

CITY OF BUFORD, GEORGIA
AUDITED BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

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INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Buford, Georgia (the "City") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Buford Board of Education, which represent 100% of the assets, net position, revenues, and expenses of the discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Buford Board of Education, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

OPINIONS

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Buford, Georgia, as of June 30, 2018, and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparison of the General Fund, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, the City of Buford Retirement Plan on pages 62-64 and the City of Buford Postemployment Benefit Plan on pages 65-66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Buford, Georgia's basic financial statements. The accompanying supplementary information which consists of the combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Projects Constructed and Expenditures Incurred with Special Sales Tax Proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining nonmajor and individual fund financial statements, budgetary comparison schedules, Schedule of Expenditures of Federal Awards, and Schedule of Projects Constructed and Expenditures Incurred with Special Sales Tax Proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules, Schedule of Expenditures of Federal Awards, and Schedule of Projects Constructed and Expenditures Incurred with Special Sales Tax Proceeds are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

To the Board of Commissioners
City of Buford, Georgia

OTHER REPORTING REQUIRED BY GOVERNMENTAL AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2018, 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 solely 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 effectiveness of the City of Buford, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Buford, Georgia's internal control over financial reporting and compliance.

Wilcox & Bivings, P.C.

Suwanee, Georgia
December 12, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED

**CITY OF BUFORD, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018. 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, 2018 by \$179,595,113 ("net position"). Of this amount, \$38,861,136, was reported as "unrestricted net position". \$130,496,431 of net position consisted of net investment in capital assets. The remainder of net position consisted of amounts restricted by law, contracts, donors or debt agreements. \$7,649,281 was restricted for capital projects to be financed by SPLOST funds, \$1,886,491 was restricted for debt service of the 2010, 2015, and 2017 General Obligation Bonds, \$131,557 was restricted in the Municipal Competitive Trust of the Utilities Funds, and \$570,217 was restricted for Education.
- The City's total net position increased by \$10,439,924 in the fiscal year ended June 30, 2018.
- As of the close of the current fiscal year ended June 30, 2018, the City's governmental funds reported combined ending fund balances of \$32,837,780. 18.44% of this total amount, \$6,053,920 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 \$6,053,920 or 14.07% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements

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

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

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED

Fund financial statements

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

Governmental Funds

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

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

The City maintains fifteen 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, the 2015 General Obligation Bonds Capital Projects Fund, and the 2017 General Obligation Bonds Capital Projects Fund which are considered to be major funds. Data from the other twelve funds are combined into a single, aggregated presentation, Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

Proprietary Funds

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

Fiduciary Funds

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 25 to 61 of this reporting package.

**CITY OF BUFORD, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED

Supplementary Information Required or Recommended by GASB 34

Supplementary information required by GASB 34 consisting of pension and OPEB disclosures, combining nonmajor governmental funds, schedules of budget to actual for nonmajor governmental funds and a statement of changes in assets and liabilities for the agency funds can be found on pages 62 to 90 of this reporting package.

The Single Audit Section

Reporting and schedules required by *Government Auditing Standards* and the Single Audit can be found on pages 91 to 99 of this reporting package.

Schedule Required by the State of Georgia

The schedule required by the State of Georgia relating to SPLOST expenditures can be found on page 100 of this reporting package.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the City of Buford, assets exceeded liabilities by \$179,595,113 as of June 30, 2018.

The largest portion of the City's net position, totaling \$130,496,431 (72.66%) reflects its investments in capital assets (such as land, buildings and improvements, furniture, machinery and equipment, computer equipment, vehicles, utility systems and infrastructure); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, totaling \$10,237,546 (5.70%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$38,861,136 (21.64%) may be used to meet the government's ongoing obligations to citizens and creditors.

The property tax rate decreased to 12.80 mills from 12.85 for the tax year billed in 2017 and payable in the fiscal year ending June 30, 2018.

At June 30, 2018, the governmental activities of the City had positive balances in net investment in capital assets of \$72,720,667, in restricted assets totaling \$10,105,989 and in unrestricted net position of \$14,280,956. At June 30, 2017, the governmental activities of the City had positive balances in net investment in capital assets of \$62,463,935, in restricted assets totaling \$9,938,878 and in unrestricted net position of \$22,965,453.

The unrestricted net position of business-type activities had a positive balance of \$24,580,180 as of June 30, 2018, and a positive balance of \$15,819,007 as of June 30, 2017.

**CITY OF BUFORD, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

GOVERNMENT-WIDE FINANCIAL ANALYSIS - CONTINUED

CITY OF BUFORD, GEORGIA'S CONDENSED NET POSITION

	Governmental Activities		Business-Type Activities		Total - Primary Government	
	2018	Restated 2017	2018	Restated 2017	2018	Restated 2017
Current and other assets	\$ 112,532,400	\$ 85,058,170	\$ 41,044,139	\$ 32,727,388	\$ 153,576,539	\$ 117,785,558
Capital assets	<u>78,223,903</u>	<u>68,467,171</u>	<u>57,775,764</u>	<u>57,568,799</u>	<u>135,999,667</u>	<u>126,035,970</u>
Total assets	<u>190,756,303</u>	<u>153,525,341</u>	<u>98,819,903</u>	<u>90,296,187</u>	<u>289,576,206</u>	<u>243,821,528</u>
Deferred outflows of resources	<u>1,718,060</u>	<u>1,515,329</u>	<u>1,493,268</u>	<u>1,292,236</u>	<u>3,211,328</u>	<u>2,807,565</u>
Noncurrent liabilities	72,367,385	51,214,935	13,179,749	13,989,471	85,547,134	65,204,406
Other liabilities	<u>21,605,244</u>	<u>8,450,370</u>	<u>3,597,292</u>	<u>3,805,982</u>	<u>25,202,536</u>	<u>12,256,352</u>
Total liabilities	<u>93,972,629</u>	<u>59,665,305</u>	<u>16,777,041</u>	<u>17,795,453</u>	<u>110,749,670</u>	<u>77,460,758</u>
Deferred inflows of resources	<u>1,394,122</u>	<u>7,099</u>	<u>1,048,629</u>	<u>6,047</u>	<u>2,442,751</u>	<u>13,146</u>
Net position:						
Net investment in capital assets	72,720,667	62,463,935	57,775,764	57,568,799	130,496,431	120,032,734
Restricted	10,105,989	9,938,878	131,557	399,117	10,237,546	10,337,995
Unrestricted	<u>14,280,956</u>	<u>22,965,453</u>	<u>24,580,180</u>	<u>15,819,007</u>	<u>38,861,136</u>	<u>38,784,460</u>
Total net position	\$ <u>97,107,612</u>	\$ <u>95,368,266</u>	\$ <u>82,487,501</u>	\$ <u>73,786,923</u>	\$ <u>179,595,113</u>	\$ <u>169,155,189</u>

**CITY OF BUFORD, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018 and June 30, 2017. Governmental activities increased the City's net position by \$1,739,346 for the year ended June 30, 2018 and decreased net position by \$(5,993,190) for the year ended June 30, 2017. Business-type activities increased the City's net position by \$8,700,578 for the year ended June 30, 2018 and increased net position by \$830,067 for the year ended June 30, 2017.

CITY OF BUFORD, GEORGIA'S CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total-Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 1,261,474	\$ 1,433,343	\$ 71,031,184	\$ 61,588,085	\$ 72,292,658	\$ 63,021,428
Capital grants and Contributions	40,395,212	2,453,134	750,377	1,452,186	41,145,589	3,905,320
Operating grants	108,502	49,656	-	-	108,502	49,656
General revenues:						
Taxes	17,996,258	15,942,807	-	-	17,996,258	15,942,807
Franchise fees	940,009	953,296	-	-	940,009	953,296
Investment income	349,811	269,761	367,292	229,750	717,103	499,511
Gain on sale of assets	-	21,935	-	-	-	21,935
Miscellaneous	<u>171,576</u>	<u>56,448</u>	<u>1,599,527</u>	<u>1,476,621</u>	<u>1,771,103</u>	<u>1,533,069</u>
Total revenues	<u>61,222,842</u>	<u>21,180,380</u>	<u>73,748,380</u>	<u>64,746,642</u>	<u>134,971,222</u>	<u>85,927,022</u>
Expenses:						
General government	3,681,796	3,629,122	-	-	3,681,796	3,629,122
Public safety	511,935	480,755	-	-	511,935	480,755
Public services	7,805,299	7,441,716	-	-	7,805,299	7,441,716
Board of Education	61,740,917	32,767,493	-	-	61,740,917	32,767,493
Downtown development	-	1,085,003	-	-	-	1,085,003
Debt service	2,299,692	1,784,326	-	-	2,299,692	1,784,326
Gas system	-	-	21,454,856	18,816,452	21,454,856	18,816,452
Electric system	-	-	15,789,926	15,911,730	15,789,926	15,911,730
Solid waste and recycling	-	-	3,119,724	2,681,695	3,119,724	2,681,695
Wastewater system	-	-	4,033,722	2,463,419	4,033,722	2,463,419
Water system	-	-	2,333,229	2,059,007	2,333,229	2,059,007
Utilities Fund - Nondivisional	-	-	350,728	596,615	350,728	596,615
Community Center	-	-	<u>1,409,474</u>	<u>1,372,812</u>	<u>1,409,474</u>	<u>1,372,812</u>
Total expenses	<u>76,039,639</u>	<u>47,188,415</u>	<u>48,491,659</u>	<u>43,901,730</u>	<u>124,531,298</u>	<u>91,090,145</u>
Excess (deficiency) in net position before transfers	(14,816,797)	(26,008,035)	25,256,721	20,844,912	10,439,924	(5,163,123)
Transfers - internal	<u>16,556,143</u>	<u>20,014,845</u>	(16,556,143)	(20,014,845)	-	-
Change in net position	1,739,346	(5,993,190)	8,700,578	830,067	10,439,924	(5,163,123)
Net position – July 1	95,368,266	68,839,940	73,786,923	74,545,789	169,155,189	143,385,729
Prior period adjustments	-	<u>32,521,516</u>	-	(1,588,933)	-	<u>30,932,583</u>
Net position – June 30	\$ <u>97,107,612</u>	\$ <u>95,368,266</u>	\$ <u>82,487,501</u>	\$ <u>73,786,923</u>	\$ <u>179,595,113</u>	\$ <u>169,155,189</u>

**CITY OF BUFORD, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 \$32,837,780. Of this amount, \$26,121,216 (79.55%) of this total is restricted due to external limitations on its use. These uses include 1) capital projects funded by the 2015 General Obligation Bonds \$3,142, 2017 General Obligation Bonds \$16,012,085, and SPLOST funds \$7,649,281, 2) debt service related to the 2010 GOB Bond \$65,372, 2015 GOB Bond \$289,491, and 2017 GOB Bond \$1,531,628, and 3) education purposes \$570,217. \$662,644 (2.02%) of fund balances is considered unspendable because it has been used for prepaid items. \$6,053,920 (18.43%) 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 \$6,053,920, and total fund balance was \$6,838,635. 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 14.07% of total expenditures, while total fund balance represents 15.90% of that same amount.

The General Fund's fund balance decreased by \$1,727,019 during the current fiscal year. Key factors are as follows:

- Total revenues increased by \$4,230,165. Components of this increase included an increase in property tax revenues of \$1,167,882 due to increases in real property valuations; and an increase in intergovernmental revenues of \$2,831,551 due to an increase in capital grant revenue.
- Total expenditures increased by \$8,096,984. Components of this increase included an increase in general governmental expenditures of \$7,402,406 due to an increase in capital expenditures for construction projects and property purchases; and an increase in Highway and Street expenditures of \$345,771.
- Other financing sources decreased by \$1,170,808 due primarily to a decrease in transfers in from the Utilities fund of \$1,732,542.

Proprietary funds

The City's proprietary funds statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the proprietary funds was \$24,580,180, primarily represented by unrestricted net position of \$24,550,108 from the Utilities Fund. The funds had an overall net increase in fund net position of \$8,700,578, represented primarily by an increase in Utilities Fund net position of \$8,763,713.

General Fund Budgetary Highlights

The City made revisions to the original budgeted expenditures as necessary during the year, as approved by the City Commission, including amending the budget in order to equal actual expenditures at the end of the fiscal year. Overall these changes resulted in an increase from original budgeted expenditures by \$6,345,260 a percentage increase of 17.30%. Budgeted expenditures for General Government were increased by \$6,859,883, Financial Administration budgeted expenditures were decreased by \$(702,504), and expenditures for Highway and Street were increased by \$240,912.

**CITY OF BUFORD, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities amounted to \$as of June 30, 2018, amounts to \$135,999,667, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, furniture, machinery and equipment, computer equipment, utility infrastructure, infrastructure assets, and vehicles.

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

- The City added \$3,152,120 to its Gas System, \$4,246,72 to its Water and Wastewater System and \$634,405 to its Electric System for improvements and expansion of the systems.
- The City capitalized \$768,984 in street additions and improvements.
- The City capitalized \$234,820 in sidewalk additions and improvements.
- The City purchased land parcels for \$1,684,263.
- The City incurred \$9,857,639 in construction in progress in its governmental activities including \$3,885,759 in construction costs on the new City recreation gym, \$3,380,124 in construction costs on the South Lee Street LCI project, and \$1,575,884 in construction costs on the connector road for the new Buford High School.
- The City incurred construction in progress costs for improvements and expansion of its Gas System of \$92,765, and its Water and Wastewater System of \$280,860.

Depreciation expense totaled \$2,676,933 in the governmental activities and \$4,965,671 in the business-type enterprises.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total-Primary Government</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 20,003,308	\$ 18,319,045	\$ 202,663	\$ 202,663	\$ 20,205,971	\$ 18,521,708
Construction in progress	14,363,569	4,711,782	987,104	4,136,080	15,350,673	8,847,862
Utility system infrastructure	-	-	114,598,427	110,375,759	114,598,427	110,375,759
Buildings and improvements	31,861,062	31,861,062	146,773	156,507	32,007,835	32,017,569
City parks	4,661,579	4,661,579	-	-	4,661,579	4,661,579
Furniture and equipment	978,691	931,030	227,272	171,355	1,205,963	1,102,385
Sidewalks	1,304,485	1,069,665	-	-	1,304,485	1,069,665
Streets	20,593,013	19,824,029	-	-	20,593,013	19,824,029
Streetscapes & hardscapes	6,283,065	6,283,065	-	-	6,283,065	6,283,065
Vehicles	247,373	201,223	1,136,114	1,165,828	1,383,487	1,367,051
Accumulated depreciation	(22,072,242)	(19,395,309)	(59,522,589)	(58,639,393)	(81,594,831)	(78,034,702)
Total	\$ 78,223,903	\$ 68,467,171	\$ 57,775,764	\$ 57,568,799	\$ 135,999,667	\$ 126,035,970

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

**CITY OF BUFORD, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

DEBT ADMINISTRATION

At the end of the current fiscal year, the City had \$76,528,248 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
General obligation bonds	\$ <u>76,528,248</u>	\$ <u>43,073,990</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>76,528,248</u>	\$ <u>43,073,990</u>
Total	\$ <u>76,528,248</u>	\$ <u>43,073,990</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>76,528,248</u>	\$ <u>43,073,990</u>

The City's total debt increased by \$33,454,258 during the current fiscal year. This was mainly attributable to the City issuing \$30,000,000 of general obligation bonds, issuing \$24,270,000 of general obligation refunding bonds, and advance refunding \$22,850,000 of general obligation bonds.

The General Obligation Bonds issued in 2015 and 2017 were for the purpose of acquisition and construction of school facilities to be owned by the Board of Education of the City of Buford school system "BOE". The General Obligation Refunding Bonds issued in 2017 were issued to advance refund a portion of the General Obligation Bonds issued in 2015. The City has entered into intergovernmental contracts with the BOE in regards to issuance, use of proceeds and payment of the Bonds. The contracts stipulate that the BOE's payment obligations consist of the payments of all amounts coming due as principal and interest on the Bonds as set forth in the Bonds and the Bond Ordinance directly to and for the applicable account of the City as so designated by the City. The obligation of the BOE to pay promptly its obligations shall be absolute and unconditional and shall not be subject to any defense or right of setoff, counterclaim, or recoupment arising from any breach by the City of any obligation to the Board or the breach by the BOE of any obligation to the City. In addition, the Board has notified the State Board of Education of the issuance of the Bonds and has authorized and directed the State Board to withhold and transfer any state appropriation to which the BOE is entitled to. The Sinking Fund Custodian shall be required to transfer to the paying agent for the Bonds such amounts of monies as are necessary to provide for the payment of the principal and/or interest on the Bonds coming due each payment date. The BOE has assigned SPLOST revenues from the Intergovernmental Agreement with the Board of Education of Gwinnett County dated July 17, 2015 for use in payment of the Bonds.

Additional information on the City's long-term debt can be found in note 6 on pages 41-47 of this reporting package.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The area's economy continues to show strength with a particularly high level of activity in the light industrial/office/warehouse sector. Several projects have been completed with others slated for completion in 2019. Single family housing construction is healthy with several developments offering a range of housing opportunities. The retail sector continues its steady improvement. Several commercial developments are either proposed or in concept development. The City is assisting in the development of a new Buford High School campus. As part of this project, the City is constructing a roadway connector adjacent to the campus. The City plans to continue improvements to its infrastructure, further invest in its utility systems, support planning and development in the City and focus on delivery of services to its citizens and customers.

With regards to capital projects, the South Lee Street utility improvement and streetscape project is essentially complete. Numerous gas and electric extension and improvement projects were completed in 2018 supporting development, roadway projects, system safety and reliability, which will continue in 2019. Water plant and sewer plant capital investments are being evaluated.

**CITY OF BUFORD, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS - CONTINUED

The Georgia Department of Transportation let the Buford Highway widening project on the north side of the City with construction now underway. The City has partnered with Gwinnett County on a road widening project on State Route 20 utilizing SPLOST and other funding that is currently underway. A number of other capital projects are in the planning stages for 2019 and beyond.

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

Fiscal Year 2019 Budget

General Fund budgeted revenue and transfers in for the 2019 fiscal year total \$56,788,726, while General Fund budgeted expenditures and transfers out for the 2019 fiscal year total \$41,645,369.

Budgeted revenues for the Utilities Fund for the 2019 fiscal year include \$3,008,000 for the Waste Water System, \$1,260,000 for the Water System, \$4,845,000 for Solid Waste and Recycling, \$22,350,000 for the Electric System, \$39,005,000 for the Gas System and \$1,197,000 for Nondivisional revenues for a total of \$71,665,000. Budgeted expenditures and transfers out for the 2019 fiscal year include \$5,633,500 for the Waste Water System, \$2,387,500 for the Water System, \$3,092,500 for Solid Waste and Recycling, \$16,613,000 for the Electric System, \$19,935,500 for the Gas System, \$65,000 for Nondivisional expenditures and \$25,000,000 transfers out for a total of \$72,727,000.

REQUEST FOR INFORMATION

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

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

BASIC FINANCIAL STATEMENTS

**CITY OF BUFORD, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2018**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	06/30/17 City of Buford Board of Education	Downtown Development Authority
ASSETS					
Cash and cash equivalents	\$ 7,877,735	\$ 8,758,877	\$ 16,636,612	\$ 10,382,174	\$ 10,010
Investments	7,477,718	21,016,485	28,494,203	-	-
Receivables - net	660,333	4,197,100	4,857,433	1,574,969	-
Due from primary government	-	-	-	-	2,200,000
Due from other governments	1,415,752	10,965	1,426,717	3,880,880	-
Internal balances	(86,533)	86,533	-	-	-
Prepaid expenses	662,644	309,558	972,202	255,431	-
Inventories	-	-	-	30,699	-
Cash on hand with fiscal agent	-	-	-	27,909,226	-
Restricted cash and cash equivalents	17,957,416	-	17,957,416	-	-
Restricted investments	5,542,323	6,664,621	12,206,944	-	-
Intergovernmental contracts receivable	71,025,012	-	71,025,012	-	-
Capital assets being depreciated - net	43,857,026	56,585,997	100,443,023	70,035,248	-
Capital assets not being depreciated	34,366,877	1,189,767	35,556,644	13,124,825	-
Total assets	<u>190,756,303</u>	<u>98,819,903</u>	<u>289,576,206</u>	<u>127,193,452</u>	<u>2,210,010</u>
DEFERRED OUTFLOWS OF RESOURCES					
OPEB related deferred outflows	80,761	70,195	150,956	-	-
Pension related deferred outflows	<u>1,637,299</u>	<u>1,423,073</u>	<u>3,060,372</u>	<u>13,184,444</u>	-
Total deferred outflows of resources	<u>1,718,060</u>	<u>1,493,268</u>	<u>3,211,328</u>	<u>13,184,444</u>	-
LIABILITIES					
Bank overdrafts	-	19,987	19,987	-	-
Accounts payable	5,976,132	2,386,286	8,362,418	2,480,379	-
Accrued interest	1,574,537	-	1,574,537	776,285	-
Other accrued liabilities	28,827	230,575	259,402	9,237,071	-
Unearned revenue	-	960,444	960,444	154,448	-
Due to primary government	-	-	-	1,195,033	-
Due to component unit	2,200,000	-	2,200,000	-	-
General obligation bonds payable, due in less than one year	11,825,748	-	11,825,748	-	-
Intergovernmental payable, due in less than one year	-	-	-	2,385,527	-
Long-term liabilities, due in more than one year					
Intergovernmental agreement	-	-	-	36,721,123	-
Customer deposits	-	6,533,064	6,533,064	-	-
Accrued compensated absences	158,132	122,126	280,258	-	-
General obligation bonds payable	64,702,500	-	64,702,500	-	-
Net OPEB liability	5,498,349	4,778,938	10,277,287	-	-
Net pension liability	<u>2,008,404</u>	<u>1,745,621</u>	<u>3,754,025</u>	<u>45,434,048</u>	-
Total liabilities	<u>93,972,629</u>	<u>16,777,041</u>	<u>110,749,670</u>	<u>98,383,914</u>	-
DEFERRED INFLOWS OF RESOURCES					
Deferred gain on bond refunding	187,635	-	187,635	-	-
OPEB related deferred inflows	874,832	760,368	1,635,200	-	-
Pension related deferred inflows	<u>331,655</u>	<u>288,261</u>	<u>619,916</u>	<u>224,672</u>	-
Total deferred inflows of resources	<u>1,394,122</u>	<u>1,048,629</u>	<u>2,442,751</u>	<u>224,672</u>	-
NET POSITION					
Net Investment in capital assets	72,720,667	57,775,764	130,496,431	66,897,190	-
Restricted for:					
Capital projects - SPLOST	7,649,281	-	7,649,281	-	-
Capital projects - Board of Education	-	-	-	481,104	-
Debt service	1,886,491	-	1,886,491	-	-
Municipal Competitive Trust	-	131,557	131,557	-	-
Education	570,217	-	570,217	-	-
Federal programs	-	-	-	430,077	-
Unrestricted	<u>14,280,956</u>	<u>24,580,180</u>	<u>38,861,136</u>	<u>(26,039,061)</u>	<u>2,210,010</u>
Total net position	\$ <u>97,107,612</u>	\$ <u>82,487,501</u>	\$ <u>179,595,113</u>	\$ <u>41,769,310</u>	\$ <u>2,210,010</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 588,005	\$ 471,223	\$ 108,502	\$ 3,164,793
Financial administration	3,093,791	-	-	-
Public safety, Marshal and Code enforcement	511,935	18,918	-	-
Highway and street	4,845,476	-	-	3,276,161
Building inspection	339,731	661,873	-	-
Culture and recreation	1,769,623	109,460	-	-
Maintenance	850,469	-	-	-
Board of Education	61,740,917	-	-	33,954,258
Bond issuance costs	605,342	-	-	-
Interest and fiscal charges	<u>1,694,350</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>76,039,639</u>	<u>1,261,474</u>	<u>108,502</u>	<u>40,395,212</u>
Business-type activities:				
Gas system	21,454,856	38,468,828	-	482,047
Electric system	15,789,926	21,904,435	-	268,330
Solid waste and recycling	3,119,724	4,895,266	-	-
Wastewater system	4,033,722	2,870,366	-	-
Water system	2,333,229	1,314,794	-	-
Non-divisional utility	350,728	1,129,662	-	-
Community Center	<u>1,409,474</u>	<u>447,833</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>48,491,659</u>	<u>71,031,184</u>	<u>-</u>	<u>750,377</u>
Total primary government	<u>\$ 124,531,298</u>	<u>\$ 72,292,658</u>	<u>\$ 108,502</u>	<u>\$ 41,145,589</u>
Component Units				
City of Buford Board of Education	\$ 55,496,976	\$ 3,528,340	\$ 24,283,870	\$ 2,130,318
Downtown Development Authority	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total component units	<u>\$ 55,496,976</u>	<u>\$ 3,528,340</u>	<u>\$ 24,283,870</u>	<u>\$ 2,130,318</u>

General revenues:

Taxes:

 Property

 Sales, excise, and other

 Franchise fees

 Investment income

 Payments from City of Buford

 Gain on sale of assets

 Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of year - restated

Net position at end of year

Net (Expense) Revenue and Changes in Net Position			Component Units	
Primary Government			06/30/17 City of Buford Board of Education	Downtown Development Authority
Governmental Activities	Business-Type Activities	Total		
\$ 3,156,513	\$ -	\$ 3,156,513	\$ -	\$ -
(3,093,791)	-	(3,093,791)	-	-
(493,017)	-	(493,017)	-	-
(1,569,315)	-	(1,569,315)	-	-
322,142	-	322,142	-	-
(1,660,163)	-	(1,660,163)	-	-
(850,469)	-	(850,469)	-	-
(27,786,659)	-	(27,786,659)	-	-
(605,342)	-	(605,342)	-	-
(1,694,350)	-	(1,694,350)	-	-
(34,274,451)	-	(34,274,451)	-	-
-	17,496,019	17,496,019	-	-
-	6,382,839	6,382,839	-	-
-	1,775,542	1,775,542	-	-
-	(1,163,356)	(1,163,356)	-	-
-	(1,018,435)	(1,018,435)	-	-
-	778,934	778,934	-	-
-	(961,641)	(961,641)	-	-
-	23,289,902	23,289,902	-	-
\$(34,274,451)	\$ 23,289,902	\$(10,984,549)	\$ -	\$ -
\$ -	\$ -	\$ -	\$(25,554,448)	\$ -
-	-	-	-	-
\$ -	\$ -	\$ -	\$(25,554,448)	-
\$ 14,497,224	\$ -	\$ 14,497,224	\$ 12,851,494	-
3,499,034	-	3,499,034	3,899,128	-
940,009	-	940,009	-	-
349,811	367,292	717,103	219,861	10
-	-	-	7,497,089	-
-	-	-	-	10,000
171,576	1,599,527	1,771,103	2,989,446	-
16,556,143	(16,556,143)	-	-	-
36,013,797	(14,589,324)	21,424,473	27,457,018	10,010
1,739,346	8,700,578	10,439,924	1,902,570	10,010
95,368,266	73,786,923	169,155,189	39,866,740	2,200,000
\$ 97,107,612	\$ 82,487,501	\$ 179,595,113	\$ 41,769,310	\$ 2,210,010

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018**

	General	2015 GOB Capital Project	2017 GOB Capital Project	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 408,456	\$ -	\$ -	\$ 7,469,279	\$ 7,877,735
Investments – certificates of deposit	7,477,718	-	-	-	7,477,718
Property taxes receivable - net	469,849	-	-	-	469,849
Sales, excise, and other taxes receivable	-	-	-	89,075	89,075
Other receivables	101,409	-	-	-	101,409
Due from other governments	1,055,780	-	-	359,972	1,415,752
Interfund balances	593,003	-	-	-	593,003
Prepaid items	214,498	-	-	448,146	662,644
Restricted cash and cash equivalents	-	3,142	16,067,783	1,886,491	17,957,416
Restricted investments – certificates of deposit	-	-	5,542,323	-	5,542,323
Total assets	\$ 10,320,713	\$ 3,142	\$ 21,610,106	\$ 10,252,963	\$ 42,186,924
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 788,602	\$ -	\$ 5,146,020	\$ 41,510	\$ 5,976,132
Accrued expenses	28,827	-	-	-	28,827
Due to component unit	2,200,000	-	-	-	2,200,000
Interfund balances	-	-	452,001	227,535	679,536
Total liabilities	3,017,429	-	5,598,021	269,045	8,884,495
DEFERRED INFLOWS OF RESOURCES					
Property tax revenue	464,649	-	-	-	464,649
Total deferred inflows of resources	464,649	-	-	-	464,649
FUND BALANCES					
Non-spendable:					
Prepaid items	214,498	-	-	448,146	662,644
Restricted for:					
Capital projects - City of Buford					
Board of Education	-	3,142	16,012,085	-	16,015,227
Capital project – SPLOST construction	-	-	-	7,649,281	7,649,281
Debt service	-	-	-	1,886,491	1,886,491
Education	570,217	-	-	-	570,217
Unassigned	6,053,920	-	-	-	6,053,920
Total fund balances	6,838,635	3,142	16,012,085	9,983,918	32,837,780
Total liabilities, deferred inflows of resources and fund balances	\$ 10,320,713	\$ 3,142	\$ 21,610,106	\$ 10,252,963	\$ 42,186,924

SEE NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF BUFORD, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2018**

Total fund balance - total governmental funds	\$ 32,837,780
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the governmental funds balance sheet.	78,223,903
Long-term receivables applicable to governmental activities are not due and receivable in the current period and accordingly are not reported in the governmental funds balance sheet:	
Intergovernmental contracts receivable	71,025,012
Other long-term assets are not available to pay for current period expenditures, and therefore, are reported as deferred inflows of resources in governmental funds:	
Property tax revenue	464,649
Deferred outflows of resources are not due and payable in the current period, and therefore, are not reported in the funds:	
OPEB related experience differences, assumption changes, differences between projected and actual earnings on OPEB plan investments, and contributions	80,761
Pension related experience differences, assumption changes, differences between projected and actual earnings on pension plan investments, and contributions	1,637,299
Deferred inflows of resources are not available to pay for current-period expenditures, and therefore, are not reported in the funds:	
OPEB related differences between expected and actual experience	(874,832)
Pension related differences between expected and actual experience	(331,655)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported in fund liabilities. Interest on long-term debt is not accrued in governmental funds, but is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position:	
General obligation bonds - 2010 issue	(5,503,236)
General obligation bonds - 2015 issue	(10,700,000)
General obligation bonds - 2017 issue	(54,270,000)
Refunding premium - 2015 issue	(1,188,533)
Refunding premium - 2017 issue	(4,866,479)
Deferred gain on bond refunding	(187,635)
Accrued interest payable	(1,574,537)
Compensated absences	(158,132)
OPEB liability	(5,498,349)
Net pension liability	(2,008,404)
Net position of governmental activities	\$ <u>97,107,612</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF BUFORD, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General	2015 GOB Capital Project	2017 GOB Capital Project	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes - property	\$ 14,331,939	\$ -	\$ -	\$ -	\$ 14,331,939
Taxes - sales, excise, and other	3,083,296	-	-	415,738	3,499,034
Intergovernmental	3,384,663	-	-	3,155,134	6,539,797
Charges for services	1,261,474	-	-	-	1,261,474
Franchise fees	940,009	-	-	-	940,009
Investment income	88,437	59,360	200,059	11,614	359,470
Miscellaneous	<u>171,576</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>171,576</u>
Total revenues	<u>23,261,394</u>	<u>59,360</u>	<u>200,059</u>	<u>3,582,486</u>	<u>27,103,299</u>
EXPENDITURES					
Current operating:					
General government:					
General	10,625,883	-	-	-	10,625,883
Financial administration	3,201,496	-	-	-	3,201,496
Public safety:					
Public safety, Marshal and code enforcement	519,714	-	-	-	519,714
Public services:					
Highway and street	4,123,912	-	-	-	4,123,912
Building inspection	342,140	-	-	-	342,140
Culture and recreation	816,680	-	-	86,473	903,153
Maintenance	891,728	-	-	-	891,728
Intergovernmental:					
Buford Board of Education	22,500,407	22,726,496	16,514,014	-	61,740,917
Capital outlay	-	-	-	2,976,771	2,976,771
Debt Service					
Issuance costs	-	-	-	605,342	605,342
Principal retirement	-	-	-	500,000	500,000
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,490,854</u>	<u>1,490,854</u>
Total expenditures	<u>43,021,960</u>	<u>22,726,496</u>	<u>16,514,014</u>	<u>5,659,440</u>	<u>87,921,910</u>
Excess (deficiency) of revenues over (under) expenditures	(19,760,566)	(22,667,136)	(16,313,955)	(2,076,954)	(60,818,611)
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	-	30,000,000	-	30,000,000
Refunding bond proceeds	-	-	24,270,000	-	24,270,000
Bond issue premiums	-	-	5,116,695	-	5,116,695
Payment to refunded debt escrow agent	-	-	(24,754,238)	-	(24,754,238)
Transfers in	19,196,210	5,960	-	2,652,466	21,854,636
Transfers out	(1,162,663)	<u>-</u>	(2,306,417)	(329,413)	(3,798,493)
Total other financing sources (uses)	<u>18,033,547</u>	<u>5,960</u>	<u>32,326,040</u>	<u>2,323,053</u>	<u>52,688,600</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(1,727,019)	(22,661,176)	16,012,085	246,099	(8,130,011)
Fund balances at beginning of year	<u>8,565,654</u>	<u>22,664,318</u>	<u>-</u>	<u>9,737,819</u>	<u>40,967,791</u>
Fund balances at ending of year	\$ <u>6,838,635</u>	\$ <u>3,142</u>	\$ <u>16,012,085</u>	\$ <u>9,983,918</u>	\$ <u>32,837,780</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, 2018**

Net change in fund balances - total governmental funds	\$(8,130,011)
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:	12,433,665
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:	(2,676,933)
Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the increase (decrease) during the current year in deferred inflows or resources that are earned but not collected:	
Property tax revenue	165,285
Intergovernmental contracts revenue	33,954,258
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the government-wide statement of activities:	
Proceeds from bond issuance	(54,270,000)
Reoffering premium - bond issuance	(5,116,695)
Payment to refunded debt escrow agent:	
Refunding of bond principal	22,350,000
Unamortized bond premium	2,600,809
Gain on advance bond refunding	(196,571)
Principal payments on general obligation bonds	500,000
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:	
Amortization of bond reoffering premiums	481,628
Amortization of gain on advance bond refunding	8,935
Accrued interest	(694,059)
Compensated absences	(17,810)
OPEB cost	(201,361)
Pension cost	<u>548,206</u>
Change in net position of governmental activities	\$ <u>1,739,346</u>

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, 2018

	General Fund			Variance with
	Original	Final	Actual	Final budget
	Budget	Budget		Over
				(Under)
REVENUES				
Taxes - property	\$ 13,430,500	\$ 13,430,500	\$ 14,331,939	\$ 901,439
Taxes - sales, excise, and other	2,715,000	2,715,000	3,083,296	368,296
Intergovernmental	671,195	671,195	3,384,663	2,713,468
Charges for services	1,444,500	1,444,500	1,261,474	(183,026)
Franchise fees	975,000	975,000	940,009	(34,991)
Investment income	10,000	10,000	88,437	78,437
Miscellaneous	31,000	31,000	171,576	140,576
Total revenues	<u>19,277,195</u>	<u>19,277,195</u>	<u>23,261,394</u>	<u>3,984,199</u>
EXPENDITURES				
Current operating:				
General government:				
General	3,766,000	10,625,883	10,625,883	-
Financial administration	4,004,000	3,301,496	3,201,496	-
Public safety:				
Public safety, Marshal and				
Code enforcement	579,200	519,714	519,714	-
Public services:				
Highway and street	3,883,000	4,123,912	4,123,912	-
Building inspection	335,000	342,140	342,140	-
Culture and recreation	937,000	816,680	816,680	-
Maintenance	872,500	891,728	891,728	-
Intergovernmental:				
Board of Education	<u>22,300,000</u>	<u>22,500,407</u>	<u>22,500,407</u>	-
Total expenditures	<u>36,676,700</u>	<u>43,021,960</u>	<u>43,021,960</u>	<u>-</u>
Excess (deficiency) of revenues over				
(under) expenditures	(<u>17,399,505</u>)	(<u>23,744,765</u>)	(<u>19,760,566</u>)	<u>3,984,199</u>
OTHER FINANCING SOURCES (USES)				
Sales of surplus equipment	5,000	5,000	-	(5,000)
Transfers in	25,085,000	25,085,000	19,196,210	(5,888,790)
Transfers out	(<u>1,525,000</u>)	(<u>1,162,663</u>)	(<u>1,162,663</u>)	-
Net other financing sources (uses)	<u>23,565,000</u>	<u>23,927,337</u>	<u>18,033,547</u>	(<u>5,893,790</u>)
Change in fund balance	6,165,495	182,572	(1,727,019)	(1,909,591)
Fund balance at beginning of year - restated	<u>8,565,654</u>	<u>8,565,654</u>	<u>8,565,654</u>	<u>-</u>
Fund balance at end of year	\$ <u>14,731,149</u>	\$ <u>8,748,226</u>	\$ <u>6,838,635</u>	\$ (<u>1,909,591</u>)

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018**

	Utilities Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 8,758,877	\$ -	\$ 8,758,877
Investments	21,016,485	-	21,016,485
Accounts receivable, net	4,197,100	-	4,197,100
Due from other governments	10,965	-	10,965
Due from other funds	-	86,533	86,533
Prepaid expenses	<u>247,954</u>	<u>61,604</u>	<u>309,558</u>
Total current assets	<u>34,231,381</u>	<u>148,137</u>	<u>34,379,518</u>
Noncurrent assets:			
Restricted assets:			
Restricted investments	6,664,621	-	6,664,621
Capital assets - net	<u>57,606,190</u>	<u>169,574</u>	<u>57,775,764</u>
Total noncurrent assets	<u>64,270,811</u>	<u>169,574</u>	<u>64,440,385</u>
Total assets	<u>98,502,192</u>	<u>317,711</u>	<u>98,819,903</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to OPEB	70,195	-	70,195
Deferred outflows of resources related to pensions	<u>1,377,167</u>	<u>45,906</u>	<u>1,423,073</u>
Total deferred outflows of resources	<u>1,447,362</u>	<u>45,906</u>	<u>1,493,268</u>
LIABILITIES			
Current liabilities:			
Bank overdrafts	-	19,987	19,987
Accounts payable	2,361,193	25,093	2,386,286
Other accrued liabilities	226,506	4,069	230,575
Unearned revenue	<u>911,231</u>	<u>49,213</u>	<u>960,444</u>
Total current liabilities	<u>3,498,930</u>	<u>98,362</u>	<u>3,597,292</u>
Noncurrent liabilities:			
Customer deposits payable	6,533,064	-	6,533,064
Accrued compensated absences	122,126	-	122,126
Net OPEB liability	4,778,938	-	4,778,938
Net pension liability	<u>1,689,311</u>	<u>56,310</u>	<u>1,745,621</u>
Total noncurrent liabilities	<u>13,123,439</u>	<u>56,310</u>	<u>13,179,749</u>
Total liabilities	<u>16,622,369</u>	<u>154,672</u>	<u>16,777,041</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to OPEB	760,368	-	760,368
Deferred inflows of resources related to pensions	<u>278,962</u>	<u>9,299</u>	<u>288,261</u>
Total deferred inflows of resources	<u>1,039,330</u>	<u>9,299</u>	<u>1,048,629</u>
NET POSITION			
Investment in capital assets	57,606,190	169,574	57,775,764
Restricted for:			
Municipal Competitive Trust - Electric	131,557	-	131,557
Unrestricted	<u>24,550,108</u>	<u>30,072</u>	<u>24,580,180</u>
Total net position	<u>\$ 82,287,855</u>	<u>\$ 199,646</u>	<u>\$ 82,487,501</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, 2018

	Utilities Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
OPERATING REVENUES			
Charges for services:			
Gas	\$ 38,468,828	\$ -	\$ 38,468,828
Electric	21,904,435	-	21,904,435
Solid waste and recycling	4,895,266	-	4,895,266
Wastewater	2,870,366	-	2,870,366
Water	1,314,793	-	1,314,793
Penalties	860,534	-	860,534
Service charges	269,128	-	269,128
Buford Community Center	<u>-</u>	<u>447,833</u>	<u>447,833</u>
Total charges for services	<u>70,583,350</u>	<u>447,833</u>	<u>71,031,183</u>
Miscellaneous:			
Other	<u>232,686</u>	<u>1,304</u>	<u>233,990</u>
Total miscellaneous	<u>232,686</u>	<u>1,304</u>	<u>233,990</u>
Total operating revenues	<u>70,816,036</u>	<u>449,137</u>	<u>71,265,173</u>
OPERATING EXPENSES			
Utilities purchased for resale	27,095,316	-	27,095,316
Personal services	6,357,575	337,603	6,695,178
Depreciation	4,946,393	19,278	4,965,671
Contractual services	3,456,487	255,339	3,711,826
Materials and supplies	2,424,770	58,471	2,483,241
Utilities	2,072,202	142,080	2,214,282
Event expenses	-	483,761	483,761
Repairs and maintenance	531,626	101,452	633,078
Other operating	<u>197,816</u>	<u>11,490</u>	<u>209,306</u>
Total operating expenses	<u>47,082,185</u>	<u>1,409,474</u>	<u>48,491,659</u>
Income (loss) from operations	23,733,851	(960,337)	22,773,514
NONOPERATING REVENUES (EXPENSES)			
Refunds and rebates	2,115,915	-	2,115,915
Investment income	<u>367,277</u>	<u>15</u>	<u>367,292</u>
Total nonoperating revenues (expenses)	<u>2,483,192</u>	<u>15</u>	<u>2,483,207</u>
Income (loss) before contributions and transfers	26,217,043	(960,322)	25,256,721
CAPITAL CONTRIBUTIONS			
TRANSFERS	1,500,000	-	1,500,000
	<u>(18,953,330)</u>	<u>897,187</u>	<u>(18,056,143)</u>
Total contributions and transfers	<u>(17,453,330)</u>	<u>897,187</u>	<u>(16,556,143)</u>
Change in net position	8,763,713	(63,135)	8,700,578
Total net position at beginning of year - as restated	<u>73,524,142</u>	<u>262,781</u>	<u>73,786,923</u>
Total net position at end of year	<u>\$ 82,287,855</u>	<u>\$ 199,646</u>	<u>\$ 82,487,501</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Utilities Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
<i>CASH FLOWS FROM OPERATING ACTIVITIES:</i>			
Receipts from customers	\$ 69,987,810	\$ 497,046	\$ 70,484,856
Receipts from other operating sources	232,686	1,304	233,990
Receipts from interfund services provided	526,913	-	526,913
Payments to suppliers for goods and services	(35,763,240)	(1,019,247)	(36,782,487)
Payments for personal services	(6,616,513)	(339,724)	(6,956,237)
Net cash provided (used) by operating activities	<u>28,367,656</u>	<u>(860,621)</u>	<u>27,507,035</u>
<i>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</i>			
Transfers from other funds	-	897,187	897,187
Proceeds from refunds and rebates	1,365,537	-	1,365,537
Transfers to other funds	(18,953,330)	-	(18,953,330)
Net cash provided (used) by noncapital financing activities	<u>(17,587,793)</u>	<u>897,187</u>	<u>(16,690,606)</u>
<i>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</i>			
Proceeds from refunds and rebates	750,378	-	750,378
Purchases of capital assets	(3,654,701)	(17,935)	(3,672,636)
Net cash provided (used) by capital and related financing activities	<u>(2,904,323)</u>	<u>(17,935)</u>	<u>(2,922,258)</u>
<i>CASH FLOWS FROM INVESTING ACTIVITIES:</i>			
Proceeds from sales of investments	270,735	-	270,735
Purchases of investments	(2,902,215)	-	(2,902,215)
Income from investments	<u>367,277</u>	<u>15</u>	<u>367,292</u>
Net cash provided (used) by investing activities	<u>(2,264,203)</u>	<u>15</u>	<u>(2,264,188)</u>
Increase (decrease) in cash and cash equivalents	5,611,337	18,646	5,629,983
Cash and cash equivalents at beginning of year	<u>3,147,540</u>	<u>(38,633)</u>	<u>3,108,907</u>
Cash and cash equivalents at end of year	\$ <u>8,758,877</u>	\$(<u>19,987)</u>	\$ <u>8,738,890</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, 2018**

	Utilities Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
<i>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</i>			
Income (loss) from operations	\$ 23,733,851	\$(960,337)	\$ 22,773,514
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:			
Cash flows reported in other categories:			
Depreciation	4,946,393	19,278	4,965,671
Changes in assets and liabilities:			
Accounts receivable	(417,595)	-	(417,595)
Due from other governments	338,087	-	338,087
Due from other funds	-	23,980	23,980
Prepaid expenses	(19,228)	822	(18,406)
Deferred outflows OPEB	163	-	163
Deferred outflows pension	(181,852)	(19,343)	(201,195)
Accounts payable	(171,198)	10,660	(160,538)
Other accrued liabilities	36,301	(775)	35,526
Unearned revenue	42,935	49,213	92,148
Accrued landfill liabilities	(157,180)	-	(157,180)
Customer deposits payable	306,033	-	306,033
Compensated absences	5,610	-	5,610
Net OPEB liability	(585,518)	-	(585,518)
Net pension liability	(542,560)	6,713	(535,847)
Deferred inflows OPEB	760,368	-	760,368
Deferred inflows of pension items	<u>273,046</u>	<u>9,168</u>	<u>282,214</u>
Net cash provided (used) by operating activities	\$ <u>28,367,656</u>	\$(<u>860,621</u>)	\$ <u>27,507,035</u>
<i>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET ASSETS:</i>			
Cash and cash equivalents	\$ 8,758,877	\$ -	\$ 8,758,877
Restricted cash and cash equivalents	-	-	-
Bank overdrafts	<u>-</u>	(<u>19,987</u>)	(<u>19,987</u>)
Total cash and cash equivalents at end of year	\$ <u>8,758,877</u>	\$(<u>19,987</u>)	\$ <u>8,738,890</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

CITY OF BUFORD, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
CITY OF BUFORD BOARD OF EDUCATION SPLOST FUNDS
JUNE 30, 2018

	AGENCY FUNDS				
	Gwinnett County E-SPLOST IV Fund	Gwinnett County E-SPLOST V Fund	Hall County E-SPLOST IV Fund	Hall County E-SPLOST V Fund	Total Agency Funds
ASSETS					
Cash and cash equivalents	\$ 3,051	\$ 409,008	\$ 800,986	\$ 75,601	\$ 1,288,646
Investments	<u>-</u>	<u>19,562,759</u>	<u>-</u>	<u>2,650,603</u>	<u>22,213,362</u>
Total assets	\$ <u>3,051</u>	\$ <u>19,971,767</u>	\$ <u>800,986</u>	\$ <u>2,726,204</u>	\$ <u>23,502,008</u>
LIABILITIES					
Due to others	\$ <u>3,051</u>	\$ <u>19,971,767</u>	\$ <u>800,986</u>	\$ <u>2,726,204</u>	\$ <u>23,502,008</u>
Total liabilities	\$ <u>3,051</u>	\$ <u>19,971,767</u>	\$ <u>800,986</u>	\$ <u>2,726,204</u>	\$ <u>23,502,008</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

These financial statements are prepared in accordance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This Statement established financial reporting requirements for state and local governments throughout the United States. As part of the implementation of GASB Statement No. 34, the City has prepared required supplementary information titled *Management's Discussion and Analysis*, which precedes the financial statements.

REPORTING ENTITY

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

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

Discretely Presented Component Units

City of Buford Board of Education - The City of Buford Board of Education ("BOE") is the governing authority of the City School System. There are five members on the Board. Four of them are elected by the public, and one is the Chairman of the City of Buford Board of Commissioners. The BOE is a legally separate entity with the power to sue or be sued. The BOE has decision-making authority, the power to designate management, the power to incur indebtedness, and the ability to significantly influence operations. The BOE controls the employment of all personnel and has the final decision on how its funds are disbursed. However, the City Council holds the authority to levy taxes and determines the amount of tax revenue flowing to the BOE. The City approves the property tax millage, levies the tax and remits the school portion of the tax to the board. In addition, the City provides additional funds as necessary to ensure that the quality of educational facilities and services provided are maintained at the highest level possible. Finally, the City may, and has, approved the issuance of bonded debt for the use of the BOE and is legally responsible for that debt. Thus, the BOE is a component unit of the City because it is fiscally dependent on the City. The amounts on the government-wide financial statements are from the BOE's audited financial statements for the year ending June 30, 2017, which were released on July 25, 2018 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, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

REPORTING ENTITY - CONTINUED

Discretely Presented Component Units - Continued

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

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

City of Buford Downtown Development Authority – The City of Buford Downtown Development Authority ("DDA") is governed by a board appointed by the City of Buford Board of Commissioners. The DDA is responsible for the revitalization and redevelopment of the geographical area within the corporate limits of the City.

The DDA did not issue separate financial statements for the year ended June 30, 2018.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

Government-Wide Financial Statements

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

Governmental Fund Financial Statements

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

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

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

The City has presented the following major governmental funds:

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

Capital Project Funds

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

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

2017 General Obligation Bond Construction Fund – This fund is used to account for the construction and financing of projects funded by the City of Buford 2017 General Obligation Bonds.

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

Special Revenue Funds

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

Hotel/Motel Tax Fund - used to account for receipt and allocation of the City's hotel/motel tax. Use of this tax is limited by law to promotion of tourism. The City hotel/motel tax rate for its three hotels was 7% during the fiscal year ending June 30, 2018.

CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

Governmental Fund Financial Statements - Continued

Special Revenue Funds - Continued

Auto Rental Excise Tax Fund – used to account for receipt and allocation of the City’s rental motor vehicle excise tax. Use of this tax is limited by law to promote industry, trade, commerce, and tourism; for the provision of convention, trade, sports, and recreational facilities. The City’s rental motor vehicle excise tax rate was 3% during the fiscal year ending June 30, 2018.

Debt Service Funds

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

2010 General Obligation Bond Debt Service Fund – used to service the governmental long-term debt related to the 2010 General Obligation Bonds used to finance the construction of the Buford Community Center, Town Park and Theatre.

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

2017 General Obligation Bond Debt Service Fund – used to service the governmental long-term debt related to the 2017 General Obligation Bonds used to finance the construction of related to the City of Buford Board of Education.

Capital Project Funds

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

Governmental Fund Financial Statements - Continued

Proprietary Funds Financial Statements

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

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

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

The City has presented the following major proprietary fund:

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

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

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

Fiduciary Fund Financial Statements

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

USE OF RESTRICTED/UNRESTRICTED NET POSITION

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

BUDGETS AND BUDGETARY ACCOUNTING

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

Budgeting Policy

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

CASH, CASH EQUIVALENTS AND INVESTMENTS

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

INTERFUND RECEIVABLES AND PAYABLES

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

TRANSACTIONS BETWEEN FUNDS

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

PAYMENTS BETWEEN CITY AND BUFORD BOARD OF EDUCATION AGENCY FUNDS

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

ACCOUNTS RECEIVABLE AND UNEARNED REVENUES

Accounts receivable are recorded in the General, Special Revenue, Capital Project and Proprietary Funds. Receivables are stated at their net realizable value (face value less the allowance for uncollectible accounts). Delinquent taxes receivable are fully reserved by the deferral of the related revenues until payment is received. Utility revenue is recorded when earned. The accrual of earned, but unbilled receivables is made at year-end and included in the accompanying financial statements. The Utilities Fund grants credit to utility customers, all of whom are located in North Georgia Counties. Allowances for doubtful accounts totaled \$422,036 for the General Fund and \$3,647,857 for the Utilities Fund. No allowance was considered necessary for any receivables in the special revenue or capital project funds.

PREPAID ITEMS

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

RESTRICTED CASH AND INVESTMENTS

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

INVENTORIES

There are no inventories of supplies or materials recorded at June 30, 2018, as amounts stored for supplies and materials were not of a material nature at that date.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

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

MANAGEMENT ESTIMATES

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

**CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 7, 2017, which is the date that the millage rate was established. Taxes are payable by November 20 and become delinquent and attach as an enforceable lien on that date. The City bills and collects property taxes through the General Fund and the funds are entirely related to and for the use of the Buford Board of Education and transferred along with additional funding appropriations as set by the City Commission in the budget process. The millage rate for the 2017 tax digest was set at 12.80 mills.

CAPITAL ASSETS

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

CAPITALIZED INTEREST

Interest costs are capitalized when incurred by proprietary funds on debt where proceeds were used to finance the construction of assets during the construction period of the related project. There were no interest costs incurred by the Utilities Fund for the year ended June 30, 2018, therefore, no interest costs were charged to expense or capitalized for the year ended June 30, 2018.

COMPENSATED ABSENCES

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

LONG-TERM OBLIGATIONS

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

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

GOVERNMENTAL FUND BALANCES

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

GOVERNMENTAL FUND BALANCES - CONTINUED

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

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

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits

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

Deposits of the City's reporting entity are insured or collateralized with securities held by the City, its agent, or by the pledging financial institution's trust department or agent in the name of the City or applicable public trust. The City has not adopted a formal deposit policy

Investments

State statutes authorize the City to invest only in certificates of deposit of banks and savings and loan associations which have deposits insured by the FDIC with any uninsured amounts collateralized by direct obligations of the United States or the State of Georgia; obligations of the United States and of its agencies and instrumentalities; or bonds or certificates of indebtedness of the State of Georgia and of its agencies and its instrumentalities. The City has not adopted a formal investment policy.

**CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 - DEPOSITS AND INVESTMENTS - CONTINUED

Investments - Continued

As of June 30, 2018, the City had the following investments:

<u>Investment</u>	<u>Rating</u>	<u>Maturity</u>	<u>Fair Value</u>
<u>Primary Government</u>			
<u>Governmental activities</u>			
Certificates of Deposit	N/A	365 day	\$ 13,020,041
<u>Business-type activities</u>			
Certificates of Deposit	N/A	365 day	14,222,412
Municipal Competitive Trust:			
Flexible Operating Account	N/A	07/01/18-07/25/18	9,929,134
Intermediate Tax Restricted	N/A	07/01/18-11/01/26	131,557
Intermediate Extended Maturity	N/A	07/01/18-12/14/18	<u>3,398,003</u>
Total			\$ <u>40,701,147</u>

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

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

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

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

CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS - CONTINUED

Investments - Continued

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

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

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

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Municipal Competitive Trust:				
Short-term Portfolio	\$ -	\$ 9,929,134	\$ -	\$ 9,929,134
Intermediate Tax Restricted	-	131,557	-	131,557
Intermediate Extended Maturity	-	<u>3,398,003</u>	-	<u>3,398,003</u>
Total investments measured at fair value	<u>\$ -</u>	<u>\$ 13,458,694</u>	<u>\$ -</u>	<u>\$ 13,458,694</u>
Investments recorded at cost:				
Certificates of deposit				<u>27,242,453</u>
Total investments				<u>\$ 40,701,147</u>

NOTE 3 - RECEIVABLES

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Current receivables:			
Property taxes	\$ 469,849	\$ -	\$ 469,849
Sales and excise tax receivable	89,075	-	89,075
Accounts	-	4,197,100	4,197,100
Other	<u>101,409</u>	-	<u>101,409</u>
Total current receivables	<u>\$ 660,333</u>	<u>\$ 4,197,100</u>	<u>\$ 4,857,433</u>

Intergovernmental contracts receivable

The City has entered into intergovernmental contracts with the City of Buford Board of Education (BOE) regarding the issuance, use of proceeds, and payment of General Obligation Bonds Series 2015, 2017A, 2017B, and GO Refunding Bonds Series 2017C. The Bonds were issued to provide funds, together with other available funds of the BOE to finance the costs of acquiring, constructing, and equipping certain capital outlay projects of the BOE and the costs of issuance of the bonds including capitalized interest. The intergovernmental contracts state that the BOE's payment obligations consist of the payments of all amounts coming due as principal and interest on the Bonds. The BOE will fund the bonds with ESPLOST revenues, and thus the City has an intergovernmental contracts receivable from the BOE for the outstanding Bonds. The outstanding principal balance on the Bonds was \$64,970,000 with a premium outstanding of \$6,055,012 for total intergovernmental contracts receivable of \$71,025,012 at June 30, 2018. The City's two capital project funds 2015 GOB Capital Project and 2017 GOB Capital Project account for the sources and uses of the Bond proceeds. At June 30, 2018, the City had restricted assets available to use for the BOE capital projects of \$3,142 in the 2015 GOB Capital Project Fund, and \$21,610,106 in the 2017 GOB Capital Project Fund.

CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 4 - INTERFUND RECEIVABLES/PAYABLES AND TRANSACTIONS

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

Interfund receivables/payables are as follows at June 30, 2018:

Fund	Interfund Receivables	Interfund Payables
General Fund		
Due from GOB 2015 Construction Fund	\$ 452,001	\$ -
Due from Other Governmental Funds	<u>141,002</u>	<u>-</u>
Total General Fund	<u>593,003</u>	<u>-</u>
GOB 2015 Construction Fund		
Due to General Fund	<u>-</u>	<u>452,001</u>
Other Governmental Funds		
Due to General Fund	-	141,002
Due to Buford Community Center Enterprise Fund	<u>-</u>	<u>86,533</u>
Total Non-Major Governmental Funds	<u>-</u>	<u>227,535</u>
Non-Major Proprietary Fund – Buford Community Center Fund		
Due from Other Governmental Funds	<u>86,533</u>	<u>-</u>
Total Non-Major Proprietary Fund	<u>86,533</u>	<u>-</u>
Total	\$ <u>679,536</u>	\$ <u>679,536</u>

**CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 - INTERFUND RECEIVABLES/PAYABLES AND TRANSACTIONS - CONTINUED

Interfund transactions consisted of the following for the year ending June 30, 2018:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>General Fund:</u>		
Utilities Fund	\$ 18,953,330	\$ -
Other Governmental Funds	242,880	352,009
Buford Community Center Fund	<u>-</u>	<u>810,654</u>
Total General Fund	<u>19,196,210</u>	<u>1,162,663</u>
<u>2015 GOB Capital Project Fund:</u>		
2017 GOB Capital Project Fund	<u>5,960</u>	<u>-</u>
Total 2015 GOB Capital Project Fund	<u>5,960</u>	<u>-</u>
<u>2017 GOB Capital Project Fund:</u>		
2015 GOB Capital Project Fund	-	5,960
Other Governmental Funds	<u>-</u>	<u>2,300,457</u>
Total 2017 GOB Capital Project Fund	<u>-</u>	<u>2,306,417</u>
<u>Other Governmental Funds:</u>		
General Fund	352,009	242,880
2017 GOB Capital Project Fund	2,300,457	-
Buford Community Center Fund	<u>-</u>	<u>86,533</u>
Total Other Governmental Funds	<u>2,652,466</u>	<u>329,413</u>
<u>Proprietary Funds:</u>		
<u>Utilities Fund:</u>		
General Fund	<u>-</u>	<u>18,953,330</u>
Total Utilities Fund	<u>-</u>	<u>18,953,330</u>
<u>Buford Community Center Fund:</u>		
General Fund	810,654	-
Other Governmental Funds	<u>86,533</u>	<u>-</u>
Total Buford Community Center Fund	<u>897,187</u>	<u>-</u>
Totals	\$ <u>22,751,823</u>	\$ <u>22,751,823</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the General Fund and Utilities Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. (c) Transfer funds to finance the debt service funds in fulfillment of the 2010, 2015, and 2017 General Obligation Bond obligations.

CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 5 - CAPITAL ASSETS

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

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
GOVERNMENTAL ACTIVITIES:				
Not being depreciated:				
Land	\$ 10,233,883	\$ 1,684,263	\$ -	\$ 11,918,146
Land - schools	8,085,162	-	-	8,085,162
Construction in progress	<u>4,711,782</u>	<u>9,857,639</u>	<u>(205,852)</u>	<u>14,363,569</u>
Subtotal	<u>23,030,827</u>	<u>11,541,902</u>	<u>(205,852)</u>	<u>34,366,877</u>
Other capital assets:				
Buildings and improvements	31,861,062	-	-	31,861,062
City parks	4,661,579	-	-	4,661,579
Equipment	291,681	47,661	-	339,342
Furniture and fixtures	639,349	-	-	639,349
Sidewalks	1,069,665	234,820	-	1,304,485
Streets	19,824,029	768,984	-	20,593,013
Streetscapes and hardscapes	6,283,065	-	-	6,283,065
Vehicles	<u>201,223</u>	<u>46,150</u>	<u>-</u>	<u>247,373</u>
Subtotal	<u>64,831,653</u>	<u>1,097,615</u>	<u>-</u>	<u>65,929,268</u>
Accumulated depreciation:				
Buildings and improvements	(7,600,210)	(1,062,035)	-	(8,662,245)
City parks	(907,485)	(186,817)	-	(1,094,302)
Equipment	(126,546)	(33,055)	-	(159,601)
Furniture and fixtures	(639,349)	-	-	(639,349)
Sidewalks	(265,305)	(66,855)	-	(332,160)
Streets	(6,912,045)	(992,830)	-	(7,904,875)
Streetscapes and hardscapes	(2,794,436)	(311,029)	-	(3,105,465)
Vehicles	<u>(149,933)</u>	<u>(24,312)</u>	<u>-</u>	<u>(174,245)</u>
Subtotal	<u>(19,395,309)</u>	<u>(2,676,933)</u>	<u>-</u>	<u>(22,072,242)</u>
Net other capital assets	<u>45,436,344</u>	<u>(1,579,318)</u>	<u>-</u>	<u>43,857,026</u>
Total capital assets	\$ <u>68,467,171</u>	\$ <u>9,962,584</u>	\$ <u>(205,852)</u>	\$ <u>78,223,903</u>

Depreciation was charged to functions as follows:

Governmental activities:	
General government	\$ 266,694
Financial and administration	9,564
Public safety, Marshal and Code enforcement	2,265
Highway and street	1,481,294
Building inspection	-
Culture and recreation	910,660
Maintenance	<u>6,456</u>
Total governmental activities depreciation expense	\$ <u>2,676,933</u>

CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 5 - CAPITAL ASSETS - CONTINUED

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

	<u>Balance July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2018</u>
BUSINESS-TYPE ACTIVITIES:				
<u>Not being depreciated:</u>				
Land - Gas	\$ 11,183	\$ -	\$ -	\$ 11,183
Land - Sanitation	85,000	-	-	85,000
Land - Water & waste water	106,480	-	-	106,480
Construction in progress - Gas	705,951	92,765	(705,951)	92,765
Construction in progress - Water & wastewater	<u>3,430,129</u>	<u>280,860</u>	<u>(2,816,650)</u>	<u>894,339</u>
Subtotal	<u>4,338,743</u>	<u>373,625</u>	<u>(3,522,601)</u>	<u>1,189,767</u>
<u>Other capital assets:</u>				
Buildings and improvements - Electric	3,728	-	(3,728)	-
Buildings and improvements - Gas	6,006	-	(6,006)	-
Buildings and improvements - BCC	146,773	-	-	146,773
Equipment - Electric	20,975	-	(13,475)	7,500
Equipment - Gas	89,454	35,978	(13,475)	111,957
Equipment - Water & wastewater	7,500	28,954	-	36,454
Equipment - BCC	53,426	17,935	-	71,361
Utility plant - Electric	20,813,398	634,405	(3,191,023)	18,256,780
Utility plant - Gas	62,852,212	3,152,120	(381,317)	65,623,015
Utility plant - Water & wastewater	26,710,149	4,246,702	(238,219)	30,718,632
Vehicles - Electric	234,662	20,019	(5,000)	249,681
Vehicles - Gas	456,042	179,980	(121,099)	514,923
Vehicles - Solid waste & recycling	438,179	-	(88,936)	349,243
Vehicles - Water & wastewater	<u>36,945</u>	<u>5,519</u>	<u>(20,197)</u>	<u>22,267</u>
Subtotal	<u>111,869,449</u>	<u>8,321,612</u>	<u>(4,082,475)</u>	<u>116,108,586</u>
<u>Accumulated depreciation:</u>				
Buildings and improvements - Electric	(3,728)	-	3,728	-
Buildings and improvements - Gas	(6,006)	-	6,006	-
Buildings and improvements - BCC	(19,570)	(9,785)	-	(29,355)
Equipment - Electric	(17,225)	(750)	13,475	(4,500)
Equipment - Gas	(33,732)	(9,815)	13,475	(30,072)
Equipment - Water & wastewater	(3,750)	(1,474)	-	(5,224)
Equipment - BCC	(9,712)	(9,493)	-	(19,205)
Utility plant - Electric	(14,337,466)	(867,498)	3,191,023	(12,013,941)
Utility plant - Gas	(30,275,812)	(2,525,338)	381,317	(32,419,833)
Utility plant - Water & wastewater	(13,329,002)	(1,383,252)	238,219	(14,474,035)
Vehicles - Electric	(147,022)	(23,743)	5,000	(165,765)
Vehicles - Gas	(271,393)	(95,514)	121,099	(245,808)
Vehicles - Solid waste & recycling	(163,253)	(34,925)	88,936	(109,242)
Vehicles - Water & waste water	<u>(21,722)</u>	<u>(4,084)</u>	<u>20,197</u>	<u>(5,609)</u>
Subtotal	<u>(58,639,393)</u>	<u>(4,965,671)</u>	<u>4,082,475</u>	<u>(59,522,589)</u>
Net other capital assets	<u>53,230,056</u>	<u>3,355,941</u>	<u>-</u>	<u>56,585,997</u>
Net capital assets	\$ <u>57,568,799</u>	\$ <u>3,729,566</u>	\$ <u>(3,522,601)</u>	\$ <u>57,775,764</u>

CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 5 - CAPITAL ASSETS - CONTINUED

Depreciation was charged to functions as follows:

Business-type activities:

Electric	\$	891,991
Gas		2,630,667
Solid Waste and Recycling System		34,925
Waste Water		694,405
Water		694,405
Buford Community Center		<u>19,278</u>

Total business-type activities depreciation expense \$ 4,965,671

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2018:

<u>Type of Debt</u>	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>	<u>Amounts Due within One Year</u>
Governmental activities:					
General Obligation Bonds	\$ 39,053,236	\$ 54,270,000	\$ (22,850,000)	\$ 70,473,236	\$ 11,270,000
Reoffering premium	<u>4,020,754</u>	<u>5,116,695</u>	<u>(3,082,437)</u>	<u>6,055,012</u>	<u>555,748</u>
General Obligation Bonds - net	43,073,990	59,386,695	(25,932,437)	76,528,248	11,825,748
Compensated absences	<u>140,322</u>	<u>17,810</u>	<u>-</u>	<u>158,132</u>	<u>-</u>
Total general long-term debt	\$ <u>43,214,312</u>	\$ <u>59,404,505</u>	\$ (<u>25,932,437</u>)	\$ <u>76,686,380</u>	\$ <u>11,825,748</u>
Business-type activities:					
Accrued landfill closure and post closure care	\$ 157,180	\$ -	\$ (157,180)	\$ -	\$ -
Compensated absences	<u>116,516</u>	<u>5,610</u>	<u>-</u>	<u>122,126</u>	<u>-</u>
Total proprietary fund debt	\$ <u>273,696</u>	\$ <u>5,610</u>	\$ (<u>157,180</u>)	\$ <u>122,126</u>	\$ <u>-</u>

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

CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 6 - LONG-TERM DEBT - CONTINUED

GOVERNMENTAL ACTIVITIES

As of June 30, 2018, the governmental long-term debt of the financial reporting entity consisted of the following:

GENERAL OBLIGATION BONDS PAYABLE

City of Buford General Obligation Bonds Series 2010

On October 21, 2010 the City issued City of Buford General Obligation Bonds Series 2010 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	(4,496,764)
Net amount outstanding June 30, 2018 - total general obligation bonds payable	5,503,236
Less: current maturities	<u>500,000</u>
Long-term maturities	\$ <u>5,003,236</u>

Annual debt service requirements

The annual debt service requirements to maturity, including principal and interest, for the General Obligation Bonds, Series 2010 long-term debt as of June 30, 2018, are as follows:

<u>Governmental-type Activities</u>			
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 500,000	\$ 187,447	\$ 687,447
2020	500,000	170,738	670,738
2021	500,000	153,238	653,238
2022	500,000	135,738	635,738
2023	500,000	118,238	618,238
2024-2028	2,500,000	328,692	2,828,692
2029	<u>503,236</u>	<u>13,239</u>	<u>516,475</u>
Total	\$ <u>5,503,236</u>	\$ <u>1,107,330</u>	\$ <u>6,610,566</u>

**CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 6 - LONG-TERM DEBT - CONTINUED

City of Buford General Obligation Bonds Series 2015

On June 17, 2015, the City issued City of Buford General Obligation Bonds Series 2015 payable in the original amount of \$33,050,000. The bonds were issued for the purpose of providing funds, together with other available funds of the Board of Education of the City of Buford ("BOE") to finance the costs of acquiring, constructing, and equipping certain capital outlay projects of the School System and the costs of issuance of the Bonds including capitalized interest, more specifically for the purpose of acquisition, construction and equipping certain additional Buford City School facilities, the addition of classrooms to existing schools, renovation of existing facilities and technology and preventive maintenance thereto in furtherance of K-12 education in the Buford City School district and other buildings and facilities useful in connection therewith, and acquiring property, real and personal, necessary thereof, and paying expenses incident thereto; to provide for the date and the maximum interest rate or rates of interest which such bonds shall bear, and the schedule of maturities of said bond issue; to provide for the levy of and collection of taxes to service said bond issue, and for other related purposes. On December 6, 2017, \$22,350,000 of the bonds were advance refunded by the issuance of the City of Buford General Obligation Refunding Bonds Series 2017C. The proceeds of this advance refunding were deposited into an escrow fund to refund and defease the refunded bonds. Accordingly, the escrow account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2018, \$22,350,000 of bonds outstanding are considered defeased. The remaining bonds from the 2015 issue bear an interest rate of 5.250%, with a final maturity date of January 1, 2029.

The City previously entered into an intergovernmental contract with the BOE in regards to issuance, use of proceeds and payment of the City of Buford General Obligation Bonds Series 2015. This contract was replaced in its entirety by an amended and restated contract entered into on December 1, 2017 as part of the issuance of the City of Buford General Obligation Refunding Bonds Series 2017C.

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

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

Amount of original issue at par	\$ 33,050,000
Less: amount redeemed	<u>(22,350,000)</u>
Net amount outstanding June 30, 2018 - total general obligation bonds payable	10,700,000
Less: current maturities	<u>-</u>
Long-term maturities	<u>\$ 10,700,000</u>

Annual debt service requirements

The annual debt service requirements to maturity, including principal and interest, for the General Obligation Bonds, Series 2015 long-term debt as of June 30, 2018, are as follows:

<u>Governmental-type Activities</u>			
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	\$ 561,750	\$ 561,750
2020	-	561,750	561,750
2021	-	561,750	561,750
2022	-	561,750	561,750
2023	-	561,750	561,750
2024-2028	-	2,808,750	2,808,750
2029	<u>10,700,000</u>	<u>561,750</u>	<u>11,261,750</u>
Total	<u>\$ 10,700,000</u>	<u>\$ 6,179,250</u>	<u>\$ 16,879,250</u>

**CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 6 - LONG-TERM DEBT - CONTINUED

City of Buford General Obligation Bonds Series 2017A and Series 2017B

On November 22, 2017, the City issued The City of Buford General Obligation Bonds – Series 2017A and Series 2017B in the total amount of \$30,000,000. The Series 2017A and 2017B bonds were issued for the purpose of providing funds, together with other available funds of the Board of Education of the City of Buford ("BOE") to finance the costs of acquiring, constructing, and equipping certain capital outlay projects of the School System and the costs of issuance of the Bonds including capitalized interest, more specifically for the purpose of acquisition, construction and equipping certain additional Buford City School facilities, the addition of classrooms to existing schools, renovation of existing facilities and technology and preventive maintenance thereto in furtherance of K-12 education in the Buford City School district and other buildings and facilities useful in connection therewith, and acquiring property, real and personal, necessary thereof, and paying expenses incident thereto; to provide for the date and the maximum interest rate or rates of interest which such bonds shall bear, and the schedule of maturities of said bond issue; to provide for the levy of and collection of taxes to service said bond issue, and for other related purposes. The bonds bear an interest rate of 5.00%, with a final maturity date of January 1, 2029.

The City entered into an intergovernmental contract with the BOE in regards to issuance, use of proceeds and payment of the City of Buford General Obligation Bonds Series 2017A and Series 2017B. The contract stipulates that the BOE's payment obligations consist of the payments of all amounts coming due as principal and interest on the Bonds as set forth in the Bonds and the Bond Ordinance directly to and for the applicable account of the City as so designated by the City. The obligation of the BOE to pay promptly its obligations shall be absolute and unconditional and shall not be subject to any defense or right of setoff, counterclaim, or recoupment arising from any breach by the City of any obligation to the BOE or the breach by the BOE of any obligation to the City. In addition, the BOE has notified the State Board of Education of the issuance of the Bonds and has authorized and directed the State Board to withhold and transfer any state appropriation to which the BOE is entitled to. The Sinking Fund Custodian shall be required to transfer to the paying agent for the Bonds such amounts of monies as are necessary to provide for the payment of the principal and/or interest on the Bonds coming due each payment date.

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

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

Amount of original issue at par	\$ 30,000,000
Less: amount redeemed	(_____)
Net amount outstanding June 30, 2018 - total general obligation bonds payable	30,000,000
Less: current maturities	<u>10,770,000</u>
Long-term maturities	\$ <u>19,230,000</u>

**CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 6 - LONG-TERM DEBT - CONTINUED

City of Buford General Obligation Bonds Series 2017A and Series 2017B - Continued

Annual debt service requirements

The annual debt service requirements to maturity, including principal and interest, for the General Obligation Bonds Series 2017A and Series 2017B long-term debt as of June 30, 2018, are as follows:

	<u>Governmental-type Activities</u>		
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 10,770,000	\$ 1,500,000	\$ 12,270,000
2020	-	961,500	961,500
2021	-	961,500	961,500
2022	-	961,500	961,500
2023	-	961,500	961,500
2024-2028	9,420,000	2,923,500	12,343,500
2029	<u>9,810,000</u>	<u>490,500</u>	<u>10,300,500</u>
Total	\$ <u>30,000,000</u>	\$ <u>8,760,000</u>	\$ <u>38,760,000</u>

City of Buford General Obligation Refunding Bonds Series 2017C

On December 6, 2017, the City issued The City of Buford General Obligation Refunding Bonds Series 2017C in the amount of \$24,270,000. The Series 2017C bonds were issued to advance refund \$22,350,000 of the City's previously issued City of Buford General Obligation Bonds Series 2015. The bonds bear interest rates averaging from 3.00% to 4.00%, with a final maturity date of January 1, 2048. The City advance refunded a portion of the Series 2015 bonds in order to issue additional bonds for the construction of BOE facilities and to extend the maturity of the bonds by 19 years, which will result in an increase in total scheduled debt service payments of \$17,921,571 and an economic loss (difference between the present value of the debt service payments on the old and new debt) of \$982,127. The proceeds of the Series 2017C issue resulted in a gain on advance refunding as follows:

Net carrying amount of City of Buford G.O. Bonds Series 2015 refunded:	
Principal balance	\$ 22,350,000
Unamortized bond issue premium	<u>2,600,808</u>
City of Buford G.O. Bonds Series 2015 Bonds refunded	\$ 24,950,808
Reacquisition price of City of Buford G.O. Bonds Series 2015	<u>24,754,238</u>
Gain on advance refunding	\$ <u>196,570</u>

The City entered into an amended and restated intergovernmental contract with the BOE in regards to issuance, use of proceeds and payment of the City of Buford General Obligation Bonds Series 2015 and City of Buford General Obligation Refunding Bonds Series 2017C as of December 1, 2017. The amended and restated contract replaced the 2015 intergovernmental contract in its entirety. The contract stipulates that the BOE's payment obligations consist of the payments of all amounts coming due as principal and interest on the Bonds as set forth in the Bonds and the Bond Ordinance directly to and for the applicable account of the City as so designated by the City. The obligation of the BOE to pay promptly its obligations shall be absolute and unconditional and shall not be subject to any defense or right of setoff, counterclaim, or recoupment arising from any breach by the City of any obligation to the BOE or the breach by the BOE of any obligation to the City. In addition, the BOE has notified the State Board of Education of the issuance of the Bonds and has authorized and directed the State Board to withhold and transfer any state appropriation to which the BOE is entitled to. The Sinking Fund Custodian shall be required to transfer to the paying agent for the Bonds such amounts of monies as are necessary to provide for the payment of the principal and/or interest on the Bonds coming due each payment date.

CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 6 - LONG-TERM DEBT - CONTINUED

City of Buford General Obligation Refunding Bonds Series 2017C - Continued

Annual debt service requirements

The annual debt service requirements to maturity, including principal and interest, for the General Obligation Refunding Bonds Series 2017C long-term debt as of June 30, 2018, are as follows:

<u>Governmental-type Activities</u>			
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	\$ 896,294	\$ 896,294
2020	-	896,294	896,294
2021	-	896,294	896,294
2022	-	896,294	896,294
2023	-	896,294	896,294
2024-2028	-	4,481,468	4,481,468
2029-2033	3,780,000	4,262,068	8,042,068
2034-2038	5,645,000	3,302,419	8,947,419
2039-2043	6,740,000	2,197,519	8,937,519
2044-2048	<u>8,105,000</u>	<u>838,856</u>	<u>8,943,856</u>
Total	\$ <u>24,270,000</u>	\$ <u>19,563,800</u>	\$ <u>43,833,800</u>

The annual debt service requirements to maturity, including principal and interest, for total General Obligation Bonds as of June 30, 2018, are as follows:

DEBT SERVICE REQUIREMENTS - TOTAL GENERAL OBLIGATION BONDS PAYABLE, SERIES 2010, SERIES 2015, AND SERIES 2017

<u>Governmental-type Activities</u>			
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 11,270,000	\$ 3,145,491	\$ 14,415,491
2020	500,000	2,590,282	3,090,282
2021	500,000	2,572,782	3,072,782
2022	500,000	2,555,282	3,055,282
2023	500,000	2,537,782	3,037,782
2024-2028	11,920,000	10,542,410	22,462,410
2029-2033	24,793,236	5,327,557	30,120,793
2034-2038	5,645,000	3,302,419	8,947,419
2039-2043	6,740,000	2,197,519	8,937,519
2044-2048	<u>8,105,000</u>	<u>838,856</u>	<u>8,943,856</u>
Total	\$ <u>70,473,236</u>	\$ <u>35,610,380</u>	\$ <u>106,083,616</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

\$ 158,132

**CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 6 - LONG-TERM DEBT - CONTINUED

BUSINESS-TYPE ACTIVITIES:

As of June 30, 2018, 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>122,126</u>
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NOTE 7 - FUND BALANCES

The City's governmental fund balance classifications are nonspendable, restricted for specific purposes, as required by bond ordinances, higher levels of government, or unassigned. As of June 30, 2018, the City's classifications of governmental fund balances are as follows:

Governmental Funds

Nonspendable:

Prepaid items	\$ 662,644
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Restricted for:

Capital Projects – City of Buford Board of Education	16,015,227
Capital Projects – SPLOST Construction	7,649,281
Debt Service	1,886,491
Education	570,217

<u>Unassigned</u>	<u>6,053,920</u>
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Total governmental fund balances	\$ <u>32,837,780</u>
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NOTE 8 - RESTRICTED NET POSITION

Governmental Activities

Restricted net position is comprised of the following at June 30, 2018:

Restricted for:

Capital Projects - SPLOST	\$ 7,649,281
Debt service	1,886,491
Education	<u>570,217</u>

Total net position restricted for governmental-type activities	\$ <u>10,105,989</u>
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Business-type Activities

Restricted net position is comprised of the following at June 30, 2018:

Restricted for:

Municipal Competitive Trust	\$ <u>131,557</u>
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Total net position restricted for business-type activities	\$ <u>131,557</u>
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CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 9 - PENSION PLAN

Plan Description

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

Membership of the plan

Retirees and beneficiaries receiving benefits	61
Terminated vested participants	11
Active plan members	<u>112</u>
Total	<u>184</u>

Funding Policy

BRP members are not required and do not contribute to BRP. BRP is a noncontributory plan. The City is required to contribute 100% of the amount necessary to fund BRP at an actuarially determined rate; the current rate is 14.46% of expected payroll. The contribution requirements of the City are established and may be amended by the GMEBS Board of Trustees.

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

**CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 9 - PENSION PLAN - CONTINUED

Investment Data

The market value of assets is based on current values as of three months preceding the valuation date (September 30, 2017) as is assumed to be current through that date. All asset data that was used in the actuarial valuation has been supplied by GMEBS. Net investment return is assumed to be 7.50% on an ongoing basis, based on the long-term expected rate of return on pension plan investments. The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2017 are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	45%	6.71%
International equity	20%	7.71%
Real estate	10%	5.21%
Global fixed income	5%	3.36%
Domestic fixed income	20%	2.11%
Cash	<u>0%</u>	
Total	<u>100%</u>	

NET PENSION LIABILITY

The City's net pension liability was measured as of September 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2017.

Net pension liability is calculated as follows:

Total pension liability	\$ 16,682,952
Fiduciary net position	<u>(12,928,927)</u>
Net pension liability	\$ <u>3,754,025</u>
Fiduciary net position as a percentage of total pension liability	77.5%

Total pension liability uses Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2018 are used to measure total pension liability as of September 30, 2017. The balances as of September 30, 2017 constitute measurements of the net pension liability for the fiscal year ending June 30, 2018.

The mortality and economic actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2014. Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.

**CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 9 - PENSION PLAN - CONTINUED

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

Total pension liability, fiduciary net position, and net pension liability are based on a September 30, 2017 measurement date which would make them applicable to the fiscal year beginning July 1, 2017 and ending June 30, 2018.

Benefit Terms

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

Actuarial Assumptions

The total pension liability in the January 1, 2018 actuarial valuation was based on the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets. The actuarial assumptions included the following:

- | | |
|--------------------------------|--|
| • Rate of return on investment | 7.50% per year |
| • Projected salary increases | 2.75% per year plus age and service based on merit increases |
| • Inflation rate assumption | 2.75% |
| • Cost of living adjustments | 0.0% |

Changes in Assumptions

Amounts reported for the fiscal year ending in 2018 and later reflect the following assumption changes based on an actuarial study conducted in September 2017:

- The investment return assumption was decreased from 7.75% to 7.50%.
- The inflation assumption was decreased from 3.25% to 2.75%.

Benefit Changes

There were no changes in benefit provisions in the last two fiscal years.

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the difference between actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability. The discount rate was decreased from 7.75% to 7.50% since the plan's prior fiscal year.

CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 9 - PENSION PLAN - CONTINUED

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the year ended June 30, 2018, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Beginning balance	\$ 15,118,268	\$ 10,158,555	\$ 4,959,713
Changes for the year:			
Service cost	290,915	-	290,915
Interest	1,141,107	-	1,141,107
Differences between expected and actual experience	643,809	-	643,809
Contributions – employer	-	1,991,281	(1,991,281)
Contributions – employee	-	-	-
Net investment income	-	1,593,046	(1,593,046)
Benefit payments, including refunds of employee contributions	(788,624)	(788,624)	-
Administrative expense	-	(25,331)	25,331
Other changes	<u>277,477</u>	<u>-</u>	<u>277,477</u>
Ending balance	\$ <u>16,682,952</u>	\$ <u>12,928,927</u>	\$ <u>3,754,025</u>

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

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.50 percent, as well as, what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
\$ <u>5,890,670</u>	\$ <u>3,754,025</u>	\$ <u>1,976,048</u>

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2017 and the current sharing pattern of costs between employer and employee.

**CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 9 - PENSION PLAN - CONTINUED

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

Pension expense for the year ended June 30, 2018 is \$935,524.

Deferred outflows/inflows of resource related to pensions:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,129,736	\$ -
Changes in assumptions	226,716	-
Changes in benefit terms	-	-
Net difference between projected and actual earnings on pension plan		
Investments	-	(619,916)
City contributions subsequent to the measurement date	<u>1,703,919</u>	<u>-</u>
Total	\$ <u>3,060,371</u>	\$ <u>(619,916)</u>

Employer contributions made subsequent to the measurement date of the net pension liability of \$1,703,919 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Projected recognition of deferred outflows/(inflows):

<u>Year Ended</u>	<u>Recognition</u>
June 30, 2019	\$ 311,081
June 30, 2020	340,017
June 30, 2021	53,208
June 30, 2022	32,230
June 30, 2023	-
Thereafter	<u>-</u>
Total	\$ <u>736,536</u>

NOTE 10 - POSTEMPLOYMENT BENEFITS OTHER THEN PENSIONS - OPEB

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 Statement No. 75. The City has chosen the pay-as-you-go method of funding the Plan, and as of June 30, 2018, the Plan reported no assets.

General Information about the OPEB Plan

Plan administration. The City of Buford Other Postemployment Benefit Plan (OPEB) is a defined benefit postretirement healthcare, prescription drug, and life insurance plan. The Plan is administered through the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer OPEB plan administered by the Georgia Municipal Association (GMA). 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

**CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

Benefits Provided. 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.

City Contributions. The City has not elected to advance fund the OPEB Plan, but rather maintains the OPEB Plan on a "pay-as-you-go" basis, in that claims are paid as they arise, rather than establishing an irrevocable trust to accumulated restricted funds. The plan is noncontributory in that the City contributes 100% of the benefit payments to the plan. The GMA issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS.

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.

Employees covered by the benefit terms. At January 1, 2018, City plan membership consisted of the following:

Retired members or beneficiaries currently receiving benefits	9
Vested terminated members entitled to but not yet receiving benefits	0
Active members	<u>112</u>
Total	<u>121</u>

Total OPEB Liability

The City's Net OPEB liability was measured as of June 30, 2018 and 2017. The Plan Fiduciary Net Positions (plan assets, if any) were valued as of the measurement dates and the Total OPEB liability was determined from actuarial valuations using data as of January 1, 2018.

Actuarial assumptions and other inputs. The total OPEB liability was measured as of June 30, 2018 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise noted:

Inflation	2.75%
Salary increases	2.75%, plus service-based merit increases
Discount rate	3.58%
Healthcare cost trends	Medical and Prescription Drug: 6.50% Trended down to 4.50% over 4 years Dental and Administrative Expenses: 5.00%
Mortality rates	RP-2000 Combined Healthy Mortality Table With sex-distinct rates, set forward two years For males and one year for females

The discount rate was based on the index of the General Obligation, 20-year, Municipal Bond Rate as of each measurement date.

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 to June 30, 2014.

CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

Changes in the Total OPEB Liability of the City. The changes in the components of the total OPEB liability of the City for the year ended June 30, 2018, were as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) – (b)
Beginning balance	\$ 11,536,465	\$ -	\$ 11,536,465
Changes for the year:			
Service cost	421,379	-	421,379
Interest	338,642	-	338,642
Differences between expected and actual experience	909	-	909
Changes of assumptions	(1,868,799)	-	(1,868,799)
Contributions – employer	-	151,309	(151,309)
Net investment income	-	-	-
Benefit payments, including refunds of employee contributions	(151,309)	(151,309)	-
Administrative expense	-	-	-
Ending balance	\$ <u>10,277,287</u>	\$ <u>-</u>	\$ <u>10,277,287</u>

Benefit Changes

There were no changes in benefit provisions since GASB 75 implementation.

Changes of Assumptions

The discount rate effective for June 30, 2016 was 2.85%, and effective for June 30, 2017 was 3.58%.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58%) or 1-percentage-point higher (4.58%) than the current rate.

	1% Increase (4.58%)	Current Discount Rate (3.58%)	1% Decrease (2.58%)
Total OPEB liability	\$ <u>8,294,039</u>	\$ <u>10,277,287</u>	\$ <u>12,949,674</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rates.

	1% Increase In Healthcare Cost Trend Rates	Current Healthcare Cost Trend Rates	1% Decrease in Healthcare Cost Trend Rates
Total OPEB liability	\$ <u>13,066,200</u>	\$ <u>10,277,287</u>	\$ <u>8,239,033</u>

CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the City recognized OPEB expense of \$526,533. At June 30, 2018, the City reported deferred outflows/inflows of resource related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 798	\$ -
Changes in assumptions or other inputs	-	(1,635,200)
City contributions subsequent to the measurement date	<u>150,158</u>	<u>-</u>
Total	\$ <u>150,956</u>	\$(<u>1,635,200</u>)

Employer contributions made subsequent to the measurement date of the total OPEB liability of \$150,158 are reported as deferred outflows of resources and will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Projected recognition of deferred outflows/(inflows):

<u>Year Ended</u>	<u>Recognition</u>
June 30, 2019	\$(233,486)
June 30, 2020	(233,486)
June 30, 2021	(233,486)
June 30, 2022	(233,486)
June 30, 2023	(233,486)
Thereafter	<u>(466,972)</u>
Total	\$(<u>1,634,402</u>)

NOTE 11 - HOTEL/MOTEL LODGING TAX

The City has levied a hotel/motel lodging tax under OCGA 48-13-51(b). The City levies excise taxes at the rate of 7%. 3/7 (42.86%) goes into the general fund; 2/7 (28.57%) is remitted to the Cities destination marketing organizations (e.g. Gwinnett Convention and Visitors Bureau and Lake Lanier Convention and Visitors Bureau); the remaining 2/7 (28.57%) is spent on "tourism product development" such as the Buford Community Center or as defined in 48-13-50.2 under the definition tourism product development. A summary of the transactions for the year ending June 30, 2018 follows:

Total hotel/motel tax receipts collected @ 7%	\$ 302,657
Less: 71.43% of hotel/motel tax collected @ 7% to be remitted to City of Buford General Fund and Buford Community Center Fund	(<u>216,184</u>)
Tax collected to be expended for the promotion of tourism, conventions and trade shows	86,473
Expenditures for promotion of tourism, conventions and trade shows remitted to the Gwinnett and Lake Lanier Convention & Visitors Bureaus	(<u>86,473</u>)
Collections over (under) expenditures for year ended June 30, 2018	\$ <u>-</u>

**CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 12 – AUTO RENTAL EXCISE TAX

The City has levied a rental motor vehicle excise tax. OCGA 48-13-93 requires that all motor rental vehicle excise taxes be expended for the purpose of promoting industry, trade, commerce, and tourism; for the provision of convention, trade, sports, and recreational facilities. During the year ended June 30, 2018, the City recognized \$113,081 in revenue from rental motor vehicle excise tax. Of this amount \$113,081, was expended for these purposes.

NOTE 13 - EXCESS EXPENDITURES OR EXPENSES OVER APPROPRIATIONS

The City had no excess expenditures or expenses over appropriations for the year ending June 30, 2018.

NOTE 14 - DEFICIT FUND BALANCES/NET POSITION

The City had no deficits in fund balances or net position as of June 30, 2018.

NOTE 15 - DEFERRED COMPENSATION PLAN

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

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

NOTE 16 - LITIGATION

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

NOTE 17 - COMMITMENTS AND CONTINGENT LIABILITIES

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

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

Under the terms of its Power Sales Contracts with MEAG, the City is obligated to take from MEAG, and MEAG is obligated to provide, all electric power and energy required by the City in excess of the amount received by the City as an allotment from federally owned projects through the Southeastern Power Administration ("SEPA"). 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 \$92,467,004 as of June 30, 2018. The contingent obligations of the City are general obligations of the City to which the City's full faith credit and taxing powers are pledged.

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

Gas System. The City has entered into the Gas Supply Contract and certain Supplemental Gas Supply Contracts with the Municipal Gas Authority of Georgia ("MGAG") under which the City buys natural gas for resale to its customers. Under such contracts with MGAG, the City is obligated to take from MGAG, and MGAG is obligated to provide, all of the City's natural gas requirements. The price paid by the City to MGAG under its contracts is intended to cover the City's share of all the costs of MGAG, including scheduled debt service of MGAG. Such payments are required to be made by the City whether or not MGAG's facilities or natural gas properties or any part thereof are operating or operable or the output there from is interrupted, interfered with, curtailed or terminated in whole or in part, or whether or not any of its natural gas suppliers or transporters defaults in its obligations under its gas supply or transportation contracts with MGAG. To the extent the required payments are not made from the revenues of the System or other funds, the City is required to include in its general revenue or appropriation measure or annual tax levy amounts sufficient to make such payments. The City is contingently liable for its pro-rata share of MGAG's debt in the amount of \$15,563,843 of as June 30, 2018. 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, 2018**

NOTE 17 - COMMITMENTS AND CONTINGENT LIABILITIES - CONTINUED

Gwinnett County and City of Buford Wholesale Sewage Agreement

The City entered into an agreement with Gwinnett County on May 2, 2018 to purchase water reclamation services from Gwinnett. The agreement is for a period of 50 years, or until it is dissolved or revised by mutual consent by both Gwinnett and the City. The payment terms of the agreement are for the City to make an annual payment to Gwinnett in the amount of \$1,375,000 per year over 12 years totaling \$16,500,000. The agreement provides for an annual increase in the amount of instantaneous daily flow that the City can send to Gwinnett with an initial daily flow maximum of 83,333 gallons per day increasing annually by 83,333 gallons per day until the daily maximum flow reaches 1,000,000 gallons per day in year 12. Payments are to be made annually unless the daily max flow sent from the City to Gwinnett exceeds the current allotted daily max flow. If the City exceeds its daily maximum flow then the City will be required to make a payment to Gwinnett that corresponds with the daily max flow tier level that occurred in the previous month. The City has made payments totaling \$2,750,000 as of the audit report date.

Livable Centers Initiative Grant

The City has entered into an agreement with the Georgia Department of Transportation to construct improvements on South Lee Street from State Road 13 to West Moreno Street at a projected total cost of \$3,882,591. \$3,126,073 of the project cost is being funded by a Federal Grant with the City required to match the remaining \$776,518. At June 30, 2018, the City had expended \$698,636 of matching expenditures and \$2,731,309 of reimbursable Federal expenditure on the project.

NOTE 18 - RISK MANAGEMENT

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

NOTE 19 - TRANSACTIONS WITH COMPONENT UNITS AND OTHER RELATED ENTITIES

For the year ended June 30, 2018, The City incurred the following intergovernmental revenues, expenditures and transfers relating to the City of Buford Board of Education, a component unit of the City. For additional information, see Note 1.

Governmental Activities

Intergovernmental contract revenue related to issuance of and defeasance of GOB	<u>\$ 33,954,258</u>
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Total intergovernmental contract revenue relating to City of Buford Board of Education	<u>\$ 33,954,258</u>
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General Fund

Transfers to City of Buford Board of Education	\$ 22,300,000
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Transfers for expenditures related to Buford Elementary School addition	<u>200,407</u>
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Total General Fund	22,500,407
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GOB 2015 Capital Project Fund

Capital project expenditures by the GOB 2015 Construction fund	22,726,496
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GOB 2017 Capital Project Fund

Capital project expenditures by the GOB 2017 Construction fund	<u>16,514,014</u>
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Total intergovernmental expenditures relating to City of Buford Board of Education	<u>\$ 61,740,917</u>
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**CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

Agency Funds

Amounts from SPLOST funds held in trust for the City of Buford Board of Education totaled \$23,502,008 as of June 30, 2018.

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, 2018 totaling \$6,195.

NOTE 20 - JOINT VENTURE

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

NOTE 21 - GRANTS

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

NOTE 22 - MUNICIPAL SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

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

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

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

NOTE 22 - MUNICIPAL SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS - CONTINUED

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. There is no remaining liability as of June 30, 2018.

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 23 - SUBSEQUENT EVENTS

Management of the City has evaluated subsequent events through December 12, 2018.

NOTE 24 - SIGNIFICANT ESTIMATES AND CONCENTRATIONS

Current Economic Environment

The current economic environment presents municipalities with 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.

CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 25 - PRIOR YEAR RESTATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City has adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaced GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which required the City to report a net OPEB obligation on its financial statements related to its OPEB plan. GASB Statement No. 75 requires the City to report deferred inflows of resources, deferred outflows of resources, and Net OPEB liability related to its OPEB Plan on its financial statements. As part of the implementation of GASB Statement No. 75, the City must remove the prior OPEB obligation, and restate its deferred outflows of resources, deferred inflows of resources and Net OPEB liability related to its OPEB Plan. Additionally, an adjustment has been made to increase the beginning net position of the City's governmental activities for the recognition of an intergovernmental contract receivable relating to the intergovernmental contract entered into by the City and the City of Buford Board of Education (BOE) as part of the issuance of the City's General Obligation Bonds Series 2015. The intergovernmental contract entered into between the City and the BOE requires that the BOE's payment obligations on the Bonds consists of all amounts coming due as principal and interest on the Bonds. This restatement is equal to the amount of bonds outstanding plus unamortized bond premium at June 30, 2017. Results of these restatements follow:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net position June 30, 2017 as previously reported	\$ 62,846,750	\$ 75,375,856	\$ 138,222,606
Adjustments:			
Previously reported net OPEB obligation	1,541,820	3,705,165	5,246,985
OPEB related deferred outflows of resources	80,951	70,358	151,309
Net OPEB liability	(6,172,009)	(5,364,456)	(11,536,465)
Intergovernmental contract receivable	<u>37,070,754</u>	<u>-</u>	<u>37,070,754</u>
Net position June 30, 2017 as restated	\$ <u>95,368,266</u>	\$ <u>73,786,923</u>	\$ <u>169,155,189</u>

FUND FINANCIAL STATEMENTS

Utilities Fund

The City's beginning fund net position was reduced by \$1,588,933 as a result of the implementation of GASB Statement No. 75 as referred to above. The results of these reclassifications follow:

	<u>Utilities Fund</u>
Net position June 30, 2017 as previously reported	\$ 75,113,075
Adjustments:	
Previously reported net OPEB obligation	3,705,165
OPEB related deferred outflows of resources	70,358
Net OPEB liability	(<u>5,364,456</u>)
Net position June 30, 2017 as restated	\$ <u>73,524,142</u>

**SUPPLEMENTARY INFORMATION
REQUIRED BY GASB**

**CITY OF BUFORD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>CITY OF BUFORD RETIREMENT PLAN</u>									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Total Pension Liability</u>										
Service cost	\$ 290,915	\$ 282,761	\$ 242,345	\$ 229,426						
Interest	1,141,107	1,064,758	860,448	814,082						
Differences between Expected and actual Experience	643,809	392,980	910,203	74,088						
Changes in assumptions	277,477	-	-	23,680						
Changes of benefit terms	-	-	1,281,817	-						
Benefit payments, including Refunds of employee Contributions	(788,624)	(722,078)	(595,041)	(490,971)						
Net change in total pension Liability	1,564,684	1,018,421	2,699,772	650,305						
Total pension liability – Beginning	<u>15,118,268</u>	<u>14,099,847</u>	<u>11,400,075</u>	<u>10,749,770</u>						
Total pension liability – Ending (a)	<u>\$ 16,682,952</u>	<u>\$ 15,118,268</u>	<u>\$ 14,099,847</u>	<u>\$ 11,400,075</u>						
<u>Plan Fiduciary Net Position</u>										
Contributions – employer	\$ 1,991,281	\$ 1,966,440	\$ 806,632	\$ 740,510						
Contributions – employee	-	-	-	-						
Net Investment income	1,593,046	953,798	80,385	770,232						
Benefit payments, including Refunds of employee Contributions	(788,624)	(722,078)	(595,041)	(490,971)						
Administrative expense	(25,331)	(14,366)	(15,919)	(12,688)						
Other	-	-	-	-						
Net change in fiduciary Net position	2,770,372	2,183,794	276,057	1,007,083						
Plan fiduciary net position – Beginning	<u>10,158,555</u>	<u>7,974,761</u>	<u>7,698,704</u>	<u>6,691,621</u>						
Plan fiduciary net position – Ending (b)	<u>\$ 12,928,927</u>	<u>\$ 10,158,555</u>	<u>\$ 7,974,761</u>	<u>\$ 7,698,704</u>						
<u>Net Position Liability</u>										
Net pension liability – Ending (a) – (b)	<u>\$ 3,754,025</u>	<u>\$ 4,959,713</u>	<u>\$ 6,125,086</u>	<u>\$ 3,701,371</u>						
Plan's fiduciary net position As a percentage of the Total pension liability	77.50%	67.19%	56.56%	67.53%						
Covered-employee payroll	\$ 6,066,224	\$ 5,655,240	\$ 5,475,883	\$ 5,393,065						
Net pension liability as a Percentage of covered- Employee payroll	61.88%	87.70%	111.86%	68.63%						

**CITY OF BUFORD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

		<u>CITY OF BUFORD RETIREMENT PLAN</u>									
		<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Actuarially determined contribution	*	\$ 1,008,855	\$ 757,901	\$ 758,076							
Contributions in relation to The actuarially determined Contribution	*	2,008,855	1,952,301	758,076	Historical information prior to implementation of GASB 67/68 is not required.						
Contribution deficiency (excess)	*	(1,000,000)	(1,194,400)	-							
Covered-employee payroll	*	\$ 5,655,240	\$ 5,475,883	\$ 5,393,065							
Contributions as a percentage Of covered-employee Payroll	*	35.52%	35.65%	14.06%							

* 2018 information will be determined after fiscal year end and will be included in the 2019 audit report.

**CITY OF BUFORD, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 - RECOMMENDED CONTRIBUTION

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

NOTE 2 – VALUATION DATE

The actuarially determined contribution rate was determined as of January 1, 2018, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2019.

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

Actuarial Cost Method – Entry Age Normal

Amortization Method – Closed level dollar for remaining unfunded liability

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

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

Actuarial Assumptions:

- Rate of return on investment 7.50% per year
- Projected salary increases 2.75% per year plus age and service based on merit increases
- Cost of living adjustments 0.0%

Retirement Age – 62

The mortality and economic actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2014. Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.

NOTE 4 - CHANGES OF ASSUMPTIONS

Amounts reported for the fiscal year ending in 2018 and later reflect the following assumption changes based on an actuarial study conducted in September 2017:

The investment return assumption was decreased from 7.75% to 7.50%.

The inflation assumption was decreased from 3.25% to 2.75%

NOTE 5 - BENEFIT CHANGES

There were no changes in benefit provisions in the last two fiscal years.

**CITY OF BUFORD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

		<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Total OPEB Liability</u>											
Service cost	\$	421,379									
Interest		338,642									
Changes of benefit terms		-									
Differences between Expected and actual Experience		909									
Changes in assumptions	(1,868,799)									
Benefit payments, including Refunds of employee Contributions	(151,309)									
Net change in total OPEB Liability	(1,259,178)									
Total OPEB liability – Beginning		11,536,465									
Total OPEB liability – Ending (a)	\$	10,277,287									
				Historical information prior to implementation of GASB 75 is not required.							
<u>Plan fiduciary net position</u>											
Contributions – employer	\$	151,309									
Net investment income		-									
Benefit payments	(151,309)									
Administrative expense		-									
Net Change in plan fiduciary Net position		-									
Plan fiduciary net position – Beginning		-									
Plan fiduciary net position – Ending (b)	\$	-									
Net OPEB Liability – Ending (a) - (b)	\$	10,277,287									
Plan’s fiduciary net position As a percentage of the Total OPEB Liability		0.00%									
Covered-employee payroll	\$	6,066,224									
Total OPEB liability as a Percentage of covered- Employee payroll		169.42%									

**CITY OF BUFORD, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 - CONTRIBUTION RATE

Actuarially determined contribution rates are calculated as of the middle of the fiscal year, based on the most recent valuation date.

Methods and assumptions used to determine contribution rates:

Discount rate	3.58%
Actuarial cost method	Entry Age Level Percent of Pay Actuarial Cost Method
Amortization method	Open 30 years, level percent of payroll
Remaining amortization period	30 years
Asset valuation method	Market Value

NOTE 2 - PLAN ASSETS

There were no assets accumulated in a trust that meets the criteria in GASB 75, Paragraph 4 to pay related benefits.

NOTE 3 - CHANGES OF ASSUMPTIONS

There have been no benefit changes since GASB 75 implementation.

NOTE 4 - BENEFIT CHANGES

The discount rate effective for June 30, 2016 was 2.85%, and effective for June 30, 2017 was 3.58%.

COMBINING FINANCIAL STATEMENTS NON-MAJOR GOVERNMENTAL FUNDS

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

SPECIAL REVENUE FUND

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

Hotel/Motel Tax Fund - used to account for receipt and allocation of the City's hotel/motel tax. Use of this tax is limited by law to promotion of tourism. The City hotel/motel tax rate for its three hotels was 7% during the fiscal year ending June 30, 2018.

Auto Rental Excise Tax Fund – used to account for the receipt and allocation of the City's auto rental excise tax. Use of this tax is limited by law to promote industry, trade, commerce, and tourism, certain capital outlay projects, and maintenance and operating expenses or security and public safety expenses associated with those capital outlay projects. The City auto rental excise tax rate was 3% during the fiscal year ending June 30, 2018.

DEBT SERVICE FUNDS

The Debt Service Funds account for the accumulation of resources for, and the payment of governmental long-term debt principal, interest, and fiscal charges. The governmental long-term debt serviced by the Debt Service Funds consist of the 2010 General Obligation Bonds, 2015 General Obligation Bonds, and 2017 General Obligation Bonds.

CAPITAL PROJECTS FUNDS

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

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

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

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

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

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

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

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

**CITY OF BUFORD, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF JUNE 30, 2018**

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECT FUNDS	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	\$ 179,970	\$ -	\$ 7,289,309	\$ 7,469,279
Sales, excise, and other tax receivable	89,075	-	-	89,075
Due from other governments	-	-	359,972	359,972
Prepaid items	-	448,146	-	448,146
Restricted cash and cash equivalents	<u>-</u>	<u>1,886,491</u>	<u>-</u>	<u>1,886,491</u>
Total assets	\$ <u>269,045</u>	\$ <u>2,334,637</u>	\$ <u>7,649,281</u>	\$ <u>10,252,963</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 41,510	\$ -	\$ -	\$ 41,510
Interfund balances	<u>227,535</u>	<u>-</u>	<u>-</u>	<u>227,535</u>
Total liabilities	<u>269,045</u>	<u>-</u>	<u>-</u>	<u>269,045</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	-	448,146	-	448,146
Restricted for:				
Tourism, conventions and trade shows	-	-	-	-
Debt Service	-	1,886,491	-	1,886,491
SPLOST construction projects	<u>-</u>	<u>-</u>	<u>7,649,281</u>	<u>7,649,281</u>
Total fund balances	<u>-</u>	<u>2,334,637</u>	<u>7,649,281</u>	<u>9,983,918</u>
Total liabilities and fund balances	\$ <u>269,045</u>	\$ <u>2,334,637</u>	\$ <u>7,649,281</u>	\$ <u>10,252,963</u>

SEE INDEPENDENT AUDITOR'S REPORT.

CITY OF BUFORD, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDING JUNE 30, 2018

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
REVENUES				
Taxes – sales, excise, and other	\$ 415,738	\$ -	\$ -	\$ 415,738
Intergovernmental revenue	-	1,072,139	2,082,995	3,155,134
Investment income	<u>148</u>	<u>1,807</u>	<u>9,659</u>	<u>11,614</u>
Total revenues	<u>415,886</u>	<u>1,073,946</u>	<u>2,092,654</u>	<u>3,582,486</u>
EXPENDITURES				
Current operating:				
Public services:				
Culture and recreation	86,473	-	-	86,473
Capital outlay	-	-	2,976,771	2,976,771
Debt service:				
Issuance costs	-	605,342	-	605,342
Principal retirement	-	500,000	-	500,000
Interest and fiscal agent fees	<u>-</u>	<u>1,490,854</u>	<u>-</u>	<u>1,490,854</u>
Total expenditures	<u>86,473</u>	<u>2,596,196</u>	<u>2,976,771</u>	<u>5,659,440</u>
Excess (deficiency) of revenues over (under) expenditures	<u>329,413</u>	<u>(1,522,250)</u>	<u>(884,117)</u>	<u>(2,076,954)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	2,652,466	-	2,652,466
Transfers out	<u>(329,413)</u>	<u>-</u>	<u>-</u>	<u>(329,413)</u>
Net other financing sources (uses)	<u>(329,413)</u>	<u>2,652,466</u>	<u>-</u>	<u>2,323,053</u>
Change in fund balances	-	1,130,216	(884,117)	246,099
Fund balances - beginning	<u>-</u>	<u>1,204,421</u>	<u>8,533,398</u>	<u>9,737,819</u>
Fund balances - ending	\$ <u>-</u>	\$ <u>2,334,637</u>	\$ <u>7,649,281</u>	\$ <u>9,983,918</u>

SEE INDEPENDENT AUDITOR'S REPORT.

**CITY OF BUFORD, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AS OF JUNE 30, 2018**

NON-MAJOR SPECIAL REVENUE FUNDS			
	Hotel/ Motel Tax Fund	Auto Rental Excise Tax Fund	Total Nonmajor Special Revenue Funds
ASSETS			
Cash and cash equivalents	\$ 179,970	\$ -	\$ 179,970
Sales, excise, and other taxes receivable	<u>77,889</u>	<u>11,186</u>	<u>89,075</u>
Total assets	\$ <u>257,859</u>	\$ <u>11,186</u>	\$ <u>269,045</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 41,510	\$ -	\$ 41,510
Interfund balances	<u>216,349</u>	<u>11,186</u>	<u>227,535</u>
Total liabilities	<u>257,859</u>	<u>11,186</u>	<u>269,045</u>
FUND BALANCES			
Restricted for:			
Tourism, conventions, and trade shows	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	\$ <u>257,859</u>	\$ <u>11,186</u>	\$ <u>269,045</u>

SEE INDEPENDENT AUDITOR'S REPORT.

CITY OF BUFORD, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
AS OF JUNE 30, 2018

NON-MAJOR SPECIAL REVENUE FUNDS			
	Hotel/ Motel Tax Fund	Auto Rental Excise Tax Fund	Total Nonmajor Special Revenue Funds
REVENUES			
Taxes – sales, excise, and other	\$ 302,657	\$ 113,081	\$ 415,738
Investment income	<u>148</u>	<u>-</u>	<u>148</u>
Total revenues	<u>302,805</u>	<u>113,081</u>	<u>415,886</u>
EXPENDITURES			
Culture and recreation	<u>86,473</u>	<u>-</u>	<u>86,473</u>
Total expenditures	<u>86,473</u>	<u>-</u>	<u>86,473</u>
Excess (deficiency) of revenues over(under) expenditures	<u>216,332</u>	<u>113,081</u>	<u>329,413</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(<u>216,332</u>)	(<u>113,081</u>)	(<u>329,413</u>)
Net other financing sources (uses)	(<u>216,332</u>)	(<u>113,081</u>)	(<u>329,413</u>)
Change in fund balance	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

SEE INDEPENDENT AUDITOR'S REPORT.

**CITY OF BUFORD, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
AS OF JUNE 30, 2018**

NON-MAJOR DEBT SERVICE FUNDS				
	2010 GOB Debt Service Fund	2015 GOB Debt Service Fund	2017 GOB Debt Service Fund	Total Nonmajor Debt Service Funds
ASSETS				
Prepaid items	\$ -	\$ -	\$ 448,146	\$ 448,146
Restricted cash and cash equivalents	<u>65,372</u>	<u>289,491</u>	<u>1,531,628</u>	<u>1,886,491</u>
Total assets	\$ <u>65,372</u>	\$ <u>289,491</u>	\$ <u>1,979,774</u>	\$ <u>2,334,637</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	\$ -	\$ -	\$ 448,146	\$ 448,146
Restricted for:				
Debt Service	<u>65,372</u>	<u>289,491</u>	<u>1,531,628</u>	<u>1,886,491</u>
Total fund balances	\$ <u>65,372</u>	\$ <u>289,491</u>	\$ <u>1,979,774</u>	\$ <u>2,334,637</u>

SEE INDEPENDENT AUDITOR'S REPORT.

**CITY OF BUFORD, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
AS OF JUNE 30, 2018**

	NON-MAJOR DEBT SERVICE FUNDS			
	2010 GOB Debt Service Fund	2015 GOB Debt Service Fund	2017 GOB Debt Service Fund	Total Nonmajor Debt Service Funds
REVENUES				
Intergovernmental	\$ -	\$ 561,750	\$ 510,389	\$ 1,072,139
Investment income	-	44	1,763	1,807
Total revenues	-	561,794	512,152	1,073,946
EXPENDITURES				
Debt service:				
Issuance costs	-	-	605,342	605,342
Principal retirement	500,000	-	-	500,000
Interest and fiscal agent fees	205,702	1,057,659	227,493	1,490,854
Total expenditures	705,702	1,057,659	832,835	2,596,196
Excess (deficiency) of revenues over (under) expenditures	(705,702)	(495,865)	(320,683)	(1,522,250)
OTHER FINANCING SOURCES (USES)				
Transfers in	351,509	500	2,300,457	2,652,466
Net other financing sources (uses)	351,509	500	2,300,457	2,652,466
Change in fund balance	(354,193)	(495,365)	1,979,774	1,130,216
Fund balance at beginning of year	419,565	784,856	-	1,204,421
Fund balance at end of year	\$ 65,372	\$ 289,491	\$ 1,979,774	\$ 2,334,637

SEE INDEPENDENT AUDITOR'S REPORT.

**CITY OF BUFORD, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
AS OF JUNE 30, 2018**

	NON-MAJOR CAPITAL PROJECTS FUNDS				
	GWINNETT COUNTY 2009 SPLOST	GWINNETT COUNTY 2014 SPLOST	GWINNETT COUNTY 2017 SPLOST	HALL COUNTY 2009 SPLOST	HALL COUNTY 2015 SPLOST
ASSETS					
Cash and cash equivalents	\$ 2,764,674	\$ 1,383,541	\$ 2,065,872	\$ 91,807	\$ 395,570
Due from other governments	<u>-</u>	<u>-</u>	<u>333,153</u>	<u>-</u>	<u>26,819</u>
Total assets	<u>\$ 2,764,674</u>	<u>\$ 1,383,541</u>	<u>\$ 2,399,025</u>	<u>\$ 91,807</u>	<u>\$ 422,389</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Interfund balances	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted:					
Capital projects	<u>2,764,674</u>	<u>1,383,541</u>	<u>2,399,025</u>	<u>91,807</u>	<u>422,389</u>
Total fund balances	<u>2,764,674</u>	<u>1,383,541</u>	<u>2,399,025</u>	<u>91,807</u>	<u>422,389</u>
Total liabilities and fund balances	<u>\$ 2,764,674</u>	<u>\$ 1,383,541</u>	<u>\$ 2,399,025</u>	<u>\$ 91,807</u>	<u>\$ 422,389</u>

REST HAVEN 2001 SPLOST	REST HAVEN 2005 SPLOST	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
\$ 19,099 -	\$ 568,746 -	\$ 7,289,309 359,972
\$ <u>19,099</u>	\$ <u>568,746</u>	\$ <u>7,649,281</u>
\$ -	\$ -	\$ -
-	-	-
<u>19,099</u>	<u>568,746</u>	<u>7,649,281</u>
<u>19,099</u>	<u>568,746</u>	<u>7,649,281</u>
\$ <u>19,099</u>	\$ <u>568,746</u>	\$ <u>7,649,281</u>

SEE INDEPENDENT AUDITOR'S REPORT.

**CITY OF BUFORD, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	NON-MAJOR CAPITAL PROJECTS FUNDS				
	GWINNETT COUNTY 2009 SPLOST	GWINNETT COUNTY 2014 SPLOST	GWINNETT COUNTY 2017 SPLOST	HALL COUNTY 2009 SPLOST	HALL COUNTY 2015 SPLOST
REVENUES					
Intergovernmental revenue	\$ -	\$ -	\$ 1,931,800	\$ -	\$ 151,195
Investment income	<u>5,444</u>	<u>2,048</u>	<u>1,168</u>	<u>92</u>	<u>321</u>
Total revenues	<u>5,444</u>	<u>2,048</u>	<u>1,932,968</u>	<u>92</u>	<u>151,516</u>
EXPENDITURES					
Capital outlay	<u>1,500,000</u>	<u>1,476,171</u>	-	-	-
Total expenditures	<u>1,500,000</u>	<u>1,476,171</u>	-	-	-
Excess (deficiency) of Revenues over (under) Expenditures	(1,494,556)	(1,474,123)	1,932,968	92	151,516
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	-	-	-
Net other financing sources (uses)	-	-	-	-	-
Changes in fund balances	(1,494,556)	(1,474,123)	1,932,968	92	151,516
Fund balances-beginning	<u>4,259,230</u>	<u>2,857,664</u>	<u>466,057</u>	<u>91,715</u>	<u>270,873</u>
Fund balances-ending	\$ <u>2,764,674</u>	\$ <u>1,383,541</u>	\$ <u>2,399,025</u>	\$ <u>91,807</u>	\$ <u>422,389</u>

REST HAVEN 2001 SPLOST	REST HAVEN 2005 SPLOST	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
\$ -	\$ -	\$ 2,082,995
<u>19</u>	<u>567</u>	<u>9,659</u>
<u>19</u>	<u>567</u>	<u>2,092,654</u>
<u>600</u>	<u>-</u>	<u>2,976,771</u>
<u>600</u>	<u>-</u>	<u>2,976,771</u>
(<u>581</u>)	<u>567</u>	(<u>884,117</u>)
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>
(<u>581</u>)	<u>567</u>	(<u>884,117</u>)
<u>19,680</u>	<u>568,179</u>	<u>8,533,398</u>
\$ <u><u>19,099</u></u>	\$ <u><u>568,746</u></u>	\$ <u><u>7,649,281</u></u>

SEE INDEPENDENT AUDITOR'S REPORT.

**CITY OF BUFORD, GEORGIA
HOTEL/MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget Over (Under)</u>
REVENUES				
Taxes – sales, excise, and other	\$ 280,000	\$ 280,000	\$ 302,657	\$ 22,657
Investment income	<u>500</u>	<u>500</u>	<u>148</u>	<u>(352)</u>
Total revenues	<u>280,500</u>	<u>280,500</u>	<u>302,805</u>	<u>22,305</u>
EXPENDITURES				
Current operating:				
Public services:				
Culture and recreation	<u>80,000</u>	<u>86,473</u>	<u>86,473</u>	<u>-</u>
Total expenditures	<u>80,000</u>	<u>86,473</u>	<u>86,473</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>200,500</u>	<u>194,047</u>	<u>216,332</u>	<u>22,305</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>200,000</u>	<u>(216,332)</u>	<u>(216,332)</u>	<u>-</u>
Net other financing sources (uses)	<u>200,000</u>	<u>(216,332)</u>	<u>(216,332)</u>	<u>-</u>
Change in fund balance	500	(22,305)	-	22,305
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>500</u></u>	\$ <u><u>(22,305)</u></u>	\$ <u><u>-</u></u>	\$ <u><u>22,305</u></u>

**CITY OF BUFORD, GEORGIA
 AUTO RENTAL EXCISE TAX FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget Over (Under)</u>
REVENUES				
Taxes – sales, excise, and other	\$ <u>85,000</u>	\$ <u>85,000</u>	\$ <u>113,081</u>	\$ <u>28,081</u>
Total revenues	<u>85,000</u>	<u>85,000</u>	<u>113,081</u>	<u>28,081</u>
EXPENDITURES				
Current operating:				
Public services:				
Culture and recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>85,000</u>	<u>85,000</u>	<u>113,081</u>	<u>28,081</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(<u>85,000</u>)	(<u>113,081</u>)	(<u>113,081</u>)	<u>-</u>
Net other financing sources (uses)	(<u>85,000</u>)	(<u>113,081</u>)	(<u>113,081</u>)	<u>-</u>
Change in fund balance	-	(28,081)	-	28,081
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ <u>-</u>	\$ (<u>28,081</u>)	\$ <u>-</u>	\$ <u>28,081</u>

**CITY OF BUFORD, GEORGIA
2010 GENERAL OBLIGATION BOND DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget Over (Under)</u>
REVENUES	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>
Total revenues	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>
EXPENDITURES				
Debt service:				
Principal retirement	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u> -</u>
Interest and fiscal agent fees	<u>225,000</u>	<u>205,702</u>	<u>205,702</u>	<u> -</u>
Total expenditures	<u>725,000</u>	<u>705,702</u>	<u>705,702</u>	<u> -</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(725,000)</u>	<u>(705,702)</u>	<u>(705,702)</u>	<u> -</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>725,000</u>	<u>725,000</u>	<u>351,509</u>	<u>(373,491)</u>
Net other financing sources (uses)	<u>725,000</u>	<u>725,000</u>	<u>351,509</u>	<u>(373,491)</u>
Change in fund balance	<u>-</u>	<u>19,298</u>	<u>(354,193)</u>	<u>(373,491)</u>
Fund balance at beginning of year	<u>419,565</u>	<u>419,565</u>	<u>419,565</u>	<u> -</u>
Fund balance at end of year	<u>\$ 419,565</u>	<u>\$ 438,863</u>	<u>\$ 65,372</u>	<u>\$ (373,491)</u>

**CITY OF BUFORD, GEORGIA
2015 GENERAL OBLIGATION BOND DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget Over (Under)</u>
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 561,750	\$ 561,750
Investment income	<u>-</u>	<u>-</u>	<u>44</u>	<u>44</u>
Total revenues	<u>-</u>	<u>-</u>	<u>561,794</u>	<u>561,794</u>
EXPENDITURES				
Debt service:				
Interest expense	1,057,159	1,057,159	1,057,159	-
fiscal agent fees	<u>500</u>	<u>500</u>	<u>500</u>	<u>-</u>
Total expenditures	<u>1,057,659</u>	<u>1,057,659</u>	<u>1,057,659</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(<u>1,057,659</u>)	(<u>1,057,659</u>)	(<u>495,865</u>)	<u>561,794</u>
OTHER FINANCING SOURCES (USES)				
Transfer from General Fund	<u>500</u>	<u>500</u>	<u>500</u>	<u>-</u>
Net other financing sources (uses)	<u>500</u>	<u>500</u>	<u>500</u>	<u>-</u>
Change in fund balance	(1,057,159)	(1,057,159)	(495,365)	561,794
Fund balance at beginning of year	<u>784,856</u>	<u>784,856</u>	<u>784,856</u>	<u>-</u>
Fund balance at end of year	\$(<u>272,303</u>)	\$(<u>272,303</u>)	\$ <u>289,491</u>	\$ <u>561,794</u>

**CITY OF BUFORD, GEORGIA
2017 GENERAL OBLIGATION BOND DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget Over (Under)</u>
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 510,389	\$ 510,389
Investment income	<u>-</u>	<u>-</u>	<u>1,763</u>	<u>1,763</u>
Total revenues	<u>-</u>	<u>-</u>	<u>512,152</u>	<u>512,152</u>
EXPENDITURES				
Debt service:				
Issuance costs	605,342	605,342	605,342	-
Interest expense	224,743	224,743	224,743	-
fiscal agent fees	<u>2,750</u>	<u>2,750</u>	<u>2,750</u>	<u>-</u>
Total expenditures	<u>832,835</u>	<u>832,835</u>	<u>832,835</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(<u>832,835</u>)	(<u>832,835</u>)	(<u>320,683</u>)	<u>512,152</u>
OTHER FINANCING SOURCES (USES)				
Transfer from 2017 GOB Capital Project Fund	<u>2,300,457</u>	<u>2,300,457</u>	<u>2,300,457</u>	<u>-</u>
Net other financing sources (uses)	<u>2,300,457</u>	<u>2,300,457</u>	<u>2,300,457</u>	<u>-</u>
Change in fund balance	(1,467,622)	(1,467,622)	1,979,774	512,152
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ (<u>1,467,622</u>)	\$ (<u>1,467,622</u>)	\$ <u>1,979,774</u>	\$ <u>512,152</u>

**CITY OF BUFORD, GEORGIA
GWINNETT COUNTY 2009 SPLOST FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget Over (Under)</u>
REVENUES				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Investment income	<u>-</u>	<u>-</u>	<u>5,444</u>	<u>5,444</u>
Total revenues	<u>-</u>	<u>-</u>	<u>5,444</u>	<u>5,444</u>
EXPENDITURES				
Capital outlay	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>-</u>
Total expenditures	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,500,000)</u>	<u>(1,500,000)</u>	<u>(1,494,556)</u>	<u>5,444</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	<u>(1,500,000)</u>	<u>(1,500,000)</u>	<u>(1,494,556)</u>	<u>5,444</u>
Fund balance at beginning of year	<u>4,259,230</u>	<u>4,259,230</u>	<u>4,259,230</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,759,230</u>	<u>\$ 2,759,230</u>	<u>\$ 2,764,674</u>	<u>\$ 5,444</u>

**CITY OF BUFORD, GEORGIA
GWINNETT COUNTY 2014 SPLOST FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget Over (Under)</u>
REVENUES				
Intergovernmental revenue	\$ 1,680,000	\$ 1,680,000	\$ -	\$ (1,680,000)
Investment income	<u>5,000</u>	<u>5,000</u>	<u>2,048</u>	<u>(2,952)</u>
Total revenues	<u>1,685,000</u>	<u>1,685,000</u>	<u>2,048</u>	<u>(1,682,952)</u>
EXPENDITURES				
Capital outlay	<u>3,640,000</u>	<u>1,476,171</u>	<u>1,476,171</u>	<u>-</u>
Total expenditures	<u>3,640,000</u>	<u>1,476,171</u>	<u>1,476,171</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,955,000)</u>	<u>208,829</u>	<u>(1,474,123)</u>	<u>(1,682,952)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	<u>(1,955,000)</u>	<u>208,829</u>	<u>(1,474,123)</u>	<u>(1,682,952)</u>
Fund balance at beginning of year	<u>2,857,664</u>	<u>2,857,664</u>	<u>2,857,664</u>	<u>-</u>
Fund balance at end of year	\$ <u>902,664</u>	\$ <u>3,066,493</u>	\$ <u>1,383,541</u>	\$ <u>(1,682,952)</u>

**CITY OF BUFORD, GEORGIA
GWINNETT COUNTY 2017 SPLOST FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget Over (Under)</u>
REVENUES				
Intergovernmental revenue	\$ 1,800,000	\$ 1,800,000	\$ 1,931,800	\$ 131,800
Investment income	<u>5,000</u>	<u>5,000</u>	<u>1,168</u>	(<u>3,832</u>)
Total revenues	<u>1,805,000</u>	<u>1,805,000</u>	<u>1,932,968</u>	<u>127,968</u>
EXPENDITURES				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	1,805,000	1,805,000	1,932,968	127,968
Fund balance at beginning of year	<u>466,057</u>	<u>466,057</u>	<u>466,057</u>	<u>-</u>
Fund balance at end of year	\$ <u>2,271,057</u>	\$ <u>2,271,057</u>	\$ <u>2,399,025</u>	\$ <u>127,968</u>

**CITY OF BUFORD, GEORGIA
HALL COUNTY 2009 SPLOST FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget Over (Under)</u>
REVENUES				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	<u>92</u>	<u>92</u>
Total revenues	-	-	<u>92</u>	<u>92</u>
EXPENDITURES				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Change in fund balance	-	-	92	92
Fund balance at beginning of year	<u>91,715</u>	<u>91,715</u>	<u>91,715</u>	-
Fund balance at end of year	\$ <u><u>91,715</u></u>	\$ <u><u>91,715</u></u>	\$ <u><u>91,807</u></u>	\$ <u><u>92</u></u>

**CITY OF BUFORD, GEORGIA
HALL COUNTY 2015 SPLOST FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget Over (Under)</u>
REVENUES				
Intergovernmental revenue	\$ 130,000	\$ 130,000	\$ 151,195	\$ 21,195
Investment income	<u>180</u>	<u>180</u>	<u>321</u>	<u>141</u>
Total revenues	<u>130,180</u>	<u>130,180</u>	<u>151,516</u>	<u>21,336</u>
EXPENDITURES				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	130,180	130,180	151,516	21,336
Fund balance at beginning of year	<u>270,873</u>	<u>270,873</u>	<u>270,873</u>	<u>-</u>
Fund balance at end of year	\$ <u>401,053</u>	\$ <u>401,053</u>	\$ <u>422,389</u>	\$ <u>21,336</u>

**CITY OF BUFORD, GEORGIA
REST HAVEN 2001 SPLOST FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget Over (Under)</u>
REVENUES				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Investment income	<u>-</u>	<u>-</u>	<u>19</u>	<u>19</u>
Total revenues	<u>-</u>	<u>-</u>	<u>19</u>	<u>19</u>
EXPENDITURES				
Capital outlay	<u>600</u>	<u>600</u>	<u>600</u>	<u>-</u>
Total expenditures	<u>600</u>	<u>600</u>	<u>600</u>	<u>-</u>
Change in fund balance	(600)	(600)	(581)	19
Fund balance at beginning of year	<u>19,680</u>	<u>19,680</u>	<u>19,680</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>19,080</u></u>	\$ <u><u>19,080</u></u>	\$ <u><u>19,099</u></u>	\$ <u><u>19</u></u>

**CITY OF BUFORD, GEORGIA
REST HAVEN 2005 SPLOST FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget Over (Under)</u>
REVENUES				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Investment income	<u>-</u>	<u>-</u>	<u>567</u>	<u>567</u>
Total revenues	<u>-</u>	<u>-</u>	<u>567</u>	<u>567</u>
EXPENDITURES				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	-	-	567	567
Fund balance at beginning of year	<u>568,179</u>	<u>568,179</u>	<u>568,179</u>	<u>-</u>
Fund balance at end of year	\$ <u>568,179</u>	\$ <u>568,179</u>	\$ <u>568,746</u>	\$ <u>567</u>

CITY OF BUFORD, GEORGIA
 AGENCY FUNDS
 BUFORD BOARD OF EDUCATION SPLOST FUNDS
 GWINNETT COUNTY E-SPLOST IV
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>GWINNETT COUNTY E-SPLOST IV:</u>				
ASSETS				
Cash and cash equivalents	\$ <u>274,283</u>	\$ <u>38</u>	\$(<u>271,270</u>)	\$ <u>3,051</u>
LIABILITIES				
Due to others	\$ <u>274,283</u>	\$ <u>38</u>	\$(<u>271,270</u>)	\$ <u>3,051</u>

CITY OF BUFORD, GEORGIA
 AGENCY FUNDS
 BUFORD BOARD OF EDUCATION SPLOST FUNDS
 GWINNETT COUNTY E-SPLOST V
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>GWINNETT COUNTY E-SPLOST V:</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 981,147	\$(572,139)	\$ 409,008
Investments	<u>-</u>	<u>19,562,759</u>	<u>(-)</u>	<u>19,562,759</u>
Total assets	\$ <u>-</u>	\$ <u>20,543,906</u>	\$ <u>(572,139)</u>	\$ <u>19,971,767</u>
LIABILITIES				
Due to others	\$ <u>-</u>	\$ <u>20,543,906</u>	\$ <u>(572,139)</u>	\$ <u>19,971,767</u>

CITY OF BUFORD, GEORGIA
 AGENCY FUNDS
 BUFORD BOARD OF EDUCATION SPLOST FUNDS
 HALL COUNTY E-SPLOST IV
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>HALL COUNTY E-SPLOST IV:</u>				
ASSETS				
Cash and cash equivalents	\$ 886,485	\$ 283,017	\$(368,516)	\$ 800,986
Intergovernmental receivables	<u>126,667</u>	<u>-</u>	<u>(126,667)</u>	<u>-</u>
Total Assets	\$ <u>1,013,152</u>	\$ <u>283,017</u>	\$(<u>495,183</u>)	\$ <u>800,986</u>
LIABILITIES				
Due to general fund	\$ 495,183	\$ -	\$(495,183)	\$ -
Due to others	<u>517,969</u>	<u>283,017</u>	<u>(-)</u>	<u>800,986</u>
Total Liabilities	\$ <u>1,013,152</u>	\$ <u>283,017</u>	\$(<u>495,183</u>)	\$ <u>800,986</u>

CITY OF BUFORD, GEORGIA
 AGENCY FUNDS
 BUFORD BOARD OF EDUCATION SPLOST FUNDS
 HALL COUNTY E-SPLOST V
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>HALL COUNTY E-SPLOST V:</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 575,601	\$(500,000)	\$ 75,601
Investments	<u>-</u>	<u>2,650,603</u>	<u>(-)</u>	<u>2,650,603</u>
Total Assets	\$ <u>-</u>	\$ <u>3,226,204</u>	\$ <u>(500,000)</u>	\$ <u>2,726,204</u>
LIABILITIES				
Due to others	\$ <u>-</u>	\$ <u>3,226,204</u>	\$ <u>(500,000)</u>	\$ <u>2,726,204</u>

THE SINGLE AUDIT SECTION

WILCOX & BIVINGS, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Buford, Georgia, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Buford, Georgia's basic financial statements and have issued our report thereon dated December 12, 2018. Our report includes a reference to other auditors who audited the financial statements of the City of Buford Board of Education, as described in our report on the City of Buford, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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

Wilcox & Bivings, P.C.

Suwanee, Georgia
December 12, 2018

WILCOX & BIVINGS, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Buford, Georgia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Buford, Georgia's major federal programs for the year ended June 30, 2018. The City of Buford, Georgia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Buford, Georgia complied, in all materials respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

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

Report on Internal Control over Compliance

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

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

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

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

Wilcox & Birings, P.C.

Suwanee, Georgia
December 12, 2018

**CITY OF BUFORD, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

Federal Grantor/Program or Cluster Title/Pass-through Grantor	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Transportation:</u>			
Federal Highway Administration:			
Highway Planning and Construction/State of Georgia	20.205	PI 0010242	\$ 2,691,452
Highway Planning and Construction/State of Georgia	20.205	PI 0015088	<u>137,880</u>
Total U.S. Department of Transportation			<u>2,829,332</u>
<u>U.S. Department of Housing and Urban Development:</u>			
Office of Community Planning and Development:			
Community Development Block Grants/Gwinnett County	14.218	BUFORD TBD	<u>190,000</u>
Total U.S. Department of Housing and Urban Development			<u>190,000</u>
<u>U.S. Department of Homeland Security:</u>			
Federal Emergency Management Agency/ Disaster Grants – Public Assistance (Presidentially Declared Disasters)/			
Georgia Emergency Management Homeland Security Agency	97.036	PA-04-GA-4338-PW-00289	60,392
Georgia Emergency Management Homeland Security Agency	97.036	PA-04-GA-4338-PW-00404	27,328
Georgia Emergency Management Homeland Security Agency	97.036	PA-04-GA-4338-PW-01355	<u>4,031</u>
Total U.S. Department of Homeland Security			<u>91,751</u>
Total Expenditures of Federal Awards			\$ <u>3,111,083</u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF BUFORD, GEORGIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Buford, Georgia, under programs of the federal government for the fiscal year ending June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (The Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of, the basic financial statements.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C - *DE MINIMIS* INDIRECT COST RATE

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

NOTE D - SUBRECIPIENTS

The City has no subrecipients under its federal awards.

**CITY OF BUFORD, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

SECTION I-SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of Auditor's Report Issued:

- ❖ Unmodified opinion.

Internal Control Over Financial Reporting:

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

FEDERAL AWARDS

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

- ❖ Unmodified opinion.

Internal Control Over Major Programs:

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

Audit findings:

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

Identification of Major Programs:

- ❖ CFDA #20.205 - United States Department of Transportation/Federal Highway Administration/Highway Planning & Construction/State of Georgia.

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

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

Auditee status:

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

SECTION II - FINANCIAL STATEMENT AUDIT - FINDINGS

- ❖ None reported.

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

- ❖ None reported.

**CITY OF BUFORD, GEORGIA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

Findings - Financial Statement Audit @ June 30, 2017:

- ❖ None reported.

Findings and Questioned Costs - Major Federal Awards Programs Audit @ June 30, 2017:

- ❖ None reported.

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

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2018**

- ❖ **As there were no findings for the year ended June 30, 2018, there are no corrective actions.**

**SCHEDULE REQUIRED BY THE
STATE OF GEORGIA**

CITY OF BUFORD, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

PROJECT DESCRIPTION	Original Estimate Amount	Current Estimate Amount	Amount Expended In Prior Years	Amount Expended In Current Year	Total	Estimated Percentage of Completion
<i>REST HAVEN 2001 SPLOST</i>						
Recreational Facilities	\$ <u> -</u>	\$ <u> 90,874</u>	\$ <u> 71,279</u>	\$ <u> 600</u>	\$ <u> 71,879</u>	79.10%
Total Rest Haven 2001 SPLOST	\$ <u> -</u>	\$ <u> 90,874</u>	\$ <u> 71,279</u>	\$ <u> 600</u>	\$ <u> 71,879</u>	
<i>REST HAVEN 2005 SPLOST</i>						
Transportation	\$ <u> 296,785</u>	\$ <u> 546,785</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	0.00%
Total Rest Haven 2005 SPLOST	\$ <u> 296,785</u>	\$ <u> 546,785</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	
<i>HALL COUNTY 2009 SPLOST</i>						
Transportation	\$ <u> 25,732</u>	\$ <u> 91,352</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	0.00%
Total Hall County 2009 SPLOST	\$ <u> 25,732</u>	\$ <u> 91,352</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	
<i>GWINNETT COUNTY 2009 SPLOST</i>						
Transportation	\$ 5,960,000	\$ 4,707,581	\$ 2,179,281	\$ -	\$ 2,179,281	46.29%
Recreational Facilities	1,677,101	1,324,679	1,200,000	-	1,200,000	90.59%
Water & Sewer	<u>2,000,000</u>	<u>1,579,725</u>	<u> -</u>	<u>1,500,000</u>	<u>1,500,000</u>	94.95%
Total Gwinnett County 2009 SPLOST	\$ <u>9,637,101</u>	\$ <u>7,611,985</u>	\$ <u>3,379,281</u>	\$ <u>1,500,000</u>	\$ <u>4,879,281</u>	
<i>GWINNETT COUNTY 2014 SPLOST</i>						
Recreational Facilities & Equipment	\$ 4,172,696	\$ 4,172,696	\$ 2,344,354	\$ 1,466,050	\$ 3,810,404	91.32%
Transportation	<u>1,788,299</u>	<u>1,788,299</u>	<u> 77,042</u>	<u> 10,121</u>	<u> 87,163</u>	4.87%
Total Gwinnett County 2014 SPLOST	\$ <u>5,960,995</u>	\$ <u>5,960,995</u>	\$ <u>2,421,396</u>	\$ <u>1,476,171</u>	\$ <u>3,897,567</u>	
<i>HALL COUNTY 2015 SPLOST</i>						
Transportation	\$ 111,249	\$ 111,249	\$ -	\$ -	\$ -	0.00%
Water & Sewer	<u>600,000</u>	<u>600,000</u>	<u> -</u>	<u> -</u>	<u> -</u>	0.00%
Total Hall County 2015 SPLOST	\$ <u>711,249</u>	\$ <u>711,249</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	
<i>GWINNETT COUNTY 2017 SPLOST</i>						
Parking Facilities	\$ 3,765,543	\$ 3,765,543	\$ -	\$ -	\$ -	0.00%
Recreational Facilities & Equipment	6,932,788	6,932,788	-	-	-	0.00%
Transportation	<u>941,677</u>	<u>941,677</u>	<u> -</u>	<u> -</u>	<u> -</u>	0.00%
Total Gwinnett County 2017 SPLOST	\$ <u>11,640,008</u>	\$ <u>11,640,008</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	