SPLOST.

CITY OF BUFORD, GEORGIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AS OF JUNE 30, 2016

	SPECIAL REVENUE FUND	DEBT SERVICE FUNDS	CAPITAL PROJECT FUNDS	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	\$ 21,514	\$ 2,006,207	\$ 9,020,130	\$ 11,047,851
Sales and excise tax receivable	78,270	-	-	78,270
Due from other governments	<u>-</u>	<u>-</u>	<u>324,986</u>	<u>324,986</u>
Total assets	\$ <u>99,784</u>	\$ <u>2,006,207</u>	\$ <u>9,345,116</u>	\$ <u>11,451,107</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 22,284	\$ -	\$ -	\$ 22,284
Due to other funds	<u>55,986</u>	<u>-</u>	<u>-</u>	<u>55,986</u>
Total liabilities	<u>78,270</u>	<u>-</u>	<u>-</u>	<u>78,270</u>
FUND BALANCES				
Restricted for:				
Tourism, conventions and trade shows	21,514	-	-	21,514
Debt Service	-	2,006,207	-	2,006,207
SPLOST construction projects	<u>-</u>	<u>-</u>	<u>9,345,116</u>	<u>9,345,116</u>
Total fund balances	<u>21,514</u>	<u>2,006,207</u>	<u>9,345,116</u>	<u>11,372,837</u>
Total liabilities and fund balances	\$ <u>99,784</u>	\$ <u>2,006,207</u>	\$ <u>9,345,116</u>	\$ <u>11,451,107</u>

CITY OF BUFORD, GEORGIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDING JUNE 30, 2016

	SPECIAL REVENUE FUND	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
REVENUES				
Taxes - sales and excise	\$ 268,099	\$ -	\$ -	\$ 268,099
Intergovernmental revenue	-	-	1,908,057	1,908,057
Investment income	<u>682</u>	<u>899</u>	<u>9,145</u>	<u>10,726</u>
Total revenues	<u>268,781</u>	<u>899</u>	<u>1,917,202</u>	<u>2,186,882</u>
EXPENDITURES				
Current operating:				
Public services:				
Culture and recreation	76,600	-	-	76,600
Capital outlay	-	-	69,326	69,326
Debt service:				
Principal retirement	-	500,000	-	500,000
Interest and fiscal agent fees	<u>-</u>	<u>1,070,810</u>	<u>-</u>	<u>1,070,810</u>
Total expenditures	<u>76,600</u>	<u>1,570,810</u>	<u>69,326</u>	<u>1,716,736</u>
Excess (deficiency) of revenues over (under) expenditures	<u>192,181</u>	<u>(1,569,911)</u>	<u>1,847,876</u>	<u>470,146</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	732,648	-	732,648
Transfers out	<u>(184,587)</u>	<u>-</u>	<u>-</u>	<u>(184,587)</u>
Total other financing sources (uses)	<u>(184,587)</u>	<u>732,648</u>	<u>-</u>	<u>548,061</u>
Change in fund balances	7,594	(837,263)	1,847,876	1,018,207
Fund balances - beginning - restated	<u>13,920</u>	<u>2,843,470</u>	<u>7,497,240</u>	<u>10,354,630</u>
Fund balances - ending	\$ <u>21,514</u>	\$ <u>2,006,207</u>	\$ <u>9,345,116</u>	\$ <u>11,372,837</u>

CITY OF BUFORD, GEORGIA
 COMBINING BALANCE SHEET
 NONMAJOR DEBT SERVICE FUNDS
 AS OF JUNE 30, 2016

NON-MAJOR DEBT SERVICE FUNDS

	2010 GOB Debt Service Fund	2015 GOB Debt Service Fund	Total Nonmajor Debt Service Funds
ASSETS			
Cash and cash equivalents	\$ <u>445,599</u>	\$ <u>1,560,608</u>	\$ <u>2,006,207</u>
Total assets	\$ <u><u>445,599</u></u>	\$ <u><u>1,560,608</u></u>	\$ <u><u>2,006,207</u></u>
FUND BALANCES			
Restricted for: Debt Service	\$ <u>445,599</u>	\$ <u>1,560,608</u>	\$ <u>2,006,207</u>
Total net position	\$ <u><u>445,599</u></u>	\$ <u><u>1,560,608</u></u>	\$ <u><u>2,006,207</u></u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

CITY OF BUFORD, GEORGIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES
 NONMAJOR DEBT SERVICE FUNDS
 AS OF JUNE 30, 2016

NON-MAJOR DEBT SERVICE FUNDS			
	2010 GOB Debt Service Fund	2015 GOB Debt Service Fund	Total Nonmajor Debt Service Funds
REVENUES			
Investment income	\$ <u> -</u>	\$ <u> 899</u>	\$ <u> 899</u>
Total revenues	<u> -</u>	<u> 899</u>	<u> 899</u>
EXPENDITURES			
Debt service:			
Principal retirement	500,000	-	500,000
Interest and fiscal agent fees	<u>232,648</u>	<u>838,162</u>	<u>1,070,810</u>
Total expenditures	<u>732,648</u>	<u>838,162</u>	<u>1,570,810</u>
Excess (deficiency) of revenues over(under) expenditures	(<u>732,648</u>)	(<u>837,263</u>)	(<u>1,569,911</u>)
OTHER FINANCING SOURCES (USES)			
Transfer from General Fund	<u>732,648</u>	<u> -</u>	<u>732,648</u>
Net other financing sources (uses)	<u>732,648</u>	<u> -</u>	<u>732,648</u>
Change in fund balance	-	(837,263)	(837,263)
Fund balance at beginning of year	<u>445,599</u>	<u>2,397,871</u>	<u>2,843,470</u>
Fund balance at end of year	\$ <u>445,599</u>	\$ <u>1,560,608</u>	\$ <u>2,006,207</u>

CITY OF BUFORD, GEORGIA
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 AS OF JUNE 30, 2016

NON-MAJOR CAPITAL PROJECTS FUNDS

	GWINNETT COUNTY 2009 SPLOST	GWINNETT COUNTY 2014 SPLOST	HALL COUNTY 2009 SPLOST	HALL COUNTY 2015 SPLOST	REST HAVEN 2001 SPLOST	REST HAVEN 2005 SPLOST
Assets						
Cash and cash equivalents	\$ 4,594,459	\$ 3,636,515	\$ 91,624	\$ 110,261	\$ 19,660	\$ 567,611
Due from other governments	<u>-</u>	<u>302,051</u>	<u>-</u>	<u>22,935</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 4,594,459</u>	<u>\$ 3,938,566</u>	<u>\$ 91,624</u>	<u>\$ 133,196</u>	<u>\$ 19,660</u>	<u>\$ 567,611</u>
Fund balances						
Restricted:						
Capital projects	<u>\$ 4,594,459</u>	<u>\$ 3,938,566</u>	<u>\$ 91,624</u>	<u>\$ 133,196</u>	<u>\$ 19,660</u>	<u>\$ 567,611</u>
Total fund balances	<u>4,594,459</u>	<u>3,938,566</u>	<u>91,624</u>	<u>133,196</u>	<u>19,660</u>	<u>567,611</u>
Total liabilities and fund balances	<u>\$ 4,594,459</u>	<u>\$ 3,938,566</u>	<u>\$ 91,624</u>	<u>\$ 133,196</u>	<u>\$ 19,660</u>	<u>\$ 567,611</u>

TOTAL
NONMAJOR
CAPITAL
PROJECTS
FUNDS

\$ 9,020,130
324,986

\$ 9,345,116

\$ 9,345,116

9,345,116

\$ 9,345,116

CITY OF BUFORD, GEORGIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

NON-MAJOR CAPITAL PROJECTS FUNDS						
	GWINNETT COUNTY 2009 SPLOST	GWINNETT COUNTY 2014 SPLOST	HALL COUNTY 2009 SPLOST	HALL COUNTY 2015 SPLOST	REST HAVEN 2001 SPLOST	REST HAVEN 2005 SPLOST
Revenues						
Intergovernmental revenue	\$ -	\$ 1,774,909	\$ -	\$ 133,148	\$ -	\$ -
Investment income	<u>5,591</u>	<u>2,825</u>	<u>92</u>	<u>48</u>	<u>20</u>	<u>569</u>
Total revenues	<u>5,591</u>	<u>1,777,734</u>	<u>92</u>	<u>133,196</u>	<u>20</u>	<u>569</u>
Expenditures						
Capital outlay	<u>69,326</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>69,326</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in fund balances	(63,735)	1,777,734	92	133,196	20	569
Fund balances-beginning	<u>4,658,194</u>	<u>2,160,832</u>	<u>91,532</u>	<u>-</u>	<u>19,640</u>	<u>567,042</u>
Fund balances-ending	<u>\$ 4,594,459</u>	<u>\$ 3,938,566</u>	<u>\$ 91,624</u>	<u>\$ 133,196</u>	<u>\$ 19,660</u>	<u>\$ 567,611</u>

TOTAL
NONMAJOR
CAPITAL
PROJECTS
FUNDS

\$ 1,908,057
9,145

1,917,202

69,326

69,326

1,847,876

7,497,240

\$ 9,345,116

CITY OF BUFORD, GEORGIA
HOTEL/MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget Over (Under)</u>
REVENUES				
Taxes - sales and excise	\$ 230,000	\$ 230,000	\$ 268,099	\$ 38,099
Investment income	<u>400</u>	<u>400</u>	<u>682</u>	<u>282</u>
Total revenues	<u>230,400</u>	<u>230,400</u>	<u>268,781</u>	<u>38,381</u>
EXPENDITURES				
Current operating:				
Public services:				
Culture and recreation	<u>50,000</u>	<u>76,600</u>	<u>76,600</u>	<u>-</u>
Total expenditures	<u>50,000</u>	<u>76,600</u>	<u>76,600</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>180,400</u>	<u>153,800</u>	<u>192,181</u>	<u>38,381</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>-</u>	<u>-</u>	<u>(184,587)</u>	<u>(184,587)</u>
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(184,587)</u>	<u>(184,587)</u>
Change in fund balance	180,400	153,800	7,594	(146,206)
Fund balance at beginning of year	<u>13,920</u>	<u>13,920</u>	<u>13,920</u>	<u>-</u>
Fund balance at end of year	\$ <u>194,320</u>	\$ <u>167,720</u>	\$ <u>21,514</u>	\$ <u>(146,206)</u>

CITY OF BUFORD, GEORGIA
2010 GENERAL OBLIGATION BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget Over (Under)</u>
REVENUES	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Debt service:				
Principal retirement	500,000	500,000	500,000	-
Interest and fiscal agent fees	<u>232,648</u>	<u>232,648</u>	<u>232,648</u>	-
Total expenditures	<u>732,648</u>	<u>732,648</u>	<u>732,648</u>	-
Excess (deficiency) of revenues over (under) expenditures	(<u>732,648</u>)	(<u>732,648</u>)	(<u>732,648</u>)	-
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>732,648</u>	<u>732,648</u>	<u>732,648</u>	-
Net other financing sources (uses)	<u>732,648</u>	<u>732,648</u>	<u>732,648</u>	-
Change in fund balance	-	-	-	-
Fund balance at beginning of year	<u>445,599</u>	<u>445,599</u>	<u>445,599</u>	-
Fund balance at end of year	\$ <u><u>445,599</u></u>	\$ <u><u>445,599</u></u>	\$ <u><u>445,599</u></u>	\$ <u><u>-</u></u>

CITY OF BUFORD, GEORGIA
2015 GENERAL OBLIGATION BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget Over (Under)</u>
REVENUES				
Investment income	\$ _____ -	\$ _____ -	\$ _____ 899	\$ _____ 899
Total revenues	_____ -	_____ -	_____ 899	_____ 899
EXPENDITURES				
Debt service:				
Interest expense	836,662	836,662	836,662	-
fiscal agent fees	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	-
Total expenditures	<u>838,162</u>	<u>838,162</u>	<u>838,162</u>	-
Excess (deficiency) of revenues over (under) expenditures	(<u>838,162</u>)	(<u>838,162</u>)	(<u>837,263</u>)	<u>899</u>
Change in fund balance	(838,162)	(838,162)	(837,263)	899
Fund balance at beginning of year	<u>2,397,871</u>	<u>2,397,871</u>	<u>2,397,871</u>	-
Fund balance at end of year	\$ <u>1,559,709</u>	\$ <u>1,559,709</u>	\$ <u>1,560,608</u>	\$ <u>899</u>

CITY OF BUFORD, GEORGIA
 GWINNETT COUNTY 2009 SPLOST FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget Over (Under)</u>
REVENUES				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Investment income	<u>2,000</u>	<u>2,000</u>	<u>5,591</u>	<u>3,591</u>
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>5,591</u>	<u>3,591</u>
EXPENDITURES				
Capital outlay	<u>2,390,000</u>	<u>69,326</u>	<u>69,326</u>	<u>-</u>
Total expenditures	<u>2,390,000</u>	<u>69,326</u>	<u>69,326</u>	<u>-</u>
Change in fund balance	(2,388,000)	(67,326)	(63,735)	3,591
Fund balance at beginning of year	<u>4,658,194</u>	<u>4,658,194</u>	<u>4,658,194</u>	<u>-</u>
Fund balance at end of year	\$ <u>2,270,914</u>	\$ <u>4,590,868</u>	\$ <u>4,594,459</u>	\$ <u>3,591</u>

CITY OF BUFORD, GEORGIA
 GWINNETT COUNTY 2014 SPLOST FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget Over (Under)</u>
REVENUES				
Intergovernmental revenue	\$ -	\$ -	\$ 1,774,909	\$ 1,774,909
Investment income	<u>-</u>	<u>-</u>	<u>2,825</u>	<u>2,825</u>
Total revenues	<u>-</u>	<u>-</u>	<u>1,777,734</u>	<u>1,777,734</u>
EXPENDITURES				
Capital outlay	<u>1,846,195</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,846,195</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	(1,846,195)	-	1,777,734	1,777,734
Fund balance at beginning of year	<u>2,160,832</u>	<u>2,160,832</u>	<u>2,160,832</u>	<u>-</u>
Fund balance at end of year	\$ <u>314,637</u>	\$ <u>2,160,832</u>	\$ <u>3,938,566</u>	\$ <u>1,777,734</u>

CITY OF BUFORD, GEORGIA
HALL COUNTY 2009 SPLOST FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget Over (Under)</u>
REVENUES				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Investment income	<u>-</u>	<u>-</u>	<u>92</u>	<u>92</u>
Total revenues	<u>-</u>	<u>-</u>	<u>92</u>	<u>92</u>
EXPENDITURES				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	-	-	92	92
Fund balance at beginning of year	<u>91,532</u>	<u>91,532</u>	<u>91,532</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>91,532</u></u>	\$ <u><u>91,532</u></u>	\$ <u><u>91,624</u></u>	\$ <u><u>92</u></u>

CITY OF BUFORD, GEORGIA
HALL COUNTY 2015 SPLOST FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final budget Over (Under)
REVENUES				
Intergovernmental revenue	\$ -	\$ -	\$ 133,148	\$ 133,148
Investment income	-	-	48	48
Total revenues	-	-	133,196	133,196
EXPENDITURES				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Change in fund balance	-		133,196	133,196
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ 133,196	\$ 133,196

CITY OF BUFORD, GEORGIA
 REST HAVEN 2001 SPLOST FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final budget Over (Under)
REVENUES				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	20	20
Total revenues	-	-	20	20
EXPENDITURES				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Change in fund balance	-	-	20	20
Fund balance at beginning of year	<u>19,640</u>	<u>19,640</u>	<u>19,640</u>	<u>-</u>
Fund balance at end of year	<u>\$ 19,640</u>	<u>\$ 19,640</u>	<u>\$ 19,660</u>	<u>\$ 20</u>

CITY OF BUFORD, GEORGIA
 REST HAVEN 2005 SPLOST FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final budget Over (Under)
REVENUES				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	<u>569</u>	<u>569</u>
Total revenues	-	-	<u>569</u>	<u>569</u>
EXPENDITURES				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Change in fund balance	-	-	569	569
Fund balance at beginning of year	<u>567,042</u>	<u>567,042</u>	<u>567,042</u>	-
Fund balance at end of year	\$ <u><u>567,042</u></u>	\$ <u><u>567,042</u></u>	\$ <u><u>567,611</u></u>	\$ <u><u>569</u></u>

CITY OF BUFORD, GEORGIA
 AGENCY FUNDS
 BUFORD BOARD OF EDUCATION SPLOST FUNDS
 GWINNETT COUNTY SPLOST IV
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>GWINNETT COUNTY SPLOST IV:</u>				
Assets - cash and cash equivalents	\$ <u>1,278,444</u>	\$ <u>25,327</u>	\$(<u>1,041,118</u>)	\$ <u>262,653</u>
Liabilities - due to others	\$ <u>1,278,444</u>	\$ <u>25,327</u>	\$(<u>1,041,118</u>)	\$ <u>262,653</u>

CITY OF BUFORD, GEORGIA
 AGENCY FUNDS
 BUFORD BOARD OF EDUCATION SPLOST FUNDS
 HALL COUNTY SPLOST
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>HALL COUNTY SPLOST:</u>				
Assets - cash and cash equivalents	\$ <u>2,041,505</u>	\$ <u>760,742</u>	\$(<u>2,536,668</u>)	\$ <u>265,579</u>
Liabilities - due to others	\$ <u>2,041,505</u>	\$ <u>760,742</u>	\$(<u>2,536,668</u>)	\$ <u>265,579</u>

THE SINGLE AUDIT SECTION

WILCOX & BIVINGS, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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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*

To the Honorable Members of the Board of Commissioners
City of Buford, Georgia

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Buford, Georgia, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Buford, Georgia's basic financial statements and have issued our report thereon dated December 31, 2016. Our report includes a reference to other auditors who audited the financial statements of the City of Buford Board of Education, as described in our report on the City of Buford, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Buford, Georgia's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Buford, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Buford, Georgia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Buford, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

To the Honorable Members of the Board of Commissioners
City of Buford, Georgia

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilcox & Bivings, P.C.

Suwanee, Georgia
December 31, 2016

WILCOX & BIVINGS, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Members of the Board of Commissioners
City of Buford, Georgia

Report on Compliance for Each Major Federal Program

We have audited the City of Buford, Georgia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Buford, Georgia's major federal programs for the year ended June 30, 2016. The City of Buford, Georgia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, contracts and the terms and conditions of its federal awards applicable to federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Buford, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Buford, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Buford, Georgia's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, the City of Buford, Georgia complied, in all materials respects, with the types of compliance requirements referred to above that could have a direct and material affect on each of its major federal programs for the year ended June 30, 2016.

To the Honorable Members of the Board of Commissioners
City of Buford, Georgia

Report on Internal Control over Compliance

Management of the City of Buford, Georgia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Buford, Georgia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Buford, Georgia's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance; such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis. A *significant deficiency in internal control of compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness over internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Wilcox & Bivings, P.C.

Suwanee, Georgia
December 31, 2016

CITY OF BUFORD, GEORGIA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2016

<u>Federal Grantor/Program or Cluster Title/Pass-through Grantor</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development:</u>			
Office of Community Planning and Development:			
Community Development Block Grants/Gwinnett County	14.218	N/A	<u>\$1,342,312</u>
Total U.S. Department of Housing and Urban Development			<u>1,342,312</u>
<u>U.S. Department of Transportation:</u>			
Federal Highway Administration:			
Highway Planning and Construction/State of Georgia	20.205	N/A	141,997
Highway Planning and Construction/Atlanta Regional Commission	20.205		<u>50,344</u>
Total U.S. Department of Transportation			<u>192,341</u>
Total Expenditures of Federal Awards			<u>\$1,534,653</u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF BUFORD, GEORGIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Buford, Georgia, under programs of the federal government for the fiscal year ending June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (The Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of, the basic financial statements.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C - DE MINIMIS INDIRECT COST RATE

The 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance does not apply to the City's federal awards.

NOTE D - SUBRECIPIENTS

The City has no subrecipients under its federal awards.

CITY OF BUFORD, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

SECTION I-SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of Auditor's Report Issued:

- ❖ Unmodified opinion.

Internal Control Over Financial Reporting:

- ❖ Material weaknesses - none reported.
- ❖ Significant deficiencies - none reported.
- ❖ Noncompliance material to the financial statements - none reported.

FEDERAL AWARDS

Types of Auditors' Report Issued on Compliance for Major Programs:

- ❖ Unmodified opinion.

Internal Control Over Major Programs:

- ❖ Material weaknesses - none reported.
- ❖ Significant deficiencies - none reported.

Audit findings:

- ❖ No audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a).

Identification of Major Programs:

- ❖ CFDA #14.218 - United States Department of Housing and Urban Development/Office of Community Planning and Development/Community Block Grants/Entitlement Grants/Gwinnett County.

Dollar Threshold Used to Distinguish Between Type A and Type B Programs:

- ❖ The threshold for distinguishing Types A and B programs was \$750,000.

Auditee status:

- ❖ The City of Buford, Georgia did not qualify as a low-risk auditee.

SECTION II - FINANCIAL STATEMENT AUDIT - FINDINGS

- ❖ None reported.

SECTION III – MAJOR FEDERAL AWARD PROGRAMS AUDIT - FINDINGS AND QUESTIONED COSTS

- ❖ None reported.

CITY OF BUFORD, GEORGIA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016

Findings - Financial Statement Audit @ June 30, 2015:

- ❖ None reported.

Findings and Questioned Costs - Major Federal Awards Programs Audit @ June 30, 2015:

- ❖ None reported.

**CITY OF BUFORD, GEORGIA
2300 BUFORD HIGHWAY
BUFORD, GEORGIA 30518
770-945-6761**

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2016**

- ❖ **As there were no findings for the year ended June 30, 2016, there are no corrective actions.**

**SCHEDULE REQUIRED BY
THE STATE OF GEORGIA**

CITY OF BUFORD, GEORGIA
 SCHEDULE OF PROJECTS CONSTRUCTED AND EXPENDITURES INCURRED
 WITH SPECIAL SALES TAX PROCEEDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>PROJECT DESCRIPTION:</u>	<u>AMOUNT CURRENTLY ESTIMATED FOR EACH PROJECT</u>	<u>AMOUNT EXPENDED IN PRIOR YEARS</u>	<u>ESTIMATED AMOUNT EXPENDED IN CURRENT YEAR</u>	<u>PERCENTAGE OF COMPLETION OF EACH PROJECT</u>
Rest Haven-Recreational facilities-01	\$ 90,874	\$ 71,279	\$ -	78.44%
Rest Haven-Transportation-05	546,785	-	-	00.00%
Hall County-Transportation-09	91,352	-	-	00.00%
Hall County-Transportation-15	111,249	-	-	00.00%
Hall County-Water and sewer-15	600,000	-	-	00.00%
Gwinnett County-Transportation-09	4,707,581	1,769,955	69,326	39.07%
Gwinnett County-Recreational facilities-09	1,324,679	1,200,000	-	90.59%
Gwinnett County-Water & sewer-09	1,579,725	-	-	00.00%
Gwinnett County-Recreational facilities And equipment-14	4,172,696	-	-	00.00%
Gwinnett County-Transportation-14	<u>1,788,299</u>	<u>-</u>	<u>-</u>	00.00%
Totals	<u>\$ 15,013,240</u>	<u>\$ 3,041,234</u>	<u>\$ 69,326</u>	

Amounts estimated for each project are as follows:

	<u>AMOUNT ORIGINALLY ESTIMATED FOR EACH PROJECT</u>	<u>ADDITIONS (DELETIONS) TO PROJECT BUDGET</u>	<u>AMOUNT CURRENTLY ESTIMATED FOR EACH PROJECT</u>
Rest Haven-Recreational facilities-01	\$ -	\$ 90,874	\$ 90,874
Rest Haven-Transportation-05	296,785	250,000	546,785
Hall County-Transportation-09	25,732	65,620	91,352
Hall County-Transportation-15	111,249	-	111,249
Hall County-Water & sewer-15	600,000	-	600,000
Gwinnett County-Transportation-09	5,960,000	(1,252,419)	4,707,581
Gwinnett County-Recreational facilities-09	1,677,101	(352,422)	1,324,679
Gwinnett County-Water & sewer-09	2,000,000	(420,275)	1,579,725
Gwinnett County-Recreational facilities and equipment-14	4,172,696	-	4,172,696
Gwinnett County-Transportation-14	<u>1,788,299</u>	<u>-</u>	<u>1,788,299</u>
Totals	<u>\$ 16,631,862</u>	<u>\$ (1,618,622)</u>	<u>\$ 15,013,240</u>