

**CITY OF BUFORD, GEORGIA**  
**AUDITED BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**CITY OF BUFORD, GEORGIA  
AUDITED BASIC FINANCIAL STATEMENTS  
TABLE OF CONTENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

---

<b>INDEPENDENT AUDITOR'S REPORT</b>	<b>1</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED</b>	<b>4</b>
<b>BASIC FINANCIAL STATEMENTS:</b>	
<b>Government-wide Financial Statements:</b>	
<b>Statement of Net Position</b>	<b>13</b>
<b>Statement of Activities</b>	<b>14</b>
<b>Fund Financial Statements:</b>	
<b>Governmental Funds:</b>	
<b>Balance Sheet</b>	<b>15</b>
<b>Reconciliation of the Governmental Funds Balance Sheet                 to Government-Wide Statement of Net Position</b>	<b>16</b>
<b>Statement of Revenues, Expenditures and Changes in Fund Balances</b>	<b>17</b>
<b>Reconciliation of the Statement of Revenues, Expenditures, and                 Changes in Fund Balances of Governmental Funds                 to the Government-Wide Statement of Activities</b>	<b>18</b>
<b>Statement of Revenues, Expenditures and Changes in Fund Balance                 - Budget and Actual - General Fund</b>	<b>19</b>
<b>Proprietary Funds:</b>	
<b>Statement of Net Position</b>	<b>20</b>
<b>Statement of Revenues, Expenses, and Changes in Net Position</b>	<b>21</b>
<b>Statement of Cash Flows</b>	<b>22</b>
<b>Fiduciary Fund:</b>	
<b>Statement of Fiduciary Assets and Liabilities</b>	<b>24</b>
<b>Notes to Basic Financial Statements</b>	<b>25</b>

**CITY OF BUFORD, GEORGIA  
AUDITED BASIC FINANCIAL STATEMENTS  
TABLE OF CONTENTS - CONTINUED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

---

**SUPPLEMENTARY INFORMATION REQUIRED BY GASB:**

<b>City of Buford Retirement Plan - Required Supplementary Information</b>	<b>59</b>
<b>City of Buford Postemployment Benefit Plan - Required Supplementary Information</b>	<b>62</b>
<b>Combining Balance Sheet - Nonmajor Governmental Funds</b>	<b>65</b>
<b>Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds</b>	<b>66</b>
<b>Combining Balance Sheet - Nonmajor Special Revenue Funds</b>	<b>67</b>
<b>Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds</b>	<b>68</b>
<b>Combining Balance Sheet - Nonmajor Debt Service Funds</b>	<b>69</b>
<b>Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Debt Service Funds</b>	<b>70</b>
<b>Combining Balance Sheet - Nonmajor Capital Projects Funds</b>	<b>71</b>
<b>Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds</b>	<b>72</b>
<b>Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Hotel/Motel Tax Fund</b>	<b>73</b>
<b>Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Auto Rental Excise Tax Fund</b>	<b>74</b>
<b>Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - 2010 General Obligation Bond Fund Debt Service Fund</b>	<b>75</b>
<b>Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - 2015 General Obligation Bond Fund Debt Service Fund</b>	<b>76</b>
<b>Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Gwinnett County 2009 SPLOST Fund</b>	<b>77</b>
<b>Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Gwinnett County 2014 SPLOST Fund</b>	<b>78</b>
<b>Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Gwinnett County 2017 SPLOST Fund</b>	<b>79</b>
<b>Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Hall County 2009 SPLOST Fund</b>	<b>80</b>
<b>Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Hall County 2015 SPLOST Fund</b>	<b>81</b>
<b>Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Rest Haven 2001 SPLOST Fund</b>	<b>82</b>
<b>Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Rest Haven 2005 SPLOST Fund</b>	<b>83</b>

**CITY OF BUFORD, GEORGIA  
AUDITED BASIC FINANCIAL STATEMENTS  
TABLE OF CONTENTS - CONTINUED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

---

**SUPPLEMENTARY INFORMATION REQUIRED BY GASB - CONTINUED:**

Schedule of Changes in Assets and Liabilities - Agency Fund - City of Buford Board of Education - Gwinnett County SPLOST IV	84
Schedule of Changes in Assets and Liabilities - Agency Fund - City of Buford Board of Education - Hall County SPLOST	85

**THE SINGLE AUDIT SECTION:**

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	86
Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	88
Schedule of Expenditures of Federal Awards	90
Notes to Schedule of Expenditures of Federal Awards	91
Schedule of Findings and Questioned Costs	92
Schedule of Prior Year Audit Findings	93
Corrective Action Plan	94

**SCHEDULE REQUIRED BY THE STATE OF GEORGIA:**

Schedule of Projects Constructed and Expenditures Incurred with Special Sales Tax Proceeds	95
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# **INDEPENDENT AUDITOR'S REPORT**

**WILCOX & BIVINGS, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS  
4485 Tench Road, Suite 1320  
Suwanee, GA 30024  
Phone: 770-904-0419  
Fax: 770-904-5299

**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 units, 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, 2017, 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 units, each major fund, and the aggregate remaining fund information of the City of Buford, Georgia, as of June 30, 2017, 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 59-61 and the City of Buford Postemployment Benefit Plan on pages 62-64 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 6, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 6, 2017

## **MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED**

**CITY OF BUFORD, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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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, 2017. 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, 2017 by \$138,222,606 ("net position"). Of this amount, \$7,851,877, 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. \$120,032,734 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. \$8,533,398 was restricted for capital projects to be financed by SPLOST funds, \$850,228 was restricted for debt service of the 2010 and 2015 General Obligation Bonds, \$399,117 was restricted in the Municipal Competitive Trust of the Utilities Funds, and \$555,252 was restricted for Education.
- The City's total net position decreased by \$(5,163,123) in the fiscal year ended June 30, 2017.
- As of the close of the current fiscal year ended June 30, 2017, the City's governmental funds reported combined ending fund balances of \$40,967,791. 19.08% of this total amount, \$7,818,135 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 \$7,818,135 or 22.39% of total general fund expenditures.

**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").

The government-wide financial statements can be found on pages 13-14 of this reporting package.

**OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED**

**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 thirteen 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 eleven 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 Funds**

The City maintains two fiduciary funds 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 58 of this reporting package.

**CITY OF BUFORD, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**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 59 to 85 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 86 to 94 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 95 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 \$138,222,606 as of June 30, 2017.

The largest portion of the City's net position, totaling \$120,032,734 (86.84%) 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 \$10,337,995 (7.48%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$7,851,877 (5.68%) may be used to meet the government's ongoing obligations to citizens and creditors.

The property tax rate decreased to 12.85 mills from 12.90 for the tax year billed in 2016 and payable in the fiscal year ending June 30, 2017.

At June 30, 2017, the governmental activities of the City had positive balances in net investment in capital assets of \$62,463,935, in restricted assets totaling \$9,938,878 and a negative balance in unrestricted net position of \$(9,556,063). At June 30, 2016, the governmental activities of the City had positive balances in net investment in capital assets of \$60,215,145, in restricted assets totaling \$10,515,793 and a negative balance in unrestricted net position of (\$1,890,998).

The unrestricted net position of business-type activities had a positive balance of \$17,407,940 as of June 30, 2017, and a positive balance of \$17,311,447 as of June 30, 2016.

**CITY OF BUFORD, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS - CONTINUED**

**CITY OF BUFORD, GEORGIA'S CONDENSED NET POSITION**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total - Primary Government</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2017</u>	<u>Restated 2016</u>	<u>2017</u>	<u>Restated 2016</u>	<u>2017</u>	<u>Restated 2016</u>
Current and other assets	\$ 47,987,416	\$ 51,926,179	\$ 32,727,388	\$ 31,568,646	\$ 80,714,804	\$ 83,494,825
Capital assets	<u>68,467,171</u>	<u>66,718,381</u>	<u>57,568,799</u>	<u>56,492,622</u>	<u>126,035,970</u>	<u>123,211,003</u>
<b>Total assets</b>	<b><u>116,454,587</u></b>	<b><u>118,644,560</u></b>	<b><u>90,296,187</u></b>	<b><u>88,061,268</u></b>	<b><u>206,750,774</u></b>	<b><u>206,705,828</u></b>
Deferred outflows of resources	<u>1,434,378</u>	<u>1,498,313</u>	<u>1,221,878</u>	<u>1,276,342</u>	<u>2,656,256</u>	<u>2,774,655</u>
Noncurrent liabilities	46,584,746	48,207,193	12,330,180	12,255,756	58,914,926	60,462,949
Other liabilities	<u>8,450,370</u>	<u>3,095,740</u>	<u>3,805,982</u>	<u>2,536,065</u>	<u>12,256,352</u>	<u>5,631,805</u>
<b>Total liabilities</b>	<b><u>55,035,116</u></b>	<b><u>51,302,933</u></b>	<b><u>16,136,162</u></b>	<b><u>14,791,821</u></b>	<b><u>71,171,278</u></b>	<b><u>66,094,754</u></b>
Deferred inflows of resources	<u>7,099</u>	<u>-</u>	<u>6,047</u>	<u>-</u>	<u>13,146</u>	<u>-</u>
<b>Net position:</b>						
Net investment in capital assets	62,463,935	60,215,145	57,568,799	56,492,622	120,032,734	116,707,767
Restricted	9,938,878	10,515,793	399,117	741,720	10,337,995	11,257,513
Unrestricted	<u>( 9,556,063)</u>	<u>( 1,890,998)</u>	<u>17,407,940</u>	<u>17,311,447</u>	<u>7,851,877</u>	<u>15,420,449</u>
<b>Total net position</b>	<b>\$ <u>62,846,750</u></b>	<b>\$ <u>68,839,940</u></b>	<b>\$ <u>75,375,856</u></b>	<b>\$ <u>74,545,789</u></b>	<b>\$ <u>138,222,606</u></b>	<b>\$ <u>143,385,729</u></b>

**CITY OF BUFORD, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, 2017 and June 30, 2016. Governmental activities decreased the City's net position by \$(5,993,190) for the year ended June 30, 2017 and decreased net position by \$(91,975) for the year ended June 30, 2016. Business-type activities increased the City's net position by \$830,067 for the year ended June 30, 2017 and decreased net position by \$(2,215,000) for the year ended June 30, 2016.

**CITY OF BUFORD, GEORGIA'S CHANGES IN NET POSITION**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total-Primary Government</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 1,433,343	\$ 3,281,243	\$ 61,588,085	\$ 60,540,812	\$ 63,021,428	\$ 63,822,055
Capital grants and Contributions	2,453,134	3,081,017	1,452,186	900,938	3,905,320	3,981,955
Operating grants	49,656	50,344	-	-	49,656	50,344
<b>General revenues:</b>						
Taxes	15,942,807	13,097,780	-	-	15,942,807	13,097,780
Franchise fees	953,296	955,880	-	-	953,296	955,880
Investment income	269,761	161,672	229,750	302,490	499,511	464,162
Gain on sale of assets	21,935	-	-	-	21,935	-
Miscellaneous	56,448	62,416	1,476,621	2,345,418	1,533,069	2,407,834
<b>Total revenues</b>	<b>21,180,380</b>	<b>20,690,352</b>	<b>64,746,642</b>	<b>64,089,658</b>	<b>85,927,022</b>	<b>84,780,010</b>
<b>Expenses:</b>						
General government	3,629,122	4,540,158	-	-	3,629,122	4,540,158
Public safety	480,755	495,957	-	-	480,755	495,957
Public services	7,441,716	8,500,927	-	-	7,441,716	8,500,927
Board of Education	32,767,493	28,944,544	-	-	32,767,493	28,944,544
Downtown development	1,085,003	-	-	-	1,085,003	-
Debt service	1,784,326	1,541,499	-	-	1,784,326	1,541,499
Gas system	-	-	18,816,452	19,123,150	18,816,452	19,123,150
Electric system	-	-	15,911,730	15,590,647	15,911,730	15,590,647
Solid waste and recycling	-	-	2,681,695	2,495,421	2,681,695	2,495,421
Wastewater system	-	-	2,463,419	1,921,943	2,463,419	1,921,943
Water system	-	-	2,059,007	2,488,389	2,059,007	2,488,389
Utilities Fund - Nondivisional	-	-	596,615	81,271	596,615	81,271
Community Center	-	-	1,372,812	1,363,079	1,372,812	1,363,079
<b>Total expenses</b>	<b>47,188,415</b>	<b>44,023,085</b>	<b>43,901,730</b>	<b>43,063,900</b>	<b>91,090,145</b>	<b>87,086,985</b>
<b>Excess (deficiency) in net position before transfers</b>	<b>( 26,008,035)</b>	<b>( 23,332,733)</b>	<b>20,844,912</b>	<b>21,025,758</b>	<b>( 5,163,123)</b>	<b>( 2,306,975)</b>
<b>Transfers - internal</b>	<b>20,014,845</b>	<b>23,240,758</b>	<b>( 20,014,845)</b>	<b>( 23,240,758)</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>( 5,993,190)</b>	<b>( 91,975)</b>	<b>830,067</b>	<b>( 2,215,000)</b>	<b>( 5,163,123)</b>	<b>( 2,306,975)</b>
<b>Net position – July 1</b>	<b>68,839,940</b>	<b>64,015,931</b>	<b>74,545,789</b>	<b>81,518,051</b>	<b>143,385,729</b>	<b>145,533,982</b>
<b>Prior period adjustments</b>	<b>-</b>	<b>4,915,984</b>	<b>-</b>	<b>( 4,757,262)</b>	<b>-</b>	<b>158,722</b>
<b>Net position – June 30</b>	<b>\$ 62,846,750</b>	<b>\$ 68,839,940</b>	<b>\$ 75,375,856</b>	<b>\$ 74,545,789</b>	<b>\$ 138,222,606</b>	<b>\$ 143,385,729</b>

**CITY OF BUFORD, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**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 \$40,967,791. Of this amount, \$32,603,196 (79.58%) 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 \$22,664,318 and by SPLOST funds \$8,533,398, 2) debt service related to the 2010 GOB Bond \$65,372 and the 2015 GOB Bond \$784,856, and 3) education purposes \$555,252. \$546,460 (1.33%) of fund balances is considered unspendable because it has been used for prepaid items. \$7,818,135 (19.08%) 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 \$7,818,135, and total fund balance was \$8,565,654. 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 22.38% of total expenditures, while total fund balance represents 24.53% of that same amount.

The General Fund's fund balance increased by \$3,310,608 during the current fiscal year. Key factors are as follows:

- Total revenues increased by \$1,052,587. Components of this increase included an increase in property tax revenues of \$1,873,390 due to increases in real property valuations; an increase in sales, excise and other taxes of \$1,186,798 due to changes in revenue classifications from the prior year; and a decrease in charges for services of \$1,847,900 due to changes in revenue classifications from the prior year.
- Total expenditures decreased by \$4,258,061. Components of this decrease included a decrease in payments to the Buford Board of Education of \$5,121,494; an increase in general government expenditures of \$3,223,477 due to land purchases of \$1,500,000 and changes in expenditure classifications from the prior year; and a decrease in Highway and Street expenditures of \$1,638,793.
- Other financing sources decreased by \$3,488,342 due to a decrease in transfers in from the Utilities fund of \$3,685,854.

**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 was \$17,407,940, primarily represented by unrestricted net position of \$17,316,076 from the Utilities Fund. The funds had an overall net increase in fund net position of \$830,067, represented primarily by an increase in Utilities Fund net position of \$998,948.

**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 original budgeted expenditures by \$(4,537,960) a percentage decrease of 11.50%. Budgeted expenditures for General Government were decreased by \$(2,369,459), Financial Administration budgeted expenditures were decreased by \$(919,537), and expenditures for the City of Buford Board of Education were decreased by \$(1,161,292).

**CITY OF BUFORD, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**CAPITAL ASSETS**

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2017, amounts to \$126,035,970, 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 \$2,451,187 to its Gas System, \$1,744,815 to its Water and Wastewater System and \$1,313,038 to its Electric System for improvements and expansion of the systems.
- The City capitalized \$532,007 in street additions and improvements.
- The City capitalized \$457,578 in sidewalk additions and improvements.
- The City purchased land parcels for \$1,595,000
- The City incurred \$3,288,459 in construction in progress in its governmental activities including \$2,784,903 in construction costs on the new City recreation gym.
- The City incurred construction in progress costs for improvements and expansion of its Gas System of \$705,951, and its Water and Wastewater System of \$611,263.

Depreciation expense totaled \$2,802,032 in the governmental activities and \$4,568,401 in the business-type enterprises.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total-Primary Government</u>	
	<u>2017</u>	<u>Restated 2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>Restated 2016</u>
Land	\$ 18,319,045	\$ 17,809,047	\$ 202,663	\$ 202,663	\$ 18,521,708	\$ 18,011,710
Construction in progress	4,711,782	1,778,615	4,136,080	4,167,727	8,847,862	5,946,342
Utility system infrastructure	-	-	110,375,759	113,492,703	110,375,759	113,492,703
Buildings and improvements	31,861,062	31,861,062	156,507	156,507	32,017,569	32,017,569
City parks	4,661,579	4,626,207	-	-	4,661,579	4,626,207
Furniture and equipment	931,030	1,029,718	171,355	633,248	1,102,385	1,662,966
Sidewalks	1,069,665	612,087	-	-	1,069,665	612,087
Streets	19,824,029	19,292,022	-	-	19,824,029	19,292,022
Streetscapes & hardscapes	6,283,065	6,283,065	-	-	6,283,065	6,283,065
Vehicles	201,223	241,974	1,165,828	2,102,484	1,367,051	2,344,458
Accumulated depreciation	( 19,395,309)	( 16,815,416)	( 58,639,393)	( 64,262,710)	( 78,034,702)	( 81,078,126)
<b>Total</b>	<b>\$ 68,467,171</b>	<b>\$ 66,718,381</b>	<b>\$ 57,568,799</b>	<b>\$ 56,492,622</b>	<b>\$ 126,035,970</b>	<b>\$ 123,211,003</b>

Additional information on the City's capital assets can be found in note 5 in the notes to the basic financial statements on pages 39-41 of this reporting package.

**CITY OF BUFORD, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**DEBT ADMINISTRATION**

At the end of the current fiscal year, the City had \$43,073,990 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>2017</u>	<u>Restated</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>Restated</u>
		<u>2016</u>				<u>2016</u>
General obligation bonds	\$ <u>43,073,990</u>	\$ <u>43,923,621</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>43,073,990</u>	\$ <u>43,923,621</u>
<b>Total</b>	\$ <u>43,073,990</u>	\$ <u>43,923,621</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>43,073,990</u>	\$ <u>43,923,621</u>

The City's total debt decreased by \$849,631 during the current fiscal year. Activity consisted of principal payments on general obligation bonds totaling \$500,000 and amortization of the reoffering premium of \$349,631.

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 41-44 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 2018. Single family housing construction is healthy with several developments offering a range of housing opportunities. The retail sector continues its steady improvement. Several commercial developments are 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 2017 supporting development, roadway projects, system safety and reliability, which will continue in 2018. A new Buford City Gym is under construction with anticipated 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, 2017**

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**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 2018. A number of other capital projects are in the planning stages for 2018 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 2018 Budget**

General Fund budgeted revenue and transfers in for the 2018 fiscal year total \$44,367,195, while General Fund budgeted expenditures and transfers out for the 2018 fiscal year total \$38,201,700.

Budgeted revenues for the Utilities Fund for the 2018 fiscal year include \$3,938,000 for the Waste Water System, \$1,460,000 for the Water System, \$4,207,000 for Solid Waste and Recycling, \$21,495,000 for the Electric System, \$37,131,950 for the Gas System and \$989,000 for Nondivisional revenues for a total of \$69,220,950. Budgeted expenditures and transfers out for the 2018 fiscal year include \$4,215,000 for the Waste Water System, \$2,181,500 for the Water System, \$2,726,500 for Solid Waste and Recycling, \$16,091,700 for the Electric System, \$21,241,000 for the Gas System, \$50,000 for Nondivisional expenditures and \$25,000,000 transfers out for a total of \$71,505,700.

**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, 2017**

	<u>Primary Government</u>			<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>06/30/16 City of Buford Board of Education</u>	<u>Downtown Development Authority</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 11,662,658	\$ 3,147,540	\$ 14,810,198	\$ 9,330,810	\$ -
Investments	6,730,071	18,423,478	25,153,549	110,938	-
Receivables - net	536,469	3,779,505	4,315,974	1,315,465	-
Due from primary government	-	-	-	35,952,335	2,200,000
Due from other governments	505,406	349,052	854,458	4,554,096	-
Due from agency fund	495,183	-	495,183	-	-
Internal balances	( 110,513)	110,513	-	-	-
Prepaid expenses	546,460	291,152	837,612	239,793	-
Inventories	-	-	-	11,352	-
Restricted cash and cash equivalents	12,475,978	-	12,475,978	-	-
Restricted investments	15,145,704	6,626,148	21,771,852	-	-
Capital assets being depreciated - net	45,436,344	53,230,056	98,666,400	47,227,193	-
Capital assets not being depreciated	<u>23,030,827</u>	<u>4,338,743</u>	<u>27,369,570</u>	<u>23,968,658</u>	<u>-</u>
<b>Total assets</b>	<b><u>116,454,587</u></b>	<b><u>90,296,187</u></b>	<b><u>206,750,774</u></b>	<b><u>122,710,640</u></b>	<b><u>2,200,000</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows of resources related to pensions	<u>1,434,378</u>	<u>1,221,878</u>	<u>2,656,256</u>	<u>4,841,722</u>	<u>-</u>
<b>Total deferred outflows of resources</b>	<b><u>1,434,378</u></b>	<b><u>1,221,878</u></b>	<b><u>2,656,256</u></b>	<b><u>4,841,722</u></b>	<b><u>-</u></b>
<b>LIABILITIES</b>					
Bank overdrafts	-	38,633	38,633	-	-
Accounts payable	4,499,822	2,546,824	7,046,646	1,986,168	-
Accrued interest	880,478	-	880,478	-	-
Other accrued liabilities	20,439	195,049	215,488	7,403,265	-
Unearned revenue	-	868,296	868,296	98,032	-
Accrued landfill closure and post-closure care costs	-	157,180	157,180	-	-
Due to component unit	2,200,000	-	2,200,000	-	-
General obligation bonds payable, due in less than one year	849,631	-	849,631	-	-
Intergovernmental payable, due in less than one year	-	-	-	3,443,144	-
Long-term liabilities, due in more than one year	-	-	-	-	-
Intergovernmental agreement	-	-	-	39,163,781	-
Customer deposits	-	6,227,031	6,227,031	-	-
Accrued compensated absences	140,322	116,516	256,838	-	-
General obligation bonds payable	42,224,359	-	42,224,359	-	-
Net OPEB obligation	1,541,820	3,705,165	5,246,985	-	-
Net pension liability	<u>2,678,245</u>	<u>2,281,468</u>	<u>4,959,713</u>	<u>32,558,518</u>	<u>-</u>
<b>Total liabilities</b>	<b><u>55,035,116</u></b>	<b><u>16,136,162</u></b>	<b><u>71,171,278</u></b>	<b><u>84,652,908</u></b>	<b><u>-</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows of resources related to pensions	<u>7,099</u>	<u>6,047</u>	<u>13,146</u>	<u>3,032,714</u>	<u>-</u>
<b>NET POSITION</b>					
Net Investment in capital assets	62,463,935	57,568,799	120,032,734	62,467,919	-
Restricted for:					
Capital projects - SPLOST	8,533,398	-	8,533,398	-	-
Capital projects - Board of Education	-	-	-	359,055	-
Debt service	850,228	-	850,228	784,925	-
Municipal Competitive Trust	-	399,117	399,117	-	-
Education	555,252	-	555,252	-	-
Federal programs	-	-	-	317,114	-
Unrestricted	<u>( 9,556,063)</u>	<u>17,407,940</u>	<u>7,851,877</u>	<u>( 24,062,273)</u>	<u>2,200,000</u>
<b>Total net position</b>	<b><u>\$ 62,846,750</u></b>	<b><u>\$ 75,375,856</u></b>	<b><u>\$ 138,222,606</u></b>	<b><u>\$ 39,866,740</u></b>	<b><u>\$ 2,200,000</u></b>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<b>Functions/Programs:</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary government</b>				
<b>Governmental activities:</b>				
General government	\$ 588,538	\$ 475,456	\$ -	\$ 1,955,873
Financial administration	3,040,584	-	-	-
Public safety, Marshal and Code enforcement	480,755	17,338	-	-
Highway and street	4,658,266	-	49,656	497,261
Building inspection	336,281	826,691	-	-
Culture and recreation	1,655,548	113,858	-	-
Maintenance	791,621	-	-	-
Board of Education	32,767,493	-	-	-
Downtown Development Authority	1,085,003	-	-	-
Interest and fiscal charges	<u>1,784,326</u>	-	-	-
<b>Total governmental activities</b>	<b><u>47,188,415</u></b>	<b><u>1,433,343</u></b>	<b><u>49,656</u></b>	<b><u>2,453,134</u></b>
<b>Business-type activities:</b>				
Gas system	18,816,452	31,137,093	-	495,301
Electric system	15,911,730	21,012,204	-	297,606
Solid waste and recycling	2,681,695	4,163,801	-	-
Wastewater system	2,463,419	2,705,707	-	260,635
Water system	2,059,007	1,103,059	-	398,644
Non-divisional utility	596,615	954,979	-	-
Community Center	<u>1,372,812</u>	<u>511,242</u>	-	-
<b>Total business-type activities</b>	<b><u>43,901,730</u></b>	<b><u>61,588,085</u></b>	<b><u>-</u></b>	<b><u>1,452,186</u></b>
<b>Total primary government</b>	<b>\$ <u>91,090,145</u></b>	<b>\$ <u>63,021,428</u></b>	<b>\$ <u>49,656</u></b>	<b>\$ <u>3,905,320</u></b>
<b>Component Units</b>				
City of Buford Board of Education	\$ 49,658,250	\$ 3,500,392	\$ 22,295,020	\$ 8,637,422
Downtown Development Authority	-	-	-	-
<b>Total component units</b>	<b>\$ <u>49,658,250</u></b>	<b>\$ <u>3,500,392</u></b>	<b>\$ <u>22,295,020</u></b>	<b>\$ <u>8,637,422</u></b>

**General revenues:**

**Taxes:**

Property

Sales, excise, and other

Franchise fees

Investment income

Payments from City of Buford

Gain on sale of assets

Miscellaneous

Transfers

**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 Units	
Primary Government			06/30/16	
Governmental Activities	Business-Type Activities	Total	City of Buford Board of Education	Downtown Development Authority
\$ 1,842,791	\$ -	\$ 1,842,791	\$ -	\$ -
( 3,040,584)	-	( 3,040,584)	-	-
( 463,417)	-	( 463,417)	-	-
( 4,111,349)	-	( 4,111,349)	-	-
490,410	-	490,410	-	-
( 1,541,690)	-	( 1,541,690)	-	-
( 791,621)	-	( 791,621)	-	-
( 32,767,493)	-	( 32,767,493)	-	-
( 1,085,003)	-	( 1,085,003)	-	-
( 1,784,326)	-	( 1,784,326)	-	-
<u>( 43,252,282)</u>	<u>-</u>	<u>( 43,252,282)</u>	<u>-</u>	<u>-</u>
-	12,815,942	12,815,942	-	-
-	5,398,080	5,398,080	-	-
-	1,482,106	1,482,106	-	-
-	502,923	502,923	-	-
-	( 557,304)	( 557,304)	-	-
-	358,364	358,364	-	-
-	( 861,570)	( 861,570)	-	-
-	<u>19,138,541</u>	<u>19,138,541</u>	<u>-</u>	<u>-</u>
<u>\$( 43,252,282)</u>	<u>\$ 19,138,541</u>	<u>\$( 24,113,741)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$( 15,225,416)	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$( 15,225,416)</u>	<u>\$ -</u>
\$ 12,752,242	\$ -	\$ 12,752,242	\$ 10,843,274	-
3,190,565	-	3,190,565	3,866,701	-
953,296	-	953,296	-	-
269,761	229,750	499,511	159,042	-
-	-	-	8,091,071	1,085,003
21,935	-	21,935	-	1,114,997
56,448	1,476,621	1,533,069	2,555,944	-
<u>20,014,845</u>	<u>( 20,014,845)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>37,259,092</u>	<u>( 18,308,474)</u>	<u>18,950,618</u>	<u>25,516,032</u>	<u>2,200,000</u>
( 5,993,190)	830,067	( 5,163,123)	10,290,616	2,200,000
<u>68,839,940</u>	<u>74,545,789</u>	<u>143,385,729</u>	<u>29,576,124</u>	<u>-</u>
<u>\$ 62,846,750</u>	<u>\$ 75,375,856</u>	<u>\$ 138,222,606</u>	<u>\$ 39,866,740</u>	<u>\$ 2,200,000</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017**

	General	Capital Project	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 905,121	\$ -	\$ 10,757,537	\$ 11,662,658
Investments – certificates of deposit	6,730,071	-	-	6,730,071
Property taxes receivable - net	339,027	-	-	339,027
Sales, excise, and other taxes receivable	-	-	87,133	87,133
Other receivables	110,309	-	-	110,309
Due from other governments	164,246	-	341,160	505,406
Due from agency fund	495,183	-	-	495,183
Interfund balances	3,252,470	-	-	3,252,470
Prepaid items	192,267	-	354,193	546,460
Restricted cash and cash equivalents	-	11,625,750	850,228	12,475,978
Restricted investments – certificates of deposit	-	<u>15,145,704</u>	-	<u>15,145,704</u>
<b>Total assets</b>	<b><u>\$ 12,188,694</u></b>	<b><u>\$ 26,771,454</u></b>	<b><u>\$ 12,390,251</u></b>	<b><u>\$ 51,350,399</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 1,103,237	\$ 3,374,418	\$ 22,167	\$ 4,499,822
Accrued expenses	20,439	-	-	20,439
Due to component unit	2,200,000	-	-	2,200,000
Interfund balances	-	<u>732,718</u>	<u>2,630,265</u>	<u>3,362,983</u>
<b>Total liabilities</b>	<b><u>3,323,676</u></b>	<b><u>4,107,136</u></b>	<b><u>2,652,432</u></b>	<b><u>10,083,244</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property tax revenue	<u>299,364</u>	-	-	<u>299,364</u>
<b>Total deferred inflows of resources</b>	<b><u>299,364</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>299,364</u></b>
<b>FUND BALANCES</b>				
<b>Non-spendable:</b>				
Prepaid items	192,267	-	354,193	546,460
<b>Restricted for:</b>				
Capital projects - City of Buford Board of Education	-	22,664,318	-	22,664,318
Capital project – SPLOST construction	-	-	8,533,398	8,533,398
Debt service	-	-	850,228	850,228
Education	555,252	-	-	555,252
Unassigned	<u>7,818,135</u>	-	-	<u>7,818,135</u>
<b>Total fund balances</b>	<b><u>8,565,654</u></b>	<b><u>22,664,318</u></b>	<b><u>9,737,819</u></b>	<b><u>40,967,791</u></b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b><u>\$ 12,188,694</u></b>	<b><u>\$ 26,771,454</u></b>	<b><u>\$ 12,390,251</u></b>	<b><u>\$ 51,350,399</u></b>

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, 2017**

<b>Total fund balance - total governmental funds</b>	<b>\$ 40,967,791</b>
<b>Amounts reported for governmental activities in the statement of net position are different because:</b>	
<b>Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.</b>	<b>68,467,171</b>
<b>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:</b>	
<b>Property tax revenue</b>	<b>299,364</b>
<b>Deferred outflows of resources are not due and payable in the current period, and therefore, are not reported in the funds:</b>	
<b>Pension related experience differences, assumption changes, differences between projected and actual earnings on pension plan investments, and contributions</b>	<b>1,434,378</b>
<b>Deferred inflows of resources are not available to pay for current-period expenditures, and therefore, are not reported in the funds:</b>	
<b>Pension related differences between expected and actual experience</b>	<b>( 7,099)</b>
<b>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:</b>	
<b>General obligation bonds - 2010 issue</b>	<b>( 6,003,236)</b>
<b>General obligation bonds - 2015 issue</b>	<b>( 33,050,000)</b>
<b>Refunding premium - 2015 issue</b>	<b>( 4,020,754)</b>
<b>Accrued interest payable</b>	<b>( 880,478)</b>
<b>Compensated absences</b>	<b>( 140,322)</b>
<b>OPEB obligation</b>	<b>( 1,541,820)</b>
<b>Net pension liability</b>	<b>( 2,678,245)</b>
<b>Net position of governmental activities</b>	<b>\$ <u>62,846,750</u></b>

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, 2017**

	General	Capital Project	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes - property	\$ 13,164,057	\$ -	\$ -	\$ 13,164,057
Taxes – sales, excise, and other	2,813,872	-	376,693	3,190,565
Intergovernmental	553,112	-	1,939,480	2,492,592
Charges for services	1,433,343	-	-	1,433,343
Franchise fees	953,296	-	-	953,296
Investment income	57,101	211,947	10,911	279,959
Miscellaneous	<u>56,448</u>	<u>-</u>	<u>-</u>	<u>56,448</u>
<b>Total revenues</b>	<b><u>19,031,229</u></b>	<b><u>211,947</u></b>	<b><u>2,327,084</u></b>	<b><u>21,570,260</u></b>
<b>EXPENDITURES</b>				
<b>Current operating:</b>				
<b>General government:</b>				
General	3,223,477	-	-	3,223,477
Financial administration	3,172,463	-	-	3,172,463
<b>Public safety:</b>				
Public safety, Marshal and code enforcement	499,114	-	-	499,114
<b>Public services:</b>				
Highway and street	3,778,141	-	-	3,778,141
Building inspection	346,843	-	-	346,843
Culture and recreation	696,499	-	79,504	776,003
Maintenance	869,731	-	-	869,731
<b>Intergovernmental:</b>				
Buford Board of Education	22,338,708	10,428,785	-	32,767,493
Capital outlay	-	-	2,421,396	2,421,396
<b>Debt Service</b>				
Principal retirement	-	-	500,000	500,000
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>1,793,627</u>	<u>1,793,627</u>
<b>Total expenditures</b>	<b><u>34,924,976</u></b>	<b><u>10,428,785</u></b>	<b><u>4,794,527</u></b>	<b><u>50,148,288</u></b>
Excess (deficiency) of revenues over (under) expenditures	( 15,893,747)	( 10,216,838)	( 2,467,443)	( 28,578,028)
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of surplus equipment	21,935	-	-	21,935
Transfers in	21,256,574	-	1,491,308	22,747,882
Transfers out	<u>( 2,074,154)</u>	<u>-</u>	<u>( 658,883)</u>	<u>( 2,733,037)</u>
<b>Total other financing sources (uses)</b>	<b><u>19,204,355</u></b>	<b><u>-</u></b>	<b><u>832,425</u></b>	<b><u>20,036,780</u></b>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	3,310,608	( 10,216,838)	( 1,635,018)	( 8,541,248)
Fund balances at beginning of year - restated	<u>5,255,046</u>	<u>32,881,156</u>	<u>11,372,837</u>	<u>49,509,039</u>
Fund balances at ending of year	\$ <u>8,565,654</u>	\$ <u>22,664,318</u>	\$ <u>9,737,819</u>	\$ <u>40,967,791</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, 2017**

<b>Net change in fund balances - total governmental funds</b>	<b>\$( 8,541,248)</b>
 <b>Amounts reported for governmental activities in the statement of activities are different because:</b>	
 <b>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:</b>	
	<b>5,635,825</b>
 <b>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:</b>	
	<b>( 2,802,032)</b>
 <b>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:</b>	
<b>Property tax revenue</b>	<b>( 411,815)</b>
 <b>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:</b>	
<b>Principal payments on general obligation bonds</b>	<b>500,000</b>
 <b>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:</b>	
<b>Reoffering premium - bond issuance - amortization</b>	<b>349,631</b>
<b>Accrued interest</b>	<b>9,301</b>
<b>Compensated absences</b>	<b>( 984)</b>
<b>Property transferred to the City of Buford Downtown Development Authority</b>	<b>( 1,085,003)</b>
<b>Pension cost</b>	<b>558,267</b>
<b>OPEB liability</b>	<b>( 205,132)</b>
 <b>Change in net position of governmental activities</b>	 <b>\$( <u>5,993,190</u>)</b>

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, 2017**

	<u>General Fund</u>			Variance with Final budget Over (Under)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>REVENUES</b>				
Taxes - property	\$ 12,275,400	\$ 12,275,400	\$ 13,164,057	\$ 888,657
Taxes – sales, excise, and other	2,543,500	2,543,500	2,813,872	270,372
Intergovernmental	2,849,750	2,849,750	553,112	( 2,296,638)
Charges for services	1,189,000	1,189,000	1,433,343	244,343
Franchise fees	970,000	970,000	953,296	( 16,704)
Investment income	10,000	10,000	57,101	47,101
Miscellaneous	<u>38,500</u>	<u>38,500</u>	<u>56,448</u>	<u>17,948</u>
<b>Total revenues</b>	<b><u>19,876,150</u></b>	<b><u>19,876,150</u></b>	<b><u>19,031,229</u></b>	<b>( <u>844,921</u> )</b>
<b>EXPENDITURES</b>				
<b>Current operating:</b>				
<b>General government:</b>				
General	5,592,936	3,223,477	3,223,477	-
Financial administration	4,092,000	3,172,463	3,172,463	-
<b>Public safety:</b>				
Public safety, Marshal and Code enforcement	595,500	499,114	499,114	-
<b>Public services:</b>				
Highway and street	3,861,000	3,778,141	3,778,141	-
Building inspection	314,500	346,843	346,843	-
Culture and recreation	663,000	696,499	696,499	-
Maintenance	844,000	869,731	869,731	-
<b>Intergovernmental:</b>				
Board of Education	<u>23,500,000</u>	<u>22,338,708</u>	<u>22,338,708</u>	-
<b>Total expenditures</b>	<b><u>39,462,936</u></b>	<b><u>34,924,976</u></b>	<b><u>34,924,976</u></b>	<b><u>-</u></b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>( <u>19,586,786</u> )</b>	<b>( <u>15,048,826</u> )</b>	<b>( <u>15,893,747</u> )</b>	<b>( <u>844,921</u> )</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sales of surplus equipment	5,000	5,000	21,935	16,935
Transfers in	26,570,000	26,570,000	21,256,574	( 5,313,426)
Transfers out	<u>( 1,587,000 )</u>	<u>( 2,074,154 )</u>	<u>( 2,074,154 )</u>	<u>-</u>
<b>Net other financing sources (uses)</b>	<b><u>24,988,000</u></b>	<b><u>24,500,846</u></b>	<b><u>19,204,355</u></b>	<b>( <u>5,296,491</u> )</b>
<b>Change in fund balance</b>	<b>5,401,214</b>	<b>9,452,020</b>	<b>3,310,608</b>	<b>( 6,141,412 )</b>
<b>Fund balance at beginning of year - restated</b>	<b><u>5,255,046</u></b>	<b><u>5,255,046</u></b>	<b><u>5,255,046</u></b>	<b><u>-</u></b>
<b>Fund balance at end of year</b>	<b>\$ <u>10,656,260</u></b>	<b>\$ <u>14,707,066</u></b>	<b>\$ <u>8,565,654</u></b>	<b>\$ ( <u>6,141,412</u> )</b>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2017**

	Utilities Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 3,147,540	\$ -	\$ 3,147,540
Investments	18,423,478	-	18,423,478
Accounts receivable, net	3,779,505	-	3,779,505
Due from other governments	349,052	-	349,052
Due from other funds	-	110,513	110,513
Prepaid expenses	<u>228,726</u>	<u>62,426</u>	<u>291,152</u>
<b>Total current assets</b>	<b><u>25,928,301</u></b>	<b><u>172,939</u></b>	<b><u>26,101,240</u></b>
<b>Noncurrent assets:</b>			
<b>Restricted assets:</b>			
Restricted investments	6,626,148	-	6,626,148
Capital assets - net	<u>57,397,882</u>	<u>170,917</u>	<u>57,568,799</u>
<b>Total noncurrent assets</b>	<b><u>64,024,030</u></b>	<b><u>170,917</u></b>	<b><u>64,194,947</u></b>
<b>Total assets</b>	<b><u>89,952,331</u></b>	<b><u>343,856</u></b>	<b><u>90,296,187</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	<u>1,195,315</u>	<u>26,563</u>	<u>1,221,878</u>
<b>Total deferred outflows of resources</b>	<b><u>1,195,315</u></b>	<b><u>26,563</u></b>	<b><u>1,221,878</u></b>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Bank overdrafts	-	38,633	38,633
Accounts payable	2,532,391	14,433	2,546,824
Other accrued liabilities	190,205	4,844	195,049
Unearned revenue	868,296	-	868,296
Accrued landfill closure and post-closure care costs	<u>157,180</u>	<u>-</u>	<u>157,180</u>
<b>Total current liabilities</b>	<b><u>3,748,072</u></b>	<b><u>57,910</u></b>	<b><u>3,805,982</u></b>
<b>Noncurrent liabilities:</b>			
Customer deposits payable	6,227,031	-	6,227,031
Accrued compensated absences	116,516	-	116,516
Net OPEB obligation	3,705,165	-	3,705,165
Net pension liability	<u>2,231,871</u>	<u>49,597</u>	<u>2,281,468</u>
<b>Total noncurrent liabilities</b>	<b><u>12,280,583</u></b>	<b><u>49,597</u></b>	<b><u>12,330,180</u></b>
<b>Total liabilities</b>	<b><u>16,028,655</u></b>	<b><u>107,507</u></b>	<b><u>16,136,162</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	<u>5,916</u>	<u>131</u>	<u>6,047</u>
<b>Total deferred inflows of resources</b>	<b><u>5,916</u></b>	<b><u>131</u></b>	<b><u>6,047</u></b>
<b>NET POSITION</b>			
Investment in capital assets	57,397,882	170,917	57,568,799
Restricted for:			
Municipal Competitive Trust - Electric	399,117	-	399,117
Unrestricted	<u>17,316,076</u>	<u>91,864</u>	<u>17,407,940</u>
<b>Total net position</b>	<b><u>\$ 75,113,075</u></b>	<b><u>\$ 262,781</u></b>	<b><u>\$ 75,375,856</u></b>

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, 2017**

	Utilities Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
<b>OPERATING REVENUES</b>			
Charges for services:			
Gas	\$ 31,137,093	\$ -	\$ 31,137,093
Electric	21,012,204	-	21,012,204
Solid waste and recycling	4,163,801	-	4,163,801
Wastewater	2,705,707	-	2,705,707
Water	1,103,059	-	1,103,059
Penalties	684,158	-	684,158
Service charges	270,821	-	270,821
Buford Community Center	<u>-</u>	<u>511,242</u>	<u>511,242</u>
Total charges for services	<u>61,076,843</u>	<u>511,242</u>	<u>61,588,085</u>
Miscellaneous:			
Other	<u>113,527</u>	<u>1,595</u>	<u>115,122</u>
Total miscellaneous	<u>113,527</u>	<u>1,595</u>	<u>115,122</u>
Total operating revenues	<u>61,190,370</u>	<u>512,837</u>	<u>61,703,207</u>
<b>OPERATING EXPENSES</b>			
Utilities purchased for resale	24,826,314	-	24,826,314
Personal services	6,459,622	282,032	6,741,654
Depreciation	4,551,961	16,440	4,568,401
Contractual services	3,180,243	271,710	3,451,953
Materials and supplies	2,112,762	45,166	2,157,928
Utilities	791,553	136,824	928,377
Event expenses	-	513,142	513,142
Repairs and maintenance	403,883	97,112	500,995
Other operating	<u>202,580</u>	<u>10,386</u>	<u>212,966</u>
Total operating expenses	<u>42,528,918</u>	<u>1,372,812</u>	<u>43,901,730</u>
Income (loss) from operations	18,661,452	( 859,975)	17,801,477
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Refunds and rebates	2,154,406	-	2,154,406
Grant income	659,279	-	659,279
Investment income	<u>229,683</u>	<u>67</u>	<u>229,750</u>
Total nonoperating revenues (expenses)	<u>3,043,368</u>	<u>67</u>	<u>3,043,435</u>
Income (loss) before transfers	21,704,820	( 859,908)	20,844,912
<b>TRANSFERS IN (OUT)</b>			
Transfers in	-	691,027	691,027
Transfers out	<u>( 20,705,872)</u>	<u>-</u>	<u>( 20,705,872)</u>
Total transfers in (out)	<u>( 20,705,872)</u>	<u>691,027</u>	<u>( 20,014,845)</u>
Change in net position	998,948	( 168,881)	830,067
Total net position at beginning of year - as restated	<u>74,114,127</u>	<u>431,662</u>	<u>74,545,789</u>
Total net position at end of year	<u>\$ 75,113,075</u>	<u>\$ 262,781</u>	<u>\$ 75,375,856</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Utilities Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
<b><i>CASH FLOWS FROM OPERATING ACTIVITIES:</i></b>			
Receipts from customers	\$ 61,117,163	\$ 511,242	\$ 61,628,405
Receipts from other operating sources	113,527	1,595	115,122
Receipts from interfund services provided	437,005	-	437,005
Payments to suppliers for goods and services	( 31,598,843)	( 1,186,403)	( 32,785,246)
Payments for personal services	( 6,509,558)	( 291,930)	( 6,801,488)
Net cash provided (used) by operating activities	<u>23,559,294</u>	<u>( 965,496)</u>	<u>22,593,798</u>
<b><i>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</i></b>			
Transfers from other funds	-	691,027	691,027
Proceeds from refunds and rebates	1,361,499	-	1,361,499
Transfers to other funds	( 20,705,872)	-	( 20,705,872)
Net cash provided (used) by noncapital financing activities	<u>( 19,344,373)</u>	<u>691,027</u>	<u>( 18,653,346)</u>
<b><i>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</i></b>			
Proceeds from capital grants	659,279	-	659,279
Proceeds from refunds and rebates	792,907	-	792,907
Purchases of capital assets	( 5,624,428)	( 20,150)	( 5,644,578)
Net cash provided (used) by capital and related financing activities	<u>( 4,172,242)</u>	<u>( 20,150)</u>	<u>( 4,192,392)</u>
<b><i>CASH FLOWS FROM INVESTING ACTIVITIES:</i></b>			
Proceeds from sales of investments	345,363	-	345,363
Purchases of investments	( 2,138,131)	-	( 2,138,131)
Income from investments	229,683	67	229,750
Net cash provided (used) by investing activities	<u>( 1,563,085)</u>	<u>67</u>	<u>( 1,563,018)</u>
Increase (decrease) in cash and cash equivalents	( 1,520,406)	( 294,552)	( 1,814,958)
Cash and cash equivalents at beginning of year	<u>4,667,946</u>	<u>255,919</u>	<u>4,923,865</u>
Cash and cash equivalents at end of year	\$ <u>3,147,540</u>	\$( <u>38,633)</u>	\$ <u>3,108,907</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, 2017**

	Utilities Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
<b><i>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</i></b>			
Income (loss) from operations	\$ 18,661,452	\$( 859,975)	\$ 17,801,477
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:			
Cash flows reported in other categories:			
Depreciation	4,551,961	16,440	4,568,401
Changes in assets and liabilities:			
Accounts receivable	( 823,830)	-	( 823,830)
Due from other governments	( 166,114)	-	( 166,114)
Due from other funds	-	( 88,150)	( 88,150)
Prepaid expenses	( 62,692)	( 1,513)	( 64,205)
Deferred outflows of pension items	53,280	1,184	54,464
Accounts payable	285,809	( 24,248)	261,561
Other accrued liabilities	( 58,042)	2,289	( 55,753)
Unearned revenue	868,296	-	868,296
Accrued landfill liabilities	( 149,696)	-	( 149,696)
Customer deposits payable	432,859	-	432,859
Compensated absences	( 4,588)	-	( 4,588)
Net OPEB obligation	489,101	-	489,101
Net pension liability	( 524,418)	( 11,654)	( 536,072)
Deferred inflows of pension items	<u>5,916</u>	<u>131</u>	<u>6,047</u>
Net cash provided (used) by operating activities	\$ <u>23,559,294</u>	\$( <u>965,496</u> )	\$ <u>22,593,798</u>
<b><i>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET ASSETS:</i></b>			
Cash and cash equivalents	\$ 3,147,540	\$ -	\$ 3,147,540
Restricted cash and cash equivalents	-	-	-
Bank overdrafts	<u>-</u>	<u>( 38,633)</u>	<u>( 38,633)</u>
Total cash and cash equivalents at end of year	\$ <u>3,147,540</u>	\$( <u>38,633</u> )	\$ <u>3,108,907</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, 2017**

	<b>AGENCY FUNDS</b>		
	<b>Gwinnett County SPLOST Fund</b>	<b>Hall County SPLOST Fund</b>	<b>Total Agency Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 274,283	\$ 886,485	\$ 1,160,768
Intergovernmental receivable	<u>-</u>	<u>126,667</u>	<u>126,667</u>
<b>Total assets</b>	<b>\$ <u>274,283</u></b>	<b>\$ <u>1,013,152</u></b>	<b>\$ <u>1,287,435</u></b>
<b>LIABILITIES</b>			
Due to general fund	\$ -	\$ 495,183	\$ 495,183
Due to others	<u>274,283</u>	<u>517,969</u>	<u>792,252</u>
<b>Total net liabilities</b>	<b>\$ <u>274,283</u></b>	<b>\$ <u>1,013,152</u></b>	<b>\$ <u>1,287,435</u></b>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**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. As part of 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.

The City for financial reporting purposes includes all of the funds relevant to the operations of the City of Buford. The Government Accounting Standards Board has set forth criteria to determine if legally separate organizations are considered to be component units in which the City is considered to be financially accountable or other organizations whose nature and significant relationship with the City is such that exclusion would cause the City's financial statements to be incomplete or misleading. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. 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. 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 component units discussed below should be included in the City's reporting entity because of their operational or financial relationship with the City.

**Discretely Presented Component Units**

**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, 2016, which were released on August 25, 2017 and are the latest available as of the date of our report.

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**REPORTING ENTITY - CONTINUED**

**Discretely Presented Component Units - Continued**

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** – The City of Buford Downtown Development Authority ("DDA") is governed by a board appointed by the City of Buford Board of Commissioners. The DDA is responsible for the revitalization and redevelopment of the geographical area within the corporate limits of the City. Prior to June 30, 2016, the DDA had no financial activity.

The DDA did not issue separate financial statements for the year ended June 30, 2017

**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.

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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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

**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 Project Funds**

Capital Project 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 Fund.

**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.

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

**Special Revenue Funds**

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 Funds:

**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, 2017.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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

**Governmental Fund Financial Statements - Continued**

**Special Revenue Funds - Continued**

**Auto Rental Excise Tax Fund** – used to account for receipt and allocation of the City’s rental motor vehicle excise tax. Use of this tax is limited by law to promote industry, trade, commerce, and tourism; for the provision of convention, trade, sports, and recreational facilities. The City’s rental motor vehicle excise tax rate was 3% during the fiscal year ending June 30, 2017.

**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** – used to service the governmental long-term debt related 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** – used to service the governmental long-term debt related to the 2015 General Obligation Bonds used to finance the construction of related to the City of Buford Board of Education.

**Capital Project Funds**

**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.

**Gwinnett County 2017 SPLOST Fund** - used to account for the construction and financing of projects funded by the Gwinnett County 2017 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**

**Governmental Fund Financial Statements - 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 Counties.

**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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**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.

**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 FUNDS**

Resource flows between a the City and the Agency Funds 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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**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 \$405,356 for the General Fund and \$3,607,739 for the Utilities Fund. No allowance was considered necessary for any receivables in the special revenue or capital project funds.

**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 major Capital Project Fund, Debt Service Funds, and Utilities Fund in accounts restricted for capital outlay, debt service, and 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, 2017, 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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**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 September 6, 2016, 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 2016 tax digest was set at 12.85 mills.

**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.

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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**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, 2017, therefore, no interest costs were charged to expense or capitalized for the year ended June 30, 2017.

**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.

**GOVERNMENTAL FUND BALANCES**

In accordance with GASB Statement No. 54 Fund *Balance Reporting and Governmental Fund Type Definitions*, the City classifies governmental fund balances as follows:

**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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**GOVERNMENTAL FUND BALANCES - CONTINUED**

**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.

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.

**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. The City has not adopted a formal deposit policy

**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. The City has not adopted a formal investment policy.

**CITY OF BUFORD, GEORGIA  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 2 - DEPOSITS AND INVESTMENTS - CONTINUED**

**Investments - Continued**

As of June 30, 2017, the City had the following investments:

<u>Investment</u>	<u>Rating</u>	<u>Maturity</u>	<u>Fair Value</u>
<b><u>Primary Government</u></b>			
<b><u>Governmental activities</u></b>			
Certificates of Deposit	N/A	365 day	\$ 6,730,071
Certificates of Deposit	N/A	730 day	15,145,704
<b><u>Business-type activities</u></b>			
Certificates of Deposit	N/A	365 day	13,013,005
Municipal Competitive Trust:			
Flexible Operating Account	N/A	07/01/17-09/25/18	8,292,010
Intermediate Tax Restricted	N/A	07/01/17-11/01/26	399,117
Intermediate Extended Maturity	N/A	07/01/17-12/14/18	<u>3,345,494</u>
<b>Total</b>			<b>\$ <u>46,925,401</u></b>

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, 2017**

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**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.

**Fair Value Measurements** – The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City’s fair value measurements follow:

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
<b>Municipal Competitive Trust:</b>				
Short-term Portfolio	\$ -	\$ 8,292,010	\$ -	\$ 8,292,010
Intermediate Tax Restricted	-	399,117	-	399,117
Intermediate Extended Maturity	-	<u>3,345,494</u>	-	<u>3,345,494</u>
<b>Total investments measured at fair value</b>	<u>\$ -</u>	<u>\$ 12,036,621</u>	<u>\$ -</u>	<u>\$ 12,036,621</u>
<b>Investments recorded at cost:</b>				
Certificates of deposit				<u>34,888,780</u>
<b>Total investments</b>				<u>\$ 46,925,401</u>

**NOTE 3 - RECEIVABLES**

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
<b>Current receivables:</b>			
Property taxes	\$ 339,027	\$ -	\$ 339,027
Sales and excise tax receivable	87,133	-	87,133
Accounts	-	3,779,505	3,779,505
Other	<u>110,309</u>	-	<u>110,309</u>
<b>Total current</b>	<u>536,469</u>	<u>3,779,505</u>	<u>4,315,974</u>
<b>Total receivables</b>	<u>\$ 536,469</u>	<u>\$ 3,779,505</u>	<u>\$ 4,315,974</u>

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**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, 2017:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<b>General Fund</b>		
Due from GOB 2015 Construction Fund	\$ 732,718	\$ -
Due from Other Governmental Funds	<u>2,519,552</u>	<u>-</u>
<b>Total General Fund</b>	<u>3,252,270</u>	<u>-</u>
<b>GOB 2015 Construction Fund</b>		
Due to General Fund	<u>-</u>	<u>732,718</u>
<b>Other Governmental Funds</b>		
Due to General Fund	-	2,519,552
Due to Buford Community Center Enterprise Fund	<u>-</u>	<u>110,513</u>
<b>Total Non-Major Governmental Funds</b>	<u>-</u>	<u>2,630,065</u>
<b>Non-Major Proprietary Fund – Buford Community Center Fund</b>		
Due from Other Governmental Funds	<u>110,513</u>	<u>-</u>
<b>Total Non-Major Proprietary Fund</b>	<u>110,513</u>	<u>-</u>
<b>Total</b>	<b>\$ <u>3,362,783</u></b>	<b>\$ <u>3,362,783</u></b>

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**NOTE 4 - INTERFUND RECEIVABLES/PAYABLES AND TRANSACTIONS - CONTINUED**

Interfund transactions consisted of the following for the year ending June 30, 2017:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b><u>General Fund:</u></b>		
Utilities Fund	\$ 20,685,872	\$ -
Other Governmental Funds	570,702	1,491,308
Buford Community Center Fund	<u>-</u>	<u>582,846</u>
Total General Fund	<u>21,256,574</u>	<u>2,074,154</u>
<b><u>Other Governmental Funds:</u></b>		
General Fund	1,491,308	570,702
Buford Community Center Fund	<u>-</u>	<u>88,181</u>
Total Other Governmental Funds	<u>1,491,308</u>	<u>658,883</u>
<b><u>Proprietary Funds:</u></b>		
<b><u>Utilities Fund:</u></b>		
General Fund	-	20,685,872
Buford Community Center Fund	<u>-</u>	<u>20,000</u>
Total Utilities Fund	<u>-</u>	<u>20,705,872</u>
<b><u>Buford Community Center Fund:</u></b>		
General Fund	582,846	-
Other Governmental Funds	88,181	-
Utilities Fund	<u>20,000</u>	<u>-</u>
Total Buford Community Center Fund	<u>691,027</u>	<u>-</u>
<b>Totals</b>	<b>\$ <u>23,438,909</u></b>	<b>\$ <u>23,438,909</u></b>

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. (d) Transfers of funds from Other Governmental Funds (capital project funds) were to refund the General Fund for allowable costs incurred in prior years on projects.

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 5 - CAPITAL ASSETS**

Following is a summary of changes in the capital assets of governmental activities:

	Balance July 1, 2016 <u>Restated</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, 2017 <u>2017</u>
<b>GOVERNMENTAL ACTIVITIES:</b>				
<b>Not being depreciated:</b>				
Land - restated	\$ 9,973,885	\$ 1,345,000	\$( 1,085,002)	\$ 10,233,883
Land - schools - restated	7,835,162	250,000	-	8,085,162
Construction in progress - restated	<u>1,778,615</u>	<u>3,288,459</u>	<u>( 355,292)</u>	<u>4,711,782</u>
Subtotal	<u>19,587,662</u>	<u>4,883,459</u>	<u>( 1,440,294)</u>	<u>23,030,827</u>
<b>Other capital assets:</b>				
Buildings and improvements	31,861,062	-	-	31,861,062
City parks	4,626,207	35,372	-	4,661,579
Equipment	390,369	67,000	( 165,688)	291,681
Furniture and fixtures	639,349	-	-	639,349
Sidewalks	612,087	457,578	-	1,069,665
Streets – restated	19,292,022	532,007	-	19,824,029
Streetscapes and hardscapes	6,283,065	-	-	6,283,065
Vehicles	<u>241,974</u>	<u>15,700</u>	<u>( 56,451)</u>	<u>201,223</u>
Subtotal	<u>63,946,135</u>	<u>1,107,657</u>	<u>( 222,139)</u>	<u>64,831,653</u>
<b>Accumulated depreciation:</b>				
Buildings and improvements	( 6,538,126)	( 1,062,084)	-	( 7,600,210)
City parks	( 721,110)	( 186,375)	-	( 907,485)
Equipment	( 263,197)	( 29,037)	165,688	( 126,546)
Furniture and fixtures	( 639,349)	-	-	( 639,349)
Sidewalks	( 212,078)	( 53,227)	-	( 265,305)
Streets	( 5,776,528)	( 1,135,517)	-	( 6,912,045)
Streetscapes and hardscapes	( 2,483,407)	( 311,029)	-	( 2,794,436)
Vehicles	<u>( 181,621)</u>	<u>( 24,763)</u>	<u>56,451</u>	<u>( 149,933)</u>
Subtotal	<u>( 16,815,416)</u>	<u>( 2,802,032)</u>	<u>222,139</u>	<u>( 19,395,309)</u>
Net other capital assets	<u>47,130,719</u>	<u>( 1,694,375)</u>	<u>-</u>	<u>45,436,344</u>
Total capital assets	\$ <u>66,718,381</u>	\$ <u>3,189,084</u>	\$ <u>( 1,440,294)</u>	\$ <u>68,467,171</u>

Depreciation was charged to functions as follows:

<b>Governmental activities:</b>	
General government	\$ 266,694
Financial and administration	6,326
Public safety, Marshal and Code enforcement	2,265
Highway and street	1,609,336
Building inspection	-
Culture and recreation	910,266
Maintenance	<u>7,145</u>
Total governmental activities depreciation expense	\$ <u>2,802,032</u>

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 5 - CAPITAL ASSETS - CONTINUED**

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

	<u>Balance July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2017</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>				
<b><u>Not being depreciated:</u></b>				
Land - Gas	\$ 11,183	\$ -	\$ -	\$ 11,183
Land - Sanitation	85,000	-	-	85,000
Land - Water & waste water	106,480	-	-	106,480
Construction in progress - Gas	6,110	705,951	( 6,110)	705,951
Construction in progress - Electric	522,061	-	( 522,061)	-
Construction in progress - Water & wastewater	<u>3,639,556</u>	<u>611,263</u>	<u>( 820,690)</u>	<u>3,430,129</u>
Subtotal	<u>4,370,390</u>	<u>1,317,214</u>	<u>( 1,348,861)</u>	<u>4,338,743</u>
<b><u>Other capital assets:</u></b>				
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	-	( 109,660)	20,975
Equipment - Gas	269,974	-	( 180,520)	89,454
Equipment - Water & wastewater	192,254	-	( 184,754)	7,500
Equipment - BCC	33,276	20,150	-	53,426
Furniture & fixtures - Water & wastewater	7,109	-	( 7,109)	-
Utility plant - Electric	19,500,360	1,313,038	-	20,813,398
Utility plant - Gas	63,699,418	2,451,187	( 3,298,393)	62,852,212
Utility plant - Water & wastewater	30,292,925	1,744,815	( 5,327,591)	26,710,149
Vehicles - Electric	454,328	-	( 219,666)	234,662
Vehicles - Gas	969,690	-	( 513,648)	456,042
Vehicles - Solid waste & recycling	533,707	131,535	( 227,063)	438,179
Vehicles - Water & wastewater	<u>144,759</u>	<u>15,500</u>	<u>( 123,314)</u>	<u>36,945</u>
Subtotal	<u>116,384,942</u>	<u>5,676,225</u>	<u>( 10,191,718)</u>	<u>111,869,449</u>
<b><u>Accumulated depreciation:</u></b>				
Buildings and improvements - Electric	( 3,728)	-	-	( 3,728)
Buildings and improvements - Gas	( 6,006)	-	-	( 6,006)
Buildings and improvements - BCC	( 12,842)	( 6,728)	-	( 19,570)
Equipment - Electric	( 126,135)	( 750)	109,660	( 17,225)
Equipment - Gas	( 204,437)	( 9,815)	180,520	( 33,732)
Equipment - Water & wastewater	( 187,754)	( 750)	184,754	( 3,750)
Equipment - BCC	-	( 9,712)	-	( 9,712)
Furniture & fixtures - Water & wastewater	( 7,109)	-	7,109	-
Utility plant - Electric	( 13,421,865)	( 915,601)	-	( 14,337,466)
Utility plant - Gas	( 31,156,942)	( 2,417,263)	3,298,393	( 30,275,812)
Utility plant - Water & wastewater	( 17,566,836)	( 1,089,757)	5,327,591	( 13,329,002)
Vehicles - Electric	( 344,855)	( 21,833)	219,666	( 147,022)
Vehicles - Gas	( 716,029)	( 69,012)	513,648	( 271,393)
Vehicles - Solid waste & recycling	( 364,161)	( 26,155)	227,063	( 163,253)
Vehicles - Water & waste water	<u>( 144,011)</u>	<u>( 1,025)</u>	<u>123,314</u>	<u>( 21,722)</u>
Subtotal	<u>( 64,262,710)</u>	<u>( 4,568,401)</u>	<u>10,191,718</u>	<u>( 58,639,393)</u>
Net other capital assets	<u>52,122,232</u>	<u>1,107,824</u>	<u>-</u>	<u>53,230,056</u>
Net capital assets	\$ <u>56,492,622</u>	\$ <u>2,425,038</u>	\$ <u>( 1,348,861)</u>	\$ <u>57,568,799</u>

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**NOTE 5 - CAPITAL ASSETS - CONTINUED**

Depreciation was charged to functions as follows:

**Business-type activities:**

Electric	\$ 938,183
Gas	2,496,091
Solid Waste and Recycling System	26,155
Waste Water	545,766
Water	545,766
Buford Community Center	<u>16,440</u>

**Total business-type activities depreciation expense** **\$ 4,568,401**

**NOTE 6 - LONG-TERM DEBT**

The following is a summary of changes in long-term debt for the year ended June 30, 2017:

<u>Type of Debt</u>	<u>Balance July 1, 2016 Restated</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>	<u>Amounts Due within One Year</u>
<b>Governmental activities:</b>					
General Obligation Bonds	\$ 39,553,236	\$ -	\$( 500,000)	\$ 39,053,236	\$ 500,000
Reoffering premium – restated	4,370,385	-	( 349,631)	4,020,754	349,631
Compensated absences	<u>139,338</u>	<u>984</u>	<u>-</u>	<u>140,322</u>	<u>-</u>
<b>Total general long-term debt</b>	<b><u>\$ 44,062,959</u></b>	<b><u>\$ 984</u></b>	<b><u>\$( 849,631)</u></b>	<b><u>\$ 43,214,312</u></b>	<b><u>\$ 849,631</u></b>
<b>Business-type activities:</b>					
Accrued landfill closure and post closure care	\$ 306,876	\$ -	\$( 149,696)	\$ 157,180	\$ 157,180
Compensated absences	<u>121,104</u>	<u>-</u>	<u>( 4,588)</u>	<u>116,516</u>	<u>-</u>
<b>Total proprietary fund debt</b>	<b><u>\$ 427,980</u></b>	<b><u>\$ -</u></b>	<b><u>\$( 154,284)</u></b>	<b><u>\$ 273,696</u></b>	<b><u>\$ 157,180</u></b>

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, 2017, 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, 2017**

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**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>( 3,996,764)</u>
Net amount outstanding June 30, 2017 - total general obligation bonds payable	6,003,236
Less: current maturities	<u>500,000</u>
Long-term maturities	<u>\$ 5,503,236</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, 2017, are as follows:

**Governmental-type Activities**

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	500,000	135,738	635,738
2023-2027	2,500,000	416,192	2,916,192
2028-2029	<u>1,003,236</u>	<u>43,977</u>	<u>1,047,213</u>
Total	<u>\$ 6,003,236</u>	<u>\$ 1,313,859</u>	<u>\$ 7,317,095</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, 2017**

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**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, 2017 - 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, 2017, are as follows:

<u>Governmental-type Activities</u>			
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	-	1,074,169	1,074,169
2023-2027	10,390,000	3,833,587	14,223,587
2028-2029	<u>10,700,000</u>	<u>1,123,500</u>	<u>11,823,500</u>
Total	<u>\$ 33,050,000</u>	<u>\$ 11,284,732</u>	<u>\$ 44,334,732</u>

The annual debt service requirements to maturity, including principal and interest, for total General Obligation Bonds as of June 30, 2017, 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>
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	500,000	1,209,907	1,709,907
2023-2027	12,890,000	4,249,779	17,139,779
2028-2029	<u>11,703,236</u>	<u>1,167,477</u>	<u>12,870,713</u>
Total	<u>\$ 39,053,236</u>	<u>\$ 12,598,591</u>	<u>\$ 51,651,827</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>140,322</u>
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**CITY OF BUFORD, GEORGIA  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**NOTE 6 - LONG-TERM DEBT - CONTINUED**

**BUSINESS-TYPE ACTIVITIES:**

As of June 30, 2017, 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	\$ <u>116,516</u>
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**NOTE 7 - FUND BALANCES**

The City's governmental fund balance classifications are nonspendable, restricted for specific purposes, as required by bond ordinances, higher levels of government, or unassigned. As of June 30, 2017, the City's classifications of governmental fund balances are as follows:

**Governmental Funds**

<b><u>Nonspendable:</u></b>	
Prepaid items	\$ 546,460
<b><u>Restricted for:</u></b>	
Capital Projects – City of Buford Board of Education	22,664,318
Capital Projects – SPLOST Construction	8,533,398
Debt Service	850,228
Education	555,252
<b><u>Unassigned</u></b>	<u>7,818,135</u>
<b>Total governmental fund balances</b>	<b>\$ <u>40,967,791</u></b>

**NOTE 8 - RESTRICTED NET POSITION**

**Governmental Activities**

Restricted net position is comprised of the following at June 30, 2017:

<b>Restricted for:</b>	
Capital Projects - SPLOST	\$ 8,533,398
Debt service	850,228
Education	<u>555,252</u>
<b>Total net position restricted for governmental-type activities</b>	<b>\$ <u>9,938,878</u></b>

**Business-type Activities**

Restricted net position is comprised of the following at June 30, 2017:

<b>Restricted for:</b>	
Municipal Competitive Trust	\$ <u>399,117</u>
<b>Total net position restricted for business-type activities</b>	<b>\$ <u>399,117</u></b>

**CITY OF BUFORD, GEORGIA  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**NOTE 9 - 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.

***Membership of the plan***

Retirees and beneficiaries receiving benefits	54
Terminated vested participants	14
Active plan members	<u>108</u>
<b>Total</b>	<b><u>176</u></b>

***Funding Policy***

BRP members are not required and do not contribute to BRP. BRP is a noncontributory plan. The City is required to contribute 100% of the amount necessary to fund BRP at an actuarially determined rate; the current rate is 16.33% of expected payroll. The contribution requirements of the City are established and may be amended by the GMEBS Board of Trustees.

BRP is subject to minimum funding standards of the Georgia Public Retirement Systems Standards Law. The GMEBS Board of Trustees has adopted an actuarial funding policy that requires a different funding level than the estimated minimum annual contribution to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the plan. The funding policy for the plan is to contribute an amount equal to the recommended contribution each year. The recommended contribution is developed under the actuarial funding policy each year, and meets applicable state funding standards. These contributions are determined under the entry age normal actuarial cost method and the asset valuation method for developing the actuarial value of assets. The amortization of the unfunded actuarial accrued liability is level dollar over 30 years for the initial unfunded accrued liability, 15 years for actuarial gains and losses, 10 years for temporary retirement incentive programs, 20 years for other changes to plan provisions, and 30 years for actuarial assumptions and cost methods. The total amortization must be within a corridor of the 10-year and the 30-year amortization of the unfunded/(surplus) actuarial accrued liability. In a year when the 10-year or 30-year corridor applies, the following year, the prior year bases are combined into one 10-year or 30-year base. These amortization periods, if applicable, are closed for this plan year.

**CITY OF BUFORD, GEORGIA  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**NOTE 9 - PENSION PLAN - CONTINUED**

*Investment Data*

The market value of assets is based on current values as of three months preceding the valuation date (September 30, 2016) as is assumed to be current through that date. All asset data that was used in the actuarial valuation has been supplied by GMEBS. Net investment return is assumed to be 7.75% on an ongoing 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, 2016 are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	45%	6.75%
International equity	20%	7.45%
Real estate	10%	4.55%
Global fixed income	5%	3.30%
Domestic fixed income	20%	1.75%
Cash	<u>0%</u>	
<b>Total</b>	<b><u>100%</u></b>	

**NET PENSION LIABILITY**

The City's net pension liability was measured as of September 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2016.

Net pension liability is calculated as follows:

Total pension liability	\$ 15,118,268
Fiduciary net position	(10,158,555)
<b>Net pension liability</b>	<b>\$ <u>4,959,713</u></b>
 Fiduciary net position as a percentage of total pension liability	 67.2%

Total pension liability uses Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2017 are used to measure total pension liability as of September 30, 2016. The balances as of September 30, 2016 constitute measurements of the net pension liability for the fiscal year ending June 30, 2017.

The mortality and economic actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2014. 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.

**NOTE 9 - PENSION PLAN - CONTINUED**

Assumptions on which the cost of BRP is calculated include investment return, mortality rates, retirement rates, and turnover rates.

Total pension liability, fiduciary net position, and net pension liability are based on a September 30, 2016 measurement date which would make them applicable to the fiscal year beginning July 1, 2016 and ending June 30, 2017.

***Benefit Terms***

The eligibility requirement is immediate for employees and officials. Employees and officials are vested after 10 years. The type of benefit payment is a life annuity. Death benefits are term vested Auto A death benefit effective January 1, 2003. Previously eligibility was "early or normal". The benefit formula is 2.00%. There is no automatic postemployment benefit changes due to COLAs. The Georgia Municipal Association has assigned the authority to the City to establish and amend the benefit provisions of the plan.

***Actuarial Assumptions***

The total pension liability in the January 1, 2017 actuarial valuation was based on the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets. The actuarial assumptions included the following:

- Rate of return on investment 7.75% per year
- Projected salary increases 3.25% per year plus age and service based on merit increases
- Inflation rate assumption 3.25%
- Cost of living adjustments 0.0%

***Changes in Assumptions***

As a result of the new administrative fee structure approved by the Board, the administrative expense assumption was updated for fiscal years beginning in 2016.

***Benefit Changes***

Effective May 1, 2016, participants must be at least age 62 in order to receive in-service retirement benefits.

***Discount Rate***

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the difference between actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability. There was no change in the discount rate since the plan's prior fiscal year.

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**NOTE 9 - PENSION PLAN - CONTINUED**

*Changes in the Net Pension Liability of the City.* The changes in the components of the net pension liability of the City for the year ended June 30, 2017, were as follows:

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (Asset) (a) – (b)</u>
Beginning balance	\$ 14,099,847	\$ 7,974,761	\$ 6,125,086
Changes for the year:			
Service cost	282,761	-	282,761
Interest	1,064,758	-	1,064,758
Differences between expected and actual experience	392,980	-	392,980
Contributions – employer	-	1,966,440	( 1,966,440)
Contributions – employee	-	-	-
Net investment income	-	953,798	( 953,798)
Benefit payments, including refunds of employee contributions	( 722,078)	( 722,078)	-
Administrative expense	-	( 14,366)	14,366
Other changes	-	-	-
Ending balance	\$ <u>15,118,268</u>	\$ <u>10,158,555</u>	\$ <u>4,959,713</u>

The required schedule of changes in the City’s net pension liability and related ratios immediately following the notes of the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the City, calculated using the discount rate of 7.75 percent, as well as, what the City’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75%) or 1 percentage point higher (8.75%) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
	\$ <u>6,883,763</u>	\$ <u>4,959,713</u>	\$ <u>3,358,782</u>

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 September 30, 2016 and the current sharing patten of costs between employer and employee.

**CITY OF BUFORD, GEORGIA  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**NOTE 9 - PENSION PLAN - CONTINUED**

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

Pension expense for the year ended June 30, 2017 is \$975,028.

Deferred outflows/inflows of resource related to pensions:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 890,143	\$ -
Changes in assumptions	9,472	-
Changes in benefit terms	-	-
Net difference between projected and actual earnings on pension plan		
Investments	-	( 13,146)
City contributions subsequent to the measurement date	<u>1,756,641</u>	<u>-</u>
<b>Total</b>	<b>\$ <u>2,656,256</u></b>	<b>\$ <u>( 13,146)</u></b>

Employer contributions made subsequent to the measurement date of the net pension liability of \$1,756,641 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Projected recognition of deferred outflows/(inflows):

<u>Year Ended</u>	<u>Recognition</u>
June 30, 2018	\$ 278,851
June 30, 2019	278,851
June 30, 2020	307,788
June 30, 2021	20,979
June 30, 2022	-
Thereafter	<u>-</u>
<b>Total</b>	<b>\$ <u>886,469</u></b>

**NOTE 10 - POSTEMPLOYMENT BENEFITS OTHER THEN 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.

**CITY OF BUFORD, GEORGIA  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**NOTE 10 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - OPEB - CONTINUED**

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, 2017, 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 \$694,233 for the year ended June 30, 2017 and a net OPEB obligation of \$5,246,985 based upon an actuarial valuation performed as of January 1, 2015 for the year ending June 30, 2017. 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 \$182,110, reduced by the current year contributions in the amount of \$151,309 and the ARC adjustments of \$(333,308) for a net total of \$694,233.

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

**Net OPEB Obligation (NOO):**

<u>Fiscal Year Ending</u>	<u>OPEB Cost</u>	<u>Annual OPEB Cost Contributed</u>	<u>OPEB Obligation</u>
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
06/30/17	845,542	17.89%	5,246,985

**CITY OF BUFORD, GEORGIA  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 10 - POSTEMPLOYMENT BENEFITS OTHER THEN PENSIONS - OPEB - CONTINUED**

**Annual OPEB Cost and Net OPEB Obligation - Continued**

The City's net OPEB obligation as of June 30, 2017 based on a pay-as-you-go plan is as follows:

<b>Annual Required Contribution (a)</b>	<b>Interest on Existing NOO (b)</b>	<b>ARC Adjustment (c)</b>	<b>Annual OPEB Cost (a+b+c) (d)</b>	<b>Actual Contribution Amount (e)</b>	<b>Net Increase In NOO (d-e) (f)</b>	<b>NOO as of 06/30/17 (g)</b>
\$ 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
996,740	182,110	( 333,308)	845,542	151,309	694,233	5,246,985

**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:

**Methods and Assumptions**

**Valuation Date:**

January 1, 2015

**Actuarial Cost Method:**

Projected Level Dollar Unit Credit

**Amortization Method:**

25-Year Amortization, Closed

**CITY OF BUFORD, GEORGIA  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**NOTE 10 - POSTEMPLOYMENT BENEFITS OTHER THEN PENSIONS - OPEB - CONTINUED**

**Methods and Assumptions - continued**

**Remaining Amortization Period:**

17 years as of June 30, 2016

**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	13
Current active participants	105
Terminated participants entitled but not yet eligible	—
<b>Total</b>	<b><u>118</u></b>

**NOTE 11 - 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, 2017 follows:

Total hotel/motel tax receipts collected @ 7%	\$ 278,263
Less: 71.43% of hotel/motel tax collected @ 7% to be remitted to City of Buford General Fund and Buford Community Center Fund	( <u>198,759</u> )
Tax collected to be expended for the promotion of tourism, conventions and trade shows	79,504
Expenditures for promotion of tourism, conventions and trade shows remitted to the Gwinnett and Lake Lanier Convention & Visitors Bureaus	( <u>79,504</u> )
Collections over (under) expenditures for year ended June 30, 2017	\$ _____

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**NOTE 12 – AUTO RENTAL EXCISE TAX**

The City has levied a rental motor vehicle excise tax. OCGA 48-13-93 requires that all motor rental vehicle excise taxes be expended for the purpose of promoting industry, trade, commerce, and tourism; for the provision of convention, trade, sports, and recreational facilities. During the year ended June 30, 2017, the City recognized \$98,430 in revenue from rental motor vehicle excise tax. Of this amount \$98,430, was expended for these purposes.

**NOTE 13 - EXCESS EXPENDITURES OR EXPENSES OVER APPROPRIATIONS**

The City had no excess expenditures or expenses over appropriations for the year ending June 30, 2017.

**NOTE 14 - DEFICIT FUND BALANCES/NET POSITION**

The City had no deficits in fund balances or net position as of June 30, 2017.

**NOTE 15 - 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 16 - 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 17 - 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 \$93,421,634 as of June 30, 2017. 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 \$17,296,299 of as June 30, 2017. 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.

**Livable Centers Initiative Grant**

The City has entered into an agreement with the Georgia Department of Transportation to construct improvements on South Lee Street from State Road 13 to West Moreno Street at a projected total cost of \$3,882,591. \$3,126,073 of the project cost is being funded by a Federal Grant with the City required to match the remaining \$776,518. At June 30, 2017, the City had expended \$9,964 of matching expenditures and \$39,857 of reimbursable Federal expenditure on the project.

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**NOTE 18 - 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.

**NOTE 19 - TRANSACTIONS WITH COMPONENT UNITS AND OTHER RELATED ENTITIES**

For the year ended June 30, 2017, The City incurred the following intergovernmental 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	\$20,000,000
Transfers for expenditures related to New Buford High School Arena	2,189,261
Transfers for expenditures related to Buford Elementary School addition	<u>149,447</u>
<b>Total General Fund</b>	<b>22,338,708</b>

**Capital Project Fund**

Capital project expenditures by the GOB 2015 Construction fund	<u>10,428,785</u>
<b>Total intergovernmental expenditures relating to City of Buford Board of Education</b>	<b><u>\$32,767,493</u></b>

**Agency Funds**

Amounts from SPLOST funds held in trust for the City of Buford Board of Education totaled \$1,287,435 as of June 30, 2017.

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, 2017 totaling \$6,195.

**NOTE 20 - 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.

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**NOTE 21 - 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 22 - 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 or reduction 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, 2017 totaled \$157,180.

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.

**CITY OF BUFORD, GEORGIA  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**NOTE 23 - SUBSEQUENT EVENTS**

In November 2017, the City issued \$20,000,000 of Series 2017A and \$10,000,000 of Series 2017B General Obligation Bonds to finance construction on the New Buford High School and to pay for issuance costs on the Series 2017A and 2017B Bonds. In December 2017, the City also issued \$24,270,000 of Series 2017C General Obligation Refunding Bonds to advance refund a portion of the Series 2015 General Obligation Bonds and to pay for issuance costs on the Series 2017C Bonds.

Management of the City has evaluated subsequent events through December 6, 2017.

**NOTE 24 - 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 25 - PRIOR YEAR RESTATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The City reclassified portions of its prior year pension related liabilities and net OPEB obligation from its Governmental Activities to Business-type Activities. Additionally, the City reclassified capital asset additions that had been previously expensed, recognized additional amortization of GOB premium, and adjusted insurance premium tax receivable from the prior year. The results of these reclassifications follow:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net position June 30, 2016 as previously reported	\$ 63,923,956	\$ 79,303,051	\$ 143,227,007
Adjustments:			
Deferred outflows of resources – pensions	( 1,276,342)	1,276,342	-
Net OPEB obligation	3,216,064	( 3,216,064)	-
Net pension liability	2,817,540	( 2,817,540)	-
Capital asset additions	821,087	-	821,087
Amortization of GOB premium	101,209	-	101,209
Insurance premium tax receivable	( 763,574)	-	( 763,574)
Net position June 30, 2016 as restated	\$ <u>68,839,940</u>	\$ <u>74,545,789</u>	\$ <u>143,385,729</u>

**FUND FINANCIAL STATEMENTS**

**General Fund**

The City's beginning fund balance was reduced by \$733,086. This was a result of a reduction in prior year insurance premium tax receivable of \$763,574, and the reclassification of prior year expenditures related to the new Buford High School of \$30,488 being reclassified from the General Fund to the Capital Project Fund.

**Capital Project Fund**

The City's beginning fund balance was reduced by \$30,488 for prior year expenditures related to the new Buford High School being reclassified from the General Fund to the Capital Project Fund.

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**NOTE 25 - PRIOR YEAR RESTATEMENTS- CONTINUED**

**FUND FINANCIAL STATEMENTS - CONTINUED**

**Utilities Fund**

The City's beginning fund net position was reduced by \$4,723,758 due to prior year pension related liabilities and net OPEB obligation being reclassified from governmental activities to the Utilities Fund. The Utilities Fund deferred outflows of resources – pensions was increased by \$1,248,595, net pension liability was increased by \$2,756,289, and net OPEB obligation was increased by \$3,216,064.

**Buford Community Center Fund**

The City's beginning fund net position was reduced by \$33,504 due to prior year pension related liabilities being reclassified from governmental activities to the Buford Community Center Fund. The Buford Community Center Fund deferred outflows of resources – pensions was increased by \$27,747, and net pension liability was increased by \$61,251.

**SUPPLEMENTARY INFORMATION  
REQUIRED BY GASB**

**CITY OF BUFORD  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>CITY OF BUFORD RETIREMENT PLAN</u>									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b><u>Total Pension Liability</u></b>										
Service cost	\$ 282,761	\$ 242,345	\$ 229,426							
Interest	1,064,758	860,448	814,082							
Differences between Expected and actual Experience	392,980	910,203	74,088							
Changes in assumptions	-	-	23,680							
Changes of benefit terms	-	1,281,817	-							
Benefit payments, including Refunds of employee Contributions	( 722,078)	( 595,041)	( 490,971)							
Net change in total pension Liability	1,018,421	2,699,772	650,305							
Total pension liability – Beginning	<u>14,099,847</u>	<u>11,400,075</u>	<u>10,749,770</u>							
Total pension liability – Ending (a)	<u>\$ 15,118,268</u>	<u>\$ 14,099,847</u>	<u>\$ 11,400,075</u>							
<b><u>Plan Fiduciary Net Position</u></b>										
Contributions – employer	\$ 1,966,440	\$ 806,632	\$ 740,510							
Contributions – employee	-	-	-							
Net Investment income	953,798	80,385	770,232							
Benefit payments, including Refunds of employee Contributions	( 722,078)	( 595,041)	( 490,971)							
Administrative expense	( 14,366)	( 15,919)	( 12,688)							
Other	-	-	-							
Net change in fiduciary Net position	2,183,794	276,057	1,007,083							
Plan fiduciary net position – Beginning	<u>7,974,761</u>	<u>7,698,704</u>	<u>6,691,621</u>							
Plan fiduciary net position – Ending (b)	<u>\$ 10,158,555</u>	<u>\$ 7,974,761</u>	<u>\$ 7,698,704</u>							
<b><u>Net Position Liability</u></b>										
Net pension liability – Ending (a) – (b)	<u>\$ 4,959,713</u>	<u>\$ 6,125,086</u>	<u>\$ 3,701,371</u>							
Plan's fiduciary net position As a percentage of the Total pension liability	67.19%	56.56%	67.53%							
Covered-employee payroll	\$ 5,655,240	\$ 5,475,883	\$ 5,393,065							
Net pension liability as a Percentage of covered- Employee payroll	87.70%	111.86%	68.63%							

Historical information prior to implementation of GASB 67/68 is not required.

**CITY OF BUFORD  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

		<u>CITY OF BUFORD RETIREMENT PLAN</u>								
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Actuarially determined contribution	*	\$ 757,901	\$ 758,076							
Contributions in relation to The actuarially determined Contribution	*	1,952,301	758,076				Historical information prior to implementation of GASB 67/68 is not required.			
Contribution deficiency (excess)	*	( 1,194,400)	-							
Covered-employee payroll	*	\$ 5,475,883	\$ 5,393,065							
Contributions as a percentage Of covered-employee Payroll	*	35.65%	14.06%							

\* 2017 information will be determined after fiscal year end and will be included in the 2018 audit report.

**CITY OF BUFORD, GEORGIA  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**NOTE 1 - RECOMMENDED CONTRIBUTION**

The GMEBS Board of Trustees has adopted an actuarial funding policy for determination of annual contributions and the systematic funding of liabilities arising under the HRP. The annual minimum contribution is the sum of 1) the normal cost (including administrative expenses), 2) the closed level dollar amortization of the unfunded actuarial liability over a period that ranges from 10 to 30 years based on the funding policy adopted by the GMEBS Board of Trustees, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly).

**NOTE 2 – VALUATION DATE**

The actuarially determined contribution rate was determined as of January 1, 2017, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2018.

**NOTE 3 – METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES:**

**Actuarial Cost Method – Entry Age Normal**

**Amortization Method – Closed level dollar for remaining unfunded liability**

**Remaining Amortization Period – Remaining amortization period varies for the bases, with a net effective amortization period of 10 years**

**Asset Valuation Method – Sum of actuarial value at 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 the end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.**

**Actuarial Assumptions:**

- Rate of return on investment 7.75% per year
- Projected salary increases 3.25% per year plus age and service based on merit increases
- Cost of living adjustments 0.0%

**Retirement Age – 62**

The mortality and economic actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2014. 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.

**NOTE 4 - CHANGES OF ASSUMPTIONS**

As a result of the new administrative fee structure approved by the Board, the administrative expense assumption was updated for fiscal years beginning in 2016.

**NOTE 5 - BENEFIT CHANGES**

Effective May 1, 2016, participants must be at least age 62 in order to receive in-service retirement benefits.

**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, 2017**

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**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**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Plan Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded Actuarial Accrued Liability (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll (b)-(a)/(c)</b>
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, 2017**

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**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%
06/30/17	845,542	151,309	17.89%

**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, 2017**

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**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)**

<b>Annual Required Contribution (a)</b>	<b>Interest on Existing NOO (b)</b>	<b>ARC Adjustment (c)</b>	<b>Annual OPEB Cost (a+b+c) (d)</b>	<b>Actual Contribution Amount (e)</b>	<b>Net Increase In NOO (d-e) (f)</b>	<b>NOO as of 06/30/15 (g)</b>
\$ 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
996,740	182,110	( 333,308)	845,542	151,309	694,233	5,246,985

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, 2017.

**Auto Rental Excise Tax Fund** – used to account for the receipt and allocation of the City's auto rental excise tax. Use of this tax is limited by law to promote industry, trade, commerce, and tourism, certain capital outlay projects, and maintenance and operating expenses or security and public safety expenses associated with those capital outlay projects. The City auto rental excise tax rate was 3% during the fiscal year ending June 30, 2017.

### **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 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.

**Gwinnett County 2017 SPLOST Fund** - used to account for the construction and financing of projects funded by the City of Buford 2005 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, 2017**

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECT FUNDS	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
<b>ASSETS</b>				
Cash and cash equivalents	\$ 220,945	\$ -	\$ 10,536,592	\$ 10,757,537
Sales, excise, and other tax receivable	87,133	-	-	87,133
Due from other governments	-	-	341,160	341,160
Prepaid items	-	354,193	-	354,193
Restricted cash and cash equivalents	<u>-</u>	<u>850,228</u>	<u>-</u>	<u>850,228</u>
<b>Total assets</b>	<b>\$ <u>308,078</u></b>	<b>\$ <u>1,204,421</u></b>	<b>\$ <u>10,877,752</u></b>	<b>\$ <u>12,390,251</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 22,167	\$ -	\$ -	\$ 22,167
Interfund balances	<u>285,911</u>	<u>-</u>	<u>2,344,354</u>	<u>2,630,265</u>
<b>Total liabilities</b>	<b><u>308,078</u></b>	<b><u>-</u></b>	<b><u>2,344,354</u></b>	<b><u>2,652,432</u></b>
<b>FUND BALANCES</b>				
<b>Nonspendable:</b>				
Prepaid items	-	354,193	-	354,193
<b>Restricted for:</b>				
Tourism, conventions and trade shows	-	-	-	-
Debt Service	-	850,228	-	850,228
SPLOST construction projects	<u>-</u>	<u>-</u>	<u>8,533,398</u>	<u>8,533,398</u>
<b>Total fund balances</b>	<b><u>-</u></b>	<b><u>1,204,421</u></b>	<b><u>8,533,398</u></b>	<b><u>9,737,819</u></b>
<b>Total liabilities and fund balances</b>	<b>\$ <u>308,078</u></b>	<b>\$ <u>1,204,421</u></b>	<b>\$ <u>10,877,752</u></b>	<b>\$ <u>12,390,251</u></b>

**CITY OF BUFORD, GEORGIA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDING JUNE 30, 2017**

	<b>SPECIAL REVENUE FUNDS</b>	<b>DEBT SERVICE FUNDS</b>	<b>CAPITAL PROJECTS FUNDS</b>	<b>TOTAL NON-MAJOR GOVERNMENTAL FUNDS</b>
<b>REVENUES</b>				
Taxes – sales, excise, and other	\$ 376,693	\$ -	\$ -	\$ 376,693
Intergovernmental revenue	-	-	1,939,480	1,939,480
Investment income	<u>180</u>	<u>533</u>	<u>10,198</u>	<u>10,911</u>
Total revenues	<u>376,873</u>	<u>533</u>	<u>1,949,678</u>	<u>2,327,084</u>
<b>EXPENDITURES</b>				
Current operating:				
Public services:				
Culture and recreation	79,504	-	-	79,504
Capital outlay	-	-	2,421,396	2,421,396
Debt service:				
Principal retirement	-	500,000	-	500,000
Interest and fiscal agent fees	<u>-</u>	<u>1,793,627</u>	<u>-</u>	<u>1,793,627</u>
Total expenditures	<u>79,504</u>	<u>2,293,627</u>	<u>2,421,396</u>	<u>4,794,527</u>
Excess (deficiency) of revenues over (under) expenditures	<u>297,369</u>	<u>( 2,293,094)</u>	<u>( 471,718)</u>	<u>( 2,467,443)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	1,491,308	-	1,491,308
Transfers out	<u>( 318,883)</u>	<u>-</u>	<u>( 340,000)</u>	<u>( 658,883)</u>
Total other financing sources (uses)	<u>( 318,883)</u>	<u>1,491,308</u>	<u>( 340,000)</u>	<u>832,425</u>
Change in fund balances	( 21,514)	( 801,786)	( 811,718)	( 1,635,018)
Fund balances - beginning	<u>21,514</u>	<u>2,006,207</u>	<u>9,345,116</u>	<u>11,372,837</u>
Fund balances - ending	\$ <u>-</u>	\$ <u>1,204,421</u>	\$ <u>8,533,398</u>	\$ <u>9,737,819</u>

**CITY OF BUFORD, GEORGIA  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 AS OF JUNE 30, 2017**

**NON-MAJOR SPECIAL REVENUE FUNDS**

	Hotel/ Motel Tax Fund	Auto Rental Excise Tax Fund	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 220,945	\$ -	\$ 220,945
Sales, excise, and other taxes receivable	<u>77,583</u>	<u>9,550</u>	<u>87,133</u>
<b>Total assets</b>	<b>\$ <u>298,528</u></b>	<b>\$ <u>9,550</u></b>	<b>\$ <u>308,078</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 22,167	\$ -	\$ 22,167
Interfund balances	<u>276,361</u>	<u>9,550</u>	<u>285,911</u>
<b>Total liabilities</b>	<b><u>298,528</u></b>	<b><u>9,550</u></b>	<b><u>308,078</u></b>
<b>FUND BALANCES</b>			
Restricted for:			
Tourism, conventions, and trade shows	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total fund balances</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Total liabilities and fund balances</b>	<b>\$ <u>298,528</u></b>	<b>\$ <u>9,550</u></b>	<b>\$ <u>308,078</u></b>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 AS OF JUNE 30, 2017**

**NON-MAJOR SPECIAL REVENUE FUNDS**

	Hotel/ Motel Tax Fund	Auto Rental Excise Tax Fund	Total Nonmajor Special Revenue Funds
<b>REVENUES</b>			
Taxes – sales, excise, and other	\$ 278,263	\$ 98,430	\$ 376,693
Investment income	<u>180</u>	<u>-</u>	<u>180</u>
Total revenues	<u>278,443</u>	<u>98,430</u>	<u>376,873</u>
<b>EXPENDITURES</b>			
Culture and recreation	<u>79,504</u>	<u>-</u>	<u>79,504</u>
Total expenditures	<u>79,504</u>	<u>-</u>	<u>79,504</u>
Excess (deficiency) of revenues over(under) expenditures	<u>198,939</u>	<u>98,430</u>	<u>297,369</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	( <u>220,453</u> )	( <u>98,430</u> )	( <u>318,883</u> )
Net other financing sources (uses)	( <u>220,453</u> )	( <u>98,430</u> )	( <u>318,883</u> )
Change in fund balance	( 21,514 )	-	( 21,514 )
Fund balance at beginning of year	<u>21,514</u>	<u>-</u>	<u>21,514</u>
Fund balance at end of year	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>          -</u>

**CITY OF BUFORD, GEORGIA  
 COMBINING BALANCE SHEET  
 NONMAJOR DEBT SERVICE FUNDS  
 AS OF JUNE 30, 2017**

**NON-MAJOR DEBT SERVICE FUNDS**

	<b>2010 GOB Debt Service Fund</b>	<b>2015 GOB Debt Service Fund</b>	<b>Total Nonmajor Debt Service Funds</b>
<b>ASSETS</b>			
Prepaid items	\$ 354,193	\$ -	\$ 354,193
Restricted cash and cash equivalents	<u>65,372</u>	<u>784,856</u>	<u>850,228</u>
<b>Total assets</b>	<b>\$ <u>419,565</u></b>	<b>\$ <u>784,856</u></b>	<b>\$ <u>1,204,421</u></b>
<b>FUND BALANCES</b>			
<b>Nonspendable:</b>			
Prepaid items	\$ 354,193	\$ -	\$ 354,193
Restricted for:			
Debt Service	<u>65,372</u>	<u>784,856</u>	<u>850,228</u>
<b>Total fund balances</b>	<b>\$ <u>419,565</u></b>	<b>\$ <u>784,856</u></b>	<b>\$ <u>1,204,421</u></b>

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, 2017**

<b>NON-MAJOR DEBT SERVICE FUNDS</b>			
	<b>2010 GOB Debt Service Fund</b>	<b>2015 GOB Debt Service Fund</b>	<b>Total Nonmajor Debt Service Funds</b>
<b>REVENUES</b>			
Investment income	\$ <u>          -</u>	\$ <u>      533</u>	\$ <u>      533</u>
<b>Total revenues</b>	<u>          -</u>	<u>      533</u>	<u>      533</u>
<b>EXPENDITURES</b>			
Debt service:			
Principal retirement	500,000	-	500,000
Interest and fiscal agent fees	<u>240,558</u>	<u>1,553,069</u>	<u>1,793,627</u>
<b>Total expenditures</b>	<u>740,558</u>	<u>1,553,069</u>	<u>2,293,627</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	( <u>740,558</u> )	( <u>1,552,536</u> )	( <u>2,293,094</u> )
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer from General Fund	<u>714,524</u>	<u>776,784</u>	<u>1,491,308</u>
<b>Net other financing sources (uses)</b>	<u>714,524</u>	<u>776,784</u>	<u>1,491,308</u>
<b>Change in fund balance</b>	( <u>26,034</u> )	( <u>775,752</u> )	( <u>801,786</u> )
<b>Fund balance at beginning of year</b>	<u>445,599</u>	<u>1,560,608</u>	<u>2,006,207</u>
<b>Fund balance at end of year</b>	\$ <u>419,565</u>	\$ <u>784,856</u>	\$ <u>1,204,421</u>

**CITY OF BUFORD, GEORGIA  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 AS OF JUNE 30, 2017**

**NON-MAJOR CAPITAL PROJECTS FUNDS**

	<b>GWINNETT COUNTY 2009 SPLOST</b>	<b>GWINNETT COUNTY 2014 SPLOST</b>	<b>GWINNETT COUNTY 2017 SPLOST</b>	<b>HALL COUNTY 2009 SPLOST</b>	<b>HALL COUNTY 2015 SPLOST</b>	<b>REST HAVEN 2001 SPLOST</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 4,259,230	\$ 5,201,763	\$ 149,543	\$ 91,715	\$ 246,482	\$ 19,680
Due from other governments	<u>-</u>	<u>255</u>	<u>316,514</u>	<u>-</u>	<u>24,391</u>	<u>-</u>
<b>Total assets</b>	<b>\$ <u>4,259,230</u></b>	<b>\$ <u>5,202,018</u></b>	<b>\$ <u>466,057</u></b>	<b>\$ <u>91,715</u></b>	<b>\$ <u>270,873</u></b>	<b>\$ <u>19,680</u></b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Interfund balances	\$ -	\$ 2,344,354	\$ -	\$ -	\$ -	\$ -
<b>Total liabilities</b>	<u>-</u>	<u>2,344,354</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>						
<b>Restricted:</b>						
Capital projects	<u>4,259,230</u>	<u>2,857,664</u>	<u>466,057</u>	<u>91,715</u>	<u>270,873</u>	<u>19,680</u>
<b>Total fund balances</b>	<b><u>4,259,230</u></b>	<b><u>2,857,664</u></b>	<b><u>466,057</u></b>	<b><u>91,715</u></b>	<b><u>270,873</u></b>	<b><u>19,680</u></b>
<b>Total liabilities and fund balances</b>	<b>\$ <u>4,259,230</u></b>	<b>\$ <u>5,202,018</u></b>	<b>\$ <u>466,057</u></b>	<b>\$ <u>91,715</u></b>	<b>\$ <u>270,873</u></b>	<b>\$ <u>19,680</u></b>

<u>REST HAVEN 2005 SPLOST</u>	<u>TOTAL NONMAJOR CAPITAL PROJECTS FUNDS</u>
\$ 568,179	\$ 10,536,592
<u>-</u>	<u>341,160</u>
\$ <u>568,179</u>	\$ <u>10,877,752</u>
\$ <u>-</u>	\$ <u>2,344,354</u>
<u>-</u>	<u>2,344,354</u>
<u>568,179</u>	<u>8,533,398</u>
<u>568,179</u>	<u>8,533,398</u>
\$ <u>568,179</u>	\$ <u>10,877,752</u>

**CITY OF BUFORD, GEORGIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017**

<b>NON-MAJOR CAPITAL PROJECTS FUNDS</b>						
	<b>GWINNETT COUNTY 2009 SPLOST</b>	<b>GWINNETT COUNTY 2014 SPLOST</b>	<b>GWINNETT COUNTY 2017 SPLOST</b>	<b>HALL COUNTY 2009 SPLOST</b>	<b>HALL COUNTY 2015 SPLOST</b>	<b>REST HAVEN 2001 SPLOST</b>
<b>REVENUES</b>						
Intergovernmental revenue \$	-	\$ 1,335,938	\$ 466,045	\$ -	\$ 137,497	\$ -
Investment income	<u>4,771</u>	<u>4,556</u>	<u>12</u>	<u>91</u>	<u>180</u>	<u>20</u>
<b>Total revenues</b>	<u><b>4,771</b></u>	<u><b>1,340,494</b></u>	<u><b>466,057</b></u>	<u><b>91</b></u>	<u><b>137,677</b></u>	<u><b>20</b></u>
<b>EXPENDITURES</b>						
Capital outlay	-	<u>2,421,396</u>	-	-	-	-
<b>Total expenditures</b>	-	<u><b>2,421,396</b></u>	-	-	-	-
Excess (deficiency) of Revenues over (under) Expenditures	<u>4,771</u>	<u>( 1,080,902)</u>	<u>466,057</u>	<u>91</u>	<u>137,677</u>	<u>20</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	<u>( 340,000)</u>	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u><b>( 340,000)</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>-</b></u>
<b>Changes in fund balances</b>	<u><b>( 335,229)</b></u>	<u><b>( 1,080,902)</b></u>	<u><b>466,057</b></u>	<u><b>91</b></u>	<u><b>137,677</b></u>	<u><b>20</b></u>
<b>Fund balances-beginning</b>	<u><b>4,594,459</b></u>	<u><b>3,938,566</b></u>	<u><b>-</b></u>	<u><b>91,624</b></u>	<u><b>133,196</b></u>	<u><b>19,660</b></u>
<b>Fund balances-ending</b>	<u><b>\$ 4,259,230</b></u>	<u><b>\$ 2,857,664</b></u>	<u><b>\$ 466,057</b></u>	<u><b>\$ 91,715</b></u>	<u><b>\$ 270,873</b></u>	<u><b>\$ 19,680</b></u>

<u>REST HAVEN 2005 SPLOST</u>	<u>TOTAL NONMAJOR CAPITAL PROJECTS FUNDS</u>
\$ -	\$ 1,939,480
<u>568</u>	<u>10,198</u>
<u>568</u>	<u>1,949,678</u>
<u>-</u>	<u>2,421,396</u>
<u>-</u>	<u>2,421,396</u>
<u>568</u>	( <u>471,718</u> )
<u>-</u>	( <u>340,000</u> )
<u>-</u>	( <u>340,000</u> )
568	( 811,718 )
<u>567,611</u>	<u>9,345,116</u>
\$ <u>568,179</u>	\$ <u>8,533,398</u>

**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, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget Over (Under)</u>
<b>REVENUES</b>				
Taxes – sales, excise, and other	\$ 240,000	\$ 240,000	\$ 278,263	\$ 38,263
Investment income	<u>600</u>	<u>600</u>	<u>180</u>	( <u>420</u> )
Total revenues	<u>240,600</u>	<u>240,600</u>	<u>278,443</u>	<u>37,843</u>
<b>EXPENDITURES</b>				
Current operating:				
Public services:				
Culture and recreation	<u>75,000</u>	<u>79,504</u>	<u>79,504</u>	<u>-</u>
Total expenditures	<u>75,000</u>	<u>79,504</u>	<u>79,504</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>165,600</u>	<u>161,096</u>	<u>198,939</u>	<u>37,843</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>165,600</u>	( <u>220,453</u> )	( <u>220,453</u> )	<u>-</u>
Net other financing sources (uses)	<u>165,600</u>	( <u>220,453</u> )	( <u>220,453</u> )	<u>-</u>
Change in fund balance	-	( 59,357)	( 21,514)	37,843
Fund balance at beginning of year	<u>21,514</u>	<u>21,514</u>	<u>21,514</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>21,514</u></u>	\$( <u><u>37,843</u></u> )	\$ <u><u>-</u></u>	\$ <u><u>37,843</u></u>

**CITY OF BUFORD, GEORGIA  
 AUTO RENTAL EXCISE TAX FUND  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget Over (Under)</u>
<b>REVENUES</b>				
Taxes – sales, excise, and other	\$ <u>70,000</u>	\$ <u>70,000</u>	\$ <u>98,430</u>	\$ <u>28,430</u>
Total revenues	<u>70,000</u>	<u>70,000</u>	<u>98,430</u>	<u>28,430</u>
<b>EXPENDITURES</b>				
Current operating:				
Public services:				
Culture and recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>70,000</u>	<u>70,000</u>	<u>98,430</u>	<u>28,430</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	( <u>70,000</u> )	( <u>98,430</u> )	( <u>98,430</u> )	<u>-</u>
Net other financing sources (uses)	( <u>70,000</u> )	( <u>98,430</u> )	( <u>98,430</u> )	<u>-</u>
Change in fund balance	-	( 28,430)	-	28,430
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ <u>-</u>	\$ ( <u>28,430</u> )	\$ <u>-</u>	\$ <u>28,430</u>

**CITY OF BUFORD, GEORGIA  
2010 GENERAL OBLIGATION BOND DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final budget Over (Under)</b>
<b>REVENUES</b>	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>          -</u>
<b>Total revenues</b>	<u>          -</u>	<u>          -</u>	<u>          -</u>	<u>          -</u>
<b>EXPENDITURES</b>				
<b>Debt service:</b>				
Principal retirement	500,000	500,000	500,000	-
Interest and fiscal agent fees	<u>275,000</u>	<u>240,558</u>	<u>240,558</u>	<u>          -</u>
<b>Total expenditures</b>	<u>775,000</u>	<u>740,558</u>	<u>740,558</u>	<u>          -</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>( 775,000)</u>	<u>( 740,558)</u>	<u>( 740,558)</u>	<u>          -</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>775,000</u>	<u>775,000</u>	<u>714,524</u>	<u>( 60,476)</u>
<b>Net other financing sources (uses)</b>	<u>775,000</u>	<u>775,000</u>	<u>714,524</u>	<u>( 60,476)</u>
<b>Change in fund balance</b>	-	34,442	( 26,034)	( 60,476)
<b>Fund balance at beginning of year</b>	<u>445,599</u>	<u>445,599</u>	<u>445,599</u>	<u>          -</u>
<b>Fund balance at end of year</b>	\$ <u>445,599</u>	\$ <u>480,041</u>	\$ <u>419,565</u>	\$( <u>60,476)</u>

**CITY OF BUFORD, GEORGIA  
2015 GENERAL OBLIGATION BOND DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget Over (Under)</u>
<b>REVENUES</b>				
Investment income	\$ _____ -	\$ _____ -	\$ _____ 533	\$ _____ 533
Total revenues	_____ -	_____ -	_____ 533	_____ 533
<b>EXPENDITURES</b>				
Debt service:				
Interest expense	1,552,569	1,552,569	1,552,569	-
fiscal agent fees	_____ 500	_____ 500	_____ 500	_____ -
Total expenditures	<u>1,553,069</u>	<u>1,553,069</u>	<u>1,553,069</u>	_____ -
Excess (deficiency) of revenues over (under) expenditures	( <u>1,553,069</u> )	( <u>1,553,069</u> )	( <u>1,552,536</u> )	_____ 533
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from General Fund	_____ -	_____ 776,784	_____ 776,784	_____ -
Net other financing sources (uses)	_____ -	_____ 776,784	_____ 776,784	_____ -
Change in fund balance	( 1,553,069 )	( 776,285 )	( 775,752 )	533
Fund balance at beginning of year	<u>1,560,608</u>	<u>1,560,608</u>	<u>1,560,608</u>	_____ -
Fund balance at end of year	\$ _____ 7,539	\$ _____ 784,323	\$ _____ 784,856	\$ _____ 533

**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, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget Over (Under)</u>
<b>REVENUES</b>				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Investment income	<u>2,000</u>	<u>2,000</u>	<u>4,771</u>	<u>2,771</u>
<b>Total revenues</b>	<u>2,000</u>	<u>2,000</u>	<u>4,771</u>	<u>2,771</u>
<b>EXPENDITURES</b>				
Capital outlay	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	<u>2,000</u>	<u>2,000</u>	<u>4,771</u>	<u>2,771</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	( 340,000)	( 340,000)	-
<b>Total other financing sources (uses)</b>	-	( 340,000)	( 340,000)	-
Change in fund balance	2,000	( 338,000)	( 335,229)	2,771
Fund balance at beginning of year	<u>4,594,459</u>	<u>4,594,459</u>	<u>4,594,459</u>	-
Fund balance at end of year	\$ <u>4,596,459</u>	\$ <u>4,256,459</u>	\$ <u>4,259,230</u>	\$ <u>2,771</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, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget Over (Under)</u>
<b>REVENUES</b>				
Intergovernmental revenue	\$ 1,680,000	\$ 1,680,000	\$ 1,335,938	\$( 344,062)
Investment income	<u>2,500</u>	<u>2,500</u>	<u>4,556</u>	<u>2,056</u>
Total revenues	<u>1,682,500</u>	<u>1,682,500</u>	<u>1,340,494</u>	<u>( 342,006)</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>-</u>	<u>2,421,396</u>	<u>2,421,396</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>2,421,396</u>	<u>2,421,396</u>	<u>-</u>
Change in fund balance	1,682,500	( 738,896)	( 1,080,902)	( 342,006)
Fund balance at beginning of year	<u>3,938,566</u>	<u>3,938,566</u>	<u>3,938,566</u>	<u>-</u>
Fund balance at end of year	\$ <u>5,621,066</u>	\$ <u>3,199,670</u>	\$ <u>2,857,664</u>	\$( <u>342,006</u> )

**CITY OF BUFORD, GEORGIA  
 GWINNETT COUNTY 2017 SPLOST FUND  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget Over (Under)</u>
<b>REVENUES</b>				
Intergovernmental revenue	\$ -	\$ -	\$ 466,045	\$ 466,045
Investment income	-	-	<u>12</u>	<u>12</u>
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>466,057</u>	<u>466,057</u>
<b>EXPENDITURES</b>				
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in fund balance</b>	-	-	<b>466,057</b>	<b>466,057</b>
<b>Fund balance at beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 466,057</u>	<u>\$ 466,057</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, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget Over (Under)</u>
<b>REVENUES</b>				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Investment income	<u>-</u>	<u>-</u>	<u>91</u>	<u>91</u>
Total revenues	<u>-</u>	<u>-</u>	<u>91</u>	<u>91</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	-	-	91	91
Fund balance at beginning of year	<u>91,624</u>	<u>91,624</u>	<u>91,624</u>	<u>-</u>
Fund balance at end of year	<u>\$ 91,624</u>	<u>\$ 91,624</u>	<u>\$ 91,715</u>	<u>\$ 91</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, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget Over (Under)</u>
<b>REVENUES</b>				
Intergovernmental revenue	\$ 120,000	\$ 120,000	\$ 137,497	\$ 17,497
Investment income	<u>-</u>	<u>-</u>	<u>180</u>	<u>180</u>
Total revenues	<u>120,000</u>	<u>120,000</u>	<u>137,677</u>	<u>17,677</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	120,000	120,000	137,677	17,677
Fund balance at beginning of year	<u>133,196</u>	<u>133,196</u>	<u>133,196</u>	<u>-</u>
Fund balance at end of year	\$ <u>253,196</u>	\$ <u>253,196</u>	\$ <u>270,873</u>	\$ <u>17,677</u>

**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, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget Over (Under)</u>
<b>REVENUES</b>				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Investment income	<u>20</u>	<u>20</u>	<u>20</u>	<u>-</u>
<b>Total revenues</b>	<u>20</u>	<u>20</u>	<u>20</u>	<u>-</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in fund balance</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>-</b>
<b>Fund balance at beginning of year</b>	<u><b>19,660</b></u>	<u><b>19,660</b></u>	<u><b>19,660</b></u>	<u><b>-</b></u>
<b>Fund balance at end of year</b>	<u><u><b>\$ 19,680</b></u></u>	<u><u><b>\$ 19,680</b></u></u>	<u><u><b>\$ 19,680</b></u></u>	<u><u><b>\$ -</b></u></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, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget Over (Under)</u>
<b>REVENUES</b>				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Investment income	<u>500</u>	<u>500</u>	<u>568</u>	<u>68</u>
Total revenues	<u>500</u>	<u>500</u>	<u>568</u>	<u>68</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	500	500	568	68
Fund balance at beginning of year	<u>567,611</u>	<u>567,611</u>	<u>567,611</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>568,111</u></u>	\$ <u><u>568,111</u></u>	\$ <u><u>568,179</u></u>	\$ <u><u>68</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, 2017**

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<b><u>GWINNETT COUNTY SPLOST IV:</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ <u>262,653</u>	\$ <u>11,630</u>	\$( <u>      -</u> )	\$ <u>274,283</u>
<b>LIABILITIES</b>				
Due to others	\$ <u>262,653</u>	\$ <u>11,630</u>	\$( <u>      -</u> )	\$ <u>274,283</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, 2017**

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<b><u>HALL COUNTY SPLOST:</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 138,912	\$ 760,513	\$( 12,940)	\$ 886,485
Intergovernmental receivables	<u>126,667</u>	<u>-</u>	<u>( - )</u>	<u>126,667</u>
<b>Total Assets</b>	<b>\$ <u>265,579</u></b>	<b>\$ <u>760,513</u></b>	<b>\$ <u>(12,940)</u></b>	<b>\$ <u>1,013,152</u></b>
<b>LIABILITIES</b>				
Due to general fund	\$ -	\$ 495,183	\$( -)	\$ 495,183
Due to others	<u>265,579</u>	<u>265,330</u>	<u>(12,940)</u>	<u>517,969</u>
<b>Total Liabilities</b>	<b>\$ <u>265,579</u></b>	<b>\$ <u>760,513</u></b>	<b>\$ <u>(12,940)</u></b>	<b>\$ <u>1,013,152</u></b>

## **THE SINGLE AUDIT SECTION**

# **WILCOX & BIVINGS, P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

**4485 Tench Road, Suite 1320**

**Suwanee, GA 30024**

**Phone: 770-904-0419**

**Fax: 770-904-5299**

## **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, 2017, 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 6, 2017. 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 6, 2017

# **WILCOX & BIVINGS, P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

**4485 Tench Road, Suite 1320**

**Suwanee, GA 30024**

**Phone: 770-904-0419**

**Fax: 770-904-5299**

## **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, 2017. 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, 2017.**

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 6, 2017

**CITY OF BUFORD, GEORGIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

<b>Federal Grantor/Program or Cluster Title/Pass-through Grantor</b>	<b>Federal CFDA Number</b>	<b>Pass-through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b><u>U.S. Department of Housing and Urban Development:</u></b>			
<b>Office of Community Planning and Development:</b>			
Community Development Block Grants/Gwinnett County	14.218	12-2210	\$ 5,466
Community Development Block Grants/Gwinnett County	14.218	14-2212	25,606
Community Development Block Grants/Gwinnett County	14.218	15-2213	10,635
Community Development Block Grants/Gwinnett County	14.218	16-2226	398,644
Community Development Block Grants/Gwinnett County	14.218	16-2227	5,465
Community Development Block Grants/Gwinnett County	14.218	16-2260	<u>250,000</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u><b>695,816</b></u>
<b><u>U.S. Department of Transportation:</u></b>			
<b>Federal Highway Administration:</b>			
Highway Planning and Construction/State of Georgia	20.205	PI 0010242	39,857
Highway Planning and Construction/State of Georgia	20.205	PI 0015088	5,150
Highway Planning and Construction/Atlanta Regional Commission	20.205	UP1519	<u>49,656</u>
<b>Total U.S. Department of Transportation</b>			<u><b>94,663</b></u>
<b>Total Expenditures of Federal Awards</b>			<b>\$ <u>790,479</u></b>

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, 2017**

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**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, 2017. 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, 2017**

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**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, 2017**

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**Findings - Financial Statement Audit @ June 30, 2016:**

- ❖ None reported.

**Findings and Questioned Costs - Major Federal Awards Programs Audit @ June 30, 2016:**

- ❖ None reported.

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

**CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2017**

- ❖ **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 WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>PROJECT DESCRIPTION</u>	<u>Original Estimate Amount</u>	<u>Current Estimate Amount</u>	<u>Amount Expended In Prior Years</u>	<u>Amount Expended In Current Year</u>	<u>Total</u>	<u>Estimated Percentage of Completion</u>
<i>REST HAVEN 2002 SPLOST</i>						
Recreational Facilities	\$ -	\$ 90,874	\$ 71,279	\$ -	\$ 71,279	78.44%
<b>Total Rest Haven 2002 SPLOST</b>	<b>\$ -</b>	<b>\$ 90,874</b>	<b>\$ 71,279</b>	<b>\$ -</b>	<b>\$ 71,279</b>	
<i>REST HAVEN 2005 SPLOST</i>						
Transportation	\$ 296,785	\$ 546,785	\$ -	\$ -	\$ -	0.00%
<b>Total Rest Haven 2005 SPLOST</b>	<b>\$ 296,785</b>	<b>\$ 546,785</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<i>HALL COUNTY 2009 SPLOST</i>						
Transportation	\$ 25,732	\$ 91,352	\$ -	\$ -	\$ -	0.00%
<b>Total Hall County 2009 SPLOST</b>	<b>\$ 25,732</b>	<b>\$ 91,352</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<i>GWINNETT COUNTY 2009 SPLOST</i>						
Transportation	\$ 5,960,000	\$ 4,707,581	\$ 1,839,281	\$ 340,000*	\$ 2,179,281	46.29%
Recreational Facilities	1,677,101	1,324,679	1,200,000	-	1,200,000	90.59%
Water & Sewer	2,000,000	1,579,725	-	-	-	0.00%
<b>Total Gwinnett County 2009 SPLOST</b>	<b>\$ 9,637,101</b>	<b>\$ 7,611,985</b>	<b>\$ 3,039,281</b>	<b>\$ 340,000</b>	<b>\$ 3,379,281</b>	
<i>GWINNETT COUNTY 2014 SPLOST</i>						
Recreational Facilities & Equipment	\$ 4,172,696	\$ 4,172,696	\$ -	\$ 2,344,354	\$ 2,344,354	56.18%
Transportation	1,788,299	1,788,299	-	77,042	77,042	4.31%
<b>Total Gwinnett County 2014 SPLOST</b>	<b>\$ 5,960,995</b>	<b>\$ 5,960,995</b>	<b>\$ -</b>	<b>\$ 2,421,396</b>	<b>\$ 2,421,396</b>	
<i>HALL COUNTY 2015 SPLOST</i>						
Transportation	\$ 111,249	\$ 111,249	\$ -	\$ -	\$ -	0.00%
Water & Sewer	600,000	600,000	-	-	-	0.00%
<b>Total Hall County 2015 SPLOST</b>	<b>\$ 711,249</b>	<b>\$ 711,249</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<i>GWINNETT COUNTY 2017 SPLOST</i>						
Parking Facilities	\$ 3,765,543	\$ 3,765,543	\$ -	\$ -	\$ -	0.00%
Recreational Facilities & Equipment	6,932,788	6,932,788	-	-	-	0.00%
Transportation	941,677	941,677	-	-	-	0.00%
<b>Total Gwinnett County 2017 SPLOST</b>	<b>\$ 11,640,008</b>	<b>\$ 11,640,008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	

\* Reported as a transfer as amount was transferred to another fund to reimburse previous allowable expenditures.