

**CITY OF BUFORD, GEORGIA**  
**AUDITED BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**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**

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Buford, Georgia (the "City") as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

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

### **AUDITOR'S RESPONSIBILITY**

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the Board of Commissioners  
City of Buford, Georgia

### **OPINIONS**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2013, and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

### **REQUIRED SUPPLEMENTARY INFORMATION**

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.

### **OTHER REPORTING REQUIRED BY GOVERNMENTAL AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2014, on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.

*Wilcox & Birings, P.C.*

Suwanee, Georgia  
January 9, 2014

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

**CITY OF BUFORD, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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Management of the City of Buford, Georgia (the "City") provides this Management Discussion and Analysis, as prescribed by the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). This narrative overview and analysis of the City's financial activities is for the fiscal year ending June 30, 2013. Please consider this information in conjunction with the City's financial statements, which follow.

**FINANCIAL HIGHLIGHTS**

- The assets of the City exceeded its liabilities at the close of the fiscal year ended June 30, 2013 by \$134,783,635 ("net position"). Of this amount, \$14,104,666 ("unrestricted net position") may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies as more fully described below. \$111,345,752 of net position consisted of investments in capital assets, net of related debt. The remainder of net position consisted of amounts restricted by law, contracts, donors or debt agreements, and totaled \$ 9,333,217.
- The City's total net position increased by \$1,860,805 in the fiscal year ended June 30, 2013.
- As of the close of the current fiscal year ended June 30, 2013, the City's governmental funds reported combined ending fund balances of \$9,695,435. Approximately 26.76% of this total amount, \$2,594,688 is available for use within the City's policies ("unassigned fund balances").
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,594,688 or 8.05% 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 basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplemental information in addition to the basic financial statements themselves.

**Government-wide financial statements**

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

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of net position presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as uncollected property taxes and earned and unused compensated absences.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues ("governmental activities") from functions that are intended to recover all or a significant portion of their costs through user fees and charges ("business-type activities"). The 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 Utilities Fund, which consists of the City's Gas, Electric, Solid Waste and Recycling, and Waste Water and Water systems operations, and the Buford Community Center, Town Park and Theatre.

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



## **OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED**

### **Fund financial statements**

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories - governmental funds, proprietary funds and fiduciary funds.

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains eight (8) governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and City of Buford 2009 SPLOST Fund, which are considered to be major funds. Data from the other eight (7) funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

### **Proprietary Funds**

The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its gas, electric, solid waste and recycling, wastewater and water operations (Utilities Fund) and to account for the operations of the Buford Community Center Fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Utilities Fund is considered a major fund of the City.

The basic proprietary funds financial statements can be found on pages 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 Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 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 to 57 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 58 to 61 of this reporting package.

**CITY OF BUFORD, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the City of Buford, assets exceeded liabilities by \$134,783,635 as of June 30, 2013.

The largest portion of the City's net position, totaling \$111,345,752 (82.61%) reflects its investments in capital assets (such as land, buildings and improvements, furniture, machinery and equipment, computer equipment, vehicles, utility systems and infrastructure); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, totaling \$9,333,217 (6.92%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$14,104,666 (10.47%) may be used to meet the government's ongoing obligations to citizens and creditors.

The governmental activities current and other assets decreased \$10,173,333, mainly due to the reduction in interfund receivables that were received and used to fund operations and completion of capital projects. Unrestricted net position decreased \$9,370,936, mainly due to completion of capital projects. The property tax rate decreased to 13.05 mills from 13.10. Revenues showed a slight decrease in total with most categories being stagnant due to the ongoing economic downturn

As of June 30, 2013 and June 30, 2012, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its governmental activities. The unrestricted net position of business-type activities show a positive balance of \$13,025,087 as of June 30, 2013, and a positive balance of \$9,971,844 as of June 30, 2012.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total - Primary Government</u>	
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>
Current and other assets	\$ 21,187,322	\$ 11,013,989	\$ 21,333,577	\$ 24,427,172	\$ 42,520,899	\$ 35,441,161
Capital assets	<u>57,250,355</u>	<u>60,239,300</u>	<u>60,869,035</u>	<u>59,033,270</u>	<u>118,119,390</u>	<u>119,272,570</u>
Total assets	<u>78,437,677</u>	<u>71,253,289</u>	<u>82,202,612</u>	<u>83,460,442</u>	<u>160,640,289</u>	<u>154,713,731</u>
Noncurrent liabilities	7,109,769	824,757	5,474,172	802,505	12,583,941	1,627,262
Other liabilities	<u>7,146,807</u>	<u>10,125,736</u>	<u>7,986,710</u>	<u>8,177,098</u>	<u>15,133,517</u>	<u>18,302,834</u>
Total liabilities	<u>14,256,576</u>	<u>10,950,493</u>	<u>13,460,882</u>	<u>8,979,603</u>	<u>27,717,458</u>	<u>19,930,096</u>
Net position:						
Invested in capital assets, net of related debt	48,081,019	52,312,482	55,387,637	59,033,270	103,468,656	111,345,752
Restricted	5,649,567	6,910,735	3,382,249	2,422,482	9,031,816	9,333,217
Unrestricted	<u>10,450,515</u>	<u>1,079,579</u>	<u>9,971,844</u>	<u>13,025,087</u>	<u>20,422,359</u>	<u>14,104,666</u>
Total net position	\$ <u>64,181,101</u>	\$ <u>60,302,796</u>	\$ <u>68,741,730</u>	\$ <u>74,480,839</u>	\$ <u>132,922,831</u>	\$ <u>134,783,635</u>

**CITY OF BUFORD, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS - CONTINUED**

**Analysis of the City's Operations**

The following table provides a summary of the City's operations for the year ended June 30, 2013 and June 30, 2012. Governmental activities decreased the City's net position by \$3,878,304 for the year ended June 30, 2013 and by \$11,454,454 for the year ended June 30, 2012. Business-type activities increased the City's net position by \$5,739,109 for the year ended June 30, 2013 and increased net position by \$11,574,945 for the year ended June 30, 2012.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total-Primary Government</u>	
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 2,323,995	\$ 2,104,543	\$ 48,795,917	\$ 54,000,074	\$ 51,119,912	\$ 56,104,617
Capital grants and Contributions	2,068,605	2,711,577	-	-	2,068,605	2,711,577
Operating grants	-	-	-	3,200	-	3,200
<b>General revenues:</b>						
Taxes	11,087,942	11,287,107	-	-	11,087,942	11,287,107
Franchise fees	868,879	821,713	-	-	868,879	821,713
Investment income	94,659	73,942	466,022	210,196	560,681	284,138
Miscellaneous	<u>119,593</u>	<u>106,868</u>	<u>1,728,958</u>	<u>1,894,797</u>	<u>1,848,551</u>	<u>2,001,665</u>
<b>Total revenues</b>	<b><u>16,563,673</u></b>	<b><u>17,105,750</u></b>	<b><u>50,990,897</u></b>	<b><u>56,108,267</u></b>	<b><u>67,554,570</u></b>	<b><u>73,214,017</u></b>
<b>Expenses:</b>						
General government	4,114,163	4,264,884	-	-	4,114,163	4,264,884
Public safety	154,911	219,866	-	-	154,911	219,866
Public services	5,681,436	5,675,960	-	-	5,681,436	5,675,960
Debt service	167,617	325,668	-	-	167,617	325,668
Intergovernmental - Board of Education	17,900,000	18,900,000	-	-	17,900,000	18,900,000
Gas system	-	-	17,627,826	18,908,906	17,627,826	18,908,906
Electric system	-	-	15,209,772	15,880,984	15,209,772	15,880,984
Solid waste and recycling	-	-	2,321,244	2,233,067	2,321,244	2,233,067
Wastewater system	-	-	2,376,642	2,342,139	2,376,642	2,342,139
Water system	-	-	1,615,655	1,648,017	1,615,655	1,648,017
Utilities Fund - Nondivisional	-	-	200,884	77,749	200,884	77,749
Community Center	-	-	<u>63,929</u>	<u>875,972</u>	<u>63,929</u>	<u>875,972</u>
<b>Total expenses</b>	<b><u>28,018,127</u></b>	<b><u>29,386,378</u></b>	<b><u>39,415,952</u></b>	<b><u>41,966,834</u></b>	<b><u>67,434,079</u></b>	<b><u>71,353,212</u></b>
<b>Increases (decreases) in net position before transfers</b>	<b>( 11,454,454)</b>	<b>( 12,280,628)</b>	<b>11,574,945</b>	<b>14,141,433</b>	<b>120,491</b>	<b>1,860,805</b>
<b>Transfers - internal</b>	<b>-</b>	<b><u>8,402,324</u></b>	<b>-</b>	<b>( 8,402,324)</b>	<b>-</b>	<b>-</b>
<b>Increases (decreases) in Net position</b>	<b>( 11,454,454)</b>	<b>( 3,878,304)</b>	<b>11,574,945</b>	<b>5,739,109</b>	<b>120,491</b>	<b>1,860,805</b>
<b>Net position - Beginning of year</b>	<b><u>75,635,554</u></b>	<b><u>64,181,100</u></b>	<b><u>57,166,785</u></b>	<b><u>68,741,730</u></b>	<b><u>132,802,339</u></b>	<b><u>132,922,830</u></b>
<b>Net position - End of year</b>	<b>\$ <u>64,181,100</u></b>	<b>\$ <u>60,302,796</u></b>	<b>\$ <u>68,741,730</u></b>	<b>\$ <u>74,480,839</u></b>	<b>\$ <u>132,922,830</u></b>	<b>\$ <u>134,783,635</u></b>

**CITY OF BUFORD, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

**Governmental funds**

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9,695,435. \$ (71.28%) of this total is restricted due to external limitations on its use. These uses include 1) capital projects funded by SPLOST funds (\$5,993,913), 2) debt service related to the 2010 GOB Bond (\$454,277), and 3) education purposes (\$462,544). \$190,013 (1.96%) of fund balances is considered unspendable because it has been used for prepaid items. \$2,594,688 (26.76%) constitutes unassigned fund balance.

The General Fund is the main operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,594,688, and total fund balance was \$3,247,245. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the fund's total operational expenditures. Unassigned fund balance represents 8.57% of total expenditures, while total fund balance represents 10.72% of that same amount.

The General Fund's fund balance decreased by \$8,147,951 during the current fiscal year. Key factors are as follows:

- Total revenues increased by \$226,858 (1.55%) Components of this increase were increases in property tax revenue (\$324,529), increases in sales and excise taxes (\$225,233), decreases in franchise fees (\$47,166), increases in charges for services (\$64,387), decreases in intergovernmental revenue (\$338,726), increases in investment income (\$11,326) and decreases in miscellaneous income (\$12,725).

The significant change in property taxes was due mainly due to increased property values and increased economic activity (\$324,529). Sales and excise taxes increased due to the new Gwinnett Title Ad Valorem Tax (\$211,323). The decrease in intergovernmental income was a result of the CDBG grant completed in the prior year (\$211,051) and the SDS payment from Gwinnett County in the prior year (\$283,783).

- Total expenditures decreased by \$4,949,036 (14.05%). Key components of this increase in expenditures were increases in financial and administration (\$815,770), increases in Public Safety - Marshall (\$93,997), decreases in Public Services - Highway and Street (\$853,503), decreases in Public Services - Building Inspection (\$52,850), decreases in Public Services - Culture and Recreation (\$5,922,216), decreases in Public Services - Maintenance (\$30,234), and increases in intergovernmental payments to the City of Buford Board of Education (\$1,000,000).

Significant changes in financial and administration included increases in land purchased (\$559,761), cemetery expansion (\$190,146), Gateway grant expenditures (\$148,338) and group insurance (\$75,575).

Significant changes in public services - marshall included increases in salaries (\$42,259) and purchase of a new vehicle (\$26,134), both related to hiring of Department of Public Safety employee.

Significant changes in public services - highway and street included decreases related to street paving (\$516,216), the Harris Street improvements (\$162,466), the Main Street Streetscape project (\$114,088), salaries (\$75,266), temporary employees (\$66,725), and general supplies and materials (\$65,665), due mainly to a decrease in number of major projects in 2013.

Significant changes in public services - culture and recreation included a decrease in expenditures for construction of the Buford Community Center, Town Park and Theatre (\$5,986,332).

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS - CONTINUED**

**Governmental funds - continued**

- Net other financing sources and uses increased by \$8,072,081. Other financing sources increased by \$9,213,688 mainly due to transfers from the Utilities Fund of \$8,914,126. Other financing uses for transfers to the 2010 GOB debt service fund increased by \$1,141,607, due to early principal retirement of the debt (\$746,764) and transfers to the Buford Community Center, Town Park, and Theatre (\$420,750).

**Proprietary funds**

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

Unrestricted net position of the proprietary funds had a balance of \$13,025,087, consisting of the Utilities Fund balance of \$13,290,499 and the Buford Community Center Fund of \$(265,412). The funds had a net position increase for the fiscal year totaling \$5,739,109, consisting of the Utilities Fund's increase of \$5,940,592 and the Buford Community Center fund's decrease of \$(201,483).

**General Fund Budgetary Highlights**

The City made revisions to the original budgeted expenditures as necessary during the year, as approved by the City Commission, including amending the budget in order to equal actual expenditures at the end of the fiscal year. Overall these changes resulted in a decrease from the original budgeted expenditures totaling \$2,733,556 (8.28%). Financial administration decreased \$649,920. Public Safety - Marshall increased \$85,500. Public Services - Highway and Street decreased \$369,944. Public Services - Building Inspection increased \$34,447. Public Services - Culture and Recreation decreased \$1,842,948. Public Services - Maintenance increased \$9,309. There was no change in intergovernmental expenditures for the City of Buford Board of Education. The changes were primarily due to the fact that expenditures in Highway and Street for LCI – Hill Street Improvements were lower than expected due to delays in the project and the expenditures in Culture and Recreation were higher due to higher costs than expected for the Buford Community Center, Town Park and Theatre.

**CAPITAL ASSETS**

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2013, amounts to \$119,272,570, 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 new Buford Community Center, Town Park and Theatre opened at a total cost of \$21,070,451 of which \$1,118,765 was expended in fiscal year 2013.
- The City added football fields for youth sports totaling \$2,223,887.
- The City added land for various governmental activities totaling \$998,087 and expanded the cemetery at a cost of \$190,145.
- The City added \$647,382 in streets and \$43,773 in sidewalks.
- The City added \$2,089,064 to its Gas System, \$183,038 to its Electric System and \$120,374 to its Water and Wastewater System for improvements and expansion of the systems. In addition, the solid waste and recycling department added \$43,516 in vehicles.
- Construction in process for various street and streetscape projects totaled \$1,118,765.

**CITY OF BUFORD, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**CAPITAL ASSETS - CONTINUED**

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total-Primary Government</u>	
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>
Land	\$ 10,289,509	\$ 11,477,741	\$ 202,663	\$ 202,663	\$ 10,492,172	\$ 11,680,404
Construction in progress	23,641,783	3,254,201	3,397,967	3,397,967	27,039,750	6,652,168
Utility system infrastructure	-	-	102,098,645	104,491,121	102,098,645	104,491,121
Buildings and improvements	10,680,239	31,750,690	9,734	9,734	10,689,973	31,760,424
City parks	2,200,000	4,423,887	-	-	2,200,000	4,423,887
Furniture and equipment	940,525	940,525	531,493	531,493	1,472,018	1,472,018
Sidewalks	242,877	286,650	-	-	242,877	286,650
Streets	12,365,253	13,012,635	-	-	12,365,253	13,012,635
Streetscapes & hardscapes	4,365,768	4,365,768	-	-	4,365,768	4,365,768
Vehicles	135,692	178,676	1,474,129	1,517,645	1,609,821	1,696,321
Accumulated depreciation	( 7,611,291)	( 9,451,473)	( 46,845,595)	( 51,117,353)	( 54,456,886)	( 60,568,826)
<b>Total</b>	<b>\$ 57,250,355</b>	<b>\$ 60,239,300</b>	<b>\$ 60,869,036</b>	<b>\$ 59,033,270</b>	<b>\$ 118,119,391</b>	<b>\$ 119,272,570</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 35-37 of this reporting package.

**DEBT ADMINISTRATION**

At the end of the current fiscal year, the City had \$14,833,502 in outstanding debt consisting of general obligation bonds.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total-Primary Government</u>	
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>
General obligation bonds	\$ 9,250,000	\$ 8,003,236	\$ -	\$ -	\$ 9,250,000	\$ 8,003,236
Revenue bonds	-	-	3,990,000	-	3,990,000	-
Capital lease obligations	-	-	1,593,502	-	1,593,502	-
<b>Total</b>	<b>\$ 9,250,000</b>	<b>\$ 8,003,236</b>	<b>\$ 5,583,502</b>	<b>\$ -</b>	<b>\$ 14,833,502</b>	<b>\$ 8,003,236</b>

The City's total debt (including compensated absences and other long-term operating liabilities) decreased by \$6,942,919 during the current fiscal year. Activity consisted of payments on the above debt totaling \$6,830,266, a decrease in accrued costs for landfill post closure costs of \$123,155, and an increase in accrued compensated absences of \$10,502. Additional information on the City's long-term debt can be found in note 6 on pages 37-39 of this reporting package.

**CITY OF BUFORD, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

The area's economy continues to show signs of improvement with small business activity beginning to occupy empty office and retail space. With a varied mix of manufacturing, retail, office and warehousing in the City, 2014 could bring the most economic growth that we have seen in the past 5 years. In fact, the third and fourth quarters saw the industrial and retail sectors increase in activity along with a steady demand for new housing in the City.

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.

South Hill Street Pedestrian Streetscape Facilities project, funded through the Atlanta Regional Commission Livable Centers Initiative program and the City, is expected to be completed in the Spring of 2014. Conceptual plan development for a similar project is underway for South Lee Street. Work continues with the Georgia Department of Transportation to widen Buford Highway to four lanes on the north side of the City.

The Buford Community Center hosted community concerts, theatre performances and a number of other events such as weddings, receptions and meetings this past year.

Parks and Recreation continues its programs at Buford Youth Sports Complex (BYSC) and the City gym. BYSC hosts youth football, lacrosse, soccer and other events. The City is working on conceptual plans for a new active park and recreation facility to be located on newly purchased property on Buford Highway.

**Fiscal Year 2014 Budget**

General Fund budgeted revenue and transfers in for the 2014 fiscal year total \$32,533,595. General Fund budgeted expenditures and transfers out for the 2014 fiscal year total \$29,267,500.

Budgeted revenues for the Utilities Fund for the 2014 fiscal year include \$1,774,000 for the Waste Water System, \$849,000 for the Water System, \$3,233,000 for Solid Waste and Recycling, \$17,610,000 for the Electric System, \$31,372,088 for the Gas System and \$700,000 for Nondivisional revenues for a total of \$55,538,088. Budgeted expenditures and transfers out for fiscal year 2014 include \$2,180,000 for the Waste Water System, \$1,228,000 for the Water System, \$2,312,500 for Solid Waste and Recycling, \$16,168,500 for the Electric System, \$19,128,722 for the Gas System, and \$17,025,000 for Nondivisional expenditures and transfers out for a total of \$58,042,722.

**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, 2013**

	<b>Primary Government</b>			<b>Component Unit 06/30/12 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	\$ 6,679,259	\$ 6,474,203	\$ 13,153,462	\$ 5,916,179
Investments	1,877,887	7,371,657	9,249,544	200,000
Receivables - net	879,355	2,675,067	3,554,422	1,959,359
Due from other governments	1,119,302	-	1,119,302	6,610,219
Internal balances	191,755	( 191,755)	-	-
Prepaid expenses	190,013	154,456	344,469	206,594
Inventories	-	-	-	35,281
Restricted cash and cash equivalents	-	4,636,715	4,636,715	-
Restricted investments	-	3,306,829	3,306,829	-
Unamortized portion of bond issue costs	76,418	-	76,418	-
Capital assets being depreciated - net	45,507,358	55,432,640	100,939,998	49,696,522
Capital assets not being depreciated	<u>14,731,942</u>	<u>3,600,630</u>	<u>18,332,572</u>	<u>145,000</u>
<b>Total assets</b>	<b>\$ <u>71,253,289</u></b>	<b>\$ <u>83,460,442</u></b>	<b>\$ <u>154,713,731</u></b>	<b>\$ <u>64,769,154</u></b>
<b>LIABILITIES</b>				
Accounts payable	\$ 163,989	\$ 2,457,563	\$ 2,621,552	\$ 1,094,144
Accrued interest	138,905	-	138,905	-
Other accrued liabilities	21,863	198,473	220,336	3,825,514
General obligation bonds payable due in less than one year	500,000	-	500,000	-
Capital lease obligations due in less than one year	-	-	-	181,315
Customer deposits	-	5,521,062	5,521,062	-
Long-term liabilities, due in more than one year:				
General obligation bonds payable	7,503,236	-	7,503,236	-
Capital lease obligations	-	-	-	181,315
Intergovernmental agreement	-	-	-	6,629,597
Accrued compensated absences	116,263	87,972	204,235	-
Net OPEB obligation	2,506,237	-	2,506,237	-
Accrued landfill closure and post-closure care costs	<u>-</u>	<u>714,533</u>	<u>714,533</u>	<u>-</u>
<b>Total liabilities</b>	<b><u>10,950,493</u></b>	<b><u>8,979,603</u></b>	<b><u>19,930,096</u></b>	<b><u>11,911,885</u></b>
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	52,312,482	59,033,270	111,345,752	43,211,924
Restricted for:				
Construction	5,993,914	-	5,993,914	742,183
Municipal Competitive Trust	-	2,422,482	2,422,482	-
Debt service	454,277	-	454,277	199,633
Other purposes	462,544	-	462,544	225,642
Unrestricted	<u>1,079,579</u>	<u>13,025,087</u>	<u>14,104,666</u>	<u>8,477,887</u>
<b>Total net position</b>	<b>\$ <u>60,302,796</u></b>	<b>\$ <u>74,480,839</u></b>	<b>\$ <u>134,783,635</u></b>	<b>\$ <u>52,857,269</u></b>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<b>Functions/Programs:</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary government</b>				
<b>Governmental activities:</b>				
<b>General government:</b>				
Financial and administration	\$ 4,264,884	\$ 1,755,938	\$ -	\$ -
<b>Public safety:</b>				
Marshall	219,866	-	-	-
<b>Public services:</b>				
Highway and street	3,428,331	43,590	-	2,711,577
Building inspection	217,189	202,698	-	-
Culture and recreation	1,385,074	102,317	-	-
Maintenance	645,366	-	-	-
Interest on long-term debt	325,668	-	-	-
<b>Intergovernmental:</b>				
Board of Education	<u>18,900,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total governmental activities</b>	<u>29,386,378</u>	<u>2,104,543</u>	<u>-</u>	<u>2,711,577</u>
<b>Business-type activities:</b>				
Gas system	18,908,906	30,532,586	-	-
Electric system	15,880,984	16,413,067	-	-
Solid waste and recycling	2,233,067	3,191,322	-	-
Wastewater system	2,342,139	1,755,649	-	-
Water system	1,648,017	842,163	-	-
Non-divisional utility	77,749	1,014,747	-	-
Community Center	<u>875,972</u>	<u>250,540</u>	<u>3,200</u>	<u>-</u>
<b>Total business-type activities</b>	<u>41,966,834</u>	<u>54,000,074</u>	<u>3,200</u>	<u>-</u>
<b>Total primary government</b>	<u>\$71,353,212</u>	<u>\$ 56,104,617</u>	<u>\$ 3,200</u>	<u>\$ 2,711,577</u>
<b>Component Unit</b>				
City of Buford Board of Education	<u>\$36,289,146</u>	<u>\$ 2,329,215</u>	<u>\$ 15,260,513</u>	<u>\$ 2,837,465</u>

**General revenues:**

**Taxes:**

    Property

    Sales and excise

    Franchise fees

    Investment income

    Miscellaneous

Transfers - internal activity

**Total general revenues and transfers**

**Change in net position**

**Net position at beginning of year**

**Net position at end of year**

Net (Expense) Revenue and Changes in Net Assets			Component Unit 06/30/12 City of Buford Board of Education
Primary Government			
Governmental Activities	Business-Type Activities	Total	
\$( 2,508,946)	\$ -	\$( 2,508,946)	\$ -
( 219,866)	-	( 219,866)	-
( 673,164)	-	( 673,164)	-
( 14,491)	-	( 14,491)	-
( 1,282,757)	-	( 1,282,757)	-
( 645,366)	-	( 645,366)	-
( 325,668)	-	( 325,668)	-
<u>( 18,900,000)</u>	<u>-</u>	<u>( 18,900,000)</u>	<u>-</u>
<u>( 24,570,258)</u>	<u>-</u>	<u>( 24,570,258)</u>	<u>-</u>
-	11,623,680	11,623,680	-
-	532,083	532,083	-
-	958,255	958,255	-
-	( 586,490)	( 586,490)	-
-	( 805,854)	( 805,854)	-
-	936,998	936,998	-
<u>-</u>	<u>( 622,232)</u>	<u>( 622,232)</u>	<u>-</u>
<u>-</u>	<u>12,036,440</u>	<u>12,036,440</u>	<u>-</u>
<u>\$( 24,570,258)</u>	<u>\$ 12,036,440</u>	<u>\$( 12,533,818)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$(15,861,953)</u>
\$ 10,178,799	\$ -	\$ 10,178,799	\$ 11,761,804
1,108,308	-	1,108,308	-
821,713	-	821,713	-
73,942	210,196	284,138	3,212
106,868	1,894,797	2,001,665	-
<u>8,402,324</u>	<u>( 8,402,324)</u>	<u>-</u>	<u>6,962,595</u>
<u>20,691,954</u>	<u>( 6,297,331)</u>	<u>14,394,623</u>	<u>18,727,611</u>
( 3,878,304)	5,739,109	1,860,805	2,865,658
<u>64,181,100</u>	<u>68,741,730</u>	<u>132,922,830</u>	<u>49,991,611</u>
<u>\$ 60,302,796</u>	<u>\$ 74,480,839</u>	<u>\$ 134,783,635</u>	<u>\$ 52,857,269</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	General Fund	COB 2009 SPLOST Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 339,270	\$ 4,508,537	\$ 1,831,452	\$ 6,679,259
Investments - certificates of deposits	1,877,887	-	-	1,877,887
Property taxes receivable - net	695,589	-	-	695,589
Sales and excise tax receivables	-	-	53,099	53,099
Other receivables	130,667	-	-	130,667
Due from other governments	733,715	256,373	129,214	1,119,302
Interfund balances	476,622	-	-	476,622
Prepaid items	<u>190,013</u>	<u>-</u>	<u>-</u>	<u>190,013</u>
<b>Total assets</b>	<b>\$ <u>4,443,763</u></b>	<b>\$ <u>4,764,910</u></b>	<b>\$ <u>2,013,765</u></b>	<b>\$ <u>11,222,438</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 118,371	\$ 20,779	\$ 24,839	\$ 163,989
Accrued expenses	21,863	-	-	21,863
Interfund balances	-	-	284,867	284,867
Deferred revenue	<u>1,056,284</u>	<u>-</u>	<u>-</u>	<u>1,056,284</u>
<b>Total liabilities</b>	<b><u>1,196,518</u></b>	<b><u>20,779</u></b>	<b><u>309,706</u></b>	<b><u>1,527,003</u></b>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid items	190,013	-	-	190,013
Restricted for:				
SPLOST construction projects	-	4,744,131	1,249,782	5,993,913
Debt service	-	-	454,277	454,277
Education	462,544	-	-	462,544
Unassigned	<u>2,594,688</u>	<u>-</u>	<u>-</u>	<u>2,594,688</u>
<b>Total fund balances</b>	<b><u>3,247,245</u></b>	<b><u>4,744,131</u></b>	<b><u>1,704,059</u></b>	<b><u>9,695,435</u></b>
<b>Total liabilities and fund balances</b>	<b>\$ <u>4,443,763</u></b>	<b>\$ <u>4,764,910</u></b>	<b>\$ <u>2,013,765</u></b>	<b>\$ <u>11,222,438</u></b>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
JUNE 30, 2013**

<b>Total fund balance - total governmental funds</b>	<b>\$ 9,695,435</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>60,239,300</b>
<b>Other long-term assets are not available to pay for current period expenditures, and therefore, are reported as deferred revenue (a liability) in governmental funds:</b>	
<b>Property tax revenue</b>	<b>1,056,284</b>
<b>Long term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported in fund liabilities. Interest on long-term debt is not accrued in governmental funds, but is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net assets.:</b>	
<b>General obligation bonds</b>	<b>( 8,003,236)</b>
<b>Less: deferred charges - general obligation bond issuance costs</b>	<b>76,418</b>
<b>Accrued interest payable</b>	<b>( 138,905)</b>
<b>Compensated absences</b>	<b>( 116,263)</b>
<b>OPEB obligation</b>	<b>( <u>2,506,237</u>)</b>
<b>Net position of governmental activities</b>	<b>\$ <u>60,302,796</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 FISCAL YEAR ENDED JUNE 30, 2013**

	General Fund	COB 2009 SPLOST Funds	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes - property	\$ 10,455,389	\$ -	\$ -	\$ 10,455,389
Taxes - sales and excise	915,985	-	192,323	1,108,308
Franchise fees	821,713	-	-	821,713
Charges for services	2,104,543	-	-	2,104,543
Intergovernmental revenue	411,103	1,678,135	622,339	2,711,577
Investment income	73,359	452	131	73,942
Miscellaneous	<u>106,868</u>	<u>-</u>	<u>-</u>	<u>106,868</u>
Total revenues	<u>14,888,960</u>	<u>1,678,587</u>	<u>814,793</u>	<u>17,382,340</u>
<b>EXPENDITURES</b>				
Current operating:				
General government:				
General financial and Administration	4,265,580	-	-	4,265,580
Public safety:				
Marshall	246,000	-	-	246,000
Public services:				
Highway and street	3,564,556	498,582	303,216	4,366,354
Building inspection	215,447	-	-	215,447
Culture and recreation	2,430,052	-	48,613	2,478,665
Maintenance	658,309	-	-	658,309
Intergovernmental:				
Buford Board of Education	18,900,000	-	-	18,900,000
Debt Service:				
Principal retirement	-	-	1,246,764	1,246,764
Interest and agent fees	<u>-</u>	<u>-</u>	<u>325,668</u>	<u>325,668</u>
Total expenditures	<u>30,279,944</u>	<u>498,582</u>	<u>1,924,261</u>	<u>32,702,787</u>
Excess (deficiency) of revenues over (under) expenditures	(15,390,984)	1,180,005	( 1,109,468)	( 15,320,447)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	9,213,688	-	1,549,906	10,763,594
Transfers out	( 1,970,655)	<u>-</u>	( 390,615)	( 2,361,270)
Total other financing sources (uses)	<u>7,243,033</u>	<u>-</u>	<u>1,159,291</u>	<u>8,402,324</u>
Change in fund balances	( 8,147,951)	1,180,005	49,823	( 6,918,123)
Fund balances at beginning of year	<u>11,395,196</u>	<u>3,564,126</u>	<u>1,654,236</u>	<u>16,613,558</u>
Fund balances at end of year	\$ <u>3,247,245</u>	\$ <u>4,744,131</u>	\$ <u>1,704,059</u>	\$ <u>9,695,435</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Net change in fund balances - total governmental funds** **\$( 6,918,123)**

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

**Governmental funds report capital outlays as expenditures. However, in the  
Government-wide statement of activities, the cost of those assets is allocated  
over their estimated useful lives as depreciation expense. This is the amount  
of capital asset additions recorded in the current period:** **4,829,127**

**Depreciation expense on capital assets is reported in the government-wide statement  
of activities, but does not require the use of current financial resources, therefore,  
depreciation expense is not reported as an expenditure in the governmental funds:** **( 1,840,182)**

**Revenues in the government-wide statement of activities that do not provide  
current financial resources are not reported as revenues in the funds. This  
is the increase (decrease) during the current year in deferred revenue that is  
earned but not collected:**

**Property tax revenue** **( 276,590)**

**The issuance of long-term debt (e.g. bonds) provides current financial resources  
to governmental funds while the repayment of the principal of long-term debt  
consumes current financial resources of governmental funds. Neither transaction,  
however, has any effect on net assets. Also, governmental funds report the effect  
of issuance cost, premiums, discounts, and similar items when debt is first issued,  
whereas the amounts are deferred and amortized in the government-wide statement  
of activities:**

**Principal payments on general obligation bonds** **1,246,764**  
**Amortization expense** **( 4,246)**

**Some expenses reported in the government-wide statement of activities do not  
require the use of current financial resources, and therefore, are not reported  
as expenditures in governmental funds:**

**Accrued interest** **( 138,905)**  
**Compensated absences** **( 13,203)**  
**OPEB liability** **( 762,946)**

**Change in net position of governmental activities** **\$( 3,878,304)**

**SEE NOTES TO BASIC FINANCIAL STATEMENTS.**

**CITY OF BUFORD, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<b>General Fund</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final budget</b>
	<b>Budget</b>	<b>Budget</b>		<b>Over</b>
				<b>(Under)</b>
<b>REVENUES</b>				
Taxes - property	\$ 9,652,500	\$ 9,652,500	\$ 10,455,389	\$ 802,889
Taxes - sales and excise	663,400	663,400	915,985	252,585
Franchise fees	905,000	905,000	821,713	( 83,287)
Charges for services	1,987,695	1,987,695	2,104,543	116,848
Intergovernmental	1,415,000	1,415,000	411,103	( 1,003,897)
Investment income	45,000	45,000	73,359	28,359
Miscellaneous	57,500	57,500	106,868	49,368
<b>Total revenues</b>	<b><u>14,726,095</u></b>	<b><u>14,726,095</u></b>	<b><u>14,888,960</u></b>	<b><u>162,865</u></b>
<b>EXPENDITURES</b>				
Current operating:				
General government:				
Financial and administration	4,915,500	4,265,580	4,265,580	-
Public safety:				
Marshall	160,500	246,000	246,000	-
Public services:				
Highway and street	3,934,500	3,564,556	3,564,556	-
Building inspection	181,000	215,447	215,447	-
Culture and recreation	4,273,000	2,430,052	2,430,052	-
Maintenance	649,000	658,309	658,309	-
Intergovernmental:				
Board of Education	18,900,000	18,900,000	18,900,000	-
<b>Total expenditures</b>	<b><u>33,013,500</u></b>	<b><u>30,279,944</u></b>	<b><u>30,279,944</u></b>	<b><u>-</u></b>
<b>Excess (deficiency) of revenues over</b>				
<b>(under) expenditures</b>	<b><u>(18,287,405)</u></b>	<b><u>(15,553,849)</u></b>	<b><u>(15,390,984)</u></b>	<b><u>162,865</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	22,760,000	22,760,000	9,213,688	( 13,546,312)
Transfers out	( 800,000)	( 1,970,655)	( 1,970,655)	-
<b>Net other financing sources (uses)</b>	<b><u>21,960,000</u></b>	<b><u>20,789,345</u></b>	<b><u>7,243,033</u></b>	<b><u>( 13,546,312)</u></b>
<b>Change in fund balance</b>	<b>3,672,595</b>	<b>5,235,496</b>	<b>( 8,147,951)</b>	<b>( 13,383,447)</b>
<b>Fund balance at beginning of year</b>	<b><u>11,395,196</u></b>	<b><u>11,395,196</u></b>	<b><u>11,395,196</u></b>	<b><u>-</u></b>
<b>Fund balance at end of year</b>	<b>\$ <u>15,067,791</u></b>	<b>\$ <u>16,630,692</u></b>	<b>\$ <u>3,247,245</u></b>	<b>\$ <u>( 13,383,447)</u></b>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.



**CITY OF BUFORD, GEORGIA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2013**

	Utilities Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 6,474,203	\$ -	\$ 6,474,203
Investments	7,371,657	-	7,371,657
Accounts receivable, net	2,673,974	1,093	2,675,067
Prepaid expenses	140,653	13,803	154,456
Interfund balances	<u>-</u>	<u>987</u>	<u>987</u>
Total current assets	<u>16,660,487</u>	<u>15,883</u>	<u>16,676,370</u>
Noncurrent assets:			
Restricted assets:			
Restricted cash and cash equivalents	4,636,715	-	4,636,715
Restricted investments	3,306,829	-	3,306,829
Capital assets - net	<u>59,033,270</u>	<u>-</u>	<u>59,033,270</u>
Total noncurrent assets	<u>66,976,814</u>	<u>-</u>	<u>66,976,814</u>
Total assets	\$ <u>83,637,301</u>	\$ <u>15,883</u>	\$ <u>83,653,184</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 2,372,131	\$ 85,432	\$ 2,457,563
Other accrued liabilities	<u>194,365</u>	<u>4,108</u>	<u>198,473</u>
Total current liabilities	<u>2,566,496</u>	<u>89,540</u>	<u>2,656,036</u>
Noncurrent liabilities:			
Customer deposits payable	5,521,062	-	5,521,062
Accrued compensated absences	87,972	-	87,972
Accrued landfill closure and post-closure care costs	714,533	-	714,533
Interfund balances	<u>987</u>	<u>191,755</u>	<u>192,742</u>
Total noncurrent liabilities	<u>6,324,554</u>	<u>191,755</u>	<u>6,516,309</u>
Total liabilities	<u>8,891,050</u>	<u>281,295</u>	<u>9,172,345</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	59,033,270	-	59,033,270
Unexpendable restricted net assets:			
Restricted for:			
Municipal Competitive Trust - Electric	2,422,482	-	2,422,482
Unrestricted	<u>13,290,499</u>	<u>( 265,412)</u>	<u>13,025,087</u>
Total net position	\$ <u>74,746,251</u>	\$ <u>( 265,412)</u>	\$ <u>74,480,839</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Utilities Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
<b>OPERATING REVENUES</b>			
Charges for services:			
Gas	\$ 30,532,586	\$ -	\$ 30,532,586
Electric	16,413,067	-	16,413,067
Solid waste and recycling	3,191,322	-	3,191,322
Wastewater	1,755,649	-	1,755,649
Water	842,163	-	842,163
Penalties	699,155	-	699,155
Service charges	315,592	-	315,592
Buford Community Center	<u>-</u>	<u>250,540</u>	<u>250,540</u>
Total charges for services	<u>53,749,534</u>	<u>250,540</u>	<u>54,000,074</u>
Miscellaneous:			
Refunds, reimbursements and rebates	1,760,351	-	1,760,351
Other	<u>134,446</u>	<u>3,200</u>	<u>137,646</u>
Total miscellaneous	<u>1,894,797</u>	<u>3,200</u>	<u>1,897,997</u>
Total operating revenues	<u>55,644,331</u>	<u>253,740</u>	<u>55,898,071</u>
<b>OPERATING EXPENSES</b>			
Utilities purchased for resale	26,719,843	-	26,719,843
Personal services	4,479,711	196,572	4,676,283
Depreciation	4,271,758	-	4,271,758
Contractual services	2,228,776	187,940	2,416,716
Materials and supplies	1,561,778	79,919	1,641,697
Utilities	598,711	114,792	713,503
Repairs and maintenance	608,925	62,247	671,172
Event expenses	-	226,558	226,558
Other operating	<u>333,231</u>	<u>7,944</u>	<u>341,175</u>
Total operating expenses	<u>40,802,733</u>	<u>875,972</u>	<u>41,678,705</u>
Income (loss) from operations	14,841,598	( 622,232)	14,219,366
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest and investment earnings	210,196	-	210,196
Interest expense	<u>( 288,129)</u>	<u>-</u>	<u>( 288,129)</u>
Total nonoperating revenues (expenses)	<u>( 77,933)</u>	<u>-</u>	<u>( 77,933)</u>
Income (loss) before transfers	14,763,665	( 622,232)	14,141,433
<b>TRANSFERS IN (OUT)</b>			
Transfers in	91,053	420,749	511,802
Transfers out	<u>( 8,914,126)</u>	<u>-</u>	<u>( 8,914,126)</u>
Total transfers in (out)	<u>( 8,823,073)</u>	<u>420,749</u>	<u>( 8,402,324)</u>
Change in net position	5,940,592	( 201,483)	5,739,109
Total net position at beginning of year	<u>68,805,659</u>	<u>( 63,929)</u>	<u>68,741,730</u>
Total net position at end of year	\$ <u>74,746,251</u>	\$( <u>265,412)</u>	\$ <u>74,480,839</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Utilities Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
<b><i>CASH FLOWS FROM OPERATING ACTIVITIES:</i></b>			
Cash received - customers	\$ 54,245,070	\$ 251,936	\$ 54,497,006
Cash received - other operating sources	1,894,797	3,200	1,897,997
Cash payments - suppliers for goods and services	( 31,732,481)	( 634,346)	( 32,366,827)
Cash payments - personal services	( 4,483,047)	( 196,158)	( 4,679,205)
Cash payments - other funds	( 8,311,109)	154,044	( 8,157,065)
Net cash provided (used) by operating activities	<u>11,613,230</u>	<u>( 421,324)</u>	<u>11,191,906</u>
<b><i>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</i></b>			
Transfers from other funds	91,053	420,749	511,802
Transfers to other funds	( 8,914,126)	-	( 8,914,126)
Net cash provided (used) by noncapital financing activities	<u>( 8,823,073)</u>	<u>420,749</u>	<u>( 8,402,324)</u>
<b><i>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</i></b>			
Purchases of capital assets	( 2,435,993)	-	( 2,435,993)
Principal paid on capital debt	( 5,481,399)	-	( 5,481,399)
Interest and fiscal charges paid on capital debt	( 288,129)	-	( 288,129)
Net cash provided (used) by capital and related financing activities	<u>( 8,205,521)</u>	<u>-</u>	<u>( 8,205,521)</u>
<b><i>CASH FLOWS FROM INVESTING ACTIVITIES:</i></b>			
Purchase and sales of investments, net	5,959,105	-	5,959,105
Income from cash and investments and other	210,196	-	210,196
Net cash provided (used) by investing activities	<u>6,169,301</u>	<u>-</u>	<u>6,169,301</u>
Increase (decrease) in cash and cash equivalents	753,937	( 575)	753,362
Cash and cash equivalents at beginning of year	<u>10,356,981</u>	<u>575</u>	<u>10,357,556</u>
Cash and cash equivalents at end of year	\$ <u>11,110,918</u>	\$ <u>-</u>	\$ <u>11,110,918</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA  
STATEMENT OF CASH FLOWS - CONTINUED  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Utilities Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
<b><i>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</i></b>			
Income (loss) from operations	\$ 14,932,651	\$( 622,232)	\$ 14,310,419
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:			
Cash flows reported in other categories:			
Depreciation	4,271,758	-	4,271,758
Change in assets and liabilities:			
Accounts receivable	( 227,109)	( 1,093)	( 228,202)
Prepaid expenses	( 2,371)	( 13,803)	( 16,174)
Accounts payable	520,246	58,127	578,373
Accrued compensated absences	( 2,701)	-	( 2,701)
Accrued landfill closure and post-closure care costs	( 123,155)	-	( 123,155)
Other accrued liabilities	( 76,572)	1,144	( 75,428)
Internal balances	( 8,311,109)	154,044	( 8,157,065)
Customer deposits	<u>722,645</u>	<u>2,489</u>	<u>725,134</u>
Net cash provided (used) by operating activities	\$ <u>11,704,283</u>	\$( <u>421,324</u> )	\$ <u>11,282,959</u>
<b><i>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET ASSETS:</i></b>			
Current assets - cash and cash equivalents	\$ 6,474,203	\$ -	\$ 6,474,203
Restricted assets - cash and cash equivalents	<u>4,636,715</u>	<u>-</u>	<u>4,636,715</u>
Total cash and cash equivalents at end of year	\$ <u>11,110,918</u>	\$ <u>-</u>	\$ <u>11,110,918</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2013**

	<u><b>Agency Fund</b></u>
<b>ASSETS</b>	
Cash and cash equivalents	<b>\$ <u>11,206,516</u></b>
<b>Total assets</b>	<b>\$ <u>11,206,516</u></b>
<b>NET POSITION</b>	
Held in trust - City of Buford Board of Education	<b>\$ <u>11,206,516</u></b>
<b>Total net position</b>	<b>\$ <u>11,206,516</u></b>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2013**

	<u><b>Agency Fund</b></u>
<b>ADDITIONS</b>	
SPLOST revenues	\$ <u><b>10,390,374</b></u>
<b>Total additions</b>	<u><b>10,390,374</b></u>
<b>DEDUCTIONS</b>	
City of Buford Board of Education disbursements	<u><b>204,225</b></u>
<b>Total deductions</b>	<u><b>204,225</b></u>
<b>CHANGE IN NET POSITION</b>	<u><b>10,186,149</b></u>
<b>Net position - beginning of year</b>	<u><b>1,020,367</b></u>
<b>Net position - end of year</b>	\$ <u><b>11,206,516</b></u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.



## **NOTES TO BASIC FINANCIAL STATEMENTS**



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

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

These financial statements are prepared in accordance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This Statement established financial reporting requirements for state and local governments throughout the United States and required new information and restructured much of the information that governments 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**

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.

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.

The amounts on the government-wide financial statements are from the BOE's audited financial statements for the year ending June 30, 2012, which was released on August 5, 2013 and are the latest available as of the date of our report.

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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**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, 2013 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 Position and a Statement of Activities and Changes in Net Position and report information on all of the activities of the City. The statements present summaries of governmental and business-type activities of the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all the City's assets and liabilities, including capital assets as well as infrastructure assets acquired after July 1, 1980 and long term liabilities, are included in the Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues of the City are reported in three categories: (1) charges for services, (2) operating grants and contributions, and (3) capital grants and contributions. Operating grants or contributions for the fiscal year ending June 30, 2013 totaled \$3,200. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

**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 funds:

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

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

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

**Special Revenue Fund**

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

***Hotel/Motel Tax Fund*** - used to account for receipt and allocation of the City's hotel/motel tax. Use of this tax is limited by law to promotion of tourism. The City hotel/motel tax rate for its three hotels was 7% during the fiscal year ending June 30, 2013.

**Debt Service Fund**

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

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

**BASIS OF PRESENTATION - CONTINUED**

**2010 General Obligation Bond Debt Service Fund**

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

**Capital Projects Funds**

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

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

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

**Hall County 2012 SPLOST Fund** - used to account for the construction and financing of projects funded by the Hall County 2012 SPLOST.

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

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

**Proprietary Funds Financial Statements**

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

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

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

The City has presented the following major proprietary fund:

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

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

**BASIS OF PRESENTATION - CONTINUED**

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

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

**Fiduciary Fund Financial Statements**

Fiduciary Fund Financial Statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. 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.

**BUDGETS AND BUDGETARY ACCOUNTING**

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

**Budgeting Policy**

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

**CASH, CASH EQUIVALENTS AND INVESTMENTS**

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

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDING JUNE 30, 2013**

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

**INTERFUND RECEIVABLES AND PAYABLES**

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

**TRANSACTIONS BETWEEN FUNDS**

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

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

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

**ACCOUNTS RECEIVABLE AND DEFERRED REVENUE**

Accounts receivable are recorded in the General, Special Revenue, Capital Project and Proprietary Funds. Receivables are stated at their net realizable value (face value less the allowance for uncollectible accounts). Delinquent taxes receivable are fully reserved by the deferral of the related revenues until payment is received. Utility revenue is recorded when earned. The accrual of earned, but unbilled receivables is made at year-end and included in the accompanying financial statements. The Enterprise Fund grants credit to utility customers, all of whom are located in North Georgia Counties. Allowances for doubtful accounts totaled \$422,558 for the General Fund and \$3,374,774 for the Enterprise Fund. No allowance was considered necessary for any receivables in the special revenue or capital project funds.

**PREPAID ITEMS**

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

**RESTRICTED CASH AND INVESTMENTS**

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

**INVENTORIES**

There are no inventories of supplies or materials recorded at June 30, 2013, 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.

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**PROPERTY TAX**

*Property Taxes* - City property tax revenues are recognized when levied to the extent that they result in current receivables. Receivables outstanding more than 60 days after the fiscal year-end are recorded as deferred revenue in governmental funds. Taxes were levied on August 6, 2012, 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 2012 tax digest was set at 13.05 mills.

**CAPITAL ASSETS**

Capital assets, which include property, plant and equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Capital assets utilized in the governmental funds are recorded as expenditures in the governmental fund financial statements. Depreciation expense is recorded in the government-wide financial statements and in the fund financial statements for proprietary funds. Repairs and maintenance are recorded as expenses and expenditures; renewal and betterments are capitalized. 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, 2013.

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.

**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 Utilities Fund for the year ended June 30, 2013 were \$288,129. Total interest costs charged to expense by the Utilities Fund for the year ended June 30, 2013 were \$288,129. Total interest costs capitalized by the Utilities Fund for the year ended June 30, 2013 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 funds financial statements. Bond discounts are presented as unamortized portion of bond issue costs; whereas, issuance costs are recorded as deferred charges.

**COMPENSATED ABSENCES**

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

**LONG-TERM DEBT**

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

Long-term liabilities expected to be financed from governmental fund types are not recorded in the governmental funds financial statements. Payments of principal and interest are recorded as expenditures on the statement of revenues, expenditures and changes in fund balance in the governmental funds financial statements.

**FUND EQUITY**

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

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

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



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

**FUND EQUITY - CONTINUED**

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

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

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

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

**Flow assumptions** - When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: Committed, then Assigned, and lastly, Unassigned.

**NET 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.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

**Deposits**

**Custodial credit risk** - 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's policy on custodial credit risk is to comply with the requirements of the State of Georgia.

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

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**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, 2013, the City had the following investments:

<u>Investment</u>	<u>Rating</u>	<u>Maturity</u>	<u>Fair Value</u>
<b><u>Primary Government</u></b>			
<b><u>Governmental activities</u></b>			
Certificates of Deposit	N/A	365 day	\$ 1,877,887
<b><u>Business-type activities</u></b>			
Certificates of Deposit	N/A	365 day	8,256,004
Municipal Competitive Trust:			
Intermediate Portfolio	N/A	10 year maximum	123,317
Intermediate Tax Restricted Portfolio	N/A	10 year maximum	<u>2,299,165</u>
<b>Total</b>			<b><u>\$ 12,556,373</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.

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

CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

**Investments - Continued**

**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. External investment pools are excluded from the concentration of credit risk requirement; therefore, the Municipal Competitive Trust is exempt from this requirement.

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

**NOTE 3 - TAX AND ACCOUNT RECEIVABLES**

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Current receivables:			
Property taxes	\$ 695,589	\$ -	\$ 695,589
Accounts	-	2,675,067	2,675,067
Other	<u>1,303,068</u>	<u>-</u>	<u>1,303,068</u>
Total current	<u>1,998,657</u>	<u>2,675,067</u>	<u>4,673,724</u>
Total receivables	\$ <u>1,998,657</u>	\$ <u>2,675,067</u>	\$ <u>4,673,724</u>

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

Interfund balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded, and payment between funds are made. 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 between the General and Enterprise funds below are classified as long-term, however, they are being paid as funds are available. All others are classified as short term.

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

Interfund receivables and payables consisted of the following at June 30, 2013:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<b><u>General Fund:</u></b>		
Hotel/Motel Tax Fund	\$ 284,867	\$ -
Buford Community Center Fund	<u>191,755</u>	<u>-</u>
Total General Fund	<u>476,622</u>	<u>-</u>
<b><u>Proprietary Fund:</u></b>		
Utility Fund - to Buford Civic Center Fund	<u>-</u>	<u>987</u>
<b><u>Non-Major Governmental Fund:</u></b>		
Hotel/Motel Tax Fund - from General Fund	<u>-</u>	<u>284,867</u>
<b><u>Non-Major Proprietary Fund:</u></b>		
Buford Civic Center Fund - from Utility Fund	987	-
Buford Civic Center Fund - to General Fund	<u>-</u>	<u>191,755</u>
Total Non-Major Proprietary Fund	<u>987</u>	<u>191,755</u>
<b>Total</b>	<b>\$ <u>477,609</u></b>	<b>\$ <u>477,609</u></b>

Interfund transactions consisted of the following for the year ending June 30, 2013:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b><u>General Fund:</u></b>		
Utility Fund	\$ 8,914,126	\$ -
Hotel/Motel Tax Fund	299,562	-
2010 GOB Debt Service Fund	-	1,549,906
Buford Civic Center Fund	<u>-</u>	<u>420,749</u>
Total General Fund	<u>9,213,688</u>	<u>1,970,655</u>
<b><u>Special Revenue Fund:</u></b>		
Hotel/Motel Tax Fund - to General Fund	<u>-</u>	<u>299,562</u>
Total Special Revenue Fund	<u>-</u>	<u>299,562</u>
<b><u>Debt Service Fund:</u></b>		
2010 GOB Debt Service Fund - from General Fund	<u>1,549,906</u>	<u>-</u>
Total Debt Service Fund	<u>1,549,906</u>	<u>-</u>
<b><u>Capital Projects Fund:</u></b>		
City of Buford 2005 SPLOST Fund	<u>-</u>	<u>91,053</u>
Total Capital Projects Fund	<u>-</u>	<u>91,053</u>
<b><u>Proprietary Fund:</u></b>		
Utility Fund - to General Fund	-	8,914,126
Utility Fund - from City of Buford 2005 SPLOST Fund	91,053	-
Buford Civic Center Fund - from General Fund	<u>420,749</u>	<u>-</u>
Total Proprietary Fund	<u>511,802</u>	<u>8,914,126</u>
<b>Totals</b>	<b>\$ <u>11,275,396</u></b>	<b>\$ <u>11,275,396</u></b>

**CITY OF BUFORD, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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. (c) Transfer funds to finance the debt service fund in fulfillment of the 2010 GOB bond obligations.

**NOTE 5 - CAPITAL ASSETS**

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

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
<b>GOVERNMENTAL ACTIVITIES:</b>				
<b>Not being depreciated:</b>				
Land	\$ 8,375,247	\$ 1,188,232	\$ -	\$ 9,563,479
Land - schools	1,914,262	-	-	1,914,262
Construction in progress	<u>23,641,783</u>	<u>1,118,765</u>	<u>( 21,506,347)</u>	<u>3,254,201</u>
Subtotal	<u>33,931,292</u>	<u>2,306,997</u>	<u>( 21,506,347)</u>	<u>14,731,942</u>
<b>Other capital assets:</b>				
Buildings and improvements	10,680,239	21,070,451	-	31,750,690
City parks	2,200,000	2,223,887	-	4,423,887
Equipment	301,176	-	-	301,176
Furniture and fixtures	639,349	-	-	639,349
Sidewalks	242,877	43,773	-	286,650
Streets	12,365,253	647,382	-	13,012,635
Streetscapes and hardscapes	4,365,768	-	-	4,365,768
Vehicles	<u>135,692</u>	<u>42,984</u>	<u>-</u>	<u>178,676</u>
Subtotal	<u>30,930,354</u>	<u>24,028,477</u>	<u>-</u>	<u>54,958,831</u>
<b>Accumulated depreciation:</b>				
Buildings and improvements	( 2,652,950)	( 707,182)	-	( 3,360,132)
City parks	-	( 176,955)	-	( 176,955)
Equipment	( 175,520)	( 22,512)	-	( 198,032)
Furniture and fixtures	( 427,077)	( 63,935)	-	( 491,012)
Sidewalks	( 101,104)	( 16,548)	-	( 117,652)
Streets	( 2,807,673)	( 625,385)	-	( 3,433,058)
Streetscapes and hardscapes	( 1,340,718)	( 218,288)	-	( 1,559,006)
Vehicles	<u>( 106,249)</u>	<u>( 9,377)</u>	<u>-</u>	<u>( 115,626)</u>
Subtotal	<u>( 7,611,291)</u>	<u>( 1,840,182)</u>	<u>-</u>	<u>( 9,451,473)</u>
Net other capital assets	<u>23,319,063</u>	<u>22,188,295</u>	<u>-</u>	<u>45,507,358</u>
Total capital assets	\$ <u>57,250,355</u>	\$ <u>24,495,292</u>	\$ <u>( 21,506,347)</u>	\$ <u>60,239,300</u>

**CITY OF BUFORD, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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**NOTE 5 - CAPITAL ASSETS - CONTINUED**

Depreciation was charged to functions as follows:

**Governmental activities:**

General government	
General administration	\$ 411,387
Public Safety	
Marshall	-
Public Services	
Highway and street	871,897
Building inspection	1,742
Culture and recreation	551,249
Maintenance	<u>3,907</u>

Total governmental activities depreciation expense \$ 1,840,182

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

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Not being depreciated:				
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>3,397,967</u>	<u>-</u>	<u>-</u>	<u>3,397,967</u>
Subtotal	<u>3,600,630</u>	<u>-</u>	<u>-</u>	<u>3,600,630</u>
Other capital assets:				
Buildings - electric	3,728	-	-	3,728
Buildings - gas	6,006	-	-	6,006
Equipment - electric	130,635	-	-	130,635
Equipment - gas	201,495	-	-	201,495
Equipment - water and waste water	192,254	-	-	192,254
Furniture & fixtures - water and waste water	7,109	-	-	7,109
Utility plant - electric	18,781,309	183,038	-	18,964,347
Utility plant - gas	56,472,412	2,089,064	-	58,561,476
Utility plant - water and waste water	26,844,924	120,374	-	26,965,298
Vehicles - electric	310,666	-	-	310,666
Vehicles - gas	634,747	-	-	634,747
Vehicles - solid waste and recycling	385,205	43,516	-	428,721
Vehicles - water and waste water	<u>143,511</u>	<u>-</u>	<u>-</u>	<u>143,511</u>
Subtotal	<u>104,114,001</u>	<u>2,435,992</u>	<u>-</u>	<u>106,549,993</u>

**CITY OF BUFORD, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 5 - CAPITAL ASSETS - CONTINUED**

**Accumulated depreciation:**

Buildings - electric	( 3,728)	-	-	( 3,728)
Buildings - gas	( 6,006)	-	-	( 6,006)
Equipment - electric	( 117,745)	( 2,098)	-	( 119,843)
Equipment - gas	( 188,604)	( 2,098)	-	( 190,702)
Equipment - water and waste water	( 184,754)	( 750)	-	( 185,504)
Furniture & fixtures - water and waste water	( 7,109)	-	-	( 7,109)
Utility plant - electric	( 9,610,654)	( 943,641)	-	( 10,554,295)
Utility plant - gas	( 21,895,584)	( 2,258,762)	-	( 24,154,346)
Utility plant - water and waste water	( 13,570,993)	( 1,008,760)	-	( 14,579,753)
Vehicles - electric	( 300,712)	( 5,954)	-	( 306,666)
Vehicles - gas	( 530,295)	( 29,769)	-	( 560,064)
Vehicles - solid waste and recycling	( 285,900)	( 19,926)	-	( 305,826)
Vehicles - water and waste water	( 143,511)	-	-	( 143,511)
<b>Subtotal</b>	<b>( 46,845,595)</b>	<b>( 4,271,758)</b>	<b>-</b>	<b>( 51,117,353)</b>
<b>Net other capital assets</b>	<b>57,268,406</b>	<b>( 1,835,766)</b>	<b>-</b>	<b>55,432,640</b>
<b>Net capital assets</b>	<b>\$ 60,869,036</b>	<b>\$( 1,835,766)</b>	<b>\$ -</b>	<b>\$ 59,033,270</b>

**Depreciation was charged to functions as follows:**

**Business-type activities:**

Electric	\$ 951,693
Gas	2,290,629
Solid Waste and Recycling System	19,926
Waste Water	504,755
Water	<u>504,755</u>

**Total business-type activities depreciation expense** \$ 4,271,758

**NOTE 6 - LONG-TERM DEBT**

The following is a summary of changes in long-term debt for the year ended June 30, 2013:

<b>Type of Debt</b>	<b>Balance July 1, 2012</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2013</b>	<b>Amounts Due within One Year</b>
<b>Governmental activities:</b>					
General Obligation Bonds	\$ 9,250,000	\$ -	\$(1,246,764)	\$ 8,003,236	\$ 500,000
Compensated absences	<u>103,060</u>	<u>13,203</u>	<u>-</u>	<u>116,263</u>	<u>-</u>
<b>Total general long-term debt</b>	<b>\$ 9,353,060</b>	<b>\$ 13,203</b>	<b>\$(1,246,764)</b>	<b>\$ 8,119,499</b>	<b>\$ 500,000</b>
<b>Business-type activities:</b>					
Revenue bonds payable	\$ 3,990,000	\$ -	\$( 3,990,000)	\$ -	\$ -
Capital lease obligations	1,593,502	-	( 1,593,502)	-	-
Accrued landfill closure and post closure care	837,688	-	( 123,155)	714,533	-
Compensated absences	<u>90,673</u>	<u>-</u>	<u>( 2,701)</u>	<u>87,972</u>	<u>-</u>
<b>Total proprietary fund debt</b>	<b>\$ 6,511,863</b>	<b>\$ -</b>	<b>\$( 5,709,358)</b>	<b>\$ 802,505</b>	<b>\$ -</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.

**CITY OF BUFORD, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**GOVERNMENTAL ACTIVITIES**

As of June 30, 2013, the governmental long-term debt of the financial reporting entity consisted of the following:

**GENERAL OBLIGATION BONDS PAYABLE**

**City of Buford General Obligation Bonds - 2010 Issue**

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

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

Amount of original issue	\$ 10,000,000
Less: amount redeemed	<u>1,996,764</u>
Net amount outstanding June 30, 2013 - total general obligation bonds payable	8,003,236
Less: current maturities	<u>500,000</u>
Long-term maturities	\$ <u>7,503,236</u>

**ANNUAL DEBT SERVICE REQUIREMENTS**

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2013, are as follows:

**GENERAL OBLIGATION BONDS PAYABLE**

<u>Governmental-type Activities</u>			
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 500,000	\$ 275,702	\$ 775,702
2015	500,000	258,238	758,238
2016	500,000	240,738	740,738
2017	500,000	223,238	723,238
2018	500,000	205,738	705,738
2019-2023	2,500,000	766,191	3,266,911
2024-2028	2,500,000	328,691	2,828,691
2029-2031	<u>503,236</u>	<u>13,295</u>	<u>516,531</u>
Total	\$ <u>8,003,236</u>	\$ <u>2,311,831</u>	\$ <u>10,315,067</u>

**COMPENSATED ABSENCES**

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

Noncurrent portion	\$ <u>116,263</u>
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**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**BUSINESS-TYPE ACTIVITIES:**

As of June 30, 2013, the long-term debt payable from proprietary fund resources consisted of the following:

**COMPENSATED ABSENCES**

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

Noncurrent portion	\$ <u>87,972</u>
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**NOTE 7 - RESTRICTED GOVERNMENT-WIDE ASSETS**

**Business-type activities**

Restricted assets are composed of the following at June 30, 2013:

	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
Municipal Competitive Trust	\$ -	\$ 2,422,482	\$ 2,422,482
Restricted for Customer Deposits	<u>4,636,715</u>	<u>884,347</u>	<u>5,521,062</u>
Total	\$ <u>4,636,715</u>	\$ <u>3,306,829</u>	\$ <u>7,943,544</u>

**NOTE 8 - RESTRICTED FUND ASSETS**

**Proprietary Funds**

Restricted assets are composed of the following at June 30, 2013:

	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
Municipal Competitive Trust	\$ -	\$ 2,422,482	\$ 2,422,482
Restricted for Customer Deposits	<u>4,636,715</u>	<u>884,347</u>	<u>5,521,062</u>
Total	\$ <u>4,636,715</u>	\$ <u>3,306,829</u>	\$ <u>7,943,544</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, 2013:

Customer Deposits	\$ <u>5,521,062</u>
Total	\$ <u>5,521,062</u>

CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

**Proprietary Funds**

Liabilities payable from restricted assets are composed of the following at June 30, 2013:

Customer Deposits	\$ <u>5,521,062</u>
Total	\$ <u>5,521,062</u>

**NOTE 11 - FUND BALANCE**

The City governmental fund balances are restricted for specific purposes or as required by bond ordinances or higher levels of governments. As of June 30, 2013, the restrictions are as follows:

**Governmental Funds**

**Nonspendable:**

Prepaid items	\$ 190,013
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**Restricted for:**

General Fund for education	462,544
Capital Projects Funds for assets that are reserved for SPLOST funded projects	5,993,913
Debt Service Funds for payment of 2010 General Obligation Bonds debt service	454,277

**NOTE 12 - RESTRICTED NET ASSETS**

**Governmental Activities**

Restricted net assets are comprised of the following at June 30, 2013:

Restricted for:

SPLOST projects	\$ 5,993,913
Education	462,544
2010 General Obligation Bond debt service	<u>454,277</u>

Total net assets restricted for governmental-type activities	\$ <u>6,910,734</u>
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**Business-type Activities**

Restricted net assets are comprised of the following at June 30, 2013:

Restricted for:

Municipal Competitive Trust	\$ 2,422,482
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**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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**NOTE 13 - PENSION PLAN**

**Plan Description**

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

**Eligibility Requirements**

**Employees:** with 30 or more hours a week: 1 year

**Officials:** no waiting period

**Normal Retirement Age**

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

**Officials:** 65 Or 60+30 (participant must be actively employed at the time 60+30 is satisfied in order to qualify)

**Early Retirement Age**

**Employees and officials:** 55 +10

**Benefit Formula**

**Employees:** 1.00% to 1.75%

**Officials Benefits**

\$76

**Vesting**

**Employees and officials:** 10 years

**Significant Accounting Policies**

The City uses accounting policies consistent with recognition of liabilities and expenses in the Government-Wide, Governmental Funds and Proprietary Funds financial statements as described in Note 1. Employer contributions are recognized in the period in which the contributions are due. The information provided is available in actuarial valuations prepared as of January 1, 2013 for the plan year beginning July 1, 2013. The plan year runs from July 1 to June 30 annually.

**NOTE 13 - PENSION PLAN - CONTINUED**

**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 13.79% of annual covered payroll for the plan year ending June 30, 2013. The rate was 12.56% of annual covered payroll for the plan year ending June 30, 2012. 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**

There were no changes in plan provisions, methods or actuarial assumptions at January 1, 2013.

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

As there were no plan changes, there was no effect from any plan changes on the Actuarial Accrued Liability.

**Effect of Plan Changes on Recommended Contributions**

As there were no plan changes, there was no effect from any plan changes on the recommended contribution.

**Annual Pension Cost**

For the plan year ending June 30, 2013, the annual pension cost (APC) of \$734,655 was equal to the required and actual contributions. For the plan year ending June 30, 2012, the annual pension cost is \$682,696.

**Funding Status and Funding Progress**

As Of January 1, 2013, the most recent valuation date, the actuarial value of plan assets was \$5,890,062, the actuarial accrued liability for benefits was \$8,617,483, and the actuarial value of assets as a percentage of that actuarial accrued liability was 68.35% (funded ration). The unfunded actuarial accrued liability was \$2,727,421. The covered payroll (annual payroll of active employees covered in the plan) was \$5,236,165, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 52.09%.

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, 2013.

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

**Methods and Assumptions**

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

**Actuarial Cost Method:**

Projected unit credit

CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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**NOTE 13 - PENSION PLAN - CONTINUED**

**Methods and Assumptions - Continued**

**Amortization Method:**

Closed level dollar method for remaining unfunded liability

**Remaining Amortization Period:**

Varies for the bases, with a net effective amortization period of 10 years

**Asset Valuation Method**

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

**Actuarial Assumptions**

Net investment rate of return	7.75% per year
Projected salary increases	3.50% per year Plus age and service based merit increases
Inflation rate	3.50% per year
Cost of living adjustments	0.00% per year

**Plan Membership as of January 1, 2013 actuarial valuation**

Retirees and beneficiaries receiving benefits	39
Terminated plan members entitled to, but not yet receiving benefits	14
Active plan members	103
Active elected officials	<u>1</u>
<b>Total</b>	<b><u>157</u></b>

**Trend information**

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

**APC TREND INFORMATION**

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

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

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

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

**Summary of Significant Accounting Policies**

The City uses accounting policies consistent with recognition of liabilities and expenses in the Government-Wide financial statements as described in Note 1 and with GASB Statements No. 43 and 45. The City has chosen the pay-as-you-go method of funding the Plan, and as of June 30, 2013, 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 \$762,946 for the year ended June 30, 2013 and a net OPEB obligation of \$2,506,237 based upon an actuarial valuation performed as of January 1, 2012 for the year ending June 30, 2013. This was recorded in the General Fund.

**Annual OPEB Cost and Net OPEB Obligation**

The City's latest actuarial valuation was performed for the Plan as of January 1, 2012 to determine the funded status of the Plan as of that date as well as the employer's annual required contribution (ARC) for the period according to the parameters of GASB 45. The ARC is the amount calculated to determine the annual cost of the Plan for accounting purposes *as if* the Plan were being funded through contributions to a trust fund. The GASB standards do not require that the contributions actually be made to a trust fund. The ARC is used to measure annual plan costs on an accrual basis. The calculation represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 25 years. The City's recorded annual OPEB cost includes the annual required contribution of \$946,388 plus interest of \$69,732, reduced by the current year contributions in the amount of \$144,115 and the ARC adjustments of \$109,059 for a net total of \$762,946.

**CITY OF BUFORD, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

The City's annual OPEB cost, the percentage of annual cost contributed to the Plan, and the net OPEB obligation as of June 30, 2013 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	411,601	19.75%	675,315
06/30/11	402,395	28.21%	964,189
06/30/12	919,428	15.26%	1,743,291
06/30/13	907,061	15.89%	2,506,237

<u>Annual Required Contribution (a)</u>	<u>Interest on Existing NOO (b)</u>	<u>ARC Adjustment (c)</u>	<u>Annual OPEB Cost (a+b+c) (d)</u>	<u>Actual Contribution Amount (e)</u>	<u>Net Increase In NOO (d-e) (f)</u>	<u>NOO as of 06/30/13 (g)</u>
420,024	\$ 0	\$ 0	\$ 420,024	\$ 75,000	\$ 345,024	\$ 345,024
420,024	13,801	( 22,224)	411,601	81,310	330,291	675,315
420,024	27,013	( 44,642)	402,395	113,521	288,874	964,189
946,388	38,568	( 65,528)	919,428	140,326	779,102	1,743,291
946,388	69,732	( 109,059)	907,061	144,115	762,946	2,506,237

**Funding Status and Funding Progress**

As of January 1, 2012, the most recent valuation date, the actuarial accrued liability for benefits was \$8,711,905, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$5,250,809, and the ratio of the unfunded actuarial liability to the covered payroll was 165.92%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2012.

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

**Methods and Assumptions**

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

**Actuarial Cost Method:**

Projected unit credit

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**Amortization Method:**

Level dollar closed, 25 years

**Remaining Amortization Period:**

22 years as of July 11, 2011

**Asset Valuation Method**

Market value

**Actuarial Assumptions**

Net investment rate of return	4.00% per year
Inflation rate	3.50% per year
Cost of living adjustments	0.00% per year
Medical and drug cost trend rate	9.00% graded to 5% over 8 years
Dental cost trend rate	5.00%

**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 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 for the year ending June 30, 2013 is as follows:

Total hotel/motel tax receipts collected at 7%	170,147
Less: 57.14% of hotel/motel tax collected @ 7%	( 97,222)
Tax collected to be expended for the promotion of tourism, conventions and trade shows	72,925
Expenditures for promotion of tourism, conventions and trade shows	( 85,807)
Collections over (under) expenditures for year ended June 30, 2013	( 12,882)
Hotel/motel tax funds to be expended for year ended June 30, 2012	<u>12,882</u>
Hotel/motel tax funds to be expended at June 30, 2013	\$ <u>-</u>

The City expenditures in compliance with state law totaled 100% of the amounts collected for the year ending June 30, 2013

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

The City had no excess expenditures or expenses over appropriations for the year ending June 30, 2013.

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

The Buford Community Center Fund had a deficit in retained earnings at June 30, 2013 totaling \$265,412.



**NOTE 18 - DEFERRED COMPENSATION PLAN**

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

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

**NOTE 19 - LITIGATION**

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

**NOTE 20 - COMMITMENTS AND CONTINGENT LIABILITIES**

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

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

Under the terms of its Power Sales Contracts with MEAG, the City is obligated to take from MEAG, and MEAG is obligated to provide, all electric power and energy required by the City in excess of the amount received by the City as an allotment from federally owned projects through the Southeastern Power Administration ("SEPA"). Effective October 1, 1996, the City entered into a 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 there from is interrupted, interfered with, curtailed or terminated in whole or in part. In addition, the City may be obligated to purchase additional power, subject to contractual limitations, in the event other MEAG participants default.

MEAG has issued bonds for the purpose of providing power generation and transmission and telecommunication facilities. The City is contingently liable for their pro rata share of the bonds as a power purchase cost until they are retired. The City's contingent contractual obligation varies by individual MEAG project and totals approximately \$83,948,567 as of June 30, 2013. 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.

CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

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

**Gas System.** The City has entered into the Gas Supply Contract and certain Supplemental Gas Supply Contracts with the Municipal Gas Authority of Georgia ("MGAG") under which the City buys natural gas for resale to its customers. Under such contracts with MGAG, the City is obligated to take from MGAG, and MGAG is obligated to provide, all of the City's natural gas requirements. The price paid by the City to MGAG under its contracts is intended to cover the City's share of all the costs of MGAG, including scheduled debt service of MGAG. Such payments are required to be made by the City whether or not MGAG's facilities or natural gas properties or any part thereof are operating or operable or the output there from is interrupted, interfered with, curtailed or terminated in whole or in part, or whether or not any of its natural gas suppliers or transporters defaults in its obligations under its gas supply or transportation contracts with MGAG. To the extent the required payments are not made from the revenues of the System or other funds, the City is required to include in its general revenue or appropriation measure or annual tax levy amounts sufficient to make such payments. The City is contingently liable for its pro-rata share of MGAG's debt in the amount of \$19,899,789 of as June 30, 2013. 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**

For the year ended June 30, 2013, 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	<b><u>\$18,900,000</u></b>
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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, 2013 totaled \$11,206,516.

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, 2013 totaling \$6,195.

**CITY OF BUFORD, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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**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 originally funded projects in the estimated 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 estimated amounts have been amended to \$6,117,944 for roads, streets and bridges, \$1,000,000 for recreational facilities, \$1,000,000 for administrative facilities and \$250,000 for parking facilities for a total of \$8,367,944. The SPLOST 2009 agreement with Gwinnett County originally funded 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. The estimated amounts have been amended to \$4,824,094 for roads, streets and bridges, \$1,357,465 for recreational facilities and \$1,618,824 for water and sewer capital improvements for a total of \$7,800,383. The City has reached an agreement with the City of Rest Haven to expend their 2001 and 2005 SPLOST funds and has received \$90,874 for 2001 recreational facilities and \$546,785 for 2005 roads, streets and bridges for a total of \$637,659. The City has reached an agreement with Hall County to expend their 2009 and 2012 SPLOST funds for roads, streets and bridges and has received \$57,210 for Hall County 2009 SPLOST and \$606,667 for 2012 Hall County SPLOST to date.

On August 13, 2013 the City signed the "Intergovernmental Agreement for Use and Distribution of Proceeds Generated by the 2013 Special Purpose Local Option Sales Tax Referendum". This agreement concerns the distribution of proceeds for the April 1, 2014 through March 31, 2017 Special Purpose Local Option Sales Tax ("SPLOST") for Gwinnett County. The City's Estimated total is \$5,960,995, of which \$4,172,696 is allocated to recreational facilities and equipment and \$1,788,299 is allocated to transportation (roads, streets, bridges, drainage, sidewalks and related facilities and equipment).

There were no revenues related to the SPLOST 2005 Gwinnett County Agreement, the Rest Haven 2001 SPLOST or the Rest Haven 2005 SPLOST for the year ended June 30, 2013. Revenues related to SPLOST 2009 totaled \$1,678,135 from the Gwinnett County agreement and \$15,672 from the Hall County Agreement. Revenues related to SPLOST 2012 for the Hall County agreement totaled \$606,667. SPLOST revenues from all sources totaled \$2,300,474 during the year ended June 30, 2013. The following is a schedule of the activity relating to these projects for the year ending June 30, 2013:

Gross Special Sales Tax Received and Receivable	\$ <u>2,300,474</u>
Project Expenditures:	
SPLOST - Gwinnett 2005 - Roads, streets and bridges	303,216
SPLOST - Gwinnett 2009 - Roads, streets and bridges	<u>498,582</u>
Total project expenditures	<u>801,798</u>
Net (over) under expended for year ended June 30, 2013	\$ <u>1,498,676</u>

**NOTE 24 - JOINT VENTURE**

Under Georgia law, the City, in conjunction with other cities and counties in the 10 county metro Atlanta area, is a member of the Atlanta Regional Commission ("ARC"). The City pays no annual dues to ARC. Membership in a Regional Commission ("RC") is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of an RC in Georgia. The ARC Board membership includes each county commission chairman in the region, one mayor from each county (except Fulton County) chosen by a caucus of mayors, one mayor from the northern half and one mayor from the southern half of Fulton County elected by a caucus of mayors within northern and southern Fulton County, the mayor of the City of Atlanta, one member of the Atlanta City Council, fifteen private citizens, one from each of the 15 multi-jurisdictional districts of roughly equal population, elected by the 23 public officials, and one member appointed by the Board of the Georgia Department of Community Affairs. OCGA Section 50-8-39.1 provides that the member governments are liable for any debts or obligations of the ARC. Separate financial statements may be obtained from Atlanta Regional Commission, 40 Courtland St, NE, Atlanta, GA 30303 or the Northeast Georgia Regional Commission, 305 Research Drive, Athens, GA 30610.

**NOTE 25 - GRANTS**

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

**NOTE 26 - MUNICIPAL 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 Utility 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, 2013, amounts in the accounts include \$5,319,578 in the Flexible Operating account, \$2,299,165 in the Reserve Funded Debt account and \$123,317 in the Credit Support Operating account.

**NOTE 27 - MUNICIPAL SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS**

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

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

**NOTE 27 - MUNICIPAL SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS - CONTINUED**

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

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

GASB 18 requires that all closure and post-closure costs be recognized by the time the landfill was closed, and further states that all accounting changes adopted to conform to the provisions of the Statement should be applied retroactively for MSWLF's that are no longer accepting wastes. It also states the adjustments resulting from a change to comply with this statement should be treated as an adjustment of prior periods. For these reasons, an adjustment to beginning retained earnings was made during the year ended June 30, 2002 to reflect the accrual of a liability in the enterprise fund in the amount of \$1,195,450. This accrual is being reviewed periodically by engineers, and additional expense of \$292,244 was recognized and accrued for the year ending June 30, 2007. The remaining liability as of June 30, 2013 totaled \$714,533.

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

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

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

**NOTE 28 - SUBSEQUENT EVENTS**

The management of the City has evaluated subsequent events through December 30, 2013.

On August 13, 2013 the City signed the "Intergovernmental Agreement for Use and Distribution of Proceeds Generated by the 2013 Special Purpose Local Option Sales Tax Referendum". This agreement concerns the distribution of proceeds for the April 1, 2014 through March 31, 2017 Special Purpose Local Option Sales Tax ("SPLOST") for Gwinnett County. The City's estimated total is \$5,960,995, of which \$4,172,696 is allocated to recreational facilities and equipment and \$1,788,299 is allocated to transportation (roads, streets, bridges, drainage, sidewalks and related facilities and equipment).

**NOTE 29 - SIGNIFICANT ESTIMATES AND CONCENTRATIONS**

**Current Economic Environment**

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

**SUPPLEMENTARY INFORMATION  
REQUIRED BY GASB 34**

**CITY OF BUFORD, GEORGIA  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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**CITY OF BUFORD RETIREMENT PLAN**

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

**Schedule of Funding Progress**

<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%
01/01/11	4,746,044	7,173,312	2,427,268	66.16%	4,889,678	49.64%
01/01/12	5,257,336	7,693,665	2,436,329	68.33%	5,342,698	45.60%
01/01/13	5,890,062	8,617,483	2,727,421	68.35%	5,236,165	52.09%

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, 2013.

**CITY OF BUFORD, GEORGIA  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**CITY OF BUFORD POSTEMPLOYMENT BENEFIT PLAN**

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

**Schedule of Funding Progress**

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

**Net OPEB Obligation (NOO)**

Annual Required Contribution (a)	Interest on Existing NOO (b)	ARC Adjustment (c)	Annual OPEB Cost (a+b+c) (d)	Actual Contribution Amount (e)	Net Increase In NOO (d-e) (f)	NOO as of 06/30/13 (g)
\$ 420,024	\$ 0	\$ 0	\$ 420,024	\$ 75,000	\$ 345,024	\$ 345,024
420,024	13,801	( 22,224)	411,601	81,310	330,291	675,315
420,024	27,013	( 44,642)	402,395	113,521	288,874	964,189
946,388	38,568	( 65,528)	919,428	140,326	779,102	1,743,291
946,388	69,732	( 109,059)	907,061	144,115	762,946	2,506,237

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, 2012.



## **COMBINING FINANCIAL STATEMENTS**

### **NON-MAJOR GOVERNMENTAL FUNDS**

#### **SPECIAL REVENUE FUND**

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

**Hotel/Motel Tax Fund** - used to account for receipt and allocation of the City's hotel/motel tax. Use of this tax is limited by law to promotion of tourism. The City hotel/motel tax rate for its three hotels was 7% during the fiscal year ending June 30, 2013.

#### **DEBT SERVICE FUND**

The Debt Service Fund accounts for the accumulation of resources for, and the payment of governmental long term debt principal, interest, and fiscal charges. The governmental long-term debt serviced by the Debt Service Fund consists of the 2010 General Obligation Bonds.

#### **CAPITAL PROJECTS FUNDS**

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

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

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

**Hall County 2012 SPLOST Fund** - used to account for the construction and financing of projects funded by the Hall County 2012 SPLOST.

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

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

**CITY OF BUFORD, GEORGIA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2013**

	<b>SPECIAL REVENUE FUND</b>	<b>DEBT SERVICE FUND</b>	<b>CAPITAL PROJECT FUNDS</b>	<b>TOTAL NON-MAJOR GOVERNMENTAL FUNDS</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 256,607	\$ 454,277	\$ 1,120,568	\$ 1,831,452
Sales and excise tax receivable	53,099	-	-	53,099
Due from other governments	-	-	129,214	129,214
Due from other funds	-	-	-	-
<b>Total assets</b>	<b>\$ <u>309,706</u></b>	<b>\$ <u>454,277</u></b>	<b>\$ <u>1,249,782</u></b>	<b>\$ <u>2,013,765</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 24,839	\$ -	\$ -	\$ 24,839
Due to other funds	<u>284,867</u>	<u>-</u>	<u>-</u>	<u>284,867</u>
<b>Total liabilities</b>	<b><u>309,706</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>309,706</u></b>
<b>FUND BALANCES</b>				
Restricted for:				
Debt Service	-	454,277	-	454,277
SPLOST construction projects	<u>-</u>	<u>-</u>	<u>1,249,782</u>	<u>1,249,782</u>
<b>Total fund balances</b>	<b><u>-</u></b>	<b><u>454,277</u></b>	<b><u>1,249,782</u></b>	<b><u>1,704,059</u></b>
<b>Total liabilities and fund balances</b>	<b>\$ <u>309,706</u></b>	<b>\$ <u>454,277</u></b>	<b>\$ <u>1,249,782</u></b>	<b>\$ <u>2,013,765</u></b>

**CITY OF BUFORD, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENNDING JUNE 30, 2013**

	<b>SPECIAL REVENUE FUND</b>	<b>DEBT SERVICE FUND</b>	<b>CAPITAL PROJECTS FUNDS</b>	<b>TOTAL NON-MAJOR GOVERNMENTAL FUNDS</b>
<b>REVENUES</b>				
Taxes - sales and excise	\$ 192,323	\$ -	\$ -	\$ 192,323
Intergovernmental revenue	-	-	622,339	622,339
Investment income	<u>26</u>	<u>-</u>	<u>105</u>	<u>131</u>
Total revenues	<u>192,349</u>	<u>-</u>	<u>622,444</u>	<u>814,793</u>
<b>EXPENDITURES</b>				
Current operating:				
Public services:				
Culture and recreation	48,613	-	-	48,613
Capital outlay	-	-	303,216	303,216
Debt service:				
Principal retirement	-	1,246,764	-	1,246,764
Interest and fiscal agent fees	<u>-</u>	<u>325,668</u>	<u>-</u>	<u>325,668</u>
Total expenditures	<u>48,613</u>	<u>1,572,432</u>	<u>303,216</u>	<u>1,924,261</u>
Excess (deficiency) of revenues over (under) expenditures	<u>143,736</u>	<u>( 1,572,432)</u>	<u>319,228</u>	<u>( 1,109,468)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	1,549,906	-	1,549,906
Transfers out	<u>( 299,562)</u>	<u>-</u>	<u>( 91,053)</u>	<u>( 390,615)</u>
Total other financing sources (uses)	<u>( 299,562)</u>	<u>1,549,906</u>	<u>( 91,053)</u>	<u>1,159,291</u>
Change in fund balances	( 155,826)	( 22,526)	228,175	49,823
Fund balances - beginning	<u>155,826</u>	<u>476,803</u>	<u>1,021,607</u>	<u>1,654,236</u>
Fund balances - ending	\$ <u>-</u>	\$ <u>454,277</u>	\$ <u>1,249,782</u>	\$ <u>1,704,059</u>

**CITY OF BUFORD, GEORGIA  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
AS OF JUNE 30, 2013**

<b>NON-MAJOR CAPITAL PROJECTS FUNDS</b>						
	<b>BUFORD 2005 SPLOST</b>	<b>HALL COUNTY 2009 SPLOST</b>	<b>HALL COUNTY 2012 SPLOST</b>	<b>REST HAVEN 2001 SPLOST</b>	<b>REST HAVEN 2005 SPLOST</b>	<b>TOTAL NON-MAJOR CAPITAL PROJECTS FUNDS</b>
<b>Assets</b>						
Cash and cash equivalents	\$ 352	\$ 54,668	\$ 480,041	\$ 19,601	\$ 565,906	\$ 1,120,568
Due from other governments	-	2,547	126,667	-	-	129,214
<b>Total assets</b>	<b>\$ 352</b>	<b>\$ 57,215</b>	<b>\$ 606,708</b>	<b>\$ 19,601</b>	<b>\$ 565,906</b>	<b>\$ 1,249,782</b>
<b>Fund balances</b>						
<b>Restricted:</b>						
Capital projects	\$ 352	\$ 57,215	\$ 606,708	\$ 19,601	\$ 565,906	\$ 1,249,782
<b>Total fund balances</b>	<b>\$ 352</b>	<b>\$ 57,215</b>	<b>\$ 606,708</b>	<b>\$ 19,601</b>	<b>\$ 565,906</b>	<b>\$ 1,249,782</b>

**CITY OF BUFORD, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<b>NON-MAJOR CAPITAL PROJECTS FUNDS</b>					
	<b>BUFORD 2005 SPLOST</b>	<b>HALL COUNTY 2009 SPLOST</b>	<b>HALL COUNTY 2012 SPLOST</b>	<b>REST HAVEN 2001 SPLOST</b>	<b>REST HAVEN 2005 SPLOST</b>	<b>TOTAL NON-MAJOR CAPITAL PROJECTS FUNDS</b>
<b>Revenues</b>						
Intergovernmental revenue	\$ -	\$ 15,672	\$ 606,667	\$ -	\$ -	\$ 622,339
Investment income	-	5	41	2	57	105
<b>Total revenues</b>	<u>-</u>	<u>15,677</u>	<u>606,708</u>	<u>2</u>	<u>57</u>	<u>622,444</u>
<b>Expenditures</b>						
Capital outlay	<u>303,216</u>	-	-	-	-	<u>303,216</u>
<b>Total expenditures</b>	<u>303,216</u>	-	-	-	-	<u>303,216</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	( 303,216)	15,677	606,708	2	57	319,228
<b>Other financing sources (uses)</b>						
Transfers out	( 91,053)	-	-	-	-	( 91,053)
<b>Total other financing sources (uses)</b>	( 91,053)	-	-	-	-	( 91,053)
<b>Changes in fund balances</b>	( 394,269)	15,677	606,708	2	57	228,175
<b>Fund balances-beginning</b>	<u>394,621</u>	<u>41,538</u>	<u>-</u>	<u>19,599</u>	<u>565,849</u>	<u>1,021,607</u>
<b>Fund balances-ending</b>	\$ <u>352</u>	\$ <u>57,215</u>	\$ <u>606,708</u>	\$ <u>19,601</u>	\$ <u>565,906</u>	\$ <u>1,249,782</u>

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

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Buford, Georgia (the "City"), as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 9, 2014. Our report includes a reference to other auditors who audited the financial statements of the City of Buford Board of Education, as described in our report on the City of Buford, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors.

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

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

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

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

### **Compliance and Other Matters**

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

To the Board of Commissioners  
City of Buford, Georgia

**Purpose of this Report**

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

*Wilcox & Birings, P.C.*

Suwanee, Georgia  
January 9, 2014



**CITY OF BUFORD, GEORGIA  
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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**PRIOR YEAR COMPLIANCE FINDINGS AND RESPONSES**

**FINDING CONTROL NUMBER AND STATUS:**

- No Findings in 2012, Further Action Not Warranted

**CITY OF BUFORD, GEORGIA  
SCHEDULE OF PROJECTS CONSTRUCTED AND EXPENDITURES INCURRED  
WITH SPECIAL SALES TAX PROCEEDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<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-Recreational facilities-01	\$ 90,874	\$ 71,279	\$ -	78.44%
Gwinnett County-Roads, streets, bridges-05	6,117,944	5,839,418	278,526	100.00%
Gwinnett County-Recreational facilities-05	1,000,000	1,000,000	-	100.00%
Gwinnett County-Administrative facilities-05	1,000,000	1,000,000	-	100.00%
Gwinnett County-Parking facilities-05	250,000	250,000	-	100.00%
Rest Haven-Roads, streets, bridges-05	546,785	-	-	00.00%
Hall County-Roads, streets, bridges-09	57,210	-	-	00.00%
Hall County-Roads, streets, bridges-12	606,667	-	-	00.00%
Gwinnett County-Roads, streets, bridges-09	4,824,094	-	-	00.00%
Gwinnett County-Recreational facilities-09	1,357,465	1,200,000		88.40%
Gwinnett County-Water & Sewer-09	<u>1,618,824</u>	<u>-</u>	<u>-</u>	00.00%
Totals	\$ <u>17,469,863</u>	\$ <u>9,360,697</u>	\$ <u>278,526</u>	

**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-Recreational facilities-01	\$ -	\$ 90,874	\$ 90,874
Gwinnett County-Roads, streets, bridges-05	5,579,062	538,882	6,117,944
Gwinnett County-Recreational facilities-05	1,000,000	-	1,000,000
Gwinnett County-Administrative facilities-05	1,000,000	-	1,000,000
Gwinnett County-Parking facilities-05	250,000	-	250,000
Rest Haven-Roads, Streets, bridges-05	296,785	250,000	546,785
Hall County-Roads, Streets, Bridges-09	25,732	31,478	57,210
Hall County-Roads, Streets, Bridges-12	606,667	-	606,667
Gwinnett County-Roads, streets, bridges-09	5,960,000	( 1,135,906)	4,824,094
Gwinnett County-Recreational facilities-09	1,677,101	( 319,636)	1,357,465
Gwinnett County-Water & Sewer-09	<u>2,000,000</u>	<u>( 381,176)</u>	<u>1,618,824</u>
Totals	\$ <u>18,395,347</u>	\$ <u>( 925,484)</u>	\$ <u>17,469,863</u>