

**CITY OF BUFORD, GEORGIA**  
**AUDITED BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**CITY OF BUFORD, GEORGIA  
AUDITED BASIC FINANCIAL STATEMENTS  
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## **INDEPENDENT AUDITORS' REPORT**

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## **INDEPENDENT AUDITORS' REPORT**

**To the Board of Commissioners  
City of Buford, Georgia**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Buford, Georgia as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Buford, Georgia's management. 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, fund balances, and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon 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 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Buford, Georgia as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows, and the respective budgetary comparison for the General Fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2010, on our consideration of the City of Buford, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Buford, Georgia's financial statements as a whole. The accompanying supplementary information which consist of the combining nonmajor fund financial statements and the 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 financial statements. The combining nonmajor fund financial statements and the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Wilcox & Bivings, P.C.*

December 7, 2010  
Suwanee, Georgia

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

**CITY OF BUFORD, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

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, 2010. 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 most recent fiscal year by \$125,477,492 (presented as "net assets"). Of this amount, \$29,428,055 was reported as "unrestricted net assets". Unrestricted net assets represent the amount available to be used to meet the City's obligations to citizens and creditors. \$87,165,040 of net assets consisted of investments in capital assets, net of related debt. The remainder of net assets consisted of amounts restricted by law, contracts, donors or debt agreements, and totaled \$8,884,397.
- The City's total net assets increased by \$8,697,726 in the fiscal year ended June 30, 2010.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$34,272,290. Of this amount \$29,652,449 (86.52%) is unreserved and available for use within the City's designation and policies.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$29,652,449 or 111.34% of total general fund expenditures and transfers out.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City's financial statements. The City's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

**Government-wide financial statements**

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

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the fiscal year. All changes in net assets 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 but 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 governmental activities of the City include general government (financial and administration), public safety (marshall), public services (highway and street, building inspection, culture and recreation and maintenance) and intergovernmental (school transfers). The business-type activities of the City include the City's Gas, Electric, Solid Waste and Recycling, and Waste Water and Water systems operations.

The government-wide financial statements can be found on pages 11-12 of this reporting package.



**CITY OF BUFORD, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

**OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED**

**Fund financial statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 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 four types of 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, which is considered to be a major fund for reporting purposes of the City of Buford, and other non-major governmental funds, which represent the Capital Projects Fund, Debt Service Fund and Hotel/Motel Tax fund of the City of Buford.

The basic governmental fund financial statements can be found on pages 13 to 17 of this reporting package.

**Proprietary Fund**

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 an enterprise fund to account for its gas, electric, solid waste and recycling, wastewater and water operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 18 to 21 of this reporting package.

**Fiduciary Fund**

The City maintains one fiduciary fund; an agency fund related to the Buford Board of Education SPLOST funds. The basic fiduciary fund financial statement can be found on page 22 of this reporting package.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 to 51 of this reporting package.

**Supplementary Information Required by GASB 34**

Supplementary information required by GASB 34 can be found on pages 52 and 53 of this reporting package.

**Reports and Schedules Required by Government Auditing Standards and the State of Georgia**

Reporting and schedules required by *Government Auditing Standards* and the State of Georgia can be found on pages 54 to 58 of this reporting package.

**CITY OF BUFORD, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the City's, assets exceeded liabilities by \$125,477,492 as of June 30, 2010.

The largest portion of the City's net assets (69.47%) 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 is still outstanding. The City uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the City'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.

**CITY OF BUFORD, GEORGIA'S NET ASSETS**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 36,274,991	\$ 31,123,657	\$ 11,488,773	\$ 8,057,609	\$ 47,763,764	\$ 39,181,266
Capital assets	<u>32,866,281</u>	<u>30,408,960</u>	<u>62,384,877</u>	<u>64,160,512</u>	<u>95,251,158</u>	<u>94,569,472</u>
Total assets	<u>69,141,272</u>	<u>61,532,617</u>	<u>73,873,650</u>	<u>72,218,121</u>	<u>143,014,922</u>	<u>133,750,738</u>
Long-term liabilities	109,702	125,427	8,331,723	9,479,294	8,441,425	9,604,721
Other liabilities	<u>1,852,263</u>	<u>505,376</u>	<u>7,243,742</u>	<u>6,860,875</u>	<u>9,096,005</u>	<u>7,366,251</u>
Total liabilities	<u>1,961,965</u>	<u>630,803</u>	<u>15,575,465</u>	<u>16,340,169</u>	<u>17,537,430</u>	<u>16,970,972</u>
Net assets:						
Invested in capital assets, net of related debt	32,866,281	30,408,960	54,298,759	54,905,559	87,165,040	85,314,519
Restricted	4,530,527	3,734,881	4,353,870	4,838,846	8,884,397	8,573,727
Unrestricted	<u>29,782,499</u>	<u>26,757,973</u>	<u>( 354,444 )</u>	<u>( 3,866,453 )</u>	<u>29,428,055</u>	<u>22,891,520</u>
Total net assets	\$ <u>67,179,307</u>	\$ <u>60,901,814</u>	\$ <u>58,298,185</u>	\$ <u>55,877,952</u>	\$ <u>125,477,492</u>	\$ <u>116,779,766</u>

An additional portion of the City's net assets (7.08%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$29,428,055 (23.45%) may be used to meet the government's ongoing obligations to citizens and creditors.

As of June 30, 2010 and June 30, 2009, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its governmental activities. The unrestricted net assets of business-type activities show a negative balance of \$(354,444) as of June 30, 2010.

**CITY OF BUFORD, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

**Analysis of the City's Operations**

The following table provides a summary of the City's operations for the year ended June 30, 2010 and June 30, 2009. Governmental activities increased the City's net assets by \$6,277,493 for the year ended June 30, 2010 and by \$6,562,694 for the year ended June 30, 2009. Business-type activities increased the City's net assets by \$2,420,233 for the year ended June 30, 2010 and by \$2,260,823 for the year ended June 30, 2009.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 1,888,417	\$ 1,839,180	\$ 58,011,000	\$ 61,884,704	\$ 59,899,417	\$ 63,723,884
Capital grants and Contributions	200,000	137,861	-	-	200,000	137,861
<b>General revenues:</b>						
Taxes	14,366,992	14,523,145	-	-	14,366,992	14,523,145
Franchise fees	711,746	826,010	-	-	711,746	826,010
Investment income	78,208	244,912	531,717	652,382	609,925	897,294
Miscellaneous	<u>335,813</u>	<u>142,381</u>	<u>2,077,801</u>	<u>2,470,338</u>	<u>2,413,614</u>	<u>2,612,719</u>
<b>Total revenues</b>	<b><u>17,581,176</u></b>	<b><u>17,713,489</u></b>	<b><u>60,620,518</u></b>	<b><u>65,007,424</u></b>	<b><u>78,201,694</u></b>	<b><u>82,720,913</u></b>
<b>Expenses:</b>						
General government	3,801,020	4,060,109	-	-	3,801,020	4,060,109
Public safety	141,646	139,012	-	-	141,646	139,012
Public services	4,536,049	3,975,635	-	-	4,536,049	3,975,635
Debt service	-	168,876	-	-	-	168,876
Intergovernmental -						
Board of Education	17,000,000	17,000,000	-	-	17,000,000	17,000,000
Gas system	-	-	23,784,888	28,019,095	23,784,888	28,019,095
Electric system	-	-	13,950,824	13,987,338	13,950,824	13,987,338
Solid waste and recycling	-	-	2,064,912	2,504,170	2,064,912	2,504,170
Waste water system	-	-	2,262,741	2,130,632	2,262,741	2,130,632
Water system	-	-	1,622,539	1,522,513	1,622,539	1,522,513
Enterprise Fund - Non divisional	<u>-</u>	<u>-</u>	<u>339,349</u>	<u>390,016</u>	<u>339,349</u>	<u>390,016</u>
<b>Total expenses</b>	<b><u>25,478,715</u></b>	<b><u>25,343,632</u></b>	<b><u>44,025,253</u></b>	<b><u>48,553,764</u></b>	<b><u>69,503,968</u></b>	<b><u>73,897,396</u></b>
<b>Increases (decreases) in net assets before transfers</b>	<b>( 7,897,539)</b>	<b>( 7,630,143)</b>	<b>16,595,265</b>	<b>16,453,660</b>	<b>8,697,726</b>	<b>8,823,517</b>
<b>Transfers - internal</b>	<b><u>14,175,032</u></b>	<b><u>14,192,837</u></b>	<b><u>( 14,175,032)</u></b>	<b><u>( 14,192,837)</u></b>	<b><u>( - )</u></b>	<b><u>( - )</u></b>
<b>Increases (decreases) in Net assets</b>	<b>6,277,493</b>	<b>6,562,694</b>	<b>2,420,233</b>	<b>2,260,823</b>	<b>8,697,726</b>	<b>8,823,517</b>
<b>Net assets - Beginning of year</b>	<b><u>60,901,814</u></b>	<b><u>54,339,120</u></b>	<b><u>55,877,952</u></b>	<b><u>53,617,129</u></b>	<b><u>116,779,766</u></b>	<b><u>107,956,249</u></b>
<b>Net assets - End of year</b>	<b>\$ <u>67,179,307</u></b>	<b>\$ <u>60,901,814</u></b>	<b>\$ <u>58,298,185</u></b>	<b>\$ <u>55,877,952</u></b>	<b>\$ <u>125,477,492</u></b>	<b>\$ <u>116,779,766</u></b>

**CITY OF BUFORD, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

**FINANCIAL ANALYSIS OF THE GOVERNMENTAL 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, unreserved 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 \$34,272,290. Approximately 86.52% of this total amount or \$29,652,449 constitutes unreserved fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to be spent on projects funded by SPLOST funds (\$4,095,785), 2) to education purposes (\$419,852), and 3) to pay for other restricted purposes (\$104,204).

The General Fund is the chief fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$29,652,449, and total fund balance was \$30,161,615. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to the fund's total operational expenditures. Unreserved fund balance represents 111.34% of total expenditures, while total fund balance represents 113.25% of that same amount.

The General Fund's fund balance increased by \$3,451,043 during the current fiscal year. Key factors are as follows:

- Total revenues increased by \$537,790 for percentage increase of 3.50%. Key components of this increase were increases in property tax revenue (\$498,339), increases in sales and excise taxes (\$3,295), decreases in franchise fees (\$114,264), increases in charges for services (\$49,237), decreases in intergovernmental revenues (\$137,861), decreases in investment income (\$154,388) and increases in miscellaneous income (\$393,432).
- Total expenditures increased by \$846,938 for a percentage increase of 3.28%. Key components of this increase in expenditures were increases in financial and administration (\$267,941), decreases in Public Safety - Marshall (\$273), increases in Public Services - Highway and Street (\$499,702), increases in Public Services - Building Inspection (\$9,491), increases in Public Services - Culture and Recreation (\$92,695), and decreases in Public Services - Maintenance (\$22,618). There was no change in intergovernmental payments to the City of Buford Board of Education.
- Net other financing sources and uses increased by \$3,805,356. Other financing sources decreased by \$703,520. Other financing uses decreased by \$4,508,876.

**Proprietary funds**

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the proprietary fund had a negative balance of \$(354,444). The fund had a net asset increase for the fiscal year totaling \$2,420,233.

**CITY OF BUFORD, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

**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 an increase from the original budgeted expenditures totaling \$1,622,113 (6.49%). Financial administration increased \$1,444,559. Public Safety - Marshall decreased \$29,261. Public Services - Highway and Street increased \$272,824. Public Services - Building Inspection decreased \$21,144. Public Services - Culture and Recreation increased \$1,596. Public Services - Maintenance decreased \$46,461. There was no change in intergovernmental expenditures for the City of Buford Board of Education.

**CAPITAL ASSETS**

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2010, amounts to \$95,251,158, 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 purchased land totaling \$440,426.
- The City added \$989,576 in streets.
- Construction in progress for the new community center, street and streetscape projects increased \$2,073,622.
- The City added \$1,016,984 to its Gas System, \$287,789 to its Electric System and \$176,822 to its Water and Wastewater System for improvements and expansion of the systems. In addition, construction in progress on utility improvements increased \$778,764.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land	\$ 8,932,474	\$ 8,492,048	\$ 202,663	\$ 202,663	\$ 9,135,137	\$ 8,694,711
Construction in progress	2,276,684	203,062	3,140,347	2,361,583	5,417,031	2,564,645
Utility system infrastructure	-	-	95,891,949	94,410,354	95,891,949	94,410,354
Buildings and improvements	10,667,923	10,655,867	9,734	9,734	10,677,657	10,665,601
Furniture and equipment	933,025	838,486	508,993	508,993	1,442,018	1,347,479
Sidewalks	242,877	242,877	-	-	242,877	242,877
Streets	10,475,196	9,485,620	-	-	10,475,196	9,485,620
Streetscapes & hardscapes	4,365,768	4,365,768	-	-	4,365,768	4,365,768
Vehicles	100,327	100,327	1,278,824	1,278,824	1,379,151	1,379,151
Accumulated depreciation	( 5,127,993)	( 3,975,095)	( 38,647,633)	( 34,611,639)	( 43,775,626)	( 38,586,734)
<b>Total</b>	<b>\$ 32,866,281</b>	<b>\$ 30,408,960</b>	<b>\$ 62,384,877</b>	<b>\$ 64,160,512</b>	<b>\$ 95,251,158</b>	<b>\$ 94,569,472</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 34-36 of this reporting package.

**CITY OF BUFORD, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

**DEBT ADMINISTRATION**

At the end of the current fiscal year, the City had \$8,211,784 in outstanding debt consisting of revenue bonds, capital lease obligations and notes payable. All of the debt was secured by specific revenue sources.

**CITY OF BUFORD, GEORGIA'S OUTSTANDING DEBT**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Revenue bonds	\$ -	\$ -	\$ 4,475,000	\$ 4,695,000	\$ 4,475,000	\$ 4,695,000
Capital lease obligations	-	-	3,026,388	3,748,150	3,026,388	3,748,150
Notes payable	-	-	710,396	811,802	710,396	811,802
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,211,784</b>	<b>\$ 9,254,952</b>	<b>\$ 8,211,784</b>	<b>\$ 9,254,952</b>

The City's total debt (including compensated absences and other long-term operating liabilities) decreased by \$1,167,902 during the current fiscal year. Activity consisted of payments on the above debt totaling \$1,043,168, a decrease in accrued costs for landfill postclosure costs of \$106,386, and a decrease in accrued compensated absences of \$18,348. Additional information on the City's long-term debt can be found in note 6 on pages 36-39 of this reporting package.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

As expected economic activity in fiscal year 2010 was slowed by a U.S. economy that continued with persistent high unemployment and weak recoveries in many sectors. However, the City did see construction of several retail and commercial sites. With a varied mix of manufacturing, retail, office and warehousing, economic activity in and around the City remains stable with expectations that 2011 will bring further growth. The City plans to continue improvements to its infrastructure, invest in its utility systems, support planning and development in the City, and focus on delivery of services to its citizens and customers.

Utility relocations were completed on South Hill Street with the Streetscape project slated to begin in 2011. The Buford Town Park/Community Center and Playhouse Theatre construction is ongoing with completion expected in early 2012.

Design work on water and sewer plant upgrades continues. Several local projects are in design, underway or have been completed. Work also continues with the Georgia Department of Transportation to widen Buford Highway to four lanes on the north side of the City.

General Fund budgeted revenue and transfers in for the 2011 fiscal year total \$31,004,595, an increase of \$1,574,500 or 5.34%. General fund budgeted expenditures and transfers out for the 2011 fiscal year total \$26,218,500, an increase of \$1,208,000 or 4.83%.

Budgeted revenues for the Enterprise Fund include \$1,760,000 for the Waste Water System, \$877,000 for the Water System, \$2,990,000 for Solid Waste and Recycling, \$17,335,000 for the Electric System, \$32,590,000 for the Gas System and \$1,663,000 for Nondivisional revenues for a total of \$57,215,000.

Budgeted expenditures and transfers out for the Enterprise Fund include \$3,345,904 for the Waste Water System, \$2,066,060 for the Water System, \$2,119,500 for Solid Waste and Recycling, \$15,854,500 for the Electric System, \$22,186,500 for the Gas System, and \$14,645,000 for Nondivisional expenditures and transfers out for a total of \$60,217,464.

**CITY OF BUFORD, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

**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 ASSETS  
JUNE 30, 2010**

	<b>Primary Government</b>			<b>Component Unit 06/30/09 City of Buford Board of Education</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,294,377	\$ 15,660,872	\$ 19,955,249	\$ 4,214,498
Investments	2,037,186	11,567,626	13,604,812	780,802
Receivables - net	1,411,590	2,300,263	3,711,853	1,545,386
Due from other governments	1,996,964	-	1,996,964	6,217,918
Internal balances	26,445,560	( 26,445,560)	-	-
Prepaid expenses	89,314	71,022	160,336	33,934
Inventories	-	-	-	26,309
Restricted cash and cash equivalents	-	2,695,330	2,695,330	-
Restricted investments	-	5,513,554	5,513,554	-
Unamortized portion of bond issue costs	-	125,666	125,666	-
Capital assets being depreciated - net	21,657,123	59,041,867	80,698,990	38,225,785
Capital assets not being depreciated	<u>11,209,158</u>	<u>3,343,010</u>	<u>14,552,168</u>	<u>12,058,908</u>
<b>Total assets</b>	<b>\$ <u>69,141,272</u></b>	<b>\$ <u>73,873,650</u></b>	<b>\$ <u>143,014,922</u></b>	<b>\$ <u>63,103,540</u></b>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,102,745	\$ 2,385,073	\$ 3,487,818	\$ 1,466,737
Accrued interest	-	113,525	113,525	-
Net OPEB obligation	683,738	-	683,738	-
Other accrued liabilities	65,780	197,252	263,032	3,293,690
Notes payable				
due in less than one year	-	106,382	106,382	-
Capital lease obligations				
due in less than one year	-	697,180	697,180	-
Revenue bonds payable				
due in less than one year	-	235,000	235,000	-
Customer deposits	-	3,509,330	3,509,330	-
Long-term liabilities,				
due in more than one year:				
Notes payable	-	604,014	604,014	-
Capital lease obligations	-	2,329,208	2,329,208	-
Revenue bonds payable	-	4,240,000	4,240,000	-
Intergovernmental agreement	-	-	-	11,635,680
Accrued compensated absences	109,702	91,818	201,520	61,193
Accrued landfill closure and postclosure care costs	<u>-</u>	<u>1,066,683</u>	<u>1,066,683</u>	<u>-</u>
<b>Total liabilities</b>	<b><u>1,961,965</u></b>	<b><u>15,575,465</u></b>	<b><u>17,537,430</u></b>	<b><u>16,457,300</u></b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	32,866,281	54,298,759	87,165,040	39,561,851
Restricted for:				
Construction	4,095,785	-	4,095,785	-
Municipal Competitive Trust	-	3,838,012	3,838,012	-
Debt service	-	515,858	515,858	472,500
Other purposes	434,742	-	434,742	21,052
Unrestricted	<u>29,782,499</u>	<u>( 354,444)</u>	<u>29,428,055</u>	<u>6,590,837</u>
<b>Total net assets</b>	<b>\$ <u>67,179,307</u></b>	<b>\$ <u>58,298,185</u></b>	<b>\$ <u>125,477,492</u></b>	<b>\$ <u>46,646,240</u></b>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010**

Functions/Programs:	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary government</b>				
<b>Governmental activities:</b>				
<b>General government:</b>				
Financial and administration	\$ 3,801,020	\$ 1,633,895	\$ -	\$ -
<b>Public safety:</b>				
Marshall	141,646	-	-	-
<b>Public services:</b>				
Highway and street	3,064,812	-	-	-
Building inspection	276,263	148,627	-	-
Culture and recreation	596,237	105,895	-	200,000
Maintenance	598,737	-	-	-
<b>Intergovernmental:</b>				
Board of Education	<u>17,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total governmental activities</b>	<u>25,478,715</u>	<u>1,888,417</u>	<u>-</u>	<u>200,000</u>
<b>Business-type activities:</b>				
Gas system	23,784,888	36,313,868	-	-
Electric system	13,950,824	14,781,313	-	-
Solid waste and recycling	2,064,912	3,004,895	-	-
Wastewater system	2,262,741	1,696,453	-	-
Water system	1,622,539	902,657	-	-
Non-divisional	<u>339,349</u>	<u>1,311,814</u>	<u>-</u>	<u>-</u>
<b>Total business-type activities</b>	<u>44,025,253</u>	<u>58,011,000</u>	<u>-</u>	<u>-</u>
<b>Total primary government</b>	<u>\$69,503,968</u>	<u>\$59,899,417</u>	<u>\$ -</u>	<u>\$ 200,000</u>
<b>Component Unit</b>				
City of Buford Board of Education	<u>\$35,105,698</u>	<u>\$ 1,956,975</u>	<u>\$ 13,648,114</u>	<u>\$ 21,052</u>
<b>General revenues:</b>				
<b>Taxes:</b>				
Property				
Sales and excise				
Franchise fees				
Investment income				
Miscellaneous				
<b>Transfers - internal activity</b>				
<b>Total general revenues and transfers</b>				
<b>Change in net assets</b>				
<b>Net assets at beginning of year</b>				
<b>Net assets at end of year</b>				

Net (Expense) Revenue and Changes in Net Assets			Component Unit 06/30/09 City of Buford Board of Education
Primary Government			
Governmental Activities	Business-Type Activities	Total	
\$( 2,167,125)	\$ -	\$( 2,167,125)	\$ -
( 141,646)	-	( 141,646)	-
( 3,064,812)	-	( 3,064,812)	-
( 127,636)	-	( 127,636)	-
( 290,342)	-	( 290,342)	-
( 598,737)	-	( 598,737)	-
( 17,000,000)	-	( 17,000,000)	-
( 23,390,298)	-	( 23,390,298)	-
-	12,528,980	12,528,980	-
-	830,489	830,489	-
-	939,983	939,983	-
-	( 566,288)	( 566,288)	-
-	( 719,882)	( 719,882)	-
-	972,465	972,465	-
-	13,985,747	13,985,747	-
\$( 23,390,298)	\$ 13,985,747	\$( 9,404,551)	\$ -
\$ -	\$ -	\$ -	\$( 19,479,557)
\$ 11,893,168	\$ -	\$ 11,893,168	\$ 11,246,018
2,473,824	-	2,473,824	2,795,336
711,746	-	711,746	-
78,208	531,717	609,925	189,408
335,813	2,077,801	2,413,614	1,978,687
14,175,032	( 14,175,032)	-	5,703,287
29,667,791	( 11,565,514)	18,102,277	21,912,736
6,277,493	2,420,233	8,697,726	2,433,179
60,901,814	55,877,952	116,779,766	44,213,061
\$ 67,179,307	\$ 58,298,185	\$ 125,477,492	\$ 46,646,240

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 282,939	\$ 4,011,438	\$ 4,294,377
Investments - certificates of deposits	2,037,186	-	2,037,186
Property taxes receivable - net	1,237,126	-	1,237,126
Other receivables	174,464	-	174,464
Due from other governments	1,743,033	253,931	1,996,964
Interfund balances	26,430,670	14,890	26,445,560
Prepaid items	<u>89,314</u>	<u>-</u>	<u>89,314</u>
<b>Total assets</b>	<b>\$ <u>31,994,732</u></b>	<b>\$ <u>4,280,259</u></b>	<b>\$ <u>36,274,991</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 933,161	\$ 169,584	\$ 1,102,745
Accrued expenses	65,780	-	65,780
Deferred revenue	<u>834,176</u>	<u>-</u>	<u>834,176</u>
<b>Total liabilities</b>	<b><u>1,833,117</u></b>	<b><u>169,584</u></b>	<b><u>2,002,701</u></b>
<b>FUND BALANCES</b>			
Reserved for:			
SPLOST projects	-	4,095,785	4,095,785
Education	419,852	-	419,852
Prepaid items	89,314	-	89,314
Hotel/Motel Tax	-	14,890	14,890
Unreserved, reported in:			
General Fund	<u>29,652,449</u>	<u>-</u>	<u>29,652,449</u>
<b>Total fund balances</b>	<b><u>30,161,615</u></b>	<b><u>4,110,675</u></b>	<b><u>34,272,290</u></b>
<b>Total liabilities and fund balances</b>	<b>\$ <u>31,994,732</u></b>	<b>\$ <u>4,280,259</u></b>	<b>\$ <u>36,274,991</u></b>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO STATEMENT OF NET ASSETS  
JUNE 30, 2010**

<b>Total fund balance - total governmental funds</b>	<b>\$ 34,272,290</b>
<b>Amounts reported for governmental activities in the statement of net assets 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>32,866,281</b>
<b>Delinquent property taxes are recognized as revenue in the period for which levied in the government-wide financial statements, but are reported as deferred revenue (a liability) in governmental funds.</b>	<b>834,176</b>
<b>Long term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet:</b>	
<b>OPEB obligation</b>	<b>( 683,738)</b>
<b>Compensated absences</b>	<b>( <u>109,702</u>)</b>
<b>Net assets of governmental activities</b>	<b>\$ <u>67,179,307</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, 2010**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes - property	\$ 11,987,753	\$ -	\$ 11,987,753
Taxes - sales and excise	720,222	36,059	756,281
Franchise fees	711,746	-	711,746
Charges for services	1,888,417	-	1,888,417
Intergovernmental revenue	-	1,717,543	1,717,543
Investment income	62,532	15,676	78,208
Miscellaneous	<u>535,813</u>	<u>-</u>	<u>535,813</u>
Total revenues	<u>15,906,483</u>	<u>1,769,278</u>	<u>17,675,761</u>
<b>EXPENDITURES</b>			
Current operating:			
General government:			
Financial and administration	5,230,559	-	5,230,559
Public safety:			
Marshall	138,739	-	138,739
Public services:			
Highway and street	2,896,824	885,793	3,782,617
Building inspection	273,356	-	273,356
Culture and recreation	501,596	94,641	596,237
Maintenance	591,539	-	591,539
Intergovernmental:			
Buford Board of Education	<u>17,000,000</u>	<u>-</u>	<u>17,000,000</u>
Total expenditures	<u>26,632,613</u>	<u>980,434</u>	<u>27,613,047</u>
Excess (deficiency) of revenues over (under) expenditures	( 10,726,130)	788,844	( 9,937,286)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	14,177,173	-	14,177,173
Transfers out	<u>-</u>	( <u>2,141</u> )	( <u>2,141</u> )
Total other financing sources (uses)	<u>14,177,173</u>	( <u>2,141</u> )	<u>14,175,032</u>
Change in fund balances	3,451,043	786,703	4,237,746
Fund balances at beginning of year	<u>26,710,572</u>	<u>3,323,972</u>	<u>30,034,544</u>
Fund balances at end of year	\$ <u>30,161,615</u>	\$ <u>4,110,675</u>	\$ <u>34,272,290</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 STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010**

<b>Net change in fund balances - total governmental funds</b>	<b>\$ 4,237,746</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 Statement of Activities, the cost 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>3,610,219</b>
<b>Depreciation expense on capital assets is reported in the Statement of Activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in the Governmental Funds.</b>	<b>( 1,152,898)</b>
<b>Revenues from property tax reported in the Statement of Activities are not available in the Governmental Funds as they do not provide current financial resources. Therefore, they are not reported as revenue in the Governmental Funds.</b>	<b>( 94,585)</b>
<b>OPEB benefits are reported in the Statement of Activities, but they do not require the use of current financial resources. Therefore, OPEB benefits are not reported as expenditures in Governmental Funds</b>	<b>( 338,714)</b>
<b>Long-term compensated absences are reported in the Statement of Activities, but they do not require the use of current financial resources. Therefore, long-term compensated absences are not reported as expenditures in Governmental Funds</b>	<b><u>15,725</u></b>
<b>Change in net assets of governmental activities</b>	<b>\$ <u>6,277,493</u></b>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<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	\$ 11,252,500	\$ 11,252,500	\$ 11,987,753	\$ 735,253
Taxes - sales and excise	767,400	767,400	720,222	( 47,178)
Franchise fees	775,000	775,000	711,746	( 63,254)
Charges for services	1,930,195	1,930,195	1,888,417	( 41,778)
Investment income	150,000	150,000	62,532	( 87,468)
Miscellaneous	<u>55,000</u>	<u>55,000</u>	<u>535,813</u>	<u>480,813</u>
Total revenues	<u>14,930,095</u>	<u>14,930,095</u>	<u>15,906,483</u>	<u>976,388</u>
<b>EXPENDITURES</b>				
Current operating:				
General government:				
Financial and administration	3,786,000	5,230,559	5,230,559	-
Public safety:				
Marshall	168,000	138,739	138,739	-
Public services:				
Highway and street	2,624,000	2,896,824	2,896,824	-
Building inspection	294,500	273,356	273,356	-
Culture and recreation	500,000	501,596	501,596	-
Maintenance	638,000	591,539	591,539	-
Intergovernmental:				
Board of Education	<u>17,000,000</u>	<u>17,000,000</u>	<u>17,000,000</u>	<u>-</u>
Total expenditures	<u>25,010,500</u>	<u>26,632,613</u>	<u>26,632,613</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,080,405)</u>	<u>(11,702,518)</u>	<u>(10,726,130)</u>	<u>976,388</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>14,500,000</u>	<u>14,500,000</u>	<u>14,177,173</u>	<u>( 322,827)</u>
Net other financing sources (uses)	<u>14,500,000</u>	<u>14,500,000</u>	<u>14,177,173</u>	<u>( 322,827)</u>
Change in fund balance	4,419,595	2,797,482	3,451,043	( 653,561)
Fund balance at beginning of year	<u>26,710,572</u>	<u>26,710,572</u>	<u>26,710,572</u>	<u>-</u>
Fund balance at end of year	\$ <u>31,130,167</u>	\$ <u>29,508,054</u>	\$ <u>30,161,615</u>	\$ <u>( 653,561)</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.



**CITY OF BUFORD, GEORGIA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2010**

	<b>Enterprise Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 15,660,872
Investments	11,567,626
Accounts receivable, net	2,300,263
Prepaid expenses	<u>71,022</u>
Total current assets	<u>29,599,783</u>
Noncurrent assets	
Restricted assets:	
Restricted cash and cash equivalents	2,695,330
Restricted investments	5,513,554
Unamortized portion of bond issue costs	125,666
Capital assets - net	<u>62,384,877</u>
Total noncurrent assets	<u>70,719,427</u>
<b>Total assets</b>	<b><u>100,319,210</u></b>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	2,385,073
Accrued interest	113,525
Other accrued liabilities	197,252
Note payable	106,382
Capital lease obligations	697,180
Revenue bonds payable	<u>235,000</u>
Total current liabilities	<u>3,734,412</u>
Noncurrent liabilities:	
Customer deposits payable	3,509,330
Note payable	604,014
Capital lease obligations	2,329,208
Revenue bonds payable	4,240,000
Accrued compensated absences	91,818
Accrued landfill closure and postclosure care costs	1,066,683
Interfund balances	<u>26,445,560</u>
Total noncurrent liabilities	<u>38,286,613</u>
<b>Total liabilities</b>	<b><u>42,021,025</u></b>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	54,298,759
Expendable restricted net assets:	
Restricted for:	
Debt service	515,858
Unexpendable restricted net assets	
Restricted for:	
Municipal Competitive Trust	3,838,012
Unrestricted	( <u>354,444</u> )
<b>Total net assets</b>	<b>\$ <u>58,298,185</u></b>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2010**

	<u><b>Enterprise Fund</b></u>
<b>OPERATING REVENUES</b>	
Charges for services	
Gas	\$ 36,313,868
Electric	14,781,313
Solid waste and recycling	3,004,895
Wastewater	1,696,453
Water	902,657
Penalties	844,608
Service charges	<u>467,206</u>
Total charges for services	<u><b>58,011,000</b></u>
Miscellaneous:	
Refunds, reimbursements and rebates	1,363,778
Other	<u>161,036</u>
Total miscellaneous	<u><b>1,524,814</b></u>
Total operating revenues	<u><b>59,535,814</b></u>
<b>OPERATING EXPENSES</b>	
Utilities purchased for resale	30,385,252
Depreciation	4,035,994
Personal services	3,911,541
Contractual services	2,446,694
Materials and supplies	1,435,070
Utilities	544,190
Repairs and maintenance	293,738
Other operating	<u>509,414</u>
Total operating expenses	<u><b>43,561,893</b></u>
Income (loss) from operations	<u><b>15,973,921</b></u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Miscellaneous income	552,987
Interest and investment earnings	531,717
Interest expense	( 451,579)
Amortization	<u>( 11,781)</u>
Total nonoperating revenues (expenses)	<u><b>621,344</b></u>
Income (loss) before transfers	16,595,265
<b>TRANSFERS IN(OUT)</b>	
Transfers in	2,141
Transfers out	<u>( 14,177,173)</u>
Total transfers in(out)	<u>( 14,175,032)</u>
Change in net assets	2,420,233
Total net assets at beginning of year	<u><b>55,877,952</b></u>
Total net assets at end of year	\$ <u><b>58,298,185</b></u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2010**

	<b><u>Enterprise Fund</u></b>
<b><i>CASH FLOWS FROM OPERATING ACTIVITIES</i></b>	
Cash received from customers	\$ 57,994,888
Cash received from other operating sources	1,524,814
Cash payments to suppliers for goods and services	( 32,452,852)
Cash payments for personal services	( <u>3,897,846</u> )
Net cash provided (used) by operating activities	<u>23,169,004</u>
<b><i>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</i></b>	
Transfers from other funds	2,141
Transfers to other funds	( <u>14,177,173</u> )
Net cash provided (used) by noncapital financing activities	( <u>14,175,032</u> )
<b><i>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</i></b>	
Purchases of capital assets	( 2,260,360)
Principal paid on capital debt	( 1,043,168)
Interest paid on capital debt	( <u>456,990</u> )
Net cash provided (used) by capital and related financing activities	( <u>3,760,518</u> )
<b><i>CASH FLOWS FROM INVESTING ACTIVITIES</i></b>	
Purchase of investments, net	( 762,645)
Income from cash and investments and other	<u>1,084,704</u>
Net cash provided (used) by investing activities	<u>322,059</u>
Increase (decrease) in cash and cash equivalents	5,555,513
Cash and cash equivalents at beginning of year	<u>12,800,689</u>
Cash and cash equivalents at end of year	\$ <u>18,356,202</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA  
STATEMENT OF CASH FLOWS - CONTINUED  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2010**

**Enterprise Fund**

***RECONCILIATION OF INCOME (LOSS) FROM  
OPERATIONS TO NET CASH PROVIDED (USED)  
BY OPERATING ACTIVITIES***

Income (loss) from operations	\$ 15,973,921
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:	
Cash flows reported in other categories:	
Depreciation	4,035,994
Change in assets and liabilities:	
Accounts receivable	( 16,112)
Prepaid expenses	( 1,996)
Accounts payable	( 191,783)
Accrued compensated absences	( 2,624)
Accrued landfill closure and post closure care costs	( 106,386)
Other accrued liabilities	10,101
Internal balances	2,893,322
Customer deposits	<u>574,567</u>
Net cash provided (used) by operating activities	\$ <u>23,169,004</u>

***RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET ASSETS***

Current assets - cash and cash equivalents	\$ 15,660,872
Restricted assets - cash and cash equivalents	<u>2,695,330</u>
Total cash and cash equivalents at end of year	\$ <u>18,356,202</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUND  
JUNE 30, 2010**

	<u><b>Agency Fund</b></u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u><b>1,078,769</b></u>
<b>Total assets</b>	\$ <u><b>1,078,769</b></u>
<b>LIABILITIES</b>	
Held in trust - City of Buford Board of Education	\$ <u><b>1,078,769</b></u>
<b>Total liabilities</b>	\$ <u><b>1,078,769</b></u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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

The City of Buford, Georgia ("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 (marshall), highways and streets, culture and recreation, maintenance, sanitation and utility services, education and general administrative services.

The financial statements of the primary government of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

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

**REPORTING ENTITY**

In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate holding entities) for which the City may or not be financially accountable and, as such, be includable with the City's financial statements in accordance with generally accepted accounting principles. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose a specific financial burden on the City. Additionally, the City is required to consider other organizations for which the nature and significance of their relationship with the City 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 unit discussed below was evaluated and should be included in the City's reporting entity in accordance with GASB Statement No. 14 because of their financial relationship with the City.

**Discretely Presented Component Unit**

*City of Buford Board of Education* - The City of Buford Board of Education ("BOE") is the governing authority of the City School System. There are five members on the Board. Four of them are elected by the public, and one is the Chairman of the City of Buford Board of Commissioners. The BOE is a legally separate entity with the power to sue or be sued. The BOE has decision-making authority, the power to designate management, the power to incur indebtedness, and the ability to significantly influence operations. The BOE controls the employment of all personnel and has the final decision on how its funds are disbursed. However, the City Council holds the authority to levy taxes and determines the amount of tax revenue flowing to the BOE. The City approves the property tax millage, levies the tax and remits the school portion of the tax to the board. In addition, the City provides additional funds as necessary to ensure that the quality of educational facilities and services provided are maintained at the highest level possible. Finally, the City may, and has in the past, 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.

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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

**REPORTING ENTITY - Continued**

**Discretely Presented Component Unit - Continued**

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.

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

*City of Buford Downtown Development Authority* - This Authority, while consisting of a board of directors, has had no financial activity for the year ended June 30, 2010 or in prior years.

**BASIS OF PRESENTATION**

**Government-Wide Financial Statements**

The City of Buford's Government-Wide Financial Statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets 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 Assets. The Statement of Net Assets presents changes in net assets. 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. There were no operating grants or contributions for the fiscal year ending June 30, 2010. 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 Assets 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) as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements; Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure. In addition, the City applies all applicable FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements to its business-type activities.



**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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

**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 assets and changes in net assets 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 fund:

***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.

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

***Debt Service Fund*** - The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes and general revenues of the City. The fund balance of the Debt Service Fund is reserved to signify the amounts that are restricted exclusively for debt service purposes. All debt service funds were closed as of June 30, 2010.

***Capital Projects Fund*** - The Capital Projects Fund is used to account for funds received and expended related to SPLOST tax revenues of the City of Buford.

***Hotel/Motel Tax Fund*** - The Hotel/Motel Tax Fund is used to account for funds received and expended from the Hotel/Motel Tax for tourist promotion.

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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

**BASIS OF PRESENTATION - Continued**

**Proprietary Fund Financial Statements**

Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows for each major proprietary fund.

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 Assets. The Statement of Revenues, Expenses and Changes in Net Assets presents increases (revenues) and decreases (expenses) in total net assets, 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 fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The City has presented the following major proprietary fund:

*Enterprise Fund* - the Enterprise Fund is 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.

**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.

**USE OF RESTRICTED/UNRESTRICTED NET ASSETS**

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.

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**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 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**

Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

**TRANSACTIONS BETWEEN FUNDS**

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

**PAYMENTS BETWEEN CITY AND BUFORD BOARD OF EDUCATION AGENCY FUND**

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

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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

**ACCOUNTS RECEIVABLE AND DEFERRED REVENUE**

Accounts receivable are recorded in the General 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 Enterprise Fund grants credit to utility customers, all of whom are located in North Georgia Counties. Allowances for doubtful accounts totaled \$280,880 for the General Fund and \$3,127,811 for the Enterprise Fund.

**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.

**RESTRICTED CASH AND INVESTMENTS**

Certain funds are held in Enterprise Funds in accounts restricted for revenue bond related construction, customer deposits, 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, 2010, as amounts stored for supplies and materials were not of a material nature at that date.

**USE OF ESTIMATES**

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

**PROPERTY TAX**

*Property Taxes* - City property tax revenues are recognized when levied to the extent that they result in current receivables. Receivables outstanding more than 60 days after the fiscal year-end are recorded as deferred revenue in governmental funds. Taxes were levied on August 4, 2009, 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, which are entirely related to and for the use of the Buford Board of Education. The millage rate for the 2009 tax digest was set at 13.20 mills.

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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

**CAPITAL ASSETS**

Capital assets, which include property, plant and equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Capital assets utilized in the governmental funds are recorded as expenditures in the governmental fund financial statements. Depreciation expense is recorded in the government-wide financial statements. Repairs and maintenance are recorded as expenses and expenditures; renewal and betterments are capitalized. The City capitalizes interest costs as part of the cost of construction of various construction projects when material. There was no capitalized interest for the year ending June 30, 2010.

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 retroactive reporting of infrastructure to June 30, 1980 is subject to an extended implementation period and was first effective for fiscal years ending in 2007. The City finalized implementation the general provisions of GASB Statement No. 34 retroactive infrastructure provisions in the fiscal year ending June 30, 2007 and all infrastructure acquired after years ending June 30, 1980 are included in these financial statements.

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**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. Total interest costs incurred by the enterprise fund for the year ended June 30, 2010 were \$451,579. Total interest costs charged to expense by the enterprise fund for the year ended June 30, 2010 were \$451,579. Total interest costs capitalized by the enterprise fund for the year ended June 30, 2010 were \$0.

**BOND DISCOUNTS AND ISSUANCE COSTS**

Bond discounts and issuance costs are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method in the government-wide and proprietary fund financial statements. Bond discounts are presented as unamortized portion of bond issue costs; whereas, issuance costs are recorded as deferred charges.

**COMPENSATED ABSENCES**

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 DEBT**

Long-term debt is recorded on the balance sheet in the government-wide and proprietary fund financial statements, and 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 assets in the proprietary fund financial statements.

Long-term liabilities expected to be financed from governmental fund types are not recorded in the governmental fund 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.

**NATURE AND PURPOSE OF RESERVATIONS AND DESIGNATIONS OF FUND EQUITY**

The City records reserves to indicate that a portion of the fund balance/net assets is legally segregated for a specific use. Designations represent amounts designated by management that are not legally binding.

**NET ASSETS**

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

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 2 - DEPOSITS AND INVESTMENTS**

***Deposits***

***Custodial credit risk*** for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities 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 has no policy on custodial credit risk other than it complies with the State of Georgia requirements.

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

***Investments***

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

As of June 30, 2010, 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-Peoples Bank	N/A	365 day	\$ 2,037,186
<b><u>Business-type activities</u></b>			
Certificates of Deposit-Peoples Bank	N/A	365 day	12,381,626
Fidelity US Treasury Money Market	N/A	WAM	861,542
<b><u>Municipal Competitive Trust:</u></b>			
Intermediate Portfolio	N/A	10 year maximum	1,325,176
Intermediate Tax Restricted Portfolio	N/A	10 year maximum	<u>2,512,836</u>
<b>Total</b>			<b><u>\$ 19,118,366</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 assets 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.

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 2 - DEPOSITS AND INVESTMENTS - Continued**

***Investments - Continued***

***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. The City's \$861,542 investment in Fidelity US Treasury Money Market is an investment in money market funds. 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 Fidelity 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.

***Concentration of Credit Risk.*** The City places no limit on the amount that the City may invest in any one issuer. 4.5% % of the City's investments are in the Fidelity US Treasury Money Market. External investment pools are excluded from the concentration of credit risk requirement; therefore, the Municipal Competitive Trust is exempt from this requirement.

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

**NOTE 3 - TAX AND ACCOUNT RECEIVABLES**

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
<b>Current receivables:</b>			
<b>Property taxes</b>	\$ 1,237,126	\$ -	\$ 1,237,126
<b>Accounts</b>	-	2,300,263	2,300,263
<b>Other</b>	<u>174,464</u>	<u>-</u>	<u>174,464</u>
<b>Total current</b>	<u>1,411,590</u>	<u>2,300,263</u>	<u>3,711,853</u>
<b>Total receivables</b>	\$ <u>1,411,590</u>	\$ <u>2,300,263</u>	\$ <u>3,711,853</u>



**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**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. The majority of the receivable/payable is the result of General Fund payments of Enterprise Fund payroll costs and employee benefit costs in the current and prior years. The interfund receivable/payable amounts reported below are classified as long-term.

Interfund receivables and payables consisted of the following at June 30, 2010:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 26,445,560	\$ -
Enterprise Fund	<u>-</u>	<u>26,445,560</u>
<b>Total</b>	<b>\$ <u>26,445,560</u></b>	<b>\$ <u>26,445,560</u></b>

Interfund transactions consisted of the following for the year ending June 30, 2010:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>General Fund:</b>		
Enterprise Fund	\$ <u>14,177,173</u>	\$ <u>-</u>
<b>Debt Service Fund:</b>		
GOB 2002 Issue - Enterprise Fund	<u>-</u>	<u>2,141</u>
<b>Enterprise Fund:</b>		
General Fund	-	14,177,173
Debt Service Fund - GOB 2002 Issue	<u>2,141</u>	<u>-</u>
<b>Total Enterprise Fund</b>	<b><u>2,141</u></b>	<b><u>14,177,173</u></b>
<b>Totals</b>	<b>\$ <u>14,179,314</u></b>	<b>\$ <u>14,179,314</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 Enterprise Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfer of the remaining funds from the GOB 2002 Issue debt service funds to the Enterprise Fund was a one-time transfer to close the debt service fund upon fulfillment of the bond obligation.

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 5 - CAPITAL ASSETS**

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

	<u>Balance July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2010</u>
<b>GOVERNMENTAL ACTIVITIES:</b>				
<b>Not being depreciated:</b>				
Land	\$ 6,577,786	\$ 440,426	\$ -	\$ 7,018,212
Land - schools	1,914,262	-	-	1,914,262
Construction in progress	<u>203,062</u>	<u>2,073,622</u>	<u>-</u>	<u>2,276,684</u>
Subtotal	<u>8,695,110</u>	<u>2,514,048</u>	<u>-</u>	<u>11,209,158</u>
<b>Other capital assets:</b>				
Buildings and improvements	10,655,867	12,056	-	10,667,923
Equipment	199,137	94,539	-	293,676
Furniture and fixtures	639,349	-	-	639,349
Sidewalks	242,877	-	-	242,877
Streets	9,485,620	989,576	-	10,475,196
Streetscapes and hardscapes	4,365,768	-	-	4,365,768
Vehicles	<u>100,327</u>	<u>-</u>	<u>-</u>	<u>100,327</u>
Subtotal	<u>25,688,945</u>	<u>1,096,171</u>	<u>-</u>	<u>26,785,116</u>
<b>Accumulated depreciation:</b>				
Buildings and improvements	( 1,587,288)	( 354,467)	-	( 1,941,755)
Equipment	( 113,934)	( 14,995)	-	( 128,929)
Furniture and fixtures	( 235,272)	( 63,935)	-	( 299,207)
Sidewalks	( 55,565)	( 15,179)	-	( 70,744)
Streets	( 1,227,400)	( 474,280)	-	( 1,701,680)
Streetscapes and hardscapes	( 685,853)	( 218,289)	-	( 904,142)
Vehicles	<u>( 69,783)</u>	<u>( 11,753)</u>	<u>-</u>	<u>( 81,536)</u>
Subtotal	<u>( 3,975,095)</u>	<u>( 1,152,898)</u>	<u>-</u>	<u>( 5,127,993)</u>
Net other capital assets	<u>21,713,850</u>	<u>( 56,727)</u>	<u>-</u>	<u>21,657,123</u>
Total capital assets	\$ <u>30,408,960</u>	\$ <u>2,457,321</u>	\$ <u>-</u>	\$ <u>32,866,281</u>

Depreciation was charged to functions as follows:

**Governmental activities:**

General government	
Financial and administration	\$ 426,807
Public Safety	
Marshall	2,907
Public Services	
Highway and street	713,079
Building inspection	2,907
Maintenance	<u>7,198</u>

Total governmental activities depreciation expense      \$ 1,152,898

**CITY OF BUFORD, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 5 - CAPITAL ASSETS - Continued**

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

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
<b>BUSINESS-TYPE ACTIVITIES:</b>				
<b>Not being depreciated:</b>				
Land - gas	\$ 11,183	\$ -	\$ -	\$ 11,183
Land - sanitation	85,000	-	-	85,000
Land - water and waste water	106,480	-	-	106,480
Construction in progress	<u>2,361,583</u>	<u>778,764</u>	<u>-</u>	<u>3,140,347</u>
<b>Subtotal</b>	<u><b>2,564,246</b></u>	<u><b>778,764</b></u>	<u><b>-</b></u>	<u><b>3,343,010</b></u>
<b>Other capital assets:</b>				
Buildings - electric	3,728	-	-	3,728
Buildings - gas	6,006	-	-	6,006
Equipment - electric	123,135	-	-	123,135
Equipment - gas	193,995	-	-	193,995
Equipment - water and waste water	184,754	-	-	184,754
Furniture & fixtures - water and waste water	7,109	-	-	7,109
Utility plant - electric	17,637,698	287,789	-	17,925,487
Utility plant - gas	51,884,677	1,016,984	-	52,901,661
Utility plant - water and waste water	24,887,979	176,822	-	25,064,801
Vehicles - electric	305,666	-	-	305,666
Vehicles - gas	513,648	-	-	513,648
Vehicles - solid waste and recycling	315,999	-	-	315,999
Vehicles - water and waste water	<u>143,511</u>	<u>-</u>	<u>-</u>	<u>143,511</u>
<b>Subtotal</b>	<u><b>96,207,905</b></u>	<u><b>1,481,595</b></u>	<u><b>-</b></u>	<u><b>97,689,500</b></u>
<b>Accumulated depreciation:</b>				
Buildings - electric	( 3,728)	-	-	( 3,728)
Buildings - gas	( 6,006)	-	-	( 6,006)
Equipment - electric	( 113,703)	( 1,347)	-	( 115,050)
Equipment - gas	( 184,563)	( 1,347)	-	( 185,910)
Equipment - water and waste water	( 184,754)	-	-	( 184,754)
Furniture & fixtures - water and waste water	( 5,450)	( 711)	-	( 6,161)
Utility plant - electric	( 6,915,342)	( 889,079)	-	( 7,804,421)
Utility plant - gas	( 15,562,306)	( 2,083,792)	-	( 17,646,098)
Utility plant - water and waste water	( 10,659,170)	( 957,295)	-	( 11,616,465)
Vehicles - electric	( 184,489)	( 40,285)	-	( 224,774)
Vehicles - gas	( 419,025)	( 41,460)	-	( 460,485)
Vehicles - solid waste and recycling	( 235,989)	( 16,637)	-	( 252,626)
Vehicles - water and waste water	<u>( 137,114)</u>	<u>( 4,041)</u>	<u>-</u>	<u>( 141,155)</u>
<b>Subtotal</b>	<u><b>( 34,611,639)</b></u>	<u><b>( 4,035,994)</b></u>	<u><b>-</b></u>	<u><b>( 38,647,633)</b></u>
<b>Net other capital assets</b>	<u><b>61,596,266</b></u>	<u><b>( 2,554,399)</b></u>	<u><b>-</b></u>	<u><b>59,041,867</b></u>
<b>Net capital assets</b>	<u><b>\$ 64,160,512</b></u>	<u><b>\$ ( 1,775,635)</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 62,384,877</b></u>

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 5 - CAPITAL ASSETS - Continued**

Depreciation was charged to functions as follows:

**Business-type activities:**

Electric	\$ 930,713
Gas	2,126,598
Solid Waste and Recycling System	16,637
Waste Water	481,023
Water	<u>481,023</u>

**Total business-type activities depreciation expense** **\$ 4,035,994**

**NOTE 6 - LONG-TERM DEBT**

The following is a summary of changes in long-term debt for the year ended June 30, 2010:

<u>Type of Debt</u>	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2010</u>	<u>Amounts Due within One Year</u>
<b>Governmental activities:</b>					
Compensated absences	\$ <u>125,427</u>	\$ -	\$( <u>15,725</u> )	\$ <u>109,702</u>	\$ -
<b>Total general long-term debt</b>	<b>\$ <u>125,427</u></b>	<b>\$ -</b>	<b>\$( <u>15,725</u>)</b>	<b>\$ <u>109,702</u></b>	<b>\$ -</b>
<b>Business-type activities:</b>					
Revenue bonds payable	\$ 4,695,000	\$ -	\$( 220,000)	\$ 4,475,000	\$ 235,000
Notes payable	811,802	-	( 101,406)	710,396	106,382
Capital lease obligations	3,748,150	-	( 721,762)	3,026,388	697,180
Accrued landfill closure and postclosure care	1,173,069	-	( 106,386)	1,066,683	-
Compensated absences	<u>94,441</u>	<u>-</u>	<u>( 2,623)</u>	<u>91,818</u>	<u>-</u>
<b>Total proprietary fund debt</b>	<b>\$ <u>10,522,462</u></b>	<b>\$ -</b>	<b>\$( <u>1,152,177</u>)</b>	<b>\$ <u>9,370,285</u></b>	<b>\$ <u>1,038,562</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, 2010, the governmental long-term debt of the financial reporting entity 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 General Fund has been used to liquidate compensated absences from Governmental Activities in prior years.

**Noncurrent portion** **\$ 109,702**

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 6 - LONG-TERM DEBT - Continued**

**BUSINESS-TYPE ACTIVITIES:**

As of June 30, 2010, the long-term debt payable from proprietary fund resources consisted of the following:

**REVENUE BONDS PAYABLE**

On March 1, 1998, the City issued the 1998 Water and Sewerage System Revenue Bonds in the amount of \$5,800,000. The bonds bear interest at an average interest rate of 4.43%, payable semi-annually on January 1 and July 1. Principal payments on the bonds are due each July 1.

The \$5,800,000 proceeds of the 1998 Water and Sewerage System Revenue Bonds, along with \$28,632 of accrued interest on those bonds and \$168,668 from the Sinking Fund Account of the 1978 Water and Sewerage System Revenue Bonds, were used as follows:

- \$5,004,391 was deposited in the Construction Account to be used to pay for improvements and extensions of the City's Water and Sewerage System.
- \$529,033 was deposited in the Debt Service Reserve Account.
- \$82,800 was deposited into the Escrow account to be used to refund the remaining 1978 Water and Sewerage System Revenue Bonds.
- \$114,500 was deposited into the Sinking Fund Account.
- The remaining \$266,576 was used to pay issuance costs and other related costs.

As part of the bond ordinance for the 1998 series bonds, the City is required to make monthly cash transfers to the City of Buford Series 1998 Sinking Fund. The purpose of the sinking fund is to pay principal and interest as they become due. As of June 30, 2010, all required transfers have been made to the sinking fund.

Also, as part of the bond ordinance, the City has placed into effect a schedule of rates for the Water and Sewerage System and will revise them as necessary to provide net revenues (excluding bond interest expense, depreciation, amortization, and operating transfers): (1) equal to at least 110% of the debt service requirement for the then current sinking fund year, (2) sufficient to maintain the Debt Service Reserve Fund in an amount equal to at least the debt service reserve requirement, and (3) sufficient to make the payments then required to be made into the Renewal and Extension Fund. At June 30, 2010, the net revenues (excluding bond interest expense, depreciation, amortization, and operating transfers) of the Water and Sewerage System are sufficient to comply with these requirements.

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

Amount of original issue	\$ 5,800,000
Less: amount redeemed	<u>1,325,000</u>
Net amount outstanding June 30, 2010	4,475,000
Less: current maturities	<u>235,000</u>
Long-term maturities	\$ <u>4,240,000</u>

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 6 - LONG-TERM DEBT - Continued**

**NOTES PAYABLE**

On May 1, 2000 the City entered into a note payable with the Georgia Environmental Facilities Authority related to water system plant and improvements totaling \$1,541,682. Terms of the note called for 64 quarterly payments of \$34,649 through May 1, 2016. As of December 1, 2006, the payment method was changed to a monthly basis and the amount was amended to \$11,513 per month. The following is a summary of the maturity of the note payable and interest thereon:

Georgia Environmental Facilities Authority, 4.8% unsecured note, payable in monthly installments of \$11,513, including interest, through May 1, 2016.	\$ <u>710,396</u>
Total notes payable, June 30, 2010	710,396
Less: current maturities	<u>106,382</u>
Long-term maturities	\$ <u><u>604,014</u></u>

**CAPITAL LEASES**

The City has financed gas line extensions and system improvements to the City's Gas System under three capital lease agreements. In accordance with Financial Accounting Standards Board (FASB) Statement No. 23, the capital leases payable and the related assets have been recorded at the present value of the future minimum lease payments at the inception of the leases, which in these cases are \$3,005,000, \$1,755,000, and \$5,800,000. The following is a schedule of future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2010:

June 30, 2011	\$ 850,859
June 30, 2012	851,047
June 30, 2013	852,355
June 30, 2014	661,182
June 30, 2015	<u>188,498</u>
Total minimum lease payments	3,403,941
Amount representing interest	( <u>377,553</u> )
Present value of lease obligations for Enterprise Fund	3,026,388
Less: current maturities	<u>697,180</u>
Long-term maturities	\$ <u><u>2,329,208</u></u>

Gas line extensions and system improvements under capital leases in capital assets at June 30, 2010, include the following:

Utility plant - gas system	\$ 10,560,000
Less: accumulated depreciation	( <u>3,256,958</u> )
Total	\$ <u><u>7,303,042</u></u>

Total depreciation expense on these gas line extensions and improvements for the year ended June 30, 2010, was \$422,400. This depreciation is included in the total depreciation expense shown in note 5.

**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><u>91,818</u></u>
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**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 6 - LONG-TERM DEBT - Continued**

**ANNUAL DEBT SERVICE REQUIREMENTS**

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

**REVENUE BONDS PAYABLE**

	<b><u>Business-type Activities</u></b>		
<b><u>Year Ending June 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2011	\$ 235,000	\$ 221,367	\$ 456,367
2012	250,000	210,440	460,440
2013	260,000	198,565	458,565
2014	270,000	186,085	456,085
2015	285,000	172,970	457,970
2016-2020	1,870,000	621,163	2,491,163
2021-2022	<u>1,305,000</u>	<u>109,838</u>	<u>1,414,838</u>
Total	\$ <u>4,475,000</u>	\$ <u>1,720,428</u>	\$ <u>6,195,428</u>

**NOTES PAYABLE**

	<b><u>Business-type Activities</u></b>		
<b><u>Year Ending June 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2011	\$ 106,382	\$ 31,779	\$ 138,161
2012	111,602	26,559	138,161
2013	117,079	21,082	138,161
2014	122,824	15,337	138,161
2015	128,851	9,310	138,161
2016	<u>123,658</u>	<u>2,988</u>	<u>126,646</u>
Total	\$ <u>710,396</u>	\$ <u>107,055</u>	\$ <u>817,451</u>

**CAPITAL LEASES PAYABLE**

	<b><u>Business-type Activities</u></b>		
<b><u>Year Ending June 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2011	\$ 697,180	\$ 153,679	\$ 850,859
2012	735,706	115,341	851,047
2013	777,691	74,664	852,355
2014	629,512	31,669	661,181
2015	<u>186,299</u>	<u>2,200</u>	<u>188,499</u>
Total	\$ <u>3,026,388</u>	\$ <u>377,553</u>	\$ <u>3,403,941</u>

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 7 - RESTRICTED GOVERNMENT-WIDE ASSETS**

**Business-type activities**

Restricted assets are composed of the following at June 30, 2010:

	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
Municipal Competitive Trust	\$ -	\$ 3,838,012	\$ 3,838,012
Restricted for Customer Deposits	2,695,330	814,000	3,509,330
1998 Water & Sewerage Bond Debt Reserve Fund	-	514,358	514,358
1998 Water & Sewerage Bond Sinking Fund	<u>-</u>	<u>347,184</u>	<u>347,184</u>
Total	\$ <u>2,695,330</u>	\$ <u>5,513,554</u>	\$ <u>8,208,884</u>

**NOTE 8 - RESTRICTED FUND ASSETS**

**Enterprise Fund**

Restricted assets are composed of the following at June 30, 2010:

	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
Municipal Competitive Trust	\$ -	\$ 3,838,012	\$ 3,838,012
Restricted for Customer Deposits	2,695,330	814,000	3,509,330
1998 Water & Sewerage Bond Debt Reserve Fund	-	514,358	514,358
1998 Water & Sewerage Bond Sinking Fund	<u>-</u>	<u>347,184</u>	<u>347,184</u>
Total	\$ <u>2,695,330</u>	\$ <u>5,513,554</u>	\$ <u>8,208,884</u>

**NOTE 9 - LIABILITIES PAYABLE FROM GOVERNMENT-WIDE RESTRICTED ASSETS:**

**Business-type activities**

Liabilities payable from restricted assets are composed of the following at June 30, 2010:

Customer Deposits	\$ 3,509,330
Accrued Interest on 1998 Water and Sewer Revenue Bonds	110,684
Current Portion of 1998 Water and Sewer Revenue Bonds	<u>235,000</u>
Total	\$ <u>3,855,014</u>



**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 10 - LIABILITIES PAYABLE FROM FUND RESTRICTED ASSETS:**

**Enterprise Fund**

Liabilities payable from restricted assets are composed of the following at June 30, 2010:

Customer Deposits	\$ 3,509,330
Accrued Interest on 1998 Water and Sewer Revenue Bonds	110,684
Current Portion of 1998 Water and Sewer Revenue Bonds	<u>235,000</u>
Total	\$ <u>3,855,014</u>

**NOTE 11 - RESERVES**

The City maintains reserves in various governmental funds for specific purposes or as required by bond ordinances. The nature and purpose of these reserves is as follows:

**Governmental Funds**

A reserve of \$89,314 has been provided in the General Fund for assets that are reserved for prepaid items.

A reserve of \$419,852 has been provided in the General Fund for assets that are reserved for education.

A reserve of \$4,095,785 has been provided in the Capital Projects Fund for assets that are reserved for budgeted SPLOST funded projects.

A reserve of \$14,890 has been provided in the Hotel/Motel Tax Fund for assets that are reserved for uses as specified by state law for Hotel/Motel Taxes.

**NOTE 12 - RESTRICTED NET ASSETS**

**Governmental Activities**

Restricted net assets are comprised of the following at June 30, 2010:

Restricted for:

SPLOST projects	\$ 4,095,785
Education	419,852
Hotel/Motel Taxes	<u>14,890</u>
Total net assets restricted for governmental-type activities	\$ <u>4,530,527</u>

**Business-type Activities**

Restricted net assets are comprised of the following at June 30, 2010:

Restricted for:

Municipal Competitive Trust	\$ 3,838,012
Debt service	<u>515,858</u>
Total net assets restricted for business-type activities	\$ <u>4,353,870</u>

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 13 - PENSION PLAN**

**Plan Description**

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

**Significant Accounting Policies**

The City uses accounting policies consistent with recognition of liabilities and expenses in the Government-Wide and Governmental Fund financial statements as described in Note 1. Employer contributions are recognized in the period in which the contributions are due. The information is provided is available in actuarial valuations prepared as of January 1, 2010. The plan year runs from July 1 to June 30 annually.

**Funding Policy**

BRP members are not required and do not contribute to BRP. BRP is a noncontributory plan. The City is required to contribute at an actuarially determined rate; the rate was 13.12% of annual covered payroll for the plan year ending June 30, 2010. The rate is 12.11% of annual covered payroll for the plan year beginning July 1, 2010. The contribution requirements of the City are established and may be amended by the GMEBS Board of Trustees. The funding policy for the plan is to contribute an amount equal to the recommended contribution each year. The recommended contribution meets the guidelines of GASB Statement No. 27.

**Plan Changes**

The plan provisions valued and actuarial assumptions changes from the preceding valuation were as follows:

- ❖ Valuation date - the valuation date was changed from May 1 to January 1.
- ❖ Mortality assumption - the mortality table for healthy participants was changed from the 1983 Group Annuity Mortality Table without Margin to the sex-distinct RP-2000 Combined Mortality Table set forward two years in age for males and one year in age for females. The mortality table for disabled participants was changed from the 1944 Railroad Retirement Board Male Ultimate Disabled Mortality to the sex-distinct RP-2000 Disabled Retiree Mortality Table set forward two years in age for males and one year in age for females.
- ❖ Salary increase assumption - the salary increase assumption was changed from 5.50% each year to a table based on age and service.
- ❖ Net investment return assumption - the investment return assumption was changed from 8.00% to 7.75% per annum.
- ❖ Inflation assumption - the inflation assumption was changed from 5.00% to 3.50% per annum.
- ❖ Asset method - the asset method was changed to temporarily widen the corridor.

**Effect of Plan Changes on the Actuarial Accrued Liability**

There was no effect from the plan changes on the Actuarial Accrued Liability.

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 13 - PENSION PLAN - Continued**

**Effect of Plan Changes on Recommended Contributions**

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

**Method used to determine the Actuarial Value of Assets**

Sum of actuarial value at the beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 50% of market value for 2009, 44% of market value for 2010, 38% of market value for 2011, 32% of market value for 2012, 26% of market value for 2013, and 20% of market value for 2014 and later years.

**Annual Pension Cost**

For the plan year ending June 30, 2010, the annual pension cost (APC) of \$598,520 was equal to the required and actual contributions. For the plan year beginning July 1, 2010, the annual pension cost is \$593,556.

**APC TREND INFORMATION**

<u>Plan Year Beginning</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
05/01/06	\$197,248	100%	\$0
05/01/07	\$230,119	100%	\$0
05/01/08	\$275,972	100%	\$0
05/01/09	\$598,520	100%	\$0
07/01/10	\$593,556	N/A	N/A

The required contribution was determined as part of the January 1, 2010 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included the following:

- Investment rate of return 7.75% per year
- Projected salary increases 3.5% per year
- Cost of living adjustments 0.0% per year

The BRP's unfunded actuarial accrued liability is being amortized using the closed level dollar method over 30 years from 1982 (the original unfunded accrued liability) and changes in the unfunded actuarial accrued liabilities over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods from the end of the year in which such changes arise.

**Plan Membership as of January 1, 2010 actuarial valuation**

Retirees and beneficiaries receiving benefits	33
Terminated plan members entitled to, but not yet receiving benefits	13
Active plan members	<b>113</b>
Total	<b>159</b>

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 13 - PENSION PLAN - Continued**

**REQUIRED SUPPLEMENTARY INFORMATION**

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

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) – Entry Age (b)</b>	<b>Unfunded (Surplus) AAL (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>
05/01/04	\$3,878,988	\$3,857,632	\$( 21,356)	100.55%	\$3,211,544	00.00%
05/01/05	4,038,954	3,919,072	( 119,882)	103.06%	3,386,510	00.00%
05/01/06	4,230,728	4,160,053	( 70,675)	101.70%	3,581,837	00.00%
05/01/07	4,481,312	4,422,411	( 58,901)	101.33%	4,113,304	00.00%
05/01/08	4,756,582	4,888,293	131,711	97.31%	4,583,970	02.87%
05/01/09	3,330,796	6,181,956	2,851,160	53.88%	4,563,060	62.48%
01/01/10	4,326,615	6,665,538	2,338,923	64.91%	4,818,975	48.54%

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, 2010.

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

**Plan Description**

City employees participate in a postemployment benefit plan sponsored by the City (the "Plan"). GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* require that employers providing post employment benefits other than pensions record and disclose annual other post employment benefit (OPEB) cost and a net OPEB obligation in their financial statements and disclose other information about their OPEB plans, including the unfunded actuarial liability (UAAL).

The Plan allows employees to continue medical, prescription drug, dental and life insurance coverage beyond retirement, depending on whether the retiree had those coverages at the time they retire. Spouse benefits are the same as benefits for retirees except for life insurance. Benefits are payable to a spouse regardless of when the retiree dies. Retiree and spouse contribution rates are periodically reset by City ordinance. Membership in the Plan by City retirees is voluntary. The authority to establish and amend benefit provisions of the Plan rests with the City and is established by ordinance. The Plan does not issue separate financial statements. The City currently pays 100% of the premium. Employees eligible for the plan include the following:

**Elected officials:**

The official and their dependents are eligible for a period equal to their years of service.

**Appointed positions and department heads:**

The 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.

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 14 - POSTEMPLOYMENT BENEFITS OTHER THEN PENSIONS - OPEB - Continued**

**Plan Membership**

Current retirees, beneficiaries and dependents	15
Current active participants	110
Terminated participants entitled but not yet eligible	<u>0</u>
Total	<u>125</u>

**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, 2010, 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 \$420,024 for the year ended June 30, 2010 and a net OPEB obligation of \$338,714 based upon an actuarial valuation performed as of March 1, 2008 for the year ending June 30, 2010. This was recorded in the General Fund. The actuarial cost method was projected unit credit. The City's UAAL totaled \$3,993,207 as of March 1, 2008 for the year ended June 30, 2010, and will be included in annual cost over an amortization period of 25 years using the level dollar (closed) method. The OPEB obligation and UAAL were computed using an investment rate of return of 4.00, an inflation rate of 3.00%, a medical and drug cost trend rate of 9.00% graded to 5.00% over 8 years and a dental cost trend rate of 7.00% graded to 5.00% over 4 years.

**Annual OPEB COST AND NET OPEB OBLIGATION**

The City's first actuarial valuation was performed for the Plan as of March 31, 2008 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 annual OPEB cost of \$420,024 is reduced by the current year contributions in the amount of \$81,310. The City's annual OPEB cost, the percentage of annual cost contributed to the Plan, and the net OPEB obligation as of June 30, 2010 based on a pay-as-you-go 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	\$420,024	19.36%	\$338,714

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 14 - POSTEMPLOYMENT BENEFITS OTHER THEN PENSIONS - OPEB - Continued**

**REQUIRED SUPPLEMENTARY INFORMATION**

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	\$ 0	\$3,993,207	\$ 3,993,207	0%	\$4,668,009	85.54%

**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 06/30/10 (g)</b>
\$ 420,024 420,024	\$ 0 \$ 0	\$ 420,024 0	\$ 420,024	75,000 \$ 345,024 81,310	\$ 345,024 338,714	683,738

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 March 1, 2008.

**NOTE 15 - HOTEL/MOTEL LODGING TAX**

The City has levied a hotel/motel lodging tax. The amount of total tax collected in excess of a specified percentage, amounting to 40% is required to be expended for the promotion of tourism, conventions and trade shows in accordance with O.C.G.A. 48-13-51. A summary of the transactions in compliance with state law as calculated by the Department of Community Affairs Review Hotel Motel Tax Review Board for the year ending June 30, 2010 is as follows:

Total hotel/motel tax receipts collected as calculated by Review Board	\$ 90,147
Less: hotel/motel tax collected at a rate of 60% of total collections as calculated by Review Board	<u>54,088</u>
Hotel/motel tax collected at a rate of 40% to be expended for the promotion of tourism, conventions and trade shows as calculated by Review Board	36,059
Expenses for promotion of tourism, conventions and trade shows as calculated by Review Board	<u>23,362</u>
Hotel/motel tax funds to be expended for year ended June 30, 2010 per Review Board	12,697
Hotel/motel tax funds to be expended at June 30, 2009 per Review Board	<u>2,193</u>
Hotel/motel tax funds to be expended at June 30, 2010 per Review Board	<u>\$ 14,890</u>

The City expenditures in compliance with state law totaled 65% of the amounts collected for the year ending June 30, 2010. See the Schedule of Findings and Responses for status of Department of Community Affairs Hotel Motel Tax Review Board's review of noncompliance for fiscal years ending June 30, 2008 through June 30, 2010.

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 16 - EXCESS EXPENDITURES OR EXPENSES OVER APPROPRIATIONS**

The City had no excess expenditures or expenses over appropriations for the year ending June 30, 2010.

**NOTE 17 - DEFICIT FUND BALANCES/RETAINED EARNINGS**

There were no deficit fund balances/retained earnings at June 30, 2010.

**NOTE 18 - DEFERRED COMPENSATION PLAN**

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

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

**NOTE 19 - LITIGATION**

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

**NOTE 20 - COMMITMENTS AND CONTINGENT LIABILITIES**

The City has *Potential Liability under MEAG and MGAG 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 new 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 therefrom 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.

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 20 - COMMITMENTS AND CONTINGENT LIABILITIES - Continued**

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 \$82,337,331 as of June 30, 2010. 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.

**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 \$22,704,276 of as June 30, 2010. The contingent obligations of the City are general obligations of the City to which the City's full faith credit and taxing powers are pledged.

**NOTE 21 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses in these areas are all covered by commercial insurance. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**NOTE 22 - TRANSACTIONS WITH COMPONENT UNITS AND OTHER RELATED ENTITIES**

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

**General Fund**

Transfers and expenditures to City of Buford Board of Education	<u><b>\$17,000,000</b></u>
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**Agency Fund**

Amounts from SPLOST funds held in trust for the City of Buford Board of Education from the Agency Fund as of June 30, 2010 totaled \$1,078,769.

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, 2010 totaling \$6,195.



**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 23 - SPECIAL PURPOSE LOCAL OPTION SALES TAX PROGRAM**

The Gwinnett County Board of Commissioners approves execution of contractual agreements with the cities of the county in regards to SPLOST allocations. Subsequent to that approval, the City executes contracts with the County to receive those funds. The City's allocation is based upon a base amount, population and land area. Parks and Recreation allocations must be used for recreational facilities and Transportation allocations must be used for roads, streets, bridges, sidewalks or bicycle paths as defined by Official Code of Georgia Annotated Section 48-8-111(a)(1).

The SPLOST 2005 agreement with Gwinnett County funds projects in the amount of \$7,829,062. This included \$5,579,062 for roads, street and bridges, \$1,000,000 for recreational facilities, \$1,000,000 for administrative facilities, and \$250,000 for parking facilities.

The City has also reached an agreement with Rest Haven to expend their 2001 and 2005 SPLOST funds and has received \$90,874 for 2001 recreational facilities and \$546,785 for transportation facilities for a total of \$637,659.

The SPLOST 2009 agreement with Gwinnett County funds projects in the estimated amount of \$9,637,101. Estimated project budgets include \$5,960,000 for roads, street and bridges, \$1,677,101 for recreational facilities, and \$2,000,000 for water and sewer capital improvements.

Revenues related to SPLOST 2009 totaled \$1,702,901 from the Gwinnett County agreement and \$14,642 from the Hall County Agreement for a total of \$1,717,543 during the year ended June 30, 2010.

The following is a schedule of the activity relating to these projects for the year ending June 30, 2010:

Gross Special Sales Tax Received and Receivable	\$ <u>1,717,543</u>
Project Expenditures:	
SPLOST - Gwinnett 05 - roads, streets and bridges	635,793
SPLOST - Gwinnett 05 - paving	250,000
SPLOST - Rest Haven 01 - parks and recreation	<u>71,279</u>
Total project expenditures	<u>957,072</u>
Net (over) under expended for year ended June 30, 2010	\$ <u>760,471</u>

**NOTE 24 - SUBSEQUENT EVENTS**

On October 4, 2010 the City Commission adopted and approved a bond ordinance for the issuance and sale of "City of Buford Obligation Bonds, Series 2010" in the total 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 city facilities, including a multi-purpose facility to house and in furtherance of the following: (i) recreation and athletics, including but no 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 therefore, and paying expenses incident thereto the Project, including costs of issuing the Bonds.

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 25 - 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 Development Center ("RDC") is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RDC in Georgia. The RDC 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 an RDC. Separate financial statements may be obtained from Atlanta Regional Commission, 40 Courtland St, NE, Atlanta, GA 30303 or the Northeast Georgia Regional Development Center, 305 Research Drive, Athens, GA 30610.

**NOTE 26 - 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 27 - MUNICIPAL COMPETITIVE TRUST AGREEMENT**

The City has entered into a Municipal Competitive Trust (the "trust") agreement with the Municipal Electric Authority of Georgia ("MEAG"). The City purchases for resale, electric power from MEAG. The City is a beneficiary of the trust, and the City and MEAG may deposit monies in the trust. Monies are held by the trustee for the cities benefit on an individual participant basis, and are invested in investment securities. The City has recorded the assets in the Enterprise Fund. The trust was established in 1999 to accumulate funds to be utilized by MEAG participants to mitigate the high cost of power plants and the impact of possible deregulation of the electric industry in Georgia. It is comprised of the Flexible Operating, Reserve Funded Debt, and Credit Support Operating accounts. Related earnings on investments in those accounts are retained and accounted for as part of the trust. The Flexible Operating account is unrestricted and funds may be used by the City for any purposes. Monies in the Credit Support Operating account and the Reserved Funded Debt account may be withdrawn on or after December 31, 2018 and December 31, 2025, respectively if not otherwise expended by those dates. As of June 30, 2010, amounts in the accounts include \$6,686,360 in the Flexible Operating account, \$2,512,836 in the Reserve Funded Debt account and \$1,325,176 in the Credit Support Operating account.

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 28 - RESERVE FOR MUNICIPAL SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS**

An accrual has been recorded to account for the accrual of estimated closure and postclosure 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 Postclosure Care Costs"* establishes standards of accounting and financial reporting for municipal solid waste landfill ("MSWLF") closure and postclosure care costs that are required to be incurred by federal, state or local laws and/or regulations. The landfill is subject to the closure, postclosure 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, postclosure 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 postclosure. 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 recognition of the liability for closure and postclosure care requirements is based on 100% landfill capacity used to date as the landfill ceased accepting waste in 1986. All estimated closure and postclosure 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 postclosure 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 postclosure care costs.

**SUPPLEMENTARY INFORMATION REQUIRED BY GASB 34**

**CITY OF BUFORD, GEORGIA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2010**

	<b>Capital Projects Funds</b>	<b>Debt Service Funds</b>	<b>Hotel/Motel Tax Funds</b>	<b>Total Non-Major Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,011,438	\$ -	\$ -	\$ 4,011,438
SPLOST receivable	253,931	-	-	253,931
Due from other funds	<u>-</u>	<u>-</u>	<u>14,890</u>	<u>14,890</u>
<b>Total assets</b>	<b>\$ <u>4,265,369</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>14,890</u></b>	<b>\$ <u>4,280,259</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ <u>169,584</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>169,584</u>
<b>Total liabilities</b>	<b><u>169,584</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>169,584</u></b>
<b>FUND BALANCES</b>				
Unreserved	<u>4,095,785</u>	<u>-</u>	<u>14,890</u>	<u>4,110,675</u>
<b>Total fund balances</b>	<b><u>4,095,785</u></b>	<b><u>-</u></b>	<b><u>14,890</u></b>	<b><u>4,110,675</u></b>
<b>Total liabilities and fund balances</b>	<b>\$ <u>4,265,369</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>14,890</u></b>	<b>\$ <u>4,280,259</u></b>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2010**

	<b>Capital Projects Funds</b>	<b>Debt Service Funds</b>	<b>Hotel/Motel Tax Funds</b>	<b>Total Non-Major Governmental Funds</b>
<b>REVENUES</b>				
Taxes - sales and excise	\$ -	\$ -	\$ 36,059	\$ 36,059
Intergovernmental revenue	1,717,543	-	-	1,717,543
Investment income	<u>15,676</u>	<u>-</u>	<u>-</u>	<u>15,676</u>
Total revenues	<u>1,733,219</u>	<u>-</u>	<u>36,059</u>	<u>1,769,278</u>
<b>EXPENDITURES</b>				
Current operating:				
Public services:				
Highway and street	885,793	-	-	885,793
Culture and recreation	<u>71,279</u>	<u>-</u>	<u>23,362</u>	<u>94,641</u>
Total expenditures	<u>957,072</u>	<u>-</u>	<u>23,362</u>	<u>980,434</u>
Excess (deficiency) of revenues over (under) expenditures	<u>776,147</u>	<u>-</u>	<u>12,697</u>	<u>788,844</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>-</u>	<u>( 2,141)</u>	<u>-</u>	<u>( 2,141)</u>
Total other financing sources (uses)	<u>-</u>	<u>( 2,141)</u>	<u>-</u>	<u>( 2,141)</u>
Change in fund balances	776,147	( 2,141)	12,697	786,703
Fund balances at beginning of year	<u>3,319,638</u>	<u>2,141</u>	<u>2,193</u>	<u>3,323,972</u>
Fund balances at end of year	\$ <u>4,095,785</u>	\$ <u>-</u>	\$ <u>14,890</u>	\$ <u>4,110,675</u>

SEE INDEPENDENT AUDITORS' REPORT.

**REPORTS AND SCHEDULES REQUIRED BY  
GOVERNMENT AUDITING STANDARDS  
AND THE STATE OF GEORGIA**

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

**CERTIFIED PUBLIC ACCOUNTANTS**

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## **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 Board of Commissioners  
City of Buford, Georgia**

We have audited 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 year ended June 30, 2010, which collectively comprise the City of Buford, Georgia's basic financial statements and have issued our report thereon dated December 7, 2010. 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. We did not audit the financial statements of the City of Buford Board of Education, which represent 100% of the assets, fund balances, and revenues of discretely presented component units. Those financial statements were audited by other auditors whose report thereon 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 on the report of the other auditors.

### **Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected on a timely basis.

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



To the Board of Commissioners  
City of Buford, Georgia

**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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the Schedule of Findings and Responses as item 2010-1.

The City of Buford's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the City of Buford's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, and the City Board of Commissioners, and is not intended to be and should not be used by anyone other than these specified parties.

*Wilcox & Bivings, P.C.*

Suwanee, Georgia  
December 7, 2010

**CITY OF BUFORD, GEORGIA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2010**

**Finding 2010-1**

Prior year audits for the fiscal years ending June 30, 2008 and June 30, 2009 noted findings of noncompliance regarding the City's expenditures of hotel/motel tax revenues. While these findings were immaterial in relation to the financial statements of the City, the Georgia Department of Community Affairs Hotel Motel Tax Performance Review Board is required to conduct investigations of noncompliance issues and to submit written reports of its findings and recommendations to the Commissioner of the Department of Community Affairs. The Review Board performed a review of the City's compliance with hotel/motel laws for the fiscal years ending June 30, 2008 through June 30, 2010. This included a review of the City's hotel/motel tax ordinances, budget plans, contractual arrangements and related matters. The Review Board issued its Report of Findings on November 12, 2010 which contained the following findings:

**DCA Finding #1 - Tax Rate Increased Without Legal Authority:**

Title 48, Chapter 13, Section 51, of the Official Code of Georgia authorizes local governments to impose a hotel/motel (lodging) excise tax. Section 51 is comprised of 10 subsections, (a) through (j). Subsections (a) and (b) provide the various taxing options/authorizations. Each of these taxing authorizations is subject to very specific legal restrictions. One of these restrictions is that local governments can no longer change from their current authorization (irrespective of the rate) to a tax rate higher than five percent without the enactment of a local Act by the General Assembly. However, in December of 2009 the City adopted an ordinance amending the *City of Buford Code of Ordinances* to increase the City's hotel/motel tax rate from five percent to a seven percent rate as provided in O.C.G.A. 48-13-51(a) (4.5). The City passed, and is apparently enforcing, this ordinance in direct violation of State law. Without the enactment of a local Act of the General Assembly the City could not legally increase their tax rate. Additionally, even with such an Act, the legal requirements of subsection (b), instead of subsection (a), would apply.

- **DCA recommendation:** The City has notified the Review Board that it plans to adopt a resolution to facilitate the introduction of legislation authorizing an increase in the tax rate during the 2011 General Assembly. However, in the interim, the City has agreed to repeal the ordinance increasing the tax and notify the hotels that the tax levy will be five percent until this legislative authorization is in place.
- **The City has complied with this finding and taken corrective actions. On November 8, 2010 the City repealed its existing ordinance which levied taxes at a rate of 7%, and adopted a new ordinance providing for a 5% rate. Local hotels were notified of the rate change.**

**CITY OF BUFORD, GEORGIA  
SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2010**

**DCA Finding #2 - Contractual Arrangements Not In Accordance With State Law:**

The City of Buford occupies parts of both Gwinnett and Hall Counties. In January and May of 2010 the City entered into contracts with the Gwinnett Convention and Visitors Bureau and the Lake Lanier Convention and Visitors Bureau (in Hall County) respectively to provide tourism promotion services on behalf of the City within their Counties (contract amount determined by the hotel/motel tax revenues collected in each county). The contracts with both Visitors Bureaus state that the City will remit to the contractors 28.58% of the revenue collected within their respective counties to "promote tourism in the City of Buford" and 28.5% for the promotion of tourism, conventions, and trade shows, including without limitation, the operation of, maintenance and marketing of a conference center facility. The contracts further stipulate that half of this total amount (or 28.58%) to be remitted to the contractors is delegated to the City to be expended "...at the City's sole and absolute discretion in furtherance of the promotion of tourism and trade...".

While based strictly on the contract, it is unclear what the intent might be. However, further inquiry indicates that the amount delegated to the City is not being remitted to the Visitors Bureaus, but is being retained by the City to expend directly, apparently based on the assumption that the expenditure requirements of O.C.G.A 48-13-51 (a) (4.5) apply, and could be met in this manner. However, the City does not have the legal authority to either collect or expend the tax in accordance with this taxing authorization. Instead, the expenditure requirements of O.C.G.A 48-13-51 (a) (3) apply, which restricts 40% of the total amount collected for the promotion of tourism through a contract or contracts with eligible private sector nonprofit organizations. Therefore, the difference between the 28.58% actually being used by the Visitors Bureaus, and the 40% restricted for such purposes (11.5%) is not being expended in accordance with State Law.

- **DCA recommendation:** The City should revise its contracts with eligible nonprofit organizations to ensure that a minimum of 40% of the hotel/motel tax revenues are being expended through these entities for the purpose of promoting tourism, conventions and tradeshow on behalf of the City. There should be no provisions in the contracts directing the nonprofit organizations to accept and pay invoices for expenditures incurred by City personnel.
- **The City has complied with this finding and taken corrective actions. It now remits 40% of the amount collected at 5% directly to the Gwinnett Convention and Visitors Bureau and Lake Lanier Convention and Visitors Bureau.**

**DCA Finding #3 - Restricted Revenues Expended for Unallowable Purposes:**

Per the Review Board's report, the net balance of restricted hotel/motel tax revenues not expended for allowable purposes for the fiscal years ending June 30, 2008 through June 30, 2010 totaled \$14,890.

- **DCA Recommendation:** The City should implement appropriate policies and procedures to ensure that the restricted hotel/motel tax revenues be expended only for purposes that fall within the legal definition of promoting tourism, conventions, and tradeshow. Additionally, the City should transfer into the Hotel/Motel Tax Special Revenue Fund \$14,890 to replace those restricted funds expended for unallowable purposes.
- **The City plans to appeal this amount within the response time allowed. However, the City has recorded a receivable between the General Fund and the Hotel/Motel Tax Fund in the amount of \$14,890 in the audited financial statements for the fiscal year ending June 30, 2010. If necessary, this amount will be transferred into the Hotel/Motel Tax Fund during the fiscal year ending June 30, 2011 upon finalization of any appeal process.**

**CITY OF BUFORD, GEORGIA  
SCHEDULE OF PROJECTS CONSTRUCTED AND EXPENDITURES INCURRED  
WITH SPECIAL SALES TAX PROCEEDS  
FOR THE YEAR ENDED JUNE 30, 2010**

<b>PROJECT DESCRIPTION:</b>	<b>AMOUNT ESTIMATED FOR EACH PROJECT</b>	<b>AMOUNT EXPENDED IN PRIOR YEARS</b>	<b>AMOUNT EXPENDED IN CURRENT YEAR</b>	<b>ESTIMATED PERCENTAGE OF COMPLETION OF EACH PROJECT</b>
Rest Haven-SPLOST 01	90,874	-	71,279	78.44%
Roads, streets, bridges-SPLOST 05	5,579,062	4,800,263	635,793	97.44%
Recreational facilities-SPLOST 05	1,000,000	-	-	00.00%
Administrative facilities-SPLOST 05	1,000,000	1,000,000	-	100.00%
Parking facilities-SPLOST 05	250,000	-	250,000	100.00%
Rest Haven-SPLOST 05	546,785	-	-	00.00%
Roads, streets, bridges-SPLOST 09	5,960,000	-	-	00.00%
Recreational facilities-SPLOST 09	1,677,101	-	-	00.00%
Water & Sewer-SPLOST 09	<u>2,000,000</u>	<u>-</u>	<u>-</u>	00.00%
<b>Totals</b>	<b>\$ <u>18,103,822</u></b>	<b>\$ <u>5,800,263</u></b>	<b>\$ <u>957,072</u></b>	

Amounts estimated for each project are as follows:

	<b>AMOUNT ORIGINALLY ESTIMATED FOR EACH PROJECT</b>	<b>ADDITIONS (DELETIONS) TO PROJECT BUDGET</b>	<b>AMOUNT CURRENTLY ESTIMATED FOR EACH PROJECT</b>
Rest Haven-SPLOST 01	\$ -	\$ 90,874	\$ 90,874
Roads, streets, bridges-SPLOST 05	5,579,062	-	5,579,062
Recreational facilities-SPLOST 05	1,000,000	-	1,000,000
Administrative facilities-SPLOST 05	1,000,000	-	1,000,000
Parking facilities-SPLOST 05	250,000	-	250,000
Rest Haven-SPLOST 05	296,785	250,000	546,785
Roads, streets, bridges-SPLOST 09	5,960,000	-	5,960,000
Recreational facilities-SPLOST 09	1,677,101	-	1,677,101
Water & Sewer-SPLOST 09	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>
<b>Totals</b>	<b>\$ <u>17,762,948</u></b>	<b>\$ <u>340,874</u></b>	<b>\$ <u>18,103,822</u></b>