

NEW ISSUE  
BOOK-ENTRY ONLY

RATING: Enhanced: Moody's "Aa2"  
Underlying: Moody's "Aa3"  
See "MISCELLANEOUS -Ratings" herein.

*In the opinion of Alston & Bird, LLP, Atlanta, Georgia, Bond Counsel, under existing law and subject to the limitations and conditions described herein and assuming continuous compliance with certain covenants described herein, (i) interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations, and (ii) interest on the Bonds is exempt from state income taxation within the State of Georgia. See "Tax Exemption" herein.*

### CITY OF BUFORD (GEORGIA)

<b>\$20,000,000</b>	<b>\$10,000,000</b>	<b>\$24,270,000</b>
<b>General Obligation Bonds, Series 2017A</b>	<b>General Obligation Bonds, Series 2017B</b>	<b>General Obligation Refunding Bonds, Series 2017C</b>

**Dated: Date of Issuance**

**Due: January 1, as shown on inside cover**

The CITY OF BUFORD GENERAL OBLIGATION BONDS, SERIES 2017A (the "**Series 2017A Bonds**"), the CITY OF BUFORD GENERAL OBLIGATION BONDS, SERIES 2017B (the "**Series 2017B Bonds**"), and the CITY OF BUFORD GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017C (the "**Series 2017C Bonds**"), and together with the Series 2017A Bonds and the Series 2017B Bonds, the "**Bonds**") will be issued in registered form in the name of Cede and Co., as the nominee for The Depository Trust Company ("**DTC**"), New York, New York. Individual purchases of the Bonds must be made in book-entry form only in authorized denominations of \$5,000 or any integral multiple thereof. Individual purchasers ("**Beneficial Owners**") of the Bonds will not receive physical delivery of the Bonds. Transfers of the Bonds will be effected through a book-entry system as described herein.

Interest on the Bonds will be payable on January 1 and July 1 of each year (each an "**Interest Payment Date**"), beginning January 1, 2018. So long as Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, is the registered owner of the Bonds, disbursements of payments of principal of and interest on the Bonds to Cede & Co. is the responsibility of U.S. Bank National Association, Atlanta, Georgia, as Paying Agent; disbursements of such payments to DTC Participants is the responsibility of DTC; and disbursements of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants as more fully described herein. See "THE BONDS -Book-Entry Only System of Delivery of Bonds" herein.

The Series 2017A Bonds and Series 2017B Bonds are being issued by the City of Buford (the "**City**") to provide funds, together with other available funds of the City of Buford School System (the "**School System**"), to finance the costs of acquiring, constructing, and equipping certain capital outlay projects of the School System and the costs of issuance of the Series 2017A Bonds and Series 2017B Bonds, including capitalized interest. The Series 2017C Bonds are being issued by the City to finance the costs of advance refunding and redeeming certain of the outstanding CITY OF BUFORD GENERAL OBLIGATION BONDS, SERIES 2015, and to pay certain expenses relating to the costs of issuance of the Series 2017C Bonds. See "THE BONDS -Sources and Uses of Funds; -The Projects; and -The Refunding Program" herein.

The Bonds are subject to optional redemption and scheduled mandatory redemption prior to maturity.

The obligation to pay the principal of and interest on the Bonds is a general obligation debt of the City and constitutes a pledge of the full faith and credit and taxing power of the City. Debt service on the Bonds shall be paid from the general fund of the City and from *ad valorem* taxes to be levied, without limitation as to rate or amount, upon all property in the City which is subject to taxation for bond purposes, sufficient to pay the principal of and interest on the Bonds. As additional security for the Bonds, the School System will participate in the State of Georgia Intercept Program.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THE BONDS OR THE SECURITY THEREFOR. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

Each series of the Bonds are offered when, as and if issued by the City and received by Stephens Inc., Atlanta, Georgia (the "**Underwriter**"), subject to the approval of legality by Alston & Bird, LLP, Atlanta, Georgia, Bond Counsel. Certain legal matters will be passed upon for the City by its counsel, Gregory D. Jay, Esq., Buford, Georgia, and for the Underwriter by its counsel, Gray Pannell & Woodard LLP, Savannah, Georgia. Delivery of the Series 2017A Bonds and the Series 2017B Bonds in definitive form is expected to be made through DTC in New York, New York, on or about November 22, 2017. Delivery of the Series 2017C Bonds in definitive form is expected to be made through DTC in New York, New York, on or about December 6, 2017.

**STEPHENS INC.**

Official Statement dated: November 16, 2017.

## MATURITY SCHEDULES

\$20,000,000  
CITY OF BUFORD (GEORGIA)  
GENERAL OBLIGATION BONDS, SERIES 2017A

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP<sup>1</sup></u>
2019	\$7,180,000	5.000%	1.250%	120000 CW2
2024	6,280,000	5.000	1.800	120000 CX0
2029	6,540,000	5.000	2.300	120000 CY8

\$10,000,000  
CITY OF BUFORD (GEORGIA)  
GENERAL OBLIGATION BONDS, SERIES 2017B

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP<sup>1</sup></u>
2019	\$3,590,000	5.000%	1.250%	120000 CZ5
2024	3,140,000	5.000	1.800	120000 DA9
2029	3,270,000	5.000	2.300	120000 DB7

\$24,270,000  
CITY OF BUFORD (GEORGIA)  
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017C

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP<sup>1</sup></u>
2030	\$ 890,000	4.000%	2.590%	120000 DC5
2031	925,000	4.000	2.640	120000 DD3
2032	965,000	4.000	2.740	120000 DE1
2033	1,000,000	4.000	2.800	120000 DF8
2034	1,045,000	4.000	2.900	120000 DG6
2035	1,085,000	4.000	2.950	120000 DH4
2036	1,130,000	4.000	2.990	120000 DJ0
2037	1,175,000	3.000	3.220	120000 DK7
2038	1,210,000	3.000	3.240	120000 DL5

\$6,740,000 4.000% Term Bond due January 1, 2043; Yield 3.260%; CUSIP 120000 DM3  
\$8,105,000 3.375% Term Bond due January 1, 2048; Yield 3.510%; CUSIP 120000 DN1

<sup>1</sup> CUSIP numbers have been assigned by an organization not affiliated with the City and are included for the convenience of the holders of the Bonds. The City is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their accuracy on the Bonds, as indicated above.

**CITY OF BUFORD**

**Board of Commissioners**

Phillip Beard, *Chairman*  
L. Chris Burge, *Vice Chairman*  
Michael Y. Smith

**Appointed Officials**

Bryan B. Kerlin, *City Manager*  
Mike Brown, *Finance Director/Deputy Clerk*  
Kim C. Wolfe, *City Clerk/Planning Director*

**SPECIAL SERVICES**

**Independent Auditors**

Wilcox & Bivings, P.C.  
Suwanee, Georgia

**City Attorney**

Gregory D. Jay, Esq.  
Buford, Georgia

**Bond Counsel**

Alston & Bird, LLP  
Atlanta, Georgia

**Underwriter's Counsel**

Gray Pannell & Woodward LLP  
Savannah, Georgia

**Underwriter**

Stephens Inc.  
Atlanta, Georgia

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Appendix A: FINANCIAL STATEMENTS OF THE CITY OF BUFORD FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Appendix B: PROPOSED FORM OF LEGAL OPINIONS OF BOND COUNSEL

Appendix C: FORM OF DISCLOSURE DISSEMINATION AGREEMENT

\* \* \* \* \*

No dealer, broker, salesman, or other person has been authorized by the City or the Underwriter, or any other person to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by the City, the Underwriter, or any other person. Except where otherwise indicated, all information contained in this Official Statement has been provided by the City. Sources other than the City are believed to be reliable, but are not guaranteed as to accuracy or completeness by the City or the Underwriter. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall create, under any circumstances, any implication that there has been no change in any of the information set forth herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

This Official Statement (including the Appendices attached hereto) contains forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this Official Statement (including the Appendices attached hereto), the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” and analogous expressions are intended to identify forward looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward looking statements. These forward-looking statements speak only as of the date of this Official Statement. The City and the Underwriter disclaim any obligation or undertaking to release publicly any updates or revisions to any forward looking statement contained herein to reflect any change in the City’s expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

The Bonds have not been registered under the Securities Act of 1933, and the Ordinance has not been qualified under the Trust Indenture Act of 1939, in reliance on exemptions contained in such Acts.

NO REGISTRATION STATEMENT RELATING TO THE BONDS HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION (“SEC”) OR ANY STATE SECURITIES AGENCY. THE BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES AGENCY. NEITHER THE SEC NOR ANY STATE SECURITIES AGENCY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT.

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## OFFICIAL STATEMENT

Relating to

\$20,000,000

CITY OF BUFORD (GEORGIA)  
GENERAL OBLIGATION BONDS, SERIES 2017A

and

\$10,000,000

CITY OF BUFORD (GEORGIA)  
GENERAL OBLIGATION BONDS, SERIES 2017B

and

\$24,270,000

CITY OF BUFORD (GEORGIA)  
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017C

## INTRODUCTION

The purpose of this Official Statement, which includes the cover page and the appendices hereto, is to furnish information with respect to the proposed issuance and sale by the City of Buford (the “**City**”) of its CITY OF BUFORD GENERAL OBLIGATION BONDS, SERIES 2017A (the “**Series 2017A Bonds**”), its CITY OF BUFORD GENERAL OBLIGATION BONDS, SERIES 2017B (the “**Series 2017B Bonds**”), and its CITY OF BUFORD GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017C (the “**Series 2017C Bonds**,” and collectively with the Series 2017A Bonds and Series 2017B Bonds, the “**Bonds**”).

The information contained in this section entitled “INTRODUCTION” is a brief description of the terms of and security for the Bonds and does not purport to be comprehensive or definitive. A full review of the entire Official Statement, as well as the documents summarized or described herein, should be made. All undefined, capitalized terms used herein shall have the meaning ascribed to such terms in the Ordinance (as defined herein) unless the context requires otherwise.

### The City

The City is a municipal corporation of the State of Georgia (the “**State**”), located in north central Georgia, and was created and is existing under the laws of the State of Georgia. The City received its original charter in 1872 and its current charter became effective in 2003. For more detailed information, see “CITY OF BUFORD.”

### The School System

The Charter of the City authorizes the Board of Education of the City of Buford (the “**Board of Education**”) to regulate the operations of the system of public schools located within the corporate limits of the City, known as the Buford City School System (the “**School System**”). The Board of Education is fiscally dependent upon the City because the governing body of the City must approve the School System’s annual budget, levy the necessary taxes for the School System, and issue general obligation debt for the School System. For more detailed information, see “THE BUFORD SCHOOL SYSTEM.”

## Security and Sources of Payment for the Bonds

The Bonds are general obligations of the City and will constitute a pledge of the full faith and credit of the City. Principal and interest are payable from *ad valorem* taxes which may be levied, without limitation as to rate or amount, upon all taxable property subject to taxation for bond purposes within the territorial limits of the City. As additional security for the Bonds, the School System will participate in the State of Georgia Intercept Program. For more detailed information, see “THE BONDS -Security and Sources of Payment for the Bonds” and “CITY OF BUFORD AD VALOREM TAXATION.”

## Purpose of the Bonds

The Series 2017A Bonds and Series 2017B Bonds are being issued to provide funds to finance the cost, in whole or in part, of acquiring, constructing, and equipping certain capital outlay projects of the School System (the “**Projects**”) and the costs of issuance of the Series 2017A Bonds and Series 2017B Bonds, including capitalized interest. The Series 2017C Bonds are being issued to provide funds to finance the costs of advance refunding and redeeming certain of the outstanding CITY OF BUFORD GENERAL OBLIGATION BONDS, SERIES 2015 and the costs of issuance of the Series 2017C Bonds. For more detailed information, see “THE BONDS -Sources and Uses of Funds;” “THE BONDS -The Projects;” and “THE BONDS -The Refunding Program.”

## Bond Registrar and Paying Agent

U.S. Bank National Association, Atlanta, Georgia, will act as Bond Registrar (“**Bond Registrar**”) and Paying Agent (“**Paying Agent**”) for the Bonds.

## Description of the Bonds

*Redemption.* The Bonds are subject to optional redemption and scheduled mandatory redemption as described herein under the heading “THE BONDS -Redemption.”

*Denominations.* The Bonds will be issued in the denomination of \$5,000 or any integral multiple thereof.

*Registration and Transfer.* The Bonds will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“**DTC**”). DTC will act as securities depository for the Bonds.

*Manner of Making Payments.* Interest on the Bonds is payable on January 1 and July 1 of each year (each an “**Interest Payment Date**”), beginning January 1, 2018. The interest so payable on any such Interest Payment Date will be paid to the person in whose name the Bonds are registered at the close of business on the 15th day of the calendar month preceding such Interest Payment Date (the “**Record Date**”); provided, however, that if and to the extent a default shall occur in the payment of interest due on said Interest Payment Date, such past due interest shall be paid to the persons in whose names outstanding Bonds are registered on a subsequent date of record established by notice given by mail by the Paying Agent to the holders of the Bonds not less than 30 days preceding such subsequent date of record. The Bonds bear interest at the rates per annum and mature in the amounts and at the times as set forth on the front cover page hereof.

So long as DTC or its nominee is the registered owner of the Bonds, principal of and interest on the Bonds are payable by wire transfer by the Paying Agent to Cede & Co., as nominee for DTC which, in turn, will remit such amounts to DTC Participants (as defined herein) for subsequent disbursement to the Beneficial Owners (as defined herein).

For more detailed information on the Bonds, see “THE BONDS.”

## **Tax Status**

In the opinion of Bond Counsel, under existing law and subject to the limitations and conditions described herein and assuming continuous compliance with certain covenants described herein, (1) interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations, and (2) interest on the Bonds is exempt from state income taxation within the State of Georgia. See Appendix B for the form of the opinions Bond Counsel proposes to deliver in connection with the issuance of the Bonds.

Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of or the accrual or receipt of interest on the Bonds. For more complete discussion of such opinion and certain other tax consequences of owning the Bonds, including certain exceptions to the exclusion of the interest of the Bonds from gross income, see “LEGAL MATTERS -Tax Matters” herein.

## **Professionals Involved in the Offering**

Certain legal matters pertaining to the City and its authorization and issuance of the Bonds are subject to the approving opinions of Alston & Bird, LLP, Atlanta, Georgia, Bond Counsel. Certain legal matters will be passed on for the City by its counsel, Gregory D. Jay, Esq., Buford, Georgia, and by Gray Pannell & Woodward LLP, Savannah, Georgia, Underwriter’s Counsel. The general purpose financial statements of the City for the fiscal year ended June 30, 2016, attached hereto as Appendix A, have been audited by Wilcox & Bivings, P.C., Certified Public Accountants, Suwanee, Georgia, to the extent and for the period indicated in its report thereon which appears in Appendix A hereto.

## **Terms of the Offering**

*Authority for Issuance.* The Bonds are to be issued under authority of the Constitution of the State of Georgia, the general laws of the State of Georgia, and a bond ordinance adopted by the City on October 2, 2017, as amended and restated on November 16, 2017 (the “**2017A&B Ordinance**”) and a bond ordinance adopted by the City on November 16, 2017 (the “**2017C Ordinance**,” and together with the 2017A&B Ordinance, the “**Ordinance**”).

*Offering.* Each series of the Bonds are offered when, as, and if issued by the City and accepted by the Underwriter, subject to prior sale and to withdrawal or modification of the offer without notice, to approval of legality by Alston & Bird, LLP, Atlanta, Georgia, and to validation by the Superior Court of Gwinnett, County.

*Delivery.* The Series 2017A Bonds and the Series 2017B Bonds in definitive form are expected to be delivered through DTC in New York, New York on or about November 22, 2017. The Series 2017C Bonds in definitive form are expected to be delivered through DTC in New York, New York on or about December 6, 2017.

## **Continuing Disclosure**

Pursuant to Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934 (the “**Rule**”), the City will sign, as of the date of the issuance and delivery of the Bonds, a Disclosure Dissemination Agent Agreement (“**Disclosure Dissemination Agreement**”) with Digital Assurance Certification, L.L.C. (“**DAC**”), under which the City has designated DAC as Disclosure Dissemination Agent. The Disclosure Dissemination Agreement will allow the Underwriter of the Bonds

to comply with the Rule. See “Appendix C: FORM OF DISCLOSURE DISSEMINATION AGREEMENT.”

Although the City is now current in all material respects in its continuing disclosure obligations, the City failed to satisfy certain continuing disclosure obligations in a timely manner with respect to its previously outstanding obligations. For a more detailed discussion of the City’s past failure to make timely continuing disclosure filings, see “MISCELLANEOUS, - Continuing Disclosure.”

**Additional Information**

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the City, the School System, the Bonds, the Ordinance, and the security and sources of payment for the Bonds. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to, or summaries of, the Ordinance or any other document or any constitutional provision or statute are qualified in their entirety by the exact terms of such documents or constitutional provision or statute. All references herein to, or summaries of, the Bonds are qualified in their entirety by the definitive form thereof and the provisions with respect thereto included in the Ordinance. Copies of all documents described herein are available upon request, prior to the delivery of the Bonds, from Stephens Inc., 3344 Peachtree Road, Suite 1650, Atlanta, Georgia 30326, (404) 461-5155, and after delivery of the Bonds upon payment to the City of a charge for copying, mailing and handling, from the City of Buford, 2300 Buford Highway, Buford, Georgia 30518, telephone (770) 945-6761.

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## THE BONDS

### Description

The Bonds, dated as of the date of issuance and delivery thereof, will bear interest at the rates per annum, calculated on the basis of a 360-day year consisting of twelve 30-day months, and will mature on January 1 in the years and amounts, set forth on the inside cover page hereof. Interest shall be payable on July 1 and January 1 of each year, beginning January 1, 2018.

### Redemption

*Optional Redemption.* The Bonds maturing on January 1, 2028, and thereafter may be redeemed prior to their respective maturities at the option of the City, in whole or in part (maturities to be designated by the City), at any time beginning January 1, 2027, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date. If less than all of the Bonds of a maturity are to be redeemed, the actual Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Bond Registrar may determine.

*Scheduled Mandatory Redemption.* The Series 2017C Bonds maturing on January 1, 2043, are subject to scheduled mandatory redemption prior to maturity in part (the actual Series 2017C Bonds to be redeemed to be selected by lot in such manner as the Bond Registrar may determine) at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date, on January 1 in the year and in the principal amount set forth below (the January 1, 2043, amount to be paid at maturity rather than redeemed):

<u>Year</u>	<u>Principal Amount</u>
2039	\$1,245,000
2040	1,295,000
2041	1,345,000
2042	1,400,000
2043	1,455,000

The Series 2017C Bonds maturing on January 1, 2048, are subject to scheduled mandatory redemption prior to maturity in part (the actual Series 2017C Bonds to be redeemed to be selected by lot in such manner as the Bond Registrar may determine) at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date, on January 1 in the year and in the principal amount set forth below (the January 1, 2048, amount to be paid at maturity rather than redeemed):

<u>Year</u>	<u>Principal Amount</u>
2044	\$1,515,000
2045	1,565,000
2046	1,620,000
2047	1,675,000
2048	1,730,000

*Notice of Redemption.* Notice of optional redemption of the Bonds pursuant to the Ordinance shall be given by the City to the Bond Registrar and Paying Agent at least 30 days prior to the date fixed for redemption and shall be given by the Bond Registrar and Paying Agent one time not less than 30 days nor more than 60 days prior to the date fixed for redemption to the Holders of each of the Bonds being called for redemption by first class or registered or certified mail as the Paying Agent shall determine is necessary at the address shown on the register of the Bond Registrar as of 45 days prior to the date fixed

for redemption. Said notice shall contain the complete official name of the Bonds, CUSIP number, certificate numbers, amounts called of each certificate (for partial calls), redemption date, redemption price, the Paying Agent's name and address (with contact person and phone number), date of issue of the Bonds, interest rate, and maturity date. Said notice shall also be given by certified mail, return receipt requested, or by electronic means, not less than 30 days nor more than 60 days prior to the date fixed for redemption, to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System or as may be required by applicable law or regulation at the time of giving such notice. No transfer or exchange of any Bonds so called for redemption shall be allowed. In the event any Holder of any Bond being redeemed pursuant to the provisions of the Ordinance shall fail to present for redemption any such Bond within 60 days after the date fixed for redemption, a second notice of the redemption of such Bond shall be given to said owner at the address of said owner as shown on the bond register of the Bond Registrar within 90 days after the date fixed for redemption. The failure of the Paying Agent to give such notice shall not affect the validity of the proceedings for the redemption of any Bond as to which no such failure occurred. Any notice mailed or delivered as provided by the Ordinance shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice.

*Manner of Redemption.* Bonds shall be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. In the case of bonds of denominations greater than \$5,000, if less than all of such bonds of a single maturity then outstanding are to be called for redemption then for all purposes in connection with redemption, each \$5,000 of face value shall be treated as though it were a separate bond in the denomination of \$5,000. If it is determined that one or more, but not all of the \$5,000 units of face value represented by any bond, are to be called for redemption, then upon notice of the intention to redeem such \$5,000 unit or units, the Owner of such bond shall forthwith surrender such bond to the Paying Agent for payment of the redemption price (including the redemption premium, if any, and interest to the date fixed for redemption) of the \$5,000 unit or units of face value called for redemption and there shall be issued to the Owner thereof, without charge therefor, fully registered bonds for the unredeemed balance of the principal amount thereof, in any of the authorized denominations. If the Owner of any such bond of a denomination greater than \$5,000 shall fail to present such bond to the Paying Agent for payment in exchange as aforesaid, such bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the \$5,000 unit or units of face value called for redemption (and to that extent only); interest shall cease to accrue on the portion of the principal amount of such bond represented by such \$5,000 unit or units of face value on and after the date fixed for redemption and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent and being available for the redemption) such bond shall not be entitled to the benefit and security of the Ordinance to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption) represented by such \$5,000 unit or units.

*Effect of Redemption Call.* Notice having been given in the manner and under the conditions prescribed herein, and money for the payment of the redemption price being held by the Paying Agent, all as provided in the Ordinance, the Bonds or the portion thereof so called for redemption shall become and be due and payable on the redemption date designated in such notice at the redemption price provided for redemption of such bonds on such date. Interest on the Bonds or the portion thereof so called for redemption shall cease to accrue from and after the date fixed for redemption unless default shall be made in payment of the redemption price thereof upon presentation and surrender thereof. Such bonds shall cease to be entitled to any lien, benefit or security under the Ordinance and the Owners of such bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof and such bond or the portion thereof so called shall not be considered to be outstanding. Upon surrender of such bond paid or redeemed in part only, the City shall execute and the Bond Registrar shall deliver to the Owner thereof, at the expense of the City, a new bond or bonds of the same type, of authorized denominations in the aggregate principal amount equal to the unpaid or unredeemed portion of the bond.

## **Book-Entry Only System of Delivery of the Bonds**

The Depository Trust Company (“**DTC**”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds, in the principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of § 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“**Direct Participants**”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“**DTCC**”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (a “**Beneficial Owner**”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain

steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the documents pertaining to the Bonds. For example, Beneficial Owners of bonds may wish to ascertain that the nominee holding the bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Paying Agent as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments with respect to the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent or the City, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursements of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

The foregoing information concerning DTC and its book-entry system has been obtained from DTC. The City and the Underwriter do not make any representation or warranty or take any responsibility for the accuracy or completeness of such information.

SO LONG AS CEDE & CO. OR SUCH OTHER DTC NOMINEE, AS NOMINEE FOR DTC, IS THE SOLE BONDHOLDER, THE CITY AND THE BOND REGISTRAR WILL TREAT CEDE & CO. OR SUCH OTHER NOMINEE AS THE ONLY OWNER OF THE BONDS FOR ALL PURPOSES UNDER THE ORDINANCE, INCLUDING RECEIPT OF ALL PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON THE BONDS, RECEIPT OF NOTICES, VOTING, AND REQUESTING OR DIRECTING THE CITY OR THE PAYING AGENT TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THE ORDINANCE. THE CITY HAS NO RESPONSIBILITY OR OBLIGATION TO THE DIRECT OR INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT;



(B) THE PAYMENT OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON THE BONDS; (C) THE DELIVERY OR TIMELINESS OF DELIVERY BY ANY DIRECT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE ORDINANCE TO BE GIVEN TO BONDHOLDERS; OR (D) OTHER ACTION TAKEN BY DTC OR CEDE & CO. OR SUCH OTHER DTC NOMINEE, AS OWNER.

Beneficial Owners of the Bonds may experience some delay in their receipt of distributions of principal and interest on the Bonds since such distributions will be forwarded by the Paying Agent to DTC, and DTC will credit such distributions to the accounts of Direct Participants which will thereafter credit them to the accounts of Beneficial Owners either directly or indirectly through Indirect Participants.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

### **Authority for Issuance of the Bonds**

On February 9, 2017, the City adopted an ordinance authorizing the issuance of general obligation bonds in the aggregate principal amount of not to exceed \$20,000,000 and not to exceed \$10,000,000, conditioned upon approval by a majority of the qualified voters residing within the City voting in a general obligation bond election held on March 21, 2017 (the "**Election**").

The Election was held in accordance with Article 14 of Chapter 2 of Title 21 of the Official Code of Georgia Annotated ("**O.C.G.A.**"), and resulted in approval of the issuance of general obligation debt of the City in an aggregate principal amount not to exceed \$20,000,000 for the Series 2017A Bonds and in an aggregate principal amount not to exceed \$10,000,000 for the Series 2017B Bonds.

The ordinance dated February 9, 2017, calling the Election and the notice of Election stipulated an interest rate for the Bonds not exceeding 5.0% per annum. The canvass of the election showed 153 "Yes" votes and 4 "No" votes, a 97.5% approval rate. Subsequent to such approval, the City adopted the 2017A&B Ordinance authorizing and regulating the issuance of the Series 2017A Bonds and Series 2017B Bonds.

The City has previously issued its CITY OF BUFORD GENERAL OBLIGATION BONDS, SERIES 2015 (the "**Series 2015 Bonds**") on June 17, 2015, which bonds were authorized by the qualified voters of the City voting in an election held on March 17, 2015, and by a bond ordinance adopted by the City on February 2, 2015 (the "**2015 Ordinance**"). The Series 2015 Bonds were issued to provide funds needed to finance, in whole or in part, certain capital outlay projects of the School System and the costs of issuance of the Series 2015 Bonds. The Series 2017C Bonds are being issued in accordance with the 2017C Ordinance to advance refund and redeem the 2019 and 2024 maturities of the outstanding Series 2015 Bonds (collectively, the "**Refunded Bonds**").

The Bonds are being issued pursuant to the authority granted by (i) the Constitution of the State of Georgia, (ii) the general laws of the State of Georgia, particularly O.C.G.A. § 36-82-1 *et seq.*, (iii) the results of the Election, and (iv) the provisions of the Ordinance.

### **Validation of the Bonds**

In accordance with the law of the State of Georgia and in particular Article 2 of Chapter 82 of Title 36 of O.C.G.A., each series of the Bonds and the security therefore will be confirmed and validated by a judgment of the Superior Court of Gwinnett County prior to their issuance and delivery. Under State law, the judgment of validation is forever conclusive against the City with respect to such validation of the Bonds and the security therefor.

## Sources and Uses of Funds

### *Series 2017A Bonds*

#### Sources of Funds:

Proceeds from Sale of the Series 2017A Bonds <sup>1</sup> .....	<u>\$22,896,160.80</u>
Total Sources of Funds:.....	\$22,896,160.80

#### Uses of Funds:

Costs of the 2017A Projects <sup>2</sup> .....	\$21,554,000.00
Capitalized Interest.....	1,108,333.33
Costs of Issuance <sup>3</sup> .....	<u>233,827.47</u>
Total Uses of Funds:.....	\$22,896,160.80

### *Series 2017B Bonds*

#### Sources of Funds:

Proceeds from Sale of the Series 2017B Bonds <sup>4</sup> .....	<u>\$11,448,080.40</u>
Total Sources of Funds:.....	\$11,448,080.40

#### Uses of Funds:

Costs of the 2017B Projects <sup>2</sup> .....	\$10,778,000.00
Capitalized Interest.....	554,166.67
Costs of Issuance <sup>3</sup> .....	<u>115,913.73</u>
Total Uses of Funds:.....	\$11,448,080.40

### *Series 2017C Bonds*

#### Sources of Funds:

Proceeds from Sale of the Series 2017C Bonds <sup>5</sup> .....	<u>\$25,042,454.00</u>
Total Sources of Funds:.....	\$25,042,454.00

#### Uses of Funds:

Deposit to Escrow Fund to refund and defease the Refunded Bonds...	\$24,754,238.40
Costs of Issuance <sup>3</sup> .....	<u>288,215.60</u>
Total Uses of Funds:.....	\$25,042,454.00

<sup>1</sup> Includes original issue premium of \$2,896,160.80.

<sup>2</sup> See "THE BONDS -The Projects."

<sup>3</sup> Includes Underwriter's Discount and expenses, estimated legal and accounting fees, printing costs, validation court costs, rating agency fees, and other fees and expenses associated with the issuance of the Bonds.

<sup>4</sup> Includes original issue premium of \$1,448,080.40.

<sup>5</sup> Includes net original issue premium of \$772,454.00.

Concurrently with the issuance and delivery of the Series 2017A Bonds and the Series 2017B Bonds, the applicable Underwriter's Discount shall be paid, all costs and expenses in connection with the issuance and sale of the Series 2017A Bonds and the Series 2017B Bonds (including without limitation the fees and expenses of accountants, attorneys, and the cost of printing, validation fees, and other miscellaneous fees and expenses) shall be paid to those persons entitled to receive the same, and the balance of the proceeds from the sale of the Series 2017A Bonds and the Series 2017B Bonds shall be deposited in the CITY OF BUFORD CONSTRUCTION FUND, SERIES 2017 (the "**Construction Fund**") created by the City pursuant to the terms of the 2017A&B Ordinance.

Concurrently with the issuance and delivery of the Series 2017C Bonds, the applicable Underwriter's Discount shall be paid, all costs and expenses in connection with the issuance and sale of the Series 2017C Bonds (including without limitation the fees and expenses of accountants, attorneys, and the cost of printing, validation fees, and other miscellaneous fees and expenses) shall be paid to those persons entitled to receive the same, and the balance of the proceeds from the sale of the Series 2017C Bonds shall be deposited with the Escrow Agent for the Refunded Bonds and applied to redeem the Refunded Bonds.

## **The Projects**

*Description of the Projects.* The proceeds from the sale of the Series 2017A Bonds and Series 2017B Bonds will fund, in part, the projects, which consist of the acquisition, construction, and equipping of certain additional School System facilities, the addition of classrooms to existing schools, renovation of existing facilities, and technology and preventive maintenance thereto in furtherance of K-12 education for the School System, and other real and personal property in connection therewith, and paying expenses incident thereto (collectively, the "**Projects**").

*Plan of Financing.* The City and the Board of Education have developed a plan to finance the Projects with proceeds from the sale of the Series 2017A Bonds and Series 2017B Bonds and investment earnings thereon, and funds earned through the State capital outlay program administered by the Georgia Department of Education, the aggregate amount of which is expected to be sufficient to provide funding for the Projects.

The Georgia Department of Education disburses capital outlay earnings to the Board of Education as the Board of Education incurs capital expenditures if certain requirements are met. The Board of Education expects to receive approximately \$11,509,608 from the Georgia Department of Education for the construction of the Projects.

The Board of Education anticipates that all Projects to be financed with proceeds from the sale of the Series 2017A Bonds and Series 2017B Bonds will be completed no later than September 2019. Although the Board of Education believes it can achieve this construction schedule, unforeseen circumstances can occur in the course of construction or when remodeling or repairing older buildings, which may delay completion of the Projects.

Plans and specifications for the projects that have begun to be designed or that have been completed were prepared by the architecture firm Breaux & Associates, Alpharetta, Georgia. After the architects complete and the Board of Education approves a set of plans and specifications for the Projects, the Board of Education will submit the plans and specifications to the Facilities Services Unit of the State of Georgia Department of Education for approval. After the plans and specifications are approved, the Board of Education will solicit bids for general contractors. After this selection and approval, the general contractors will select the construction sub-contractors.

Contractors engaged in the construction of the Projects will be required to obtain performance and payment bonds, a certificate of insurance for general liability, a certificate of insurance for workers'

compensation, a certificate of insurance/auto liability and excess liability, and evidence of property insurance for builder's risk.

### **The Refunding Program**

Proceeds from the sale of the Series 2017C Bonds will be used to advance refund and defease the Refunded Bonds on January 1, 2025 (the "**Redemption Date**"), and, simultaneously with the issuance and delivery of the Series 2017C Bonds, the City will enter into an Escrow Deposit Agreement with U.S. Bank National Association, Atlanta, Georgia, as escrow agent (the "**Escrow Agent**") for the Refunded Bonds (the "**Escrow Agreement**"). The amount so deposited shall be sufficient to purchase, or there will be purchased by the City and so deposited, certain Investment Securities (as defined in the Escrow Agreement), the principal of and interest on which will provide money which, together with the remaining money, if any, deposited with the Escrow Agent, shall be sufficient to pay the principal amounts maturing and interest on the Refunded Bonds on the Redemption Date.

All Refunded Bonds will be redeemed on the Redemption Date. The City will give irrevocable instructions to the Escrow Agent, as trustee for the Refunded Bonds, to call the Refunded Bonds for redemption on the Redemption Date. None of the money deposited with the Escrow Agent will be available to pay the principal of, premium, if any, or interest on the Bonds and the owners of the Bonds will have no claim to any of said amounts.

The City acknowledges and intends that, by virtue of the aforesaid deposits with the Escrow Agent, the Refunded Bonds will be deemed to have been paid and that, consequently, the rights granted to the Holders of the Refunded Bonds under the 2015 Ordinance will have ceased, been terminated, and become void, except for those provisions pertaining to registration and exchange as provided in the 2017C Ordinance, concurrently with the issuance and delivery of the Bonds.

### **Verification of Mathematical Computations**

Ritz & Associates, independent certified public accountants (the "**Verification Agent**"), will deliver to the City on or before the issuance of the Series 2017C Bonds, its verification report indicating that it has verified, in accordance with standards established by the American Institute of Certified Public Accountants, the arithmetical accuracy of (a) the computation of the adequacy of the amounts to be deposited in the Escrow Fund to be held by the Escrow Agent to pay when due all principal of, and accrued interest on the Refunded Bonds, through the dates of maturity or redemption for the Refunded Bonds, as provided in the Escrow Agreement, and (b) the computation of the yield on the Series 2017C Bonds and the amounts to be deposited in the Escrow Fund.

The verification performed by the Verification Agent will be solely based upon assumptions and information provided to the Verification Agent by the Underwriter. The Verification Agent has restricted its procedures to verifying the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based, and accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions or the achievability of the forecasted outcome.

### **Investment of Money**

*Construction Fund Money.* Prior to the issuance of the Bonds, the City will designate a Construction Fund Custodian (the "**Construction Fund Custodian**"), and money will be disbursed by the Construction Fund Custodian to pay the costs of the Projects. Money in the Construction Fund which is not needed at the time to pay current obligations during the construction and equipping of the Projects may be invested, upon direction to the Construction Fund Custodian from the Board of Education, in any of the following investments allowed by O.C.G.A. § 36-82-7, and no others:

(a) investments and reinvestments in the local government investment pool created in O.C.G.A. § 36-83-8; or

(b) investment in the following securities and no others:

(1) bonds or other obligations of the issuer, or bonds or obligations of the State of Georgia or other states or other counties, municipal corporations, and political subdivisions of the State of Georgia;

(2) bonds or other obligations of the United States or of subsidiary corporations of the United States government, which are fully guaranteed by such government;

(3) obligations of and obligations guaranteed by agencies or instrumentalities of the United States government, including those issued by the Federal Land Bank, Federal Home Loan Bank, Federal Intermediate Credit Bank, Bank for Cooperatives, and any other such agency or instrumentality now or hereafter in existence; provided, however, that all such obligations shall have a current credit rating from a nationally recognized rating service of at least one of the three highest rating categories available and have a nationally recognized market;

(4) bonds or other obligations issued by any public housing agency or municipal corporation in the United States, which such bonds or obligations are fully secured as to payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States government, or project notes issued by any public housing agency, urban renewal agency, or municipal corporation in the United States which are fully secured as to payment of both principal and interest by a requisition, loan, or payment agreement with the United States government;

(5) certificates of deposit of national or state banks located within the State of Georgia which have deposits insured by the Federal Deposit Insurance Corporation and certificates of deposit of federal savings and loan associations and state building and loan or savings and loan associations located within the State of Georgia which have deposits insured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation or the Georgia Credit Union Deposit Insurance Corporation, including the certificates of deposit of any bank, savings and loan association, or building and loan association acting as depository, custodian, or trustee for any proceeds of the Bonds; provided, however, that the portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation, the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation, or the Georgia Credit Union Deposit Insurance Corporation, if any, shall be secured by deposit with the Federal Reserve Bank of Atlanta, Georgia, or with any national or state bank or federal savings and loan association or state building and loan or savings and loan association located within the State of Georgia or with a trust office within the State of Georgia, of one or more of the following securities in an aggregate principal amount equal at least to the amount of such excess: direct and general obligations of the State of Georgia or other states or any county or municipal corporation in the State of Georgia, obligations of the United States or subsidiary corporations included in paragraph (2) above, obligations of the agencies and instrumentalities of the United States government included in paragraph (3) above, or bonds, obligations, or project notes of public housing agencies, urban renewal agencies, or municipalities included in paragraph (4) above;

(6) securities of or other interests in any no-load, open-end management type investment company or investment trust registered under the Investment Company Act of 1940, as from time to time amended, or any common trust fund maintained by any bank or trust company which holds such proceeds as trustee or by an affiliate thereof so long as:

(A) the portfolio of such investment company or investment trust or common trust fund is limited to the obligations referenced in paragraphs (2) and (3) above and repurchase agreements fully collateralized by any such obligations;

(B) such investment company or investment trust or common trust fund takes delivery of such collateral either directly or through an authorized custodian;

(C) such investment company or investment trust or common trust fund is managed so as to maintain its shares at a constant net asset value; and

(D) securities of or other interests in such investment company or investment trust or common trust fund are purchased and redeemed only through the use of national or state banks having corporate trust powers and located within the State of Georgia; and

(7) interest-bearing time deposits, repurchase agreements, reverse repurchase agreements, rate guarantee agreements, or other similar banking arrangements with a bank or trust company having capital and surplus aggregating at least \$50 million or with any government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York having capital aggregating at least \$50 million or with any corporation which is subject to registration with the Board of Governors of the Federal Reserve System pursuant to the requirements of the Bank Holding Company Act of 1956, provided that each such interest-bearing time deposit, repurchase agreement, reverse repurchase agreement, rate guarantee agreement, or other similar banking arrangement shall permit the money so placed to be available for use at the time provided with respect to the investment or reinvestment of such money.

*Other Money.* Pursuant to the Ordinance, it is authorized to be established prior to or concurrently with the issuance and delivery of the Bonds, a special account designated the CITY OF BUFORD SINKING FUND, SERIES 2017 (the “**Sinking Fund**”). Money in the Sinking Fund shall be held and kept separate and apart from all other funds of the City and shall not in any manner be commingled with other funds of the City. The Sinking Fund will be maintained and held in trust by the City with the custodian of the account and the owners of the Bonds shall have a beneficial interest therein. Payment of the principal of and interest on the Bonds shall be made from the Sinking Fund. Money in the Sinking Fund shall be invested pursuant to O.C.G.A. § 36-80-3 and O.C.G.A. § 36-83-4.

O.C.G.A. § 36-80-3 provides that the governing body of the City, or the financial officer of the City to whom investment authority is delegated pursuant to O.C.G.A. § 36-80-4, in addition to other legal investments, may invest and reinvest money subject to its control and jurisdiction in:

(a) obligations of the United States and of its agencies and instrumentalities, or obligations fully insured or guaranteed by the United States government or by one of its agencies;

(b) bonds or certificates of indebtedness of the State of Georgia and of its agencies and instrumentalities; and

(c) certificates of deposit of banks which have deposits insured by the Federal Deposit Insurance Corporation (“**FDIC**”); provided, however, that portion of such certificates of deposit in excess of the amount insured by the FDIC must be secured by direct obligations of the State of Georgia or the United States which are of a par value equal to that portion of such certificates of deposit which would be uninsured.

O.C.G.A. § 36-83-4 provides that the governing body of the City, or the financial officer of the City to whom investment authority is delegated, may invest and reinvest money subject to its control and jurisdiction in:

- (a) obligations of the State of Georgia or of other states;
- (b) obligations issued by the United States government;
- (c) obligations fully insured or guaranteed by the United States government or by one of its agencies;
- (d) obligations of any corporation of the United States government;
- (e) prime bankers' acceptances;
- (f) the local government investment pool established by O.C.G.A. § 36-83-8;
- (g) repurchase agreements; and
- (h) obligations of other political subdivisions of the State of Georgia.

### **Construction Fund Disbursements**

Withdrawals from the Construction Fund may be made for the purpose of paying the cost of acquiring, constructing, and equipping the Projects, including reimbursing the City and the Board of Education for advances from their other funds to accomplish the purposes hereinafter described and including the purchase of such property and equipment as may be useful in connection therewith, and, without intending thereby to limit or to restrict or to extend any proper definition of such cost as contained in the laws of the State relating to expenditure of proceeds of general obligation school bonds, shall include: (i) the cost of indemnity and fidelity bonds either to secure deposits in the Construction Fund or to insure the faithful completion of any contract pertaining to the Projects; (ii) any taxes or other charges lawfully levied or assessed against the Projects; (iii) fees and expenses of architects and engineers for engineering studies, surveys, and estimates, and the preparation of plans and supervising the acquisition, construction, and equipping of the Projects; (iv) all other items or expenses not elsewhere in this Section specified incident to the Projects; (v) payments made for labor, contractors, builders, and materialmen in connection with the Projects and payment for machinery and equipment and for the restoration of property damaged or destroyed in connection therewith and the repayment of advances made to it for the purpose of paying any of the aforementioned costs; (vi) the cost of acquiring by purchase, and the amount of any award or final judgment in any proceeding to acquire by condemnation lands and rights-of-way necessary for the Projects and appurtenances in connection therewith, and options and payments thereon, and any easements or rights-of-way or any damages incident to or resulting from the acquisition, construction, and equipping of the Projects; and (vii) costs of issuance of the Series 2017A Bonds and the Series 2017B Bonds.

### **Requisition Procedure**

All payments from the Construction Fund shall be made upon checks signed by an officer of the Board of Education properly authorized to sign in its behalf, but before such officer shall sign any such checks (other than checks issued in payment for the costs of issuance of the Series 2017A Bonds and the Series 2017B Bonds which shall not require the hereinafter described requisition and certificate but shall require an invoice for such payment) there shall be filed with the Construction Fund Custodian a requisition and certificate signed by the Project Superintendent certifying: (i) each amount to be paid and the name of the person, firm, or corporation to whom payment thereof is due; (ii) that an obligation in the stated amount has been incurred by the Board of Education, that the same is a proper charge against the Construction Fund and has not been paid, and stating that the bill, invoice, or statement of account for such obligation, or a copy thereof, is on file in the office of the Project Superintendent; (iii) that the Project Superintendent has no notice of any vendor's, mechanic's, or other liens or rights to liens, chattel mortgages, or conditional sales contracts which should be satisfied or discharged before such payment is

made; (iv) that such requisition contains no item representing payment on account or any retained percentages (other than any percentages required by the State to be retained) which the Board of Education, at the date of such certificate, is entitled to retain; and (v) that insofar as such obligation was incurred for work, material, supplies, or equipment in connection with the Projects, such work was actually performed or such material, supplies, or equipment was actually installed in or about the construction or delivered at the site of the work for that purpose.

### **Change of Use of Bond Proceeds**

O.C.G.A. § 36-82-4.2 allows the City, subsequent to the issuance of the Series 2017A Bonds and the Series 2017B Bonds, to expend the proceeds of the Series 2017A Bonds and the Series 2017B Bonds, including interest earnings thereon, for purposes of a nature substantially similar to the purpose stated in the election notice or to reduce the bonded indebtedness of the City, provided certain conditions are met. First, the City must adopt an ordinance (the “**Declaration Ordinance**”) by a two-thirds’ majority vote declaring that (1) a portion of the proceeds of such Bonds remains after the purpose stated in the election notice has been accomplished, (2) the purpose stated in the election notice is no longer necessary, or (3) circumstances have changed such that expenditure of all or part of the proceeds of such Bonds is no longer practicable or feasible and setting forth the reason the proceeds of such Bonds were not expended for the purpose stated in the election notice and stating the purpose for which the proceeds of such Bonds will be expended. Second, the City, not earlier than ten days prior to expending such Bond proceeds, must publish the Declaration Ordinance described above once in the official legal organ of Gwinnett County. In addition, a copy of the Declaration Ordinance described above must be sent by registered or certified mail to the Paying Agent for the Bonds.

### **Security and Sources of Payment for the Bonds**

*Security from Ad Valorem Taxation.* The Bonds will constitute general obligation debt of the City within the meaning of Article IX, Section V, Paragraph I of the Constitution of Georgia and shall count against the limitation on debt contained therein. See “DEBT STRUCTURE OF THE CITY OF BUFORD -Debt Limitation.” Said limitation requires that the debt of the City shall never exceed 10% of the assessed value of taxable property within the territorial limits of the City. The principal of and interest on the Bonds will be payable from *ad valorem* taxes levied, without limitation as to rate or amount, upon all taxable property within the City which is subject to taxation for general obligation bond purposes, in an amount sufficient to pay the principal of and interest on the Bonds.

Prior to the issuance of the Bonds, the Commission, as required by Article IX, Section V, Paragraph VI of the Constitution of Georgia, will provide for the assessment and collection of an *ad valorem* tax on all taxable property within the territorial limits of the City subject to taxation for general obligation bond purposes in an amount, which will be sufficient to pay the principal of and interest on the Bonds as the same become due and payable. The proceeds of the *ad valorem* tax assessed to pay the principal of and interest on the Bonds, together with any other moneys collected for such purpose, shall be placed, pursuant to Article IX, Section V, Paragraph VI of the Constitution of the State of Georgia, in the Sinking Fund, to be used exclusively for paying the principal of and interest on the Bonds. Such money shall be held and kept separate and apart from all other revenues collected by the City or the School System.

*Additional Security Provided by State of Georgia Intercept Program.* Prior to the issuance of the Bonds, the Board of Education, pursuant to O.C.G.A. § 20-2-480, will notify the State of Georgia Board of Education (the “**State Board**”) of the proposed issuance of the Bonds and authorize and direct the State Board to withhold and transfer School System funds as hereinafter set forth. Under the terms of a resolution to be adopted by the Board of Education, the Sinking Fund Custodian is required to transfer to the Paying Agent for the Bonds such amounts of moneys as are necessary to provide for the payment of the interest, or principal and interest, on the Bonds coming due each Interest Payment Date. Under the



terms of such resolution, if on the 15th day of the calendar month preceding each Interest Payment Date (or, if such 15th day is not a business day, the next succeeding business day) there shall not be on deposit in the Sinking Fund an amount sufficient to pay in full the interest, or principal and interest, coming due on the Bonds on such Interest Payment Date, as the case may be, and the City or the Board of Education does not immediately remedy the deficiency, the Sinking Fund Custodian shall notify the State Board of the amount of any such deficiency. Upon such notification, the State Board will withhold such amount from any State appropriation to which the School System may be entitled and thereafter transfer the amount so withheld to the Sinking Fund Custodian not less than two business days prior to such payment date, for immediate deposit into the Sinking Fund.

### **Enforcement of Remedies**

The realization of value from the pledge of the taxing power of the City to the payment of the Bonds upon any default will depend upon the exercise of various remedies specified by Georgia law. These remedies may require judicial actions, which are often subject to discretion and delay and which may be difficult to pursue. The enforceability of rights or remedies with respect to the Bonds may be limited by state and federal laws, rulings, and decisions affecting remedies and by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

O.C.G.A. § 36-80-5 provides that no city created under the Constitution or laws of the State of Georgia shall be authorized to file a petition for relief from payment of its debts as they mature or a petition for composition of its debts under any federal statute providing for such relief or composition or otherwise to take advantage of any federal statute providing for the adjustment of debts of political subdivisions and public agencies and instrumentalities. O.C.G.A. § 36-80-5 also provides that no chief executive or other governmental officer, governing body, or organization shall be empowered to cause or authorize the filing by or on behalf of any city created under the Constitution or laws of the State of Georgia of any petition for relief from payment of its debts as they mature or a petition for composition of its debts under any federal statute providing for such relief or composition or otherwise to take advantage of any federal statute providing for the adjustment of debts of political subdivisions and public agencies and instrumentalities.

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# THE BUFORD SCHOOL SYSTEM

## Introduction

The City of Buford School System is an independent school system created under the Charter of the City, the boundaries of which are coextensive with the territorial limits of the City of Buford. See “CITY OF BUFORD.” The School System is the only public school system in the City and is vested, pursuant to the Charter of the City, with the power to conduct a system of public education within its boundaries. The School System operates public schools in the incorporated City of Buford, Georgia.

## Board of Education

The Board of Education is authorized to make such regulations and rules as deemed necessary and proper for the effective and efficient administration of the School System. The Board of Education is composed of four regular members and one *ex officio* member. The registered voters of the City elect the four regular members, on staggered terms, who each serves a four-year term beginning on the January 1 following their election and serves until their successor is elected and qualified, and the chairperson of the city commission is the *ex officio* member, who serves as the chairperson of the Board of Education. The board shall elect from its number a vice chairperson *pro tempore* to act in the absence or disqualification of the chairperson.

In the event of a vacancy on the Board of Education of one of the regular members for any reason other than the expiration of a term of office, such vacancy shall be filled for the unexpired term by a special election; provided, however, unless such vacancy occurs within six months of the expiration of the term of that office, such vacancy shall be filled by the ensuing regular general election.

The qualifications for the regular members of the Board of Education are the same as those prescribed by the City Charter for the members of the City Commission of the City (the “**City Commission**”) and are elected under the same rules and regulations as those governing the election of members of the City Commission.

The Board of Education has the responsibility to maintain a reasonably uniform system of public schools providing quality education for all young people of the City of Buford. With the advice of the Superintendent, it must determine the policies and prescribe the rules and regulations for the management of the School System.

Information as of September 1, 2017, regarding the members and officers of the Board of Education is set forth below:

<u>Name</u>	<u>Expiration Date of Current Term</u>	<u>Years in Office</u>	<u>Principal Occupation</u>
Phillip Beard, <i>Chairman</i>	December 31, 2019	43	Self employed
Pat Pirkle, <i>Vice Chairman</i>	December 31, 2017	23	Retired
Bruce Fricks	December 31, 2017	13	Engineer
Beth Lancaster	December 31, 2019	5 ½	Self employed
Daren Perkins	December 31, 2019	12	Gas Department Superintendent
Dr. Geye Hamby, <i>Secretary</i>	By Appointment	11	School Superintendent

## Administration

*School Superintendent.* The Board of Education appoints the Superintendent of Schools (the “**School Superintendent**”), who is the executive officer of the School System and the Secretary of the Board of Education. Dr. Geye Hamby has been the School Superintendent since July 2006 and served as

Assistant Superintendent from 2001-2006. Dr. Hamby began his educational career as a teacher of mathematics and has served as a principal at the elementary, middle, and high school levels. He holds a bachelor's degree in Mathematics and Science from the University of West Georgia in Carrollton, Georgia, a master's degree in Education Administration from University of West Georgia in Carrollton, Georgia, and a doctorate degree in Education Administration from Nova South Eastern University in Ft. Lauderdale, Florida. Dr. Hamby is a member of the MRESA Board of Directors and serves on the Board of Directors for the Georgia School Superintendent's Association.

*Finance Director.* The Board of Education appoints the Finance Director, who is responsible for the financial affairs of the School System. Angela Adams has been the Finance Director for the School System since August 2007. Prior to that time, she worked as an auditor for five years, auditing public systems, state agencies, colleges, and universities, and she obtained a position as a finance director in a public system in 2002. Ms. Adams holds a bachelor's degree in Accounting from the University of North Georgia in Dahlonega, Georgia.

## **Operations**

The Commission and City Manager have the power and authority to levy and collect a tax annually for school purposes, upon 40% of the assessed value of all property of the City. The recommendation of the Board of Education with respect to the amount of such levy as provided in the preceding paragraph is advisory only; and the number of mills of school tax to be actually levied is determined in the sole discretion of the Commission and City Manager. See "CITY OF BUFORD AD VALOREM TAXATION, - Annual Tax Levy."

Funds received from the State are determined by certain formulas, generally based upon the number of students served and the relative wealth of the School System in relation to other school systems in the State, as established by the State of Georgia Department of Education. Funds received from the federal government are primarily for programs for disadvantaged and handicapped students and for the school food service program. During the fiscal years 2012-2016, approximately 49.61% of the School System's revenues were derived from local sources, approximately 45.46% from State sources (including State of Georgia lottery proceeds), and approximately 4.92% from federal sources.

*Educational Sales Tax.* The School System receives proceeds from a special one percent sales and use tax for educational purposes (the "**Educational Sales Tax**") currently being collected in both Gwinnett County and Hall County. Proceeds from the Educational Sales Tax are restricted under state law for capital improvements and to retire previously incurred general obligation debt.

In accordance with an intergovernmental agreement dated July 17, 2015, by and between the School System and the Gwinnett County School District, the School System received an upfront payment of approximately \$22,325,000 from the Gwinnett County Educational Sales Tax. Such funds were used by the School System for certain capital improvement projects as authorized by the voters of Gwinnett County in the Educational Sales Tax referendum.

In Hall County, the School System receives proceeds from the Hall County Educational Sales Tax based upon its FTE allotment. The School System is currently receiving approximately \$3,200,000 during the five-year period of the Hall County Educational Sales Tax.

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*State Funding.* Set forth below is the total amount of State funding received by the School System for fiscal years 2012 through 2016.

<u>Year</u>	<u>Amount</u>	<u>Percentage Change</u>
2012	\$10,540,704	--
2013	12,511,216	18.7%
2014	14,073,421	12.5
2015	17,031,893	21.0
2016	19,187,276	12.7

Source: Buford City School System.

### **Schools; 2017-2018 School Term**

The School System has two elementary schools, one middle school, and one high school, all located on four separate campuses. In addition, the School System has one transportation facility and one central office facility. Set forth below is information concerning the schools in the School System during the present school term:

<u>Schools</u>	<u>Grades</u>	<u>Enrollment</u>	<u>Site (Acres)</u>	<u>Year Occupied</u> <sup>1</sup>	<u>Number of Classrooms</u>	<u>Special Rooms</u> <sup>2</sup>
Buford Elementary School	K-1	734	13.82	1996	54	3
Buford Academy	2-5	1,469	35.40	2000	76	3
Buford Middle School	6-8	1,115	19.3	2004	55	6
Buford High School	9-12	<u>1,422</u>	<u>34.35</u>	1991	<u>76</u>	<u>3</u>
Total:		<u>4,740</u>	<u>102.87</u>		<u>261</u>	<u>15</u>

<sup>1</sup> Dates given refer to the earliest construction. Classrooms and/or buildings may have been added in subsequent years.

<sup>2</sup> Special Rooms include cafeterias, media centers, gymnasiums, art and music, and vocational rooms.

The major capital improvements planned by the School System for the next five years and the anticipated sources of funds for these improvements are described in “THE BONDS, -The Projects.”

There are currently approximately 338 certificated personnel serving 4740 students in the various schools for a pupil-certificated personnel ratio of 14:1. Specialists are available in the fields of speech, hearing, vision, learning disabilities, emotionally disturbed, psychological testing, physically handicapped, mentally retarded, hospital/homebound, and gifted children. All teachers in the School System hold a bachelor’s degree, most have a master’s degree, and many have a specialist’s or doctoral degree. Most have a continuing interest in professional and personal growth through formal study and staff development workshops and through meeting professional learning standards.

All schools in the School System are accredited by the Georgia Accrediting Commission and the Southern Association of Colleges and Schools, etc., and have met the requirements for Standard Schools as set forth by the State of Georgia Department of Education. Criteria for accreditation include qualification of personnel, adequacy of instructional supplies, equipment, and buildings, and libraries and media centers.

## Enrollment

Set forth below is information concerning enrollment in the School System over the past five school years and the current school year:

<u>School Year</u>	<u>(PK)</u>	<u>(K)</u>	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>(4)</u>	<u>(5)</u>	<u>(6)</u>	<u>(7)</u>	<u>(8)</u>	<u>(9)</u>	<u>(10)</u>	<u>(11)</u>	<u>(12)</u>	<u>Total</u>
2012-2013	13	315	318	301	285	287	297	336	276	291	358	268	241	197	3,783
2013-2014	11	316	337	313	303	304	302	326	358	275	350	308	246	237	3,986
2014-2015	22	339	302	351	331	308	311	321	320	361	365	305	276	261	4,173
2015-2016	21	323	363	313	363	336	304	355	323	330	404	338	282	275	4,330
2016-2017	15	365	336	380	337	374	366	340	374	349	381	369	325	286	4,597
2017-2018	21	352	382	346	403	336	384	390	351	374	414	344	341	323	4,761

Enrollment numbers reflect the student count taken on the first Tuesday in October in each school year.  
(PK) = Preschool; (K) = Kindergarten. Special education students are mainstreamed throughout K-12th grades.

Source: Georgia Department of Education.

## Employees, Employee Relations, and Labor Organizations

The School System had 528 employees as of September 1, 2017, in the following categories:

<u>Category</u>	<u>Number of Employees</u>
Classroom teachers	301
Administrators and Supervisors	24
Librarians, Guidance Counselors, and Social Workers	23
Aides and Clerical Personnel	105
Transportation and Maintenance Personnel	29
Food Service Personnel and Custodians	46
Total:	<u>528</u>

No employees of the School System are represented by labor organizations or are covered by collective bargaining agreements, and the Board of Education is not aware of any union organizing efforts at the present time. The Board of Education believes that employee relations are good.

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## Six-Year General Fund History

Set forth below is a historical, comparative summary of the revenues, expenditures, and changes in fund balance of the School System's General Fund for the past six fiscal years. Information in the table for fiscal years 2012 to 2016 has been extracted from audited financial statements of the School System for the years ended June 30, 2012, to June 30, 2016, and from unaudited financial statements of the School System for the year ended June 30, 2017. Although taken from audited financials for fiscal years 2012 through 2016, no representation is made that the information is comparable from year to year, or that the information as shown taken by itself presents fairly the financial condition of the School System for the fiscal years shown. For more complete information, reference is made to the audited financial statements of the School System for fiscal years 2012 to 2016, copies of which are available from the School System upon request.

	For Fiscal Years Ending June 30					
	2012	2013	2014	2015	2016	(unaudited) 2017
<b>Revenues</b>						
Property Taxes	\$ 9,444,129.81	\$9,675,488.63	\$10,474,044.00	\$11,340,953.00	\$10,796,279.35	\$20,167,596.10
Local Contribution/City Allocation	0	0	7,950,158.00	7,035,470.00	8,091,070.99	0
State Funds	13,240,724.11	15,099,968.83	16,198,422.00	17,379,736.00	19,851,234.38	21,353,064.55
Federal Funds	2,412,469.80	2,606,216.02	2,644,337.00	2,993,548.00	3,350,059.96	2,825,950.85
Charges for Services	2,805,543.54	2,111,757.06	2,574,900.00	2,906,433.00	3,500,391.89	3,559,279.92
Investment Earnings	16.75	13.45	6.00	8.00	9,106.39	7,487.36
Miscellaneous	1,591,073.51	2,824,709.12	3,424,418.00	3,570,162.00	2,555,943.34	3,648,833.93
<b>Total Revenues</b>	<b>29,493,957.52</b>	<b>32,318,153.11</b>	<b>43,266,285.00</b>	<b>45,226,310.00</b>	<b>48,154,086.30</b>	<b>51,562,212.71</b>
<b>Expenditures</b>						
<b>Current</b>						
Instruction	24,468,094.19	26,904,367.59	28,002,566.00	30,065,816.00	31,492,460.19	34,089,669.17
Support Services						
Pupil Services	1,678,921.37	1,559,526.57	1,716,439.00	1,738,915.00	1,926,628.93	1,979,100.53
Impr. of Instructional Services	308,929.90	171,004.29	305,487.00	368,516.00	363,356.60	335,975.35
Educational Media Services	570,468.34	543,264.13	388,319.00	597,277.00	602,625.64	664,667.32
General Administration	1,756,050.32	1,464,230.97	2,175,685.00	2,188,833.00	2,361,007.73	2,723,916.17
School Administration	2,313,757.47	2,459,340.17	2,525,602.00	2,711,908.00	2,892,006.03	3,116,953.04
Business Administration	322,194.66	300,989.37	376,099.00	395,233.00	494,978.79	481,037.92
M&O of Plant	2,746,444.52	2,591,187.51	3,028,386.00	3,027,398.00	3,148,670.00	3,260,407.71
Student Transportation Services	966,181.37	999,563.36	945,776.00	1,188,925.00	1,418,852.72	1,476,590.03
Other Support Services	10,812.58	13,196.66	9,416.00	9,766.00	14,730.05	9,476.92
Enterprise Operations	328,449.27	536,193.03	837,847.00	1,043,304.00	608,036.64	1,267,330.22
Community Services Operation	275,002.54	383,206.90	1,725,820.00	314,202.00	363,431.58	403,454.56
Food Services Operation	1,942,528.75	1,791,194.16	260,146.00	1,854,822.00	1,900,636.45	2,032,831.18
Debt Services						
Principal	181,315.19	0	0	0	0	0
Interest	5,207.32	0	0	0	0	0
<b>Total Expenditures</b>	<b>37,874,357.79</b>	<b>39,717,264.71</b>	<b>42,297,588.00</b>	<b>45,504,915.00</b>	<b>47,587,421.35</b>	<b>51,841,410.12</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenses</b>	<b>(8,380,400.27)</b>	<b>(12,812,897.12)</b>	<b>968,697.00</b>	<b>(278,605.00)</b>	<b>566,664.95</b>	<b>(279,197.41)</b>
<b>Other Financing Sources (Uses)</b>						
Transfers from City Government	8,628,409.40	9,234,344.00	0	0	0	581,794.86
Transfers Out	0	(99,000.00)	(31,612.00)	0	0	(571,794.86)
<b>Total Other Financing</b>	<b>8,628,409.40</b>	<b>9,135,344.00</b>	<b>(31,612.00)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>248,009.13</b>	<b>1,736,232.40</b>	<b>937,085.00</b>	<b>(278,605.00)</b>	<b>566,664.95</b>	<b>(279,197.41)</b>
<b>Fund Balances - Beginning</b>	<b>7,445,126.51</b>	<b>7,098,921.06</b>	<b>6,048,892.00</b>	<b>6,985,977.00</b>	<b>6,707,372.00</b>	<b>7,274,036.95</b>
<b>Inventory - Net Change in Period</b>	<b>0</b>	<b>9,993.50</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balances - Ending</b>	<b>\$7,693,135.64</b>	<b>\$8,845,146.96</b>	<b>\$6,985,977.00</b>	<b>\$6,707,372.00</b>	<b>\$7,274,036.95</b>	<b>\$6,994,839.54</b>

NOTE: The variance between the 2012 ending fund balance and 2013 beginning fund balance is an accounting for a certificate of deposit kept in a fund for special projects not included in the 2013 financials, and the variance between the 2013 ending fund balance and the 2014 beginning fund balance was an adjustment that was reclassified for a prior period adjustment.

## **Budgetary Process for General Fund**

*General Description.* Each year the Board of Education adopts a non-appropriated budget for the School System's General Fund, prepared on the modified accrual basis, which is the same basis on which it presents its financial statements. The operating budget contains proposed expenditures and the means for financing them. The School System is not legally required to stay within the budget, but under State law it must meet certain minimum expenditure requirements for allotted state funds.

The operating budget contains proposed expenditures and the means for financing them. The School System is legally required to stay within the budgeted amounts with the level of budgetary control set at the aggregate level (*i.e.*, by governmental fund type), and under State law it must meet certain minimum expenditure requirements for allotted State funds.

The budget process begins when the School System's administration prepares a tentative, aggregated budget for approval by the Board of Education. After approval of this tentative budget by the Board of Education, such budget is advertised at least once in a newspaper of general circulation in Gwinnett County. At the next regular meeting of the Board of Education after advertisement, the Board of Education receives comments on the tentative budget, makes revisions as necessary, and adopts a final school budget. This final budget is then submitted, in accordance with provisions of the Quality Basic Education Act, O.C.G.A. § 20-2-167, to the State Board.

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*Current Budget.* Set forth below is the School System’s budget for its General Fund for the fiscal year ending June 30, 2018. The budget is based upon certain assumptions and estimates of the School System’s administration regarding future events, transactions, and circumstances. Realizations of the results projected in these budgets will depend upon implementation by management of policies and procedures consistent with the assumptions. Accordingly, the actual results achieved could materially vary from those projected in the budgets shown.

City of Buford School System  
General Fund Budget

	<u>2018</u>
<b>REVENUES:</b>	
Local City appropriations .....	\$22,400,000
Tuition.....	1,500,000
Other Local .....	75,000
QBE .....	21,763,701
State Grants (General Fund) .....	30,000
Bonds for Buses .....	0
DCH Direct Payment (QBE) .....	0
Childcare Revenue .....	<u>315,000</u>
 Total Revenues.....	 \$46,083,701
<b>EXPENDITURES:</b>	
Certified Salaries.....	\$33,341,630
Classified Salaries .....	8,337,287
Federal Salaries paid by Federal Funds .....	(525,000)
New Positions .....	1,702,996
Central Office Non Salary Expense .....	781,013
M&O .....	2,400,000
State Staff Development .....	69,991
Local Technology .....	575,000
Spe Ed and .....	540,600
Testing .....	76,700
Online Assessments/Classes .....	25,000
Transportation.....	332,000
BES Budget.....	60,000
BA Budget .....	95,000
BMS Budget .....	83,000
BHS Budget .....	300,000
Fine Arts .....	10,000
Vocational State (Local Share) .....	25,000
Transportation .....	180,000
Textbooks.....	600,000
Daycare Non Salary Expense.....	<u>20,000</u>
 Total Expenditures .....	 \$49,030,217

Source: Board of Education for the City of Buford.



## THE CITY OF BUFORD

### Introduction

The City is located in both Gwinnett County and Hall County, Georgia, and consists of approximately 17 square miles, the vast majority of which is situated in Gwinnett County, which is part of the Atlanta-Sandy Springs-Marietta Metropolitan Statistical Area. The portions of the City located in Hall County are not part of Atlanta’s metropolitan statistical area, but are part of Atlanta’s larger Combined Statistical Area, which includes Hall County. The City was chartered by the State in 1872 and its current charter became effective in 2003.

The population of the City grew 39.4% percent during the 20-year period from 1990 to 2010, from 8,771 residents in 1990 to 12,225 in 2010; the population of Gwinnett County grew 128.2% during the 20-year period from 1990 to 2010, from 352,910 residents in 1990 to 805,321 residents in 2010; and the population of Hall County grew 88.3% during the 20-year period from 1990 to 2010, from 95,428 residents in 1990 to 179,684 residents in 2010. This compares with Georgia’s total population growth of 49.5% during the same 20-year time period.

At approximately 436.7 square miles, Gwinnett County is the 50th largest of Georgia’s 159 counties. Set forth below are the percentages of land use for various categories within the territorial limits of the City located in Gwinnett County, computed based upon the acres of land for the various categories set forth in the tax digest for each respective year.

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Residential	43.0%	42.0%	42.7%	43.0%	38.3%
Agricultural	0.0	0.0	0.0	0.0	0.1
Conservation Use	2.1	2.1	2.1	1.7	1.7
Commercial	48.3	51.1	50.6	50.7	49.1
Industrial	<u>6.6</u>	<u>4.8</u>	<u>4.6</u>	<u>4.6</u>	<u>10.8</u>
Total:	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

At approximately 429.2 square miles, Hall County is the 54th largest of Georgia’s 159 counties. Set forth below are the percentages of land use for various categories within the territorial limits of the City located in Hall County, computed based upon the acres of land for the various categories set forth in the tax digest for each respective year.

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Residential	19.0%	19.4%	16.9%	22.2%	25.4%
Agricultural	10.7	10.6	10.3	9.6	8.4
Conservation Use	9.9	10.4	10.6	10.5	10.3
Commercial	34.0	32.8	33.2	26.7	26.1
Industrial	<u>26.4</u>	<u>26.8</u>	<u>29.0</u>	<u>31.0</u>	<u>29.8</u>
Total:	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Source: Georgia Department of Treasury, Tax Digest Consolidated Summary.

### Government Format

The City is a municipal corporation of the State and is governed by a City Commission and City Manager. The City Commission consists of three members, with the Chairman elected among his peers. The Commissioners are elected at-large by the qualified voters of the City and must have been a resident of the City for at least six months preceding his or her election, must continue to reside within the City

during his or her period of service, and must be registered and qualified to vote in municipal elections within the City. The Commissioners shall serve for a term of four years and until their respective successors are elected and qualified.

**Government Services and Facilities**

The City’s police services are provided by Gwinnett County through agreement. The City’s fire department services are provided by Gwinnett County through agreement. The City maintains approximately 65 miles of paved streets and .2 miles of unpaved roads. The City’s public works, gas, electric, water, sewer, and sanitation departments have 110 employees and operate and maintain the City’s utility systems and other public works.

**Employees and Employee Relations**

As of September 1, 2017, the City has approximately 136 full-time employees and two part-time employees. The City’s Management believes that it enjoys an excellent relationship with its employees. The City has never experienced a major disruption of services due to strike or employee action. No employees belong to labor unions or other collective bargaining groups and the City has no knowledge of any union organizing efforts.

**Population Information**

The following table sets forth the population in the City, Gwinnett County, Hall County, the State of Georgia, and the United States. The population estimate for the City as of July 1, 2016, was 14,356.

<u>Year</u>	<u>City</u>	<u>Percentage Change</u>	<u>Gwinnett County</u>	<u>Percentage Change</u>	<u>Hall County</u>	<u>Percentage Change</u>
1970	4,640	--	72,349	--	59,409	--
1980	6,578	41.8%	166,903	130.7%	75,649	27.3%
1990	8,771	33.3	352,910	111.4	95,428	26.1
2000	10,668	21.6	588,448	66.7	139,277	45.9
2010	12,225	14.6	805,321	36.9	179,684	29.0

  

<u>Year</u>	<u>Georgia</u>	<u>Percentage Change</u>	<u>United States</u>	<u>Percentage Change</u>
1970	4,589,575	16.4%	203,211,926	--
1980	5,462,982	19.0	226,505,000	11.5%
1990	6,478,149	18.6	248,710,000	9.8
2000	8,186,483	26.4	281,421,906	13.2
2010	9,687,653	18.3	308,745,538	9.7

Source: U.S. Department of Commerce, Bureau of the Census.

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## Per Capita Personal Income

The following table sets forth the per capita personal income in Gwinnett County, Hall County, the State of Georgia, and the United States for the years 2012 through 2016.

<u>Year</u>	<u>Gwinnett County</u>	<u>Hall County</u>	<u>Georgia</u>	<u>United States</u>
2012	\$33,911	\$32,718	\$36,863	\$44,282
2013	34,423	33,575	37,172	44,493
2014	35,569	35,116	38,873	46,464
2015	37,106	36,597	40,367	48,190
2016	<sup>1</sup>	<sup>1</sup>	41,835	49,571

<sup>1</sup> Information not available.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Accounts Data (Last updated March 28, 2017).

## Building Permits

The following table shows a summary of residential building permits in the Counties (each including the City) for the year 2012 through 2016.

<u>Year</u>	<u>Gwinnett County</u>			<u>Hall County</u>		
	<u>Buildings</u>	<u>Units</u>	<u>Value</u>	<u>Buildings</u>	<u>Units</u>	<u>Value</u>
2012	1,600	2,469	\$303,592,159	303	303	\$ 50,998,547
2013	2,939	3,347	437,451,635	552	552	97,279,663
2014	3,139	3,379	591,439,091	718	722	120,068,453
2015	3,315	3,918	522,549,949	916	946	158,693,503
2016	3,661	3,461	793,323,722	856	1,367	202,127,451

Source: U.S. Census Bureau.

## Industry and Employment

*Public Employers.* Set forth below are the largest public employers located in the City as of September 1, 2017, their type of service, and their approximate number of employees. There can be no assurance that any employer listed below will continue employment at the level stated.

<u>Employer</u>	<u>Type of Business</u>	<u>Employees</u>
Buford City Schools	Education	528
City of Buford	Municipality	138

Source: City of Buford.

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*Private Employers.* Set forth below are the ten largest private employers located in the City as of September 1, 2017, their type of business, and their approximate number of employees. There can be no assurance that any employer listed below will continue to be located in the City or will continue employment at the level stated. No independent investigation has been made of, and no representation can be made as to, the stability or financial condition of the companies listed.

<u>Employer</u>	<u>Type of Business</u>	<u>Employees</u>
Office Depot	Warehouse	532
Global Equipment Co., Inc.	Warehouse	421
Uline, Inc.	Warehouse	333
Wal-Mart	Retail	322
Sherwin Williams	Auto Sales	262
An T Imports of Atlanta	Manufacturing	189
Cardinal Health	Membership Warehouse	180
Sam's Club	Manufacturing	174
Heraeus Tenevo	Manufacturing	164
Lowe's	Retail	157

Source: City of Buford.

*Gwinnett County - Economic Sector Distribution.* The following table shows the annual average percentage of persons who worked in each major sector of the local economy in Gwinnett County in the years 2012 through 2016 and in the first quarter of 2017. Figures are based on jobs that are covered by unemployment insurance laws.

<u>Industry or Service</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Agriculture, Forestry, Fishing & Hunting	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Construction	5.0	5.0	5.2	5.4	5.3	5.5
Manufacturing	7.5	7.7	7.7	7.5	7.6	7.5
Utilities	0.2	0.2	0.1	0.1	0.1	0.1
Wholesale Trade	9.5	8.9	9.0	9.1	9.0	9.1
Retail Trade	14.7	14.4	13.9	14.1	14.1	13.9
Transportation and Warehousing	2.1	2.0	1.9	2.1	2.2	2.2
Information	2.8	3.2	3.1	3.0	2.8	2.8
Finance and Insurance	5.3	5.5	5.3	5.1	4.9	4.9
Real Estate and Rental and Leasing	1.9	1.8	1.8	1.7	1.8	1.7
Professional, Scientific and Technical	7.8	7.6	7.8	7.5	7.7	8.0
Management of Companies and Enterprises	2.5	2.6	2.6	2.6	3.0	3.0
Admin., Support, Waste Mgmt., Remediation	8.3	8.4	8.4	8.5	8.1	7.8
Education Services	1.2	1.2	1.2	1.1	1.1	1.2
Healthcare and Social Assistance	7.9	8.2	8.2	8.3	8.5	8.6
Arts, Entertainment and Recreation	0.9	0.9	0.9	1.1	1.0	1.0
Accommodation and Food Services	8.3	8.8	8.9	9.0	9.3	9.1
Other Industries and Services	2.8	2.6	3.3	3.3	2.9	3.0
Federal, State, and Local Government	<u>11.2</u>	<u>10.9</u>	<u>10.6</u>	<u>10.4</u>	<u>10.5</u>	<u>10.5</u>
Total:	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Source: State of Georgia Department of Labor, Labor Information Systems.

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*Hall County - Economic Sector Distribution.* The following table shows the annual average percentage of persons who worked in each major sector of the local economy in Hall County in the years 2012 through 2016 and in the first quarter of 2017. Figures are based on jobs that are covered by unemployment insurance laws.

<u>Industry or Service</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Agriculture, Forestry, Fishing & Hunting	0.3%	0.3%	0.3%	0.3%	0.3%	0.2%
Mining	0.1	0.0	0.0	0.0	0.0	0.0
Construction	3.9	4.1	4.1	4.2	4.4	4.6
Manufacturing	22.9	22.9	23.4	23.4	23.4	23.6
Utilities	0.2	0.2	0.2	0.2	0.2	0.2
Wholesale Trade	5.7	5.9	5.0	4.9	5.3	5.3
Retail Trade	10.8	10.6	10.7	11.0	10.4	10.1
Transportation and Warehousing	3.0	3.1	3.4	3.1	3.1	3.3
Information	0.8	0.8	0.7	0.8	0.7	0.6
Finance and Insurance	2.8	2.8	2.6	2.7	2.7	2.8
Real Estate and Rental and Leasing	0.6	0.6	0.6	0.6	0.7	0.6
Professional, Scientific and Technical	2.0	2.0	2.2	2.2	2.0	2.1
Management of Companies and Enterprises	0.4	0.4	0.9	0.8	1.1	1.1
Admin., Support, Waste Mgmt., Remediation	6.9	6.5	6.1	6.0	5.8	5.7
Education Services	1.5	1.4	1.3	1.2	1.1	1.1
Healthcare and Social Assistance	14.6	14.8	14.4	15.2	15.3	15.3
Arts, Entertainment and Recreation	1.1	1.1	1.0	1.1	1.2	1.1
Accommodation and Food Services	6.4	7.4	7.7	7.9	8.0	7.8
Other Industries and Services	2.3	1.9	2.4	1.8	2.0	2.3
Federal, State, and Local Government	<u>13.7</u>	<u>13.2</u>	<u>13.0</u>	<u>12.6</u>	<u>12.3</u>	<u>12.2</u>
Total:	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Source: State of Georgia Department of Labor, Labor Information Systems.

*Civilian Employment Statistics of the Counties.* Employment includes nonagricultural wage and salary employment, self-employed, unpaid family and private household workers, and agricultural workers. Persons in labor disputes are counted as employed. The use of rounded data does not imply that the numbers are exact.

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Gwinnett County					
Employment	400,458	408,201	417,766	428,919	445,565
Unemployment	<u>33,687</u>	<u>30,225</u>	<u>26,925</u>	<u>23,383</u>	<u>22,141</u>
Total Labor Force	434,145	438,426	444,691	452,302	467,706
Hall County					
Employment	82,180	83,381	84,824	88,261	91,805
Unemployment	<u>6,935</u>	<u>6,151</u>	<u>5,318</u>	<u>4,503</u>	<u>4,300</u>
Total Labor Force	89,115	89,532	90,142	92,764	96,105
Gwinnett County Unemployment Rate	7.8%	6.9%	6.1%	5.2%	4.7%
Hall County Unemployment Rate	7.8%	6.9%	5.9%	4.9%	4.5%
State Unemployment Rate	9.2%	8.2%	7.1%	5.9%	5.3%
U.S. Unemployment Rate	8.1%	7.4%	6.2%	5.3%	4.9%

Source: State of Georgia Department of Labor, Labor Information Systems.

## DEBT STRUCTURE OF THE CITY OF BUFORD

### Summary of City Debt by Category

Set forth below is information concerning debt of the City as of September 1, 2017, and as of the anticipated date of issuance of the Bonds. The information set forth below should be read in conjunction with the City's financial statements included as Appendix A hereto.

<u>Category of Obligation</u>	<u>Amount Authorized or Issued</u>	<u>Amount Outstanding as of September 1, 2017</u>	<u>Amount to be Outstanding Upon Issuance of the Bonds</u>
<i>General Obligation Debt</i>			
Series 2017A Bonds <sup>1</sup>	\$20,000,000	-0-	\$20,000,000
Series 2017B Bonds	10,000,000	-0-	10,000,000
Series 2017C Bonds	24,270,000	-0-	24,270,000
Series 2015 Bonds	33,050,000	\$33,050,000	10,700,000
Series 2010 Bonds	<u>10,000,000</u>	<u>5,553,236</u>	<u>5,553,236</u>
Total:	<u>\$97,320,000</u>	<u>\$38,603,236</u>	<u>\$70,523,236</u>

<sup>1</sup>The Bonds are general obligations of the City to which its full faith and credit and taxing power are pledged. Debt service on the Bonds are payable from the general fund and then, from *ad valorem* taxes levied, without limitation as to rate or amount, upon all taxable property within the City.

### Indebtedness of Overlapping Governmental Entities

Property owners in the City are responsible for both the City's debt obligations and any debt obligations of other taxing entities ("**Overlapping Entities**") in the proportion to which the jurisdiction of the City overlaps such entities.

<u>Category of Obligation</u>	<u>Amount of Outstanding Debt as of September 1, 2017</u>
Gwinnett County	
<i>General Obligation Debt</i>	\$ 8,110,000
Hall County	
<i>General Obligation Debt</i>	<u>2,172,000</u>
Total:	<u>\$10,282,000</u>

### Debt Limitation

*State Law.* Article IX, Section V, Paragraph I(a) of the Constitution of the State of Georgia provides that the City may not incur long-term obligations (other than refunding obligations) payable out of general property taxes without the approval of a majority of the qualified voters of the City voting at an election called to approve the obligations. In addition, under the Constitution of the State of Georgia, the City may not incur long-term obligations payable out of general property taxes in excess of 10% of the assessed value of all taxable property within the City. Short-term obligations (those payable within the same calendar year in which they are incurred), lease and installment purchase obligations subject to annual appropriation, and intergovernmental obligations are not subject to the legal limitations described above.

As computed in the tables below, based upon assessed values as of January 1, 2016, the City could incur, upon necessary voter approval, immediately after the issuance of the Bonds, approximately \$27,868,422 of long-term obligations payable out of general property taxes.

Computation of Legal Debt Margin - Gwinnett County

Gross Tax Digest for the City as of January 1, 2016 .....	\$877,411,540
Less Bond Exemptions .....	<u>(103,535,030)</u>
Net Bond Digest.....	\$773,876,510
Debt Limit (10% of Net M&O Tax Digest).....	\$77,387,651
Less Amount of Debt Outstanding, after Issuance of the Bonds, Applicable to Debt Limit <sup>1</sup> .....	<u>(55,572,310)</u>
Legal Debt Margin.....	\$21,815,341

Computation of Legal Debt Margin - Hall County

Gross Tax Digest for the City as of January 1, 2016 .....	\$235,789,989
Less M&O Exemptions <sup>2</sup> .....	<u>(25,749,919)</u>
Net M&O Tax Digest.....	\$210,040,070
Debt Limit (10% of Net M&O Tax Digest).....	\$21,004,007
Less Amount of Debt Outstanding, after Issuance of the Bonds, Applicable to Debt Limit <sup>1</sup> .....	<u>(14,950,926)</u>
Legal Debt Margin.....	\$6,053,081

<sup>1</sup> The Debt Outstanding has been calculated by using the outstanding general obligation debt of the City (\$70,523,236) on a *pro rata* basis between the gross digest of the City in Gwinnett County (78.8%) and Hall County (21.2%).

<sup>2</sup> Based on M&O exemptions. Actual bond exemptions are not available because in past years it has not been necessary for the City to levy a tax for general obligation debt; debt service on all outstanding school bonds has been paid by an educational sales tax. It is not expected that the amount of bond exemptions would be materially higher than the amount of M&O exemptions.

Source: State of Georgia Department of Revenue.

O.C.G.A. § 20-2-506(a)(4) provides that lease and installment purchase contracts subject to annual appropriation must contain provisions limiting the total combined annual payments for such contracts and intergovernmental contracts in any calendar year to an amount equal to 7.5% of the total local revenue collected for M&O of the School System in the most recently completed fiscal year. The School System has no annual payments for lease and installment purchase contracts or intergovernmental contracts in calendar year 2017.

**Long and Short-Term Indebtedness**

The City has no plans to issue any short-term obligations and no plans to issue any additional long-term indebtedness other than the Bonds.

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**Debt Service Schedules**

Set forth below are the principal and interest payment requirements of the City with respect to the Bonds.

**Series 2017A Bonds**

Payment Date	Principal	Interest	Total Principal and Interest
01/01/2018		\$ 108,333.33	\$ 108,333.33
07/01/2018		500,000.00	500,000.00
01/01/2019	\$ 7,180,000.00	500,000.00	7,680,000.00
07/01/2019		320,500.00	320,500.00
01/01/2020		320,500.00	320,500.00
07/01/2020		320,500.00	320,500.00
01/01/2021		320,500.00	320,500.00
07/01/2021		320,500.00	320,500.00
01/01/2022		320,500.00	320,500.00
07/01/2022		320,500.00	320,500.00
01/01/2023		320,500.00	320,500.00
07/01/2023		320,500.00	320,500.00
01/01/2024	6,280,000.00	320,500.00	6,600,500.00
07/01/2024		163,500.00	163,500.00
01/01/2025		163,500.00	163,500.00
07/01/2025		163,500.00	163,500.00
01/01/2026		163,500.00	163,500.00
07/01/2026		163,500.00	163,500.00
01/01/2027		163,500.00	163,500.00
07/01/2027		163,500.00	163,500.00
01/01/2028		163,500.00	163,500.00
07/01/2028		163,500.00	163,500.00
01/01/2029	6,540,000.00	163,500.00	6,703,500.00
<b>Totals</b>	<b>\$20,000,000.00</b>	<b>\$5,948,333.33</b>	<b>\$25,948,333.33</b>

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**Series 2017B Bonds**

Payment Date	Principal	Interest	Total Principal and Interest
01/01/2018		\$ 54,166.67	\$ 54,166.67
07/01/2018		250,000.00	250,000.00
01/01/2019	\$ 3,590,000.00	250,000.00	3,840,000.00
07/01/2019		160,250.00	160,250.00
01/01/2020		160,250.00	160,250.00
07/01/2020		160,250.00	160,250.00
01/01/2021		160,250.00	160,250.00
07/01/2021		160,250.00	160,250.00
01/01/2022		160,250.00	160,250.00
07/01/2022		160,250.00	160,250.00
01/01/2023		160,250.00	160,250.00
07/01/2023		160,250.00	160,250.00
01/01/2024	3,140,000.00	160,250.00	3,300,250.00
07/01/2024		81,750.00	81,750.00
01/01/2025		81,750.00	81,750.00
07/01/2025		81,750.00	81,750.00
01/01/2026		81,750.00	81,750.00
07/01/2026		81,750.00	81,750.00
01/01/2027		81,750.00	81,750.00
07/01/2027		81,750.00	81,750.00
01/01/2028		81,750.00	81,750.00
07/01/2028		81,750.00	81,750.00
01/01/2029	3,270,000.00	81,750.00	3,351,750.00
<b>Totals</b>	<b>\$10,000,000.00</b>	<b>\$2,974,166.67</b>	<b>\$12,974,166.67</b>

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**Series 2017C Bonds**

Payment Date	Principal	Interest	Total Principal and Interest
01/01/2018		\$ 62,242.62	\$ 62,242.62
07/01/2018		448,146.88	448,146.88
01/01/2019		448,146.88	448,146.88
07/01/2019		448,146.88	448,146.88
01/01/2020		448,146.88	448,146.88
07/01/2020		448,146.88	448,146.88
01/01/2021		448,146.88	448,146.88
07/01/2021		448,146.88	448,146.88
01/01/2022		448,146.88	448,146.88
07/01/2022		448,146.88	448,146.88
01/01/2023		448,146.88	448,146.88
07/01/2023		448,146.88	448,146.88
01/01/2024		448,146.88	448,146.88
07/01/2024		448,146.88	448,146.88
01/01/2025		448,146.88	448,146.88
07/01/2025		448,146.88	448,146.88
01/01/2026		448,146.88	448,146.88
07/01/2026		448,146.88	448,146.88
01/01/2027		448,146.88	448,146.88
07/01/2027		448,146.88	448,146.88
01/01/2028		448,146.88	448,146.88
07/01/2028		448,146.88	448,146.88
01/01/2029		448,146.88	448,146.88
07/01/2029		448,146.88	448,146.88
01/01/2030	\$ 890,000.00	448,146.88	1,338,146.88
07/01/2030		430,346.88	430,346.88
01/01/2031	925,000.00	430,346.88	1,355,346.88
07/01/2031		411,846.88	411,846.88
01/01/2032	965,000.00	411,846.88	1,376,846.88
07/01/2032		392,546.88	392,546.88
01/01/2033	1,000,000.00	392,546.88	1,392,546.88
07/01/2033		372,546.88	372,546.88
01/01/2034	1,045,000.00	372,546.88	1,417,546.88
07/01/2034		351,646.88	351,646.88
01/01/2035	1,085,000.00	351,646.88	1,436,646.88
07/01/2035		329,946.88	329,946.88

Payment Date	Principal	Interest	Total Principal and Interest
01/01/2036	\$ 1,130,000.00	\$ 329,946.88	\$ 1,459,946.88
07/01/2036		307,346.88	307,346.88
01/01/2037	1,175,000.00	307,346.88	1,482,346.88
07/01/2037		289,721.88	289,721.88
01/01/2038	1,210,000.00	289,721.88	1,499,721.88
07/01/2038		271,571.88	271,571.88
01/01/2039	1,245,000.00	271,571.88	1,516,571.88
07/01/2039		246,671.88	246,671.88
01/01/2040	1,295,000.00	246,671.88	1,541,671.88
07/01/2040		220,771.88	220,771.88
01/01/2041	1,345,000.00	220,771.88	1,565,771.88
07/01/2041		193,871.88	193,871.88
01/01/2042	1,400,000.00	193,871.88	1,593,871.88
07/01/2042		165,871.88	165,871.88
01/01/2043	1,455,000.00	165,871.88	1,620,871.88
07/01/2043		136,771.88	136,771.88
01/01/2044	1,515,000.00	136,771.88	1,651,771.88
07/01/2044		111,206.25	111,206.25
01/01/2045	1,565,000.00	111,206.25	1,676,206.25
07/01/2045		84,796.88	84,796.88
01/01/2046	1,620,000.00	84,796.88	1,704,796.88
07/01/2046		57,459.38	57,459.38
01/01/2047	1,675,000.00	57,459.38	1,732,459.38
07/01/2047		29,193.75	29,193.75
01/01/2048	1,730,000.00	29,193.75	1,759,193.75
Totals	\$24,270,000.00	\$19,626,042.90	\$43,896,042.90

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## CITY OF BUFORD AD VALOREM TAXATION

### Introduction

*Ad valorem* property taxes accounted for an annual average of approximately 52% of the general fund revenues of the City for the fiscal year ended June 30, 2017, and are budgeted to account for approximately 55% of general fund revenues for the year ending June 30, 2018. *Ad valorem* property taxes are levied annually in mills (one tenth of one percent) upon each dollar of assessed property value. The City uses county-assessed valuations for real and personal property.

### Property Subject to Taxation

*Ad valorem* property taxes are levied, based upon value, on real and personal property within the City subject to taxation for school bond purposes. There are, however, certain classes of property which are exempt from taxation, including public property, religious property, charitable property, property of nonprofit hospitals, nonprofit homes for the aged, and nonprofit homes for the mentally handicapped, college and certain educational property, public library property, certain farm products, certain air and water pollution control property, and personal effects.

In addition to the statewide homestead exemptions available to all homesteads, the City allows the following exemptions:

- (a) a \$30,000 homestead exemption for school tax purposes for persons age 65 and older having a net income of less than \$25,000; and
- (b) a 100% exemption for a school tax purposes for persons age 70 and older, limited to one acre of property and the value of the homestead; and
- (c) a \$30,000 homestead exemption for 100% disabled persons.

Additionally, the City allows the following types of commercial and industrial inventory as 100% exempt from *ad valorem* taxation: (1) raw materials and goods in process of manufacture, (2) finished goods produced in Georgia within the last 12 months, and (3) finished goods stored in Georgia within the last 12 months and destined for shipment out-of-state.

### Tax Relief Initiatives

The State Property Taxpayer's Bill of Rights, which took effect on January 1, 2000, calls for a mandatory rollback in the millage rate whenever the tax digest increases. The stated aim is to prevent creeping tax bills. If elected officials propose to increase the millage rate, they must hold three public meetings, at times when the most constituents can attend, to explain why the tax hike is necessary and vote publically for or against it. The law also shifts the burden of proof from the homeowner to the local government in the appeals process; requires the county assessor's office to provide a written explanation to homeowners as to why their taxes went up; and allows taxpayers going through appeal to name the time of their hearing before the Board of Equalization. The law also calls on taxing bodies to cover the legal fees of any homeowner who receives a 15% reduction or greater in their assessment and allows taxpayers going through appeals process the right to record the hearing.

*Property Tax Reform Bill.* On June 4, 2010, the Governor of Georgia signed into law Senate Bill 346, in order to minimize undue hardship and confusion to property owners without having to implement the use of caps on assessments. This comprehensive tax reform bill contains numerous changes to the assessment and appeals process, several of which are as follows: (a) requires that all property owners receive an annual assessment notice that contains an estimate of their tax liability, regardless of whether the property value has changed; (b) requires the sales price of the most recent arm's length bona fide sale

in any year to be the maximum allowable fair market value for the next taxable year; (c) grants appeal rights to a new property owner who makes a purchase before assessment notices are sent; (d) grants all property owners 45 days, instead of 30, to file an appeal of the assessed value after receipt of their annual assessment notice; (e) ensures the determination of fair market value of real property shall not include the value of intangible assets; (f) authorizes non-residential properties exceeding \$1 million in value to have their appeal heard by a hearing officer who must be either a state certified general real property appraiser or a state certified residential real property appraiser and be approved by the Georgia Real Estate Commission and the Georgia Real Estate Appraisers Board; (g) authorizes installment billing and allows cities and counties, by resolution or ordinance, to elect to receive payment for *ad valorem* taxes in any form of payment; (h) authorizes two or more counties to establish a regional board of equalization if they enter into an intergovernmental agreement to do so; and (i) requires the Department of Revenue to create a uniform appeal form and to update their training for tax officials.

*Tax Reform Act of 2012 (Georgia)*. On April 19, 2012, the Governor of Georgia signed into law House Bill 386, an omnibus tax reform bill. It is uncertain at this time what the fiscal impact will be to local governments as the Act is implemented. The new law provides several changes to existing tax laws that will affect local governments, including:

- *Title Ad Valorem Tax* - Replaces sales tax and local *ad valorem* tax on vehicles with a new 7% title fee that is paid on the value of the vehicle whenever the vehicle is initially purchased or changes ownership.
- *Energy Exemption in Manufacturing* - Removes the state and local sales tax on energy used in manufacturing by phasing in an exemption over a four-year period (25% per year until fully implemented in 2016); however, the legislation allows for local governments to pass a local ordinance to collect an excise tax on the energy used in manufacturing to make up for the sales tax revenues lost through the exemption.
- *E-Fairness* - Expands the number of out-of-state companies required to collect local and state sales tax on internet transactions that have previously been exempt from taxation because the business did not have a physical presence in the State.
- *Conservation Property Exemption* - Includes comprehensive revision of the income tax credit for the qualified donation of conservation real property and prohibits counties, cities and consolidated governments from holding a conservation easement unless the encumbered property is located at least partly within the boundary of the local government.
- *Changes to Existing Exemptions* - Revises the existing sales and use tax exemption for film and equipment production and restores the back-to-school sales tax holiday and the energy-efficient appliances sales tax holiday.

*Transportation Funding Act of 2015*. On May 4, 2015, the Governor of Georgia signed into law House Bill 170 (the “Transportation Funding Act”), which became effective July 1, 2015. The new law eliminates the current State sales tax on gasoline and diesel and imposes a new per-gallon excise tax on motor fuel (the “Excise Tax”). The Excise Tax is subject to annual adjustments to account for inflation and the increasing fuel efficiency of new vehicles (which will be tied to increases in the Corporate Average Fuel Economy standard and the National Highway and Construction Cost index) and will initially be imposed at the rate of 26 cents per gallon for gasoline and 29 cents per gallon for diesel. Proceeds of the Excise Tax would be required to be spent on transportation related projects. The Transportation Funding Act generally allows local governments to continue to collect local sales and use tax (“LOST”), special purpose local option sales tax (“SPLOST”), sales tax for educational purposes (“ESPLOST”), homestead option sales tax (“HOST”), and municipal optional sales tax (“MOST”), if any,

at the current 1% rate on the sale of motor fuel. However, if the retail price of motor fuel rises above \$3.00 per gallon, any increase above \$3.00 will not be subject to such 1% rate of tax. At this time, it is uncertain if the Transportation Funding Act will have an adverse impact on tax revenues of the School District.

*Conservation Use and Forest Land.* The Forest Land Conservation Use property (“FLCU”) designation was created pursuant to the Forest Land Protection Act, a constitutional amendment that became effective on January 1, 2009, after approval by the State’s voters in the preceding November 2008 general election. The FLCU designation allows for a lower tax rate for property owners that qualify for the designation. The FLCU designation is available for timber land that either (a) has been certified by the U.S. Department of Natural Resources as “environmentally sensitive property” or (b) is kept in accordance with a recognized sustainable forestry certification program. Real property receiving the FLCU designation is valued at 40% of its current use value and not 40% of its actual fair market value. FLCU property must remain employed for its current use for at least 15 years after its designation. Conservation Use property is real property that consists of timber land or agricultural land and is assessed at a value equal to the sum of (a) 65% of the capitalization of the net income generated from use of the property and (b) 35% of its current use value. The purpose of this tax treatment is designed to protect property owners of agricultural and timber lands from being pressured by property tax burdens to convert their land to residential or commercial use. Conservation Use property must remain undeveloped and employed for a qualifying use (i.e., agricultural or timber land) for at least 10 years after its original designation. The value of conservation use property is not permitted to be increased or decreased by more than 3% from the current use valuation for the immediately preceding tax year or increased or decreased during the ten year covenant period by more than 34.39% from its current use valuation in the initial year of the 10-year period.

### **Assessed Value**

Assessed valuation, which represents the value upon which *ad valorem* property taxes are levied, is calculated as a percentage of fair market value. Georgia law requires all counties to assess taxable tangible property, with certain exceptions, at 40% of its fair market value and to tax such property on a levy made by each tax jurisdiction according to 40% of the property’s fair market value. Georgia law requires certain agricultural real property to be assessed for *ad valorem* property tax purposes at 75% of the value of which other real property is assessed and requires certain historical property to be valued at a lower fair market value for *ad valorem* property tax purposes. Conservation use property represents up to 2,000 acres of real property of a single owner that is either devoted to the good faith production of agricultural products or timber or is a type of environmentally sensitive property. FLCU designated property is valued at 40% of its current use assessment and Conservation Use property is assessed at a value equal to the sum of (a) 65% of the capitalization of the net income generated from the use of the property and (b) 35% of its current use value. “Standing timber” is assessed one time, following its sale or harvest, at 100% of its fair market value.

The chief appraiser of the county is required to submit a certified list of assessments for all taxable property, except motor vehicles, mobile homes, and property owned by public utilities, within the county to the County Board of Tax Assessors. The Tax Commissioner for each county is required to present the tax returns to its County Board of Tax Assessors by April 1 of each year. The Board of Tax Assessors is required to complete its revision and assessment of returns by July 1 of each year. The Tax Commissioner then certifies the digest and forwards a copy of the completed digest to the State of Georgia Revenue Commissioner for examination and approval. The Revenue Commissioner has the authority to examine the digest for the purpose of determining if the valuations of property are reasonably uniform and equalized between and within counties. Assessments may also be subject to review at various stages by the County Board of Equalization and by state courts.

The State of Georgia Motor Vehicle Tax Unit assesses the value of all motor vehicles by make, model, and year and provides this information to each county’s tax office. The State of Georgia Property

Tax Unit assesses the value of the property of public utilities and divides the assessment into two parts, assessed value of property and assessed value of franchise, and provides these amounts to the county which bills these taxes to the utilities.

### **Annual Tax Levy**

The City determines a rate of levy for each fiscal year by computing a rate which, when levied upon the assessed value of taxable property within its territorial limits, will produce the necessary amount of property tax revenues to finance City services. The City then levies its *ad valorem* property tax.

The Board of Education annually prepares a budget for the operation of the School System and recommends to the Commission and City Manager a school tax, upon 40% of the assessed value of all property of the City for the support and maintenance of education. The Commission and City Manager have the power and authority to levy and collect a tax annually, for school purposes, upon 40 percent of the assessed value of all property of the City. The recommendation of the Board of Education with respect to the amount of such levy is advisory only; the number of mills of school tax to be actually levied is determined in the sole discretion of the Commission and City Manager.

Under Georgia law, there is no limitation on the annual rate of levy for the payment of principal of and interest on bonded indebtedness of the City. *Ad valorem* property taxes received for the payment of debt service on the Bonds are required by law to be held and accounted for separately from other funds of the City. See "THE BONDS, -Security and Sources of Payment for the Bonds."

### **Property Tax Collections**

The City bills and collects its own property taxes. Real and personal property taxes, as per the January 1 digest and subsequent adopted millage by the Buford City Commission, are levied on January 1 of each year on the assessed value listed as of January 1. Taxes levied by the City on January 1 are normally billed by September 15 and are normally payable on or before November 20, but the law allows taxpayers 60 days from the date of mailing before interest may be charged. Interest of 12% per annum is applied to taxes paid after December 5. In addition, late payment of all taxes incurs a 10% penalty after 90 days.

All taxes levied on real and personal property, together with interest thereon and penalties for late payment, constitute a perpetual lien on and against the property arising after January 1 in the year in which taxed. The lien becomes enforceable 30 days after notification. Georgia law provides that taxes must be paid before any other debt, lien, or claim of any kind, except for certain claims against the estate of a decedent and except that the title and operation of a security deed is superior to the taxes assessed against the owner of property when the tax represents an assessment upon property of the owner other than the property specifically subject to the title and operation of the security deed.

Collection of delinquent real property taxes is enforceable by tax sale of such realty. Delinquent personal property taxes are similarly enforceable by seizure and sale of the taxpayer's personal property. There can be no assurance, however, that the value of the property sold, in the event of a tax sale, will be sufficient to produce the amount required to pay in full the delinquent taxes, including any interest or penalties thereon.

When the last day for the payment of taxes has arrived, the tax collector notifies the taxpayer in writing of the fact that the taxes have not been paid and that, unless paid, an execution will be issued. At any time after 30 days from giving the notice described in the preceding sentence, the Tax Commissioner, as *ex officio* sheriff, may issue an execution for nonpayment of taxes. The Tax Commissioner then publishes a notice of the sale in a local newspaper weekly for four weeks and gives the taxpayer ten days written notice by registered or certified mail. A public sale of the property is then made by the Tax Commissioner at the County Courthouse of the county in which the property is located on the first Tuesday of the month after the required notices are given.

## M&O Tax Digest

Set forth below is information concerning the assessed and estimated actual value of taxable property within the City for the past five calendar years.

	2012 <u>Gwinnett</u>	2012 <u>Hall</u>	2013 <u>Gwinnett</u>	2013 <u>Hall</u>	2014 <u>Gwinnett</u>	2014 <u>Hall</u>	2015 <u>Gwinnett</u>	2015 <u>Hall</u>	2016 <u>Gwinnett</u>	2016 <u>Hall</u>
Real & Personal <sup>1</sup>	\$694,280,340	\$175,688,238	\$675,387,650	\$173,975,447	\$720,767,770	\$186,726,596	\$741,501,160	\$228,761,572	\$833,837,160	\$230,915,285
Public Utility <sup>4</sup>	15,558,080	401,726	20,014,000	438,053	28,752,760	441,147	31,124,800	778,823	33,053,200	800,234
Motor Vehicles <sup>2</sup>	22,685,780	5,879,070	23,817,080	6,342,900	22,590,620	5,782,780	15,170,850	4,972,170	11,773,700	4,035,940
Mobile Homes <sup>3</sup>	2,985,800	35,669	3,126,360	35,669	3,109,840	28,269	3,141,880	28,235	1,999,560	28,235
Timber	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Gross Tax Digest	735,510,000	182,004,703	722,345,090	180,792,069	775,220,990	192,978,792	790,938,690	234,540,800	880,663,620	235,779,694
Less Bond Exemptions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Bond Tax Digest	735,510,000	182,004,703	722,345,090	180,792,069	775,220,990	192,978,792	790,938,690	234,540,800	880,663,620	235,779,694
Gross M&O Tax Digest	735,510,000	182,004,703	722,345,090	180,792,069	775,220,990	192,978,792	790,938,690	234,540,800	880,663,620	235,779,694
Less M&O Exemptions	<u>(74,915,790)</u>	<u>(23,892,009)</u>	<u>(71,153,240)</u>	<u>(23,227,687)</u>	<u>(81,709,280)</u>	<u>(19,126,133)</u>	<u>(130,215,023)</u>	<u>(29,486,281)</u>	<u>(154,116,106)</u>	<u>(36,876,763)</u>
Net M&O Tax Digest <sup>5</sup>	660,594,210	158,112,694	651,191,850	157,564,382	693,511,710	173,852,659	660,723,667	205,054,519	726,547,514	198,902,931
Estimated Actual Value	<u>\$1,838,775,000</u>	<u>\$455,011,758</u>	<u>\$1,805,862,725</u>	<u>\$451,980,173</u>	<u>\$1,938,052,475</u>	<u>\$482,446,980</u>	<u>\$1,977,346,725</u>	<u>\$586,352,000</u>	<u>\$2,201,659,050</u>	<u>\$589,449,235</u>

<sup>1</sup> The State requires all counties to assess real estate and personal property at the rate of at least 40% of estimated actual value, with the exception of timber, which is assessed at 100%.

<sup>2</sup> The State of Georgia Motor Vehicle Tax Unit assesses the value of motor vehicles by make, model, and year by county and provides this information to each county tax office. The State of Georgia assesses the value of motor vehicles at the percentage of fair market value used by the county.

<sup>3</sup> The State of Georgia assesses the value of mobile homes at the percentage of fair market value used by the county.

<sup>4</sup> The State of Georgia Property Tax Unit assesses the value of the property of public utilities at the percentage of fair market value used by the county. The Property Tax Unit then divides the assessment into two parts, assessed value of property and assessed value of franchise, and provides these figures to the county, which bills these taxes to the utilities with the amount of tax for each.

<sup>5</sup> Total assessed value, after deducting exemptions, for purposes of levying tax for the School System's general obligation bonds.

Source: City of Buford.



## Ten Largest Taxpayers

Set forth below is information concerning the ten largest taxpayers in the City in calendar year 2016.

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2016 Taxable Assessed Value for the School System</u>	<u>Assessed Value as a Percent of 2016 Gross Assessed Values<sup>1</sup></u>	<u>2016 Taxes Levied for the School System</u>
Makita	Manufacturing	\$ 42,546,370	4%	\$ 207,932
Elringklinger USA	Manufacturing	15,660,426	2	202,020
Industrial Development	Warehouse	12,988,440	1	167,550
Cardinal CG	Manufacturing	14,573,820	2	146,500
Cardinal Health	Manufacturing	15,277,200	2	136,589
An T Imports of Atlanta	Retail	9,455,590	1	121,977
Daimler Trucks of North Georgia	Retail	14,343,440	2	101,074
1770 Satellite LLC	Distribution	7,757,000	1	100,065
GPT Buford Owner, LLC	Manufacturing	7,000,000	1	90,300
Teachers Ins & Annuity	Distribution	<u>7,000,000</u>	<u>1</u>	<u>90,300</u>
Total:		<u>\$146,602,286</u>	<u>17%</u>	<u>\$1,364,307</u>

<sup>1</sup> Based on calendar year 2016 Gross Tax Digest of \$956,029,220.

Source: City of Buford.

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## M&O Tax Levies and Collections for the City and School System

The City bills and collects the real and personal property taxes used for the School District. The City levies M&O taxes on behalf of the School District on January 1 of each year and normally bills said taxes by September 15. M&O taxes are due and payable on or before November 20 of each year or 60 days after the tax bill is mailed. Set forth below is information concerning total real and personal property tax and public utilities tax collections of the School District reported as of the School District's fiscal years ended June 30, 2012, through June 30, 2016, for the prior calendar year's tax levy. The figures below EXCLUDE taxes levied and collected on motor vehicles, mobile homes, heavy equipment, and timber.

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Current Year's M&O Tax Levy					
School District's M&O Tax Levy	<u>\$9,428,324</u>	<u>\$9,087,565</u>	<u>\$8,860,753</u>	<u>\$9,690,616</u>	<u>\$10,482,003</u>
Total Current Year's Net M&O Tax Levy	\$9,428,324	\$9,087,565	\$8,860,753	\$9,690,616	\$10,482,003
Tax Collections					
School District's Current Year's Collections	\$8,847,331	\$8,880,309	\$8,758,820	\$9,427,562	\$10,227,923
School District's Prior Years' Collections	<u>54,5959</u>	<u>785,347</u>	<u>498,486</u>	<u>808,060</u>	<u>405,066</u>
Total Tax Collections	\$9,393,290	\$9,665,656	\$9,257,306	\$10,235,622	\$10,632,989
Total Current Year's Tax Collections as a Percent of Total Current Year's M&O Tax Levy	94%	98%	99%	97%	98%
Total Tax Collections as a Percent of Total Current Year's M&O Tax Levy	99%	100%	100%	100%	100%
Uncollected Current Year's M&O Property Taxes	\$580,993	\$207,256	\$281,933	\$263,054	\$254,080
Due Date of Taxes	November 20	November 20	November 20	November 20	November 20
Tax Period Begins	January 1	January 1	January 1	January 1	January 1
Tax Period Ends	December 31	December 31	December 31	December 31	December 31

Source: Tax Clerk and Finance Director, City of Buford.

Delinquent property taxes of the City are written off when the statute of limitations for their collection (seven years) expires or if no property is found to levy upon, earlier. The delinquent taxes written off are typically for personal property, which are more difficult to collect than taxes on real property.

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**Millage Rates**

Set forth below is information concerning the rate of levy of property taxes per \$1,000 of assessed value, or millage rates, of the City, Gwinnett County, and the State of Georgia for the past five calendar years.

Calendar Year	Buford School System	Incorporated Gwinnett County	County Wide Services <sup>1</sup>	County Wide Debt Service	State of Georgia	System Wide Incorporated Total
2012	13.050	11.780	1.000	0.240	0.200	26.270
2013	13.000	7.400	5.750	0.240	0.150	26.540
2014	12.950	7.400	5.750	0.240	0.100	26.440
2015	12.900	7.229	5.750	0.240	0.050	26.169
2016	12.850	6.826	5.750	0.240	0.000	25.666

<sup>1</sup> For year 2012, this includes Recreation; for years 2013-2016, this includes Fire & EMS, Police SSD, and Recreation.

Set forth below is information concerning the rate of levy of property taxes per \$1,000 of assessed value, or millage rates, of the City, Hall County, and the State of Georgia for the past five calendar years.

Calendar Year	Buford School System	Incorporated Hall County	County Fire District	State of Georgia	System Wide Incorporated Total
2012	13.050	6.250	3.080	0.200	22.580
2013	13.000	6.250	3.830	0.150	23.230
2014	12.950	5.989	3.830	0.100	22.869
2015	12.900	5.735	4.080	0.050	22.765
2016	12.850	5.716	4.080	0.000	22.646

Source: State of Georgia Department of Revenue, Local Government Services.

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## CITY OF BUFORD FINANCIAL INFORMATION

### Six-Year General Fund History

Set forth below is a historical, comparative summary of the revenues, expenditures, and changes in fund balance of the City's General Fund for the past six fiscal years. Information in the table for fiscal years 2012 to 2016 has been extracted from audited financial statements of the City for the years ended June 30, 2012, to June 30, 2016. Although taken from audited financial statements, no representation is made that the information is comparable from year to year, or that the information as shown taken by itself presents fairly the financial condition of the City for the fiscal years shown. For more complete information, reference is made to the audited financial statements of the City for fiscal year 2016 which are included in this Official Statement as Appendix A and to the audited financial statements of the City for fiscal years 2012 to 2015, copies of which are available from the City upon request.

#### City of Buford, Georgia Statement of Revenues, Expenditures and Changes in Fund Balances General Fund

	For the Fiscal Years Ending June 30					
	2012	2013	2014	2015	2016	(unaudited) 2017
<b>Revenues</b>						
Taxes - property	\$10,130,860	\$10,455,389	\$9,550,088	\$10,784,894	\$11,290,667	\$13,164,057
Taxes - sales and excise	690,752	915,985	1,397,532	2,715,362	3,281,243	2,813,872
Franchise fees	868,879	841,426	2,353,294	1,503,721	1,627,074	953,296
Charges for services	2,040,156	2,104,543	1,428,148	161,146	955,880	1,433,343
Intergovernmental revenue	749,829	411,103	832,023	915,632	743,259	553,112
Investment income	62,033	73,359	158,297	77,873	62,415	57,101
Miscellaneous	119,593	107,019	17,268	16,076	18,104	56,448
<b>Total revenues</b>	<b>14,662,102</b>	<b>14,908,824</b>	<b>15,736,650</b>	<b>16,174,704</b>	<b>17,978,642</b>	<b>19,031,229</b>
<b>Expenditures</b>						
Current operating:						
General government:						
Financial and administration	3,449,810	4,265,580	5,428,384	2,984,944	3,692,970	6,395,940
Public safety:						
Marshal and code enforcement	152,003	246,000	323,018	393,874	495,957	499,114
Public services:						
Highway and street	4,418,059	3,564,556	3,102,761	3,856,173	5,405,454	3,778,141
Building inspection	268,297	215,447	249,932	285,767	314,379	346,843
Culture and recreation	8,352,268	2,430,052	640,323	5,970,903	888,512	696,499
Maintenance	688,543	658,309	662,339	673,928	914,083	869,731
Intergovernmental						
Buford Board of Education	17,900,000	18,900,000	18,400,000	18,400,000	18,900,000	22,338,708
<b>Total expenditures</b>	<b>35,228,980</b>	<b>30,279,944</b>	<b>28,806,757</b>	<b>32,565,589</b>	<b>30,611,355</b>	<b>34,924,976</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(20,566,878)</b>	<b>(15,371,120)</b>	<b>(13,070,107)</b>	<b>(16,390,885)</b>	<b>(12,632,713)</b>	<b>(15,893,747)</b>
<b>Other Financing Source (Uses)</b>						
Sale of Surplus Property	0	0	0	0	0	2,221,935
Transfers in	0	9,037,447	14,843,944	19,031,936	24,479,714	21,256,574
Transfers out	(829,048)	(1,970,655)	(1,527,004)	(1,621,717)	(1,787,017)	(2,074,154)
<b>Total other financing sources (uses)</b>	<b>(829,048)</b>	<b>7,066,792</b>	<b>13,316,940</b>	<b>17,410,219</b>	<b>22,692,697</b>	<b>21,404,355</b>
Change in Fund Balances	(21,395,926)	(8,304,328)	246,833	1,019,334	10,059,984	5,510,608
<b>Fund balance at beginning of year</b>	<b>32,791,122</b>	<b>11,537,990<sup>1</sup></b>	<b>3,233,663</b>	<b>3,480,496</b>	<b>4,499,830</b>	<b>5,255,045<sup>2</sup></b>
<b>Fund balance at end of year</b>	<b>\$11,395,196</b>	<b>\$3,233,662</b>	<b>\$3,480,496</b>	<b>\$4,499,830</b>	<b>\$14,559,814</b>	<b>\$10,765,653</b>

<sup>1</sup> A prior period adjustment of \$142,794 for Hotel/Motel taxes was reclassified in 2013.

<sup>2</sup> Restated.

## Six-Year Total-Primary Government History

Set forth below is a summary of changes in net position of the City relating to governmental and business-type activities of the City for the past five fiscal years. Information in the table for fiscal years 2012 to 2016 has been extracted from audited financial statements of the City for the years ended June 30, 2012, to June 30, 2016. Although taken from audited financial statements, no representation is made that the information is comparable from year to year, or that the information as shown taken by itself presents fairly the financial condition of the City for the fiscal years shown. For more complete information, reference is made to the audited financial statements of the City for fiscal year 2016 which are included in this Official Statement as Appendix A and to the audited financial statements of the City for fiscal years 2012 to 2015, copies of which are available from the City upon request.

### City of Buford, Georgia Summary of Changes in Net Position Total-Primary Government

	For Fiscal Years Ended June 30					
	2012	2013	2014	2015	2016	(unaudited) 2017
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 51,119,912	\$ 56,104,617	\$ 65,386,003	\$66,578,313	\$63,822,055	\$63,021,428
Capital grants and contributions	2,068,605	2,711,577	3,770,916	3,780,030	3,501,910	3,112,413
Operating grants	0	3,200	0	0	50,344	49,656
General revenues:						
Taxes	11,087,942	11,287,107	11,368,652	12,083,228	13,097,780	15,942,807
Franchise fees	868,879	821,713	832,023	915,632	955,880	953,296
Investment income	560,681	284,138	402,987	132,390	473,307	499,511
Gain on Sales of Assets	0	0	0	0	0	1,136,932
Miscellaneous	1,848,551	2,001,665	2,605,623	2,172,136	2,407,833	2,325,976
<b>Total revenues</b>	<b>67,554,570</b>	<b>73,214,017</b>	<b>84,366,204</b>	<b>85,661,729</b>	<b>84,309,109</b>	<b>87,042,019</b>
<b>Expenses</b>						
General government	4,114,163	4,264,884	6,218,994	3,599,957	5,685,827	3,774,985
Public safety	154,911	219,866	323,018	393,874	495,957	499,166
Public services	5,681,436	5,675,960	4,241,905	7,005,910	8,500,927	7,058,111
Debt service	167,617	325,668	267,024	621,669	1,541,499	1,784,326
Intergovernmental - Board of Education	17,900,000	18,900,000	18,400,000	18,400,000	19,650,000	32,767,493
Gas system	17,627,826	18,908,906	23,198,146	22,447,756	19,123,150	18,816,452
Electric system	15,209,772	15,880,984	16,805,428	16,600,734	15,590,647	15,911,730
Solid waste and recycling	2,321,244	2,233,067	2,125,361	2,222,162	2,495,421	2,681,695
Wastewater system	2,376,642	2,342,139	2,231,142	2,491,279	1,921,943	2,463,419
Water system	1,615,655	1,648,017	1,614,673	1,838,291	2,488,389	2,059,007
Utilities Fund - Non Divisional	200,884	77,749	228,937	119,309	81,271	107,514
Community Center	63,929	875,972	954,053	1,180,012	1,363,079	1,372,812
<b>Total expenses</b>	<b>67,434,079</b>	<b>71,353,212</b>	<b>76,608,681</b>	<b>76,920,953</b>	<b>78,938,110</b>	<b>89,296,710</b>
<b>Increases (decreases) in net position before transfers</b>	<b>120,491</b>	<b>1,860,805</b>	<b>7,757,523</b>	<b>8,740,776</b>	<b>5,370,999</b>	<b>(2,254,691)</b>
<b>Transfers - internal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Increases (decreases) in net position</b>	<b>120,491</b>	<b>1,860,805</b>	<b>7,757,523</b>	<b>8,740,776</b>	<b>5,370,999</b>	<b>(2,254,691)</b>
<b>Net position-beginning of year (restated)</b>	<b>132,802,340</b>	<b>132,922,830</b>	<b>134,783,638</b>	<b>138,266,154</b>	<b>144,954,425</b>	<b>145,600,549</b>
<b>Net position - end of year</b>	<b>\$132,922,831</b>	<b>\$134,783,635</b>	<b>\$142,541,161</b>	<b>\$147,006,930</b>	<b>\$150,336,424</b>	<b>\$143,345,858</b>

## **Six-Year Proprietary Funds History**

Set forth on the following page is a historical, comparative summary of the revenues, expenditures, and changes in fund balance of the City's Proprietary Funds for the past six fiscal years. Information in the table for fiscal years 2012 to 2016 has been extracted from audited financial statements of the City for the years ended June 30, 2012, to June 30, 2016. Although taken from audited financial statements, no representation is made that the information is comparable from year to year, or that the information as shown taken by itself presents fairly the financial condition of the City for the fiscal years shown. For more complete information, reference is made to the audited financial statements of the City for fiscal year 2016 which are included in this Official Statement as Appendix A and to the audited financial statements of the City for fiscal years 2012 to 2015, copies of which are available from the City upon request.

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City of Buford, Georgia  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Proprietary Funds

	For Fiscal Years Ended June 30					
	2012	2013	2014	2015	2016	(unaudited) 2017
<b>Operating Revenues</b>						
Charges for services:						
Gas	\$25,954,230	\$30,532,586	\$37,955,373	\$36,435,643	\$31,120,634	\$31,137,093
Electric	16,389,224	16,413,067	17,002,386	18,881,589	19,924,115	21,012,204
Solid Waste and recycling	2,977,606	3,191,322	3,546,257	3,628,469	3,894,570	4,163,801
Wastewater	1,690,187	1,755,649	2,144,701	2,409,031	3,052,268	2,705,707
Water	854,706	842,163	859,858	988,241	1,019,141	1,103,059
Penalties	600,545	699,155	828,574	807,518	691,639	684,158
Service Charges	329,419	315,592	254,344	258,307	275,151	270,821
Buford Community Center	0	250,540	441,216	454,153	563,294	511,242
<b>Total charges for services</b>	<b>48,795,917</b>	<b>54,000,074</b>	<b>63,032,709</b>	<b>63,862,951</b>	<b>60,540,812</b>	<b>61,588,085</b>
Miscellaneous:						
Refunds, reimbursements and rebates	1,629,794	1,760,351	0	0	0	0
Other	99,164	137,646	40,679	641,450	483,210	115,122
<b>Total Miscellaneous</b>	<b>1,728,958</b>	<b>1,897,997</b>	<b>40,679</b>	<b>641,450</b>	<b>483,210</b>	<b>115,122</b>
<b>Total Operating Revenues</b>	<b>50,524,875</b>	<b>55,898,071</b>	<b>63,073,388</b>	<b>64,504,401</b>	<b>61,024,022</b>	<b>61,703,207</b>
<b>Expenses</b>						
Utilities purchase for resale	24,803,000	26,719,843	31,492,561	29,731,903	24,715,151	24,826,314
Personal services	4,611,781	4,676,283	4,940,626	5,017,209	6,212,795	6,252,553
Depreciation	4,159,250	4,271,758	4,279,622	4,415,334	4,450,401	4,568,401
Contractual services	2,452,464	2,416,716	2,412,511	3,053,435	3,141,024	3,451,953
Materials and supplies	1,731,199	1,641,697	1,974,587	2,330,037	2,174,131	2,157,928
Utilities	519,632	713,503	714,082	823,907	855,784	928,377
Repairs and Maintenance	484,509	671,172	608,498	694,978	807,004	500,995
Event expenses	0	226,558	236,912	425,407	459,969	513,142
Other operating	324,129	341,175	498,341	407,333	247,641	212,966
<b>Total operating expenses</b>	<b>39,085,964</b>	<b>41,678,705</b>	<b>47,157,740</b>	<b>46,899,543</b>	<b>43,063,900</b>	<b>43,412,629</b>
<b>Income (loss) from operations</b>	<b>11,438,911</b>	<b>14,219,366</b>	<b>15,915,648</b>	<b>17,604,858</b>	<b>17,960,122</b>	<b>18,290,578</b>
<b>Nonoperating Revenues</b>						
Refunds and Rebates	0	0	1,481,426	1,452,813	1,862,208	2,154,406
Grant income	0	0	0	1,094,000	900,938	659,279
Off-system sales	0	0	924,425	0	0	0
Investment income	466,022	210,196	378,843	112,315	302,490	229,750
Miscellaneous income	0	0	896	0	0	0
Fiscal agents fees	(4,300)	0	(100)	0	0	0
Interest expense	(313,906)	(288,129)	0	0	0	0
Amortization	(11,782)	0	0	0	0	0
<b>Total nonoperating revenue (expenses)</b>	<b>136,034</b>	<b>(77,933)</b>	<b>2,785,490</b>	<b>2,659,128</b>	<b>3,065,636</b>	<b>3,043,435</b>
<b>Income (loss) before transfers</b>	<b>11,574,945</b>	<b>14,141,433</b>	<b>18,701,138</b>	<b>20,263,986</b>	<b>21,025,758</b>	<b>21,334,013</b>
Transfers In	0	511,802	759,980	872,193	1,130,969	691,027
Transfers Out	0	(8,914,126)	(14,694,120)	(18,865,985)	(24,371,727)	(20,705,872)
<b>Total</b>	<b>0</b>	<b>(8,402,324)</b>	<b>(13,934,120)</b>	<b>(17,993,792)</b>	<b>(23,240,758)</b>	<b>(20,014,845)</b>
<b>Change in Net Position</b>	<b>0</b>	<b>5,739,109</b>	<b>4,767,018</b>	<b>2,270,194</b>	<b>(2,215,000)</b>	<b>1,319,168</b>
<b>Total Net Position - Beginning of Year</b>	<b>57,166,785</b>	<b>68,741,730</b>	<b>74,480,839</b>	<b>79,247,857</b>	<b>81,518,051</b>	<b>79,976,853<sup>1</sup></b>
<b>Total Net Position - End of Year</b>	<b>\$68,741,730</b>	<b>\$74,480,839</b>	<b>\$79,247,857</b>	<b>\$81,518,051</b>	<b>\$79,303,051</b>	<b>\$81,296,021</b>

<sup>1</sup> Restated.

## **Management Comments Concerning Material Trends in Revenues and Expenditures**

The City utilizes the following types of interfund transfers: (1) Budgeted transfers of funds from the General Fund or a Special Revenue Fund to a Debt Service Fund to accumulate resources for debt service. Annual budgets are adopted by the Commissioners, on a basis consistent with GAAP, for the General and Utilities Department Enterprise Funds. Debt Service is budgeted through either the General or Utilities Department Enterprise Funds depending on the type of debt. All budget amendments must be approved by the Commissioners; (2) The return of residual fund balance of a discontinued fund to the General Fund or a Debt Service Fund; (3) The elimination of interfund receivables and payables that are judged unlikely to be settled in a reasonable period of time, such as the amounts paid by the General Fund for Utilities Department Enterprise Fund payroll related expenditures; and (4) Budgeted transfers from the Utilities Department Enterprise Fund of excess net position to the General Fund which is used to finance General Fund expenditures.

The assets of the City exceeded its liabilities at the close of the fiscal year ended June 30, 2016, by \$143,227,007 (“net position”). Of this amount, \$16,082,814 (“unrestricted net position”) may be used to meet the City’s ongoing obligations to citizens and creditors in accordance with the City’s fund designation and fiscal policies as more fully described below. \$115,886,680 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, and totaled \$9,345,116.

The City’s total net position decreased by \$2,306,975 in the fiscal year ended June 30, 2016.

As of the close of fiscal year ended June 30, 2016, the City’s governmental funds reported combined ending fund balances of \$50,272,613, and 10.42% of this total amount, \$5,238,793, is available for use within the City’s policies (“unassigned fund balances”).

At the end of fiscal year ended June 30, 2016, unassigned fund balance for the general fund was \$5,250,303 or 12.81% of total general fund expenditures and transfers out, which totaled \$40,970,054.

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## Accounting Policies

The financial statements of 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.

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

The City uses funds, each of which is considered a separate accounting entity, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The operations of each fund are accounted for with a self-balancing set of accounts.

*Governmental Funds.* 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 one major governmental fund, the General Fund, which is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund. Other Governmental Funds which are not considered major include the Special Revenue Fund, the Hotel/Motel Tax Fund, the 2010 General Obligation Bond Debt Service Fund, and the various Capital Projects Funds.

*Proprietary Funds.* This category is used to account for self-supporting activities of the City similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Enterprise Funds are used to account for goods and services provided by the City to the general public. The City maintains two Enterprise Funds, the Utilities Fund and the Buford Community Center Fund.

*Fiduciary Funds.* This category accounts for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other government units and/or other funds. The Agency Funds account for assets held by the City as an agent for other funds, governments, or individuals. Agency Funds of the City are related to Buford Board of Education SPLOST funds.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. 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 60 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.

Note 1 of the general purpose financial statements of City included as Appendix A to this Official Statement contains a detailed discussion of the City's significant accounting policies.

### **Independent Auditor's Reports**

The audit reports of Wilcox & Bivings, P.C., the City's auditors for the fiscal years ended June 30, 2012, through June 30, 2016, state that the general purpose financial statements of the City for said fiscal years present fairly, in all material respects, the financial position of the City as of each respective fiscal year, and the results of the City's operations and the cash flows of its proprietary fund types and nonexpendable trust funds for each respective fiscal year are in conformity with generally accepted accounting principles.

### **Budgetary Process for General Fund**

*General Description.* 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 and adjustments are then 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, and the proposed budgets are then 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.

Pursuant to O.C.G.A. § 36-81-3(b), the annual budget approved by the City Council must be balanced. A budget is balanced when the sum of estimated net revenues and appropriated fund balances is equal to appropriations. The City Council has the authority under O.C.G.A. § 36-81-3(d), however, to amend its budget as follows:

- (1) Any increase in appropriation at the legal level of control of the City, whether accomplished through a change in anticipated revenues in any fund or through a transfer of appropriations among departments, requires the approval of the City Council. Such amendment shall be adopted by ordinance or resolution;
- (2) Transfers of appropriations within any fund below the local government's legal level of control requires only the approval of the budget officer; and
- (3) The City Council may amend the legal level of control to establish a more detailed level of budgetary control at any time during the budget period. Said amendment shall be adopted by ordinance or resolution.

*Current Budget.* Set forth below is a summary of the City’s adopted budget for its General Fund for the fiscal year ending June 30, 2018. The budget is based upon certain assumptions and estimates of the City’s administration regarding future events, transactions, and circumstances. Realizations of the results projected in the 2018 budget will depend upon implementation by management of policies and procedures consistent with the assumptions made by the City. Accordingly, the actual results achieved for the 2018 budget could materially vary from those projected in the 2018 budget shown below.

City of Buford  
General Fund Budget  
for Fiscal Year Ended June 30 2018

ESTIMATED REVENUES	
Taxes.....	\$17,095,500
Licenses and Permits.....	1,335,500
Intergovernmental.....	25,000,000
Fines	130,000
Other Financial Services.....	<u>806,195</u>
 Total Estimated Revenues.....	 \$44,367,195
 ESTIMATED EXPENDITURES	
General Administration.....	\$34,318,700
Public Works.....	<u>3,883,000</u>
 Total Estimated Expenditures .....	 \$38,201,700

**Employee Pension Plan**

*General Description.* The City’s defined benefit pension plan, the 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 “**GMA**”). The GMA 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. The GMA 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, S.W., Atlanta, Georgia 30303.

*Eligibility Requirements and Plan Membership.* Employees must work 30 or more hours per week to qualify for participation in the BRP. There is no waiting period. Membership as of the January 1, 2016, actuarial valuation was as follows:

Retirees and beneficiaries receiving benefits.....	50
Terminated plan members entitled to, but not yet receiving benefits....	14
Active plan members .....	110
Active elected officials .....	<u>0</u>
Total.....	<u>174</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 at an actuarially determined rate; the rate was 13.83% of annual covered payroll for the plan year ending June 30, 2016, for a total recommended contribution of \$757,091. The rate was 18.13% of annual covered payroll for the plan year ending

June 30, 2017, for a total recommended contribution of \$1,008,855. Payments for recommended contributions begin at the start of each fiscal year on July 1. The contribution requirements of the City are established and may be amended by the GMEBS Board of Trustees. The funding policy for the plan is to contribute an amount equal to the recommended contribution each year. The recommended contribution meets the guidelines of GASB Statement No. 27.

*Pension Cost.* Trend information gives an indication of the progress made in accumulating sufficient assets for pay benefits when due. Annual pension cost (“APC”) trend information is set forth below.

<u>Plan Year</u> <u>Beginning</u>	<u>Annual</u> <u>Pension Cost</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
07/01/2011	\$654,230	100%	-0-
07/01/2012	682,696	100	-0-
07/01/2013	734,655	100	-0-
07/01/2014	758,076	100	-0-
07/01/2015	757,902	100	-0-

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

Reference is made to Notes 13 of the general purpose financial statements of the City included as Appendix A for a more complete description of the City’s pension plan.

**Other Post-Employment Benefits**

*Plan Description.* City employees participate in a post-employment benefit other than pensions (“OPEB”) plan sponsored by the City (the “Plan”). The Plan allows employees to continue medical, prescription drug, dental insurance, and life insurance coverage beyond retirement, depending on whether the retiree had those coverages at the time they retire. Spouse benefits are the same as benefits for retirees except for life insurance. Benefits are payable to a spouse regardless of when the retiree dies. Retiree and spouse contribution rates are periodically reset by City ordinance. Membership in the Plan by City retirees is voluntary. The authority to establish and amend benefit provisions of the Plan rests with the City and is established by ordinance. The Plan does not issue separate financial statements. The City currently pays 100% of the premium.

*Eligibility Requirements and Membership.* Elected officials and their dependents are eligible for a period equal to their years of service, employees in appointed positions and department heads and their dependents are eligible for a period equal to their years of service in which they held an appointed position, and regular employee and their dependents are eligible for life after 30 years of service by the employee.

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

The City has chosen the pay-as-you-go method of funding the Plan, and the City's OPEB obligation was as follows for fiscal years 2014 through 2016:

Fiscal Year <u>Ending</u>	OPEB <u>Cost</u>	Annual OPEB Cost <u>Contributed</u>	OPEB <u>Obligation</u>
06/30/2014	\$865,521	17.55%	\$3,219,819
06/30/2015	889,809	25.73	3,880,665
06/30/2016	867,862	22.56	4,552,752

Reference is made to Note 14 of the general purpose financial statements of the City included as Appendix A for a more complete description of other post-employment benefits of the City.

### **Deferred Compensation Plan**

The City offers its employees a deferred compensation plan created in accordance with § 457 of the Internal Revenue Code of 1986, as amended (the "Code"). 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 is not available to employees until termination, retirement, death, or unforeseeable emergencies. In accordance with Code § 457, plan assets are held in trust for the exclusive benefit of participants and their beneficiaries.

### **Other Employee Benefits**

After one year of service with the City, employees accrue one week of vacation. Upon the employee's second anniversary, one week of vacation is earned. Three years of service entitles employees to two weeks of vacation. The maximum vacation benefit, three weeks, is earned after serving ten years with the City; however, department heads earn three weeks after five years of service. Vacation benefits must be utilized during the calendar year; no amount may be carried over to be used in another year. The City pays accrued vacation benefits upon termination of employment. Sick leave accrues at one week per year after a probationary period. The City provides the majority of the cost of health insurance for employees. Other benefits include 11 personal days off for holidays and educational opportunities. Employees are also covered under statutory plans for social security and workers' compensation.

### **Governmental Immunity and Insurance Coverage**

*Governmental Immunity.* Under State law, the City has sovereign immunity from suit, except for actions against the City for the breach of written contracts or unless the General Assembly has specifically provided by statute that the City has waived its sovereign immunity (see O.C.G.A. § 36-33-1 *et seq.*). State law requires that sovereign immunity of local governments is waived with respect to claims for the negligent ownership, maintenance, operation, or use of a covered motor vehicle up to certain limits. The City may be unable to rely upon the defense of sovereign immunity and may be subject to liability in the event of suits alleging causes of action founded upon various federal laws, such as suits filed pursuant to 42 U.S.C. § 1983, alleging the deprivation of federal constitutional or statutory rights of an individual and suits alleging anti-competitive practices and violations of the federal antitrust laws by the City in the exercise of its delegated powers. Officers and employees of the City may be subject to suit and may be liable for injuries and damages caused by the negligent performance of, or negligent failure to perform, their ministerial functions and may be liable for injuries and damages if they act with actual malice or with actual intent to cause injury in the discretionary performance of their official functions. Except as provided in the previous sentence, officers and employees of the City shall not be subject to suit or liability, and no judgment shall be entered against them for the performance or nonperformance of their official functions.

*Insurance Coverage.* The City carries liability insurance for the types of claims and in amounts that are customary for similar entities for those categories of claims that are not subject to the defense of sovereign immunity. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The City obtains workers' compensation insurance through Summit Insurance. The City is insured for general liability through Travelers Indemnity Company. Current coverage is as follows:

<u>Type</u>	<u>Limits of Liability</u>	
	<u>Each Occurrence</u>	<u>Annual Aggregate</u>
Casualty		
Commercial General Liability Coverage	\$1,000,000	\$2,000,000
Automobile Liability	1,000,000	N/A
Umbrella Liability	1,000,000	1,000,000

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## LEGAL MATTERS

### Litigation

There is no litigation now pending or threatened against the City or the School System which seeks to restrain or enjoin the issuance or delivery of the Bonds, the State of Georgia Intercept Program, the assessment and collection of an *ad valorem* tax for payment of debt service on the Bonds, or the use of the proceeds from the sale of the Bonds, or which questions or contests the validity of the Bonds or the proceedings or authority under which they are to be issued. Neither the creation, organization, or existence of the City or the Board of Education, nor the title of the present members or other officials of the City or the Board of Education to their respective offices, is being contested or questioned.

### Legal Proceedings

*Validation of Bonds.* In accordance with the law of the State of Georgia, each series of the Bonds and the security therefore will be confirmed and validated by a judgment of the Superior Court of Gwinnett County prior to their respective issuance and delivery. Under Georgia law, the judgment of validation is forever conclusive against the City with respect to such validation of the Bonds and the security therefor.

*Opinions of Counsel.* All legal matters incidental to authorization and issuance of the Bonds are subject to the approval of Alston & Bird, LLP, Atlanta, Georgia, Bond Counsel. It is anticipated that the approving opinions will be in substantially the forms included in Appendix B. Certain legal matters will be passed upon for the City by its counsel, Gregory D. Jay, Esq., Buford, Georgia. Certain other legal matters will be passed upon for the Underwriter by Gray Pannell & Woodward LLP, Savannah, Georgia, Underwriter's Counsel. The payment of legal fees is contingent upon issuance of the respective series of the Bonds.

The various legal opinions to be delivered concurrently with the delivery of each series of the Bonds express the professional judgment of the attorneys or law firms rendering the opinion as to the legal issues explicitly addressed therein. By rendering a legal opinion the attorney or law firm does not become an insurer or guarantor of the transaction opined upon, or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

### Tax Matters

In the opinion of Bond Counsel, under existing law and subject to the limitations and conditions described herein and assuming continuous compliance with certain covenants described herein, (1) interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations, and (2) interest on the Bonds is exempt from state income taxation within the State of Georgia.

The opinion of Bond Counsel is subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

In rendering the foregoing opinions, Bond Counsel (i) will rely upon representations and certifications of the City made in certificates dated the date of the initial delivery of the Bonds pertaining to the use, expenditure and investment of the proceeds of the Bonds and (ii) will assume continuing compliance with certain provisions of the Ordinance by the City. The Ordinance will contain covenants by the City to make certain filings, not to invest proceeds of the Bonds at a higher yield than the yield of the Bonds except as permitted by the Ordinance, and periodically to calculate and “rebate” to the United States Treasury all “arbitrage profits” from the investment of the proceeds of the Bonds. Failure by the City to comply with any of these covenants could cause interest on the Bonds accruing from and after the date of issuance of such Bonds to be includable in the gross income of the owners thereof.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may also result in collateral federal or Georgia state income tax consequences to certain taxpayers, including, without limitation, financial institutions, insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with “excess net passive income,” and foreign corporations subject to the branch profits tax. Bond Counsel will not express any opinion as to such collateral consequences. Prospective purchasers of the Bonds should consult their tax advisors as to collateral federal or Georgia state income tax consequences.

Interest on tax-exempt obligations such as the Bonds is subject to information reporting to the Internal Revenue Service (“IRS”) in a manner similar to interest on taxable obligations. In addition, interest on the Bonds may be subject to backup withholding if the payee fails to provide identifying information (such as the payee’s taxpayer identification number) in the manner required by the IRS, or if the payee has been identified by the IRS as being subject to backup withholding.

On November 2, 2017, Congress released a proposal for the “Tax Cuts and Jobs Act”. Among other things, this proposal negatively affects the exclusion from gross income for federal income tax purposes of interest on tax-exempt bonds (including the Bonds) in certain circumstances. None of the proposals have been passed by either of the two Houses of Congress. However, it is not possible to predict whether any such proposal or any similar proposal introduced in the future will be enacted into law. If enacted into law, any such proposal could affect the value or marketability of tax-exempt bonds (including the Bonds).

Current and future legislative proposals, if enacted into law, clarification of the Code, or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to state income taxation or otherwise prevent the owners thereof from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code, or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel’s judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the City or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Issuer has covenanted, however, to comply with the requirements of the Code.

Bond Counsel’s engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the owners of the Bonds regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties (such as the owners of the Bonds) other than the City and its appointed counsel



would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the City legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the City or the owners of the Bonds to incur significant expense.

### **Original Issue Discount and Premium**

The original issue discount is the excess of the stated redemption price at maturity of certain Bonds over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of the Bonds of such maturity were sold. Under § 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Bond during any accrual period generally equals (i) the issue price of such Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable with respect to such Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax purposes, and will increase the owner's tax basis in such Bond. Any gain realized by an owner from a sale, exchange, payment or redemption of a Bond will be treated as gain from the sale or exchange of such Bond.

An amount equal to the excess of the purchase price of a Bond over its stated redemption price at maturity constitutes premium on such Bond. A purchaser of a Bond must amortize any premium over such Bond's term using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the purchaser's basis in such Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed.

Purchasers of any Bond at a premium or discount, whether at the time of initial issuance or subsequent thereto, should consult their own tax advisors with respect to the determination and treatment of premium or discount for federal income tax purposes and with respect to any state and local tax consequences of owning such Bond.

A copy of the proposed text of Bond Counsel's opinions are set forth in Appendix C hereto.

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## MISCELLANEOUS

### Ratings

Moody's Investors Service has assigned an enhanced rating of "Aa2" based upon the City's participation in the State of Georgia Intercept Program. See "THE BONDS, -Security and Sources of Payment for the Bonds, -*Additional Security Provided by State of Georgia Intercept Program.*" Moody's Investors Service has assigned an underlying rating (without regard to the State of Georgia Intercept Program) of "Aa3" to the Bonds.

These ratings reflect only the views of the rating agency. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. An explanation of the significance of the ratings may be obtained from the rating agency furnishing such rating. There is no assurance that the rating will remain unchanged for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency furnishing the same, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the liquidity and market price of the Bonds. The City, the Board of Education, and the Underwriter have not undertaken any responsibility to oppose any such proposed revision, suspension or withdrawal. Any such change in or withdrawal of such rating could have an adverse effect on the market price of the Bonds. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

The rating agency may be contacted as follows: Moody's Investors Service Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10041, telephone (212) 553-1362.

### Underwriting

Pursuant to a bond purchase agreement executed by and between the City, the Board of Education, and the Underwriter on November 16, 2017, the Underwriter has agreed to purchase the Bonds at a price of \$59,052,181.47, which represents the par amount of the Bonds, \$54,270,000.00, less Underwriter's Discount of \$334,513.73, plus net issue premium of \$5,116,695.20. The obligations of the Underwriter to accept delivery of the Bonds are subject to numerous conditions set forth in the bond purchase agreement. The City and the Board of Education have agreed to indemnify the Underwriter against certain liabilities including liabilities under the federal securities laws relating to portions of this Official Statement.

The Underwriter may offer and sell the Bonds to other dealers and other purchasers at prices lower than the public offering prices stated on the cover hereof. The initial public offering prices may be changed from time to time by the Underwriter. The Underwriter has reserved the right to permit other securities dealers who are members of the National Association of Securities Dealers, Inc., to assist in selling the Bonds. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at prices lower than public offering prices set forth on the cover page of this Official Statement or otherwise allow concessions to such dealers who may re-allow concessions to other dealers. Any discounts or commissions that may be received by such dealers in connection with the sale of the Bonds will be deducted from the Underwriter's underwriting profits.

### Continuing Disclosure

Securities and Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**") under the Securities Exchange Act of 1934 imposes continuing disclosure obligations on the issuers of certain state and municipal securities to permit participating underwriters to offer and sell the issuer's securities. In order to assist the Underwriter of the Bonds in complying with the Rule, the City will sign a Disclosure Dissemination Agent Agreement with DAC on the date of issuance and delivery of the Bonds (the

“**Disclosure Agreement**”) under which the City has designated DAC as Disclosure Dissemination Agent. The City will provide for the benefit of the beneficial owners of the Bonds (i) certain financial information and/or operating data relating to the City (the “**Annual Report**”) and (ii) notices of the occurrence of certain enumerated events, if material (“**Event Notices**”). The Annual Reports and Event Notices will be filed electronically with the Electronic Municipal Market Access website (“**EMMA**”), an Internet based electronic filing system supported by the Municipal Securities Rulemaking Board.

The Annual Report shall contain or incorporate by reference, among other items, the general purpose financial statements of the City for the prior Fiscal Year. The City’s current fiscal year began on July 1, 2017, and will end on June 30, 2018. The specific nature of the information to be contained in the Annual Report or in the notices of material events is in “Appendix C: FORM OF DISCLOSURE DISSEMINATION AGREEMENT.”

Over the past two years, the City has been responsible for filing continuing disclosure under the Rule for the Series 2015 Bonds. The City did not file its audited financial statements or an Annual Report for the Series 2015 Bonds for fiscal years 2015 and 2016. However, as of October 26, 2017, the audited financials, the Annual Reports, and a notice of the City’s failure to file its Annual Reports for fiscal years 2015 and 2016 have been filed with EMMA.

To ensure in the future that the City remains compliant with its continuing disclosure undertakings, including its Annual Report for the Bonds, the City has engaged DAC to ensure ongoing compliance with its continuing disclosure filing requirements. DAC provides its clients with automated filing of rating events, templates consolidating all outstanding filing requirements that accompany reminder notices of annual or interim mandatory filings, and review of all template filings by professional accountants, as well as a time and date stamp record of each filing along with the unique identification number from EMMA accompanying the copy of the actual document filed. DAC also offers its clients a series of training webinars each year qualified for NASBA certified CPE credits, as well as model secondary market compliance policies and procedures.

## **Financial Statements**

The general purpose financial statements of the City as of June 30, 2016, and for the year then ended, included as Appendix A, have been audited by Wilcox & Bivings, P.C., Certified Public Accountants, Suwanee, Georgia, to the extent and for the period indicated in its report thereon which appears in such appendix. Such financial statements have been included herein in reliance upon the report of Wilcox & Bivings, P.C., given upon the authority of such firm as experts in accounting and auditing.

## **Miscellaneous**

Insofar as any statement in this Official Statement involves matters of opinion or of estimates, whether or not expressly stated, they are set forth as such and not as representations of fact. No representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the Holders of the Bonds.

Use of the words “shall,” “must,” or “will” in summaries of documents or laws in this Official Statement to describe future events or continuing obligations is not intended as a representation that such event will occur or obligation will be fulfilled but only that the document or law contemplates or requires such event to occur or obligation to be fulfilled.

**Certification**

The execution and delivery of this Official Statement, and its distribution and use by the Underwriter, have been duly authorized and approved by the City and the Board of Education.

CITY OF BUFORD, GEORGIA

By: /s/Phillip Beard  
Chairman  
Board of Commissioners

BOARD OF EDUCATION  
OF THE CITY OF BUFORD

By: /s/Phillip Beard  
Chairman

**Appendix A**

**FINANCIAL STATEMENTS OF THE CITY OF BUFORD  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

The general purpose financial statements of the City of Buford as of June 30, 2016, and for the year then ended, included as this Appendix A, have been audited by Wilcox & Bivings, P.C., Certified Public Accounts, Suwanee, Georgia, to the extent and for the period indicated in its report thereon which appears in this Appendix A. Such financial statements have been included herein in reliance upon the report of Wilcox & Bivings, P.C., given upon the authority of such firm as experts in accounting and auditing.

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**CITY OF BUFORD, GEORGIA**

**AUDITED BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**CITY OF BUFORD, GEORGIA  
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# **INDEPENDENT AUDITOR'S REPORT**

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

**CERTIFIED PUBLIC ACCOUNTANTS**

**4485 Tench Road, Suite 1320**

**Suwanee, GA 30024**

**Phone: 770-904-0419**

**Fax: 770-904-5299**

## **INDEPENDENT AUDITOR'S REPORT**

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

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

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

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

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

### **AUDITOR'S RESPONSIBILITY**

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

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

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

**OPINIONS**

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

**OTHER MATTERS**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, the City of Buford Retirement Plan on pages 62-64 and the City of Buford Postemployment Benefit Plan on pages 65-67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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

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

To the Board of Commissioners  
City of Buford, Georgia

**OTHER REPORTING REQUIRED BY GOVERNMENTAL AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Buford, Georgia's internal control over financial reporting and compliance.

*Wilcox & Bivings, P.C.*

Suwanee, Georgia  
December 31, 2016

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

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

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

**FINANCIAL HIGHLIGHTS**

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

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-wide financial statements**

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

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

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

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



**OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED**

**Government-wide financial statements - Continued**

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

**Fund financial statements**

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

**Governmental Funds**

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

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

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

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

**Proprietary Funds**

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

**Fiduciary Fund**

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

**Notes to the Basic Financial Statements**

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

**OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED**

**Supplementary Information Required or Recommended by GASB 34**

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

**The Single Audit Section**

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

**Schedule Required by the State of Georgia**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

The largest portion of the City's net position, totaling \$116,132,671 (77.25%) reflects its investments in capital assets (such as land, buildings and improvements, furniture, machinery and equipment, computer equipment, vehicles, utility systems and infrastructure); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

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

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

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

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

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

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

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS - CONTINUED**

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

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

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS - CONTINUED**

**Analysis of the City's Operations**

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

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

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

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

**Governmental funds**

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

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

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

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

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

**Proprietary funds**

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

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

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

**General Fund Budgetary Highlights**

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

**CAPITAL ASSETS**

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

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

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

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

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

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

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

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

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**DEBT ADMINISTRATION**

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

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

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

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

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

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

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

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

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

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

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS - CONTINUED**

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

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

**Fiscal Year 2016 Budget**

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

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

**REQUEST FOR INFORMATION**

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

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



# **BASIC FINANCIAL STATEMENTS**

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

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

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

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

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

**General revenues:**

**Taxes:**

  Property

  Sales and excise

  Franchise fees

  Investment income

  Miscellaneous

Transfers - internal activity

**Total general revenues and transfers**

**Change in net position**

**Net position at beginning of year - restated**

**Net position at end of year**

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

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

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

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

SEE NOTES TO BASIC FINANCIAL STATEMENTS

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

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

**SEE NOTES TO BASIC FINANCIAL STATEMENTS**

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

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

SEE NOTES TO BASIC FINANCIAL STATEMENTS.



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

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

**SEE NOTES TO BASIC FINANCIAL STATEMENTS.**

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

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

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

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

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

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

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

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

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

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

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

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

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

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

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

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

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

**SEE NOTES TO BASIC FINANCIAL STATEMENTS.**

## **NOTES TO BASIC FINANCIAL STATEMENTS**



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

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

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

**REPORTING ENTITY**

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

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

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

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

**REPORTING ENTITY - CONTINUED**

**Discretely Presented Component Unit**

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

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

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

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

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

**Government-Wide Financial Statements**

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

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

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

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

**Government-Wide Financial Statements - Continued**

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

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

**Governmental Fund Financial Statements**

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

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

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

The City has presented the following major governmental funds:

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

**Capital Projects Funds**

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

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

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

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

**Governmental Fund Financial Statements - Continued**

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

**Special Revenue Fund**

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

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

**Debt Service Funds**

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

**2010 General Obligation Bond Debt Service Fund**

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

**2015 General Obligation Bond Debt Service Fund**

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

**Capital Projects Funds**

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

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

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

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

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

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

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

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

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

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

**Proprietary Funds Financial Statements**

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

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

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

The City has presented the following major proprietary fund:

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

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

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

**Fiduciary Fund Financial Statements**

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

**USE OF RESTRICTED/UNRESTRICTED NET POSITION**

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

**BUDGETS AND BUDGETARY ACCOUNTING**

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

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

**BUDGETS AND BUDGETARY ACCOUNTING - CONTINUED**

**Budgeting Policy**

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

**CASH, CASH EQUIVALENTS AND INVESTMENTS**

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

**INTERFUND RECEIVABLES AND PAYABLES**

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

**TRANSACTIONS BETWEEN FUNDS**

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

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

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

**ACCOUNTS RECEIVABLE AND UNEARNED REVENUES**

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

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

**PREPAID ITEMS**

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

**RESTRICTED CASH AND INVESTMENTS**

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

**INVENTORIES**

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

**DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

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

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

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

**MANAGEMENT ESTIMATES**

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

**PROPERTY TAX**

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

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

**CAPITAL ASSETS**

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

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

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

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

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

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

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

**CAPITALIZED INTEREST**

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



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

**COMPENSATED ABSENCES**

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

**LONG-TERM OBLIGATIONS**

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

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

**FUND EQUITY**

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

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

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

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

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

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

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

**FUND EQUITY - CONTINUED**

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

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

**NET POSITION**

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

**NOTE 2 - DEPOSITS AND INVESTMENTS**

**Deposits**

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

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

**Investments**

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

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

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

**Investments - Continued**

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

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

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

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

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

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

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

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

**Investments - Continued**

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

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

**NOTE 3 - TAX AND ACCOUNT RECEIVABLES**

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

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

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

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

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

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

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

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

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

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

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

**NOTE 5 - CAPITAL ASSETS**

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

	<u>Balance July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2016</u>
<b>GOVERNMENTAL ACTIVITIES:</b>				
<b>Not being depreciated:</b>				
Land	\$ 14,486,880	\$ 187,005	\$ -	\$ 14,673,885
Land - schools	1,914,262	-	-	1,914,262
Construction in progress	<u>769,791</u>	<u>2,044,203</u>	-	<u>2,813,994</u>
Subtotal	<u>17,170,933</u>	<u>2,231,208</u>	-	<u>19,402,141</u>
<b>Other capital assets:</b>				
Buildings and improvements	31,793,104	67,958	-	31,861,062
City parks	4,626,207	-	-	4,626,207
Equipment	355,869	34,500	-	390,369
Furniture and fixtures	639,349	-	-	639,349
Sidewalks	612,087	-	-	612,087
Streets	18,097,123	805,324	-	18,902,447
Streetscapes and hardscapes	6,283,065	-	-	6,283,065
Vehicles	<u>241,974</u>	-	-	<u>241,974</u>
Subtotal	<u>62,648,778</u>	<u>907,782</u>	-	<u>63,556,560</u>
<b>Accumulated depreciation:</b>				
Buildings and improvements	( 5,478,307)	( 1,059,819)	-	( 6,538,126)
City parks	( 536,062)	( 185,048)	-	( 721,110)
Equipment	( 240,153)	( 23,044)	-	( 263,197)
Furniture and fixtures	( 618,881)	( 20,468)	-	( 639,349)
Sidewalks	( 173,823)	( 38,255)	-	( 212,078)
Streets	( 4,897,005)	( 879,523)	-	( 5,776,528)
Streetscapes and hardscapes	( 2,172,378)	( 311,029)	-	( 2,483,407)
Vehicles	<u>( 153,291)</u>	<u>( 28,330)</u>	-	<u>( 181,621)</u>
Subtotal	<u>( 14,269,900)</u>	<u>( 2,545,516)</u>	-	<u>( 16,815,416)</u>
Net other capital assets	<u>48,378,878</u>	<u>( 1,637,734)</u>	-	<u>46,741,144</u>
Total capital assets	<u>\$ 65,549,811</u>	<u>\$ 593,474</u>	<u>\$ -</u>	<u>\$ 66,143,285</u>

Depreciation was charged to functions as follows:

<b>Governmental activities:</b>	
General government	
Financial and administration	\$ 307,287
Public Safety	
Public safety, Marshal and Code enforcement	-
Public Services	
Highway and street	1,246,126
Building inspection	-
Culture and recreation	908,940
Maintenance	<u>83,163</u>
Total governmental activities depreciation expense	<u>\$ 2,545,516</u>

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

**NOTE 5 - CAPITAL ASSETS - CONTINUED**

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

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

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

**NOTE 5 - CAPITAL ASSETS - CONTINUED**

Depreciation was charged to functions as follows:

**Business-type activities:**

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

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

**NOTE 6 - LONG-TERM DEBT**

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

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

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

**GOVERNMENTAL ACTIVITIES**

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

**GENERAL OBLIGATION BONDS PAYABLE**

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

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



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

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

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

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

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

**Annual debt service requirements**

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

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

**City of Buford General Obligation Bonds - 2015 Issue**

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

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

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

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

**City of Buford General Obligation Bonds - 2015 Issue - Continued**

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

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

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

**Annual debt service requirements**

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

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

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

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

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

**COMPENSATED ABSENCES**

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

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

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

**BUSINESS-TYPE ACTIVITIES:**

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

**COMPENSATED ABSENCES**

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

Noncurrent portion \$ 121,104

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

**Governmental activities**

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

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

**Business-type activities**

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

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

**NOTE 8 - RESTRICTED FUND ASSETS**

**Proprietary Funds**

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

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

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

**Business-type activities**

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

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

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

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

**Proprietary Funds**

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

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

**NOTE 11 - FUND BALANCE**

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

**Governmental Funds**

**Nonspendable:**

Prepaid items	\$ 205,094
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**Restricted for:**

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

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

**Governmental Activities**

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

Restricted for:

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

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

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

Restricted for:

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

**Plan Description**

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

**Eligibility Requirements**

**Employees and officials:** no waiting period

**Normal Retirement Age**

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

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

**Early Retirement Age**

**Employees and officials:** 55 +10

**Benefit Formula**

**Employees:** 2.00%

**Officials Benefits**

\$76

**Vesting**

**Employees and officials:** 10 years

**Significant Accounting Policies**

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

**Funding Policy**

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

**NOTE 13 - PENSION PLAN - CONTINUED**

**Plan Changes**

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

**Changes of assumptions:**

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

**Benefit changes:**

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

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

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

**NOTE 13 - PENSION PLAN - CONTINUED**

**Effect of Plan Changes on Recommended Contributions**

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

**Annual Pension Cost**

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

**Funding Status and Funding Progress**

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

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

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

**Methods and Assumptions**

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

**Actuarial Cost Method:**

Projected unit credit

**Amortization Method:**

Closed level dollar method for remaining unfunded liability

**Remaining Amortization Period:**

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

**Asset Valuation Method**

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

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

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**NOTE 13 - PENSION PLAN - CONTINUED**

**Actuarial Assumptions**

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

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

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

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

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

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

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



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

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**NOTE 13 - PENSION PLAN - CONTINUED**

*Plan Membership as of January 1, 2016 actuarial valuation*

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

*Trend information*

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

**APC TREND INFORMATION**

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

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

**NOTE 13 - PENSION PLAN - CONTINUED**

**NET PENSION LIABILITY**

**Part a - Changes in the Net Pension Liability**

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

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

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

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

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

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

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**NOTE 13 - PENSION PLAN - CONTINUED**

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

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

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

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

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

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

**NOTE 13 - PENSION PLAN - CONTINUED**

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

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

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

**Deferred outflows (inflows) recognized in future years**

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

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

**Plan Description**

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

Employees eligible for the plan include the following:

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

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

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

**Summary of Significant Accounting Policies**

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

**Funding Policy**

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

**Annual OPEB Cost and Net OPEB Obligation**

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

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

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

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

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

**Net OPEB Obligation (NOO):**

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

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

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

**Funding Status and Funding Progress**

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

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

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

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

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

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

**Methods and Assumptions**

**Valuation Date:**

January 1, 2015

**Actuarial Cost Method:**

Projected Unit Credit

**Amortization Method:**

25-Year Level Dollar Amortization, Closed

**Remaining Amortization Period:**

18 years as of July 1, 2015

**Methods and Assumptions - continued**

**Actuarial Assumptions**

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

**Plan Membership as of January 1, 2015 actuarial valuation**

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

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

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

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

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

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

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

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

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

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

**NOTE 18 - DEFERRED COMPENSATION PLAN**

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

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

**NOTE 19 - LITIGATION**

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



**NOTE 20 - COMMITMENTS AND CONTINGENT LIABILITIES**

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

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

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

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

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

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

**NOTE 21 - RISK MANAGEMENT**

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

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

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**NOTE 22 - SPECIAL PURPOSE LOCAL OPTION SALES TAX PROGRAM**

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

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

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

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

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

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

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

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

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**NOTE 23 - TRANSACTIONS WITH COMPONENT UNITS AND OTHER RELATED ENTITIES**

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

**General Fund**

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

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

**General Fund**

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

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

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

**NOTE 24 - JOINT VENTURE**

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

**NOTE 25 - GRANTS**

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

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

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

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

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

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

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

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

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

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

**NOTE 27- MUNICIPAL COMPETITIVE TRUST AGREEMENT**

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

**NOTE 28 - SUBSEQUENT EVENTS**

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

**NOTE 29 - SIGNIFICANT ESTIMATES AND CONCENTRATIONS**

***Current Economic Environment***

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

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

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

**SUPPLEMENTARY INFORMATION  
REQUIRED BY GASB**

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

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**CITY OF BUFORD RETIREMENT PLAN**

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

**Schedule of Funding Progress**

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

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

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

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

**Notes to the Schedule:**

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



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

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

**Notes to the Schedule:**

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

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

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

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

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**CITY OF BUFORD POSTEMPLOYMENT BENEFIT PLAN**

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

**Schedule of Funding Progress**

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

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

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**CITY OF BUFORD POSTEMPLOYMENT BENEFIT PLAN**

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

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

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

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**CITY OF BUFORD POSTEMPLOYMENT BENEFIT PLAN**

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

**Net OPEB Obligation (NOO)**

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

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

## **COMBINING FINANCIAL STATEMENTS NON-MAJOR GOVERNMENTAL FUNDS**

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

### **SPECIAL REVENUE FUND**

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

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

### **DEBT SERVICE FUNDS**

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

### **CAPITAL PROJECTS FUNDS**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**SEE NOTES TO BASIC FINANCIAL STATEMENTS.**



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

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

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

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

**TOTAL  
NONMAJOR  
CAPITAL  
PROJECTS  
FUNDS**

\$ 9,020,130  
324,986

\$ 9,345,116

\$ 9,345,116  
9,345,116

\$ 9,345,116

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

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

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**TOTAL  
NONMAJOR  
CAPITAL  
PROJECTS  
FUNDS**

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\$ 1,908,057  
9,145

1,917,202

69,326

69,326

1,847,876

7,497,240

\$ 9,345,116

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

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

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

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

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

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



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

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

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

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

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

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

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget Over (Under)</u>
<b>REVENUES</b>				
Intergovernmental revenue	\$ -	\$ -	\$ 133,148	\$ 133,148
Investment income	<u>-</u>	<u>-</u>	<u>48</u>	<u>48</u>
Total revenues	<u>-</u>	<u>-</u>	<u>133,196</u>	<u>133,196</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	-		133,196	133,196
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>133,196</u></u>	\$ <u><u>133,196</u></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, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget Over (Under)</u>
<b>REVENUES</b>				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Investment income	<u>-</u>	<u>-</u>	<u>20</u>	<u>20</u>
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>20</u>	<u>20</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	-	-	20	20
Fund balance at beginning of year	<u>19,640</u>	<u>19,640</u>	<u>19,640</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>19,640</u></u>	\$ <u><u>19,640</u></u>	\$ <u><u>19,660</u></u>	\$ <u><u>20</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, 2016**

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

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

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

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

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



## **THE SINGLE AUDIT SECTION**

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

**CERTIFIED PUBLIC ACCOUNTANTS**

**4485 Tench Road, Suite 1320**

**Suwanee, GA 30024**

**Phone: 770-904-0419**

**Fax: 770-904-5299**

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

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

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

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

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

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

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

### **Compliance and Other Matters**

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

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

**Purpose of this Report**

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

*Wilcox & Bivings, P.C.*

Suwanee, Georgia  
December 31, 2016

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

**CERTIFIED PUBLIC ACCOUNTANTS**

**4485 Tench Road, Suite 1320**

**Suwanee, GA 30024**

**Phone: 770-904-0419**

**Fax: 770-904-5299**

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

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

### **Report on Compliance for Each Major Federal Program**

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

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

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

### **Opinion on Each Major Federal Program**

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

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

**Report on Internal Control over Compliance**

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

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

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

**Purpose of this Report**

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

*Wilcox & Bivings, P.C.*

Suwanee, Georgia  
December 31, 2016

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

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

See accompanying notes to schedule of expenditures of federal awards.

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

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**NOTE A - BASIS OF PRESENTATION**

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

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

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

**NOTE C - DE MINIMIS INDIRECT COST RATE**

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

**NOTE D - SUBRECIPIENTS**

The City has no subrecipients under its federal awards.

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

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**SECTION I-SUMMARY OF AUDITORS' RESULTS**

**FINANCIAL STATEMENTS**

**Type of Auditor's Report Issued:**

- ❖ Unmodified opinion.

**Internal Control Over Financial Reporting:**

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

**FEDERAL AWARDS**

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

- ❖ Unmodified opinion.

**Internal Control Over Major Programs:**

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

**Audit findings:**

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

**Identification of Major Programs:**

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

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

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

**Auditee status:**

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

**SECTION II - FINANCIAL STATEMENT AUDIT - FINDINGS**

- ❖ None reported.

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

- ❖ None reported.



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

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**Findings - Financial Statement Audit @ June 30, 2015:**

- ❖ None reported.

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

- ❖ None reported.

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

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

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

**SCHEDULE REQUIRED BY  
THE STATE OF GEORGIA**

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

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

**Amounts estimated for each project are as follows:**

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

## **Appendix B**

### **PROPOSED FORM OF LEGAL OPINIONS OF BOND COUNSEL**

The form of Legal Opinions included in this Appendix B has been prepared by Alston & Bird, LLP, Atlanta, Georgia, Bond Counsel, and are substantially the forms to be given in connection with the delivery of the Bonds.

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# ALSTON & BIRD LLP

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Atlanta, GA 30309-3424

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Fax: 404-253-8266  
www.alston.com

November 22, 2017

U.S. Bank, National Association  
Atlanta, Georgia

City of Buford, Georgia  
Buford, Georgia

Re: City of Buford General Obligation Bonds, Series 2017A (the “Series 2017A Bonds”), in the aggregate principal amount of \$20,000,000; and

City of Buford General Obligation Bonds, Series 2017B (the “Series 2017B Bonds” and, together with the Series 2017A Bonds, the “Bonds”), in the aggregate principal amount of \$10,000,000.

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the City of Buford, Georgia (the “City”) of the above-described Bonds on this date. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

In rendering our opinion that the interest on the Bonds is, as of the date of this opinion, not includable in gross income for federal income tax purposes, we have (i) relied as to questions of fact material to our opinion on representations of the City without undertaking to verify the same by independent investigation, and (ii) assumed the continued compliance by the City with its covenants relating to the use of proceeds of the Bonds and the facilities provided thereby and the compliance with the arbitrage requirements contained in Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”), and other covenants intended to ensure that the interest on the Bonds is, and continues to be, excludable from gross income for federal income tax purposes.

As to questions of fact material to our opinion, we have relied upon representations of the City, and, as to questions of fact and conclusions of law, we have relied upon the validation order of the Superior Court of Gwinnett County, Georgia with respect to the Bonds, and other public records and certificates of public officials furnished to us without undertaking to verify the same by independent investigation. In all such examinations, we have assumed the genuineness of signatures on original

documents and the conformity to original documents of all copies submitted to us as certified, conformed or photostatic copies, and as to certificates of public officials, we have assumed the same to have been properly given and to be accurate.

The Bonds are being issued pursuant to the authority of O.C.G.A. Section 36-82-1, *et seq.*, an election held in the City on March 21, 2017 (the “Election”) and its bond ordinance adopted October 2, 2017, as amended and restated on November 16, 2017 (as so amended and restated, the “Bond Ordinance”) for the purpose of providing funds to be used to pay the cost of acquiring, constructing, and equipping the Project (defined in the Bond Ordinance). Pursuant to the terms of an Intergovernmental Contract, dated as of November 1, 2017 (the “Contract”), between the City and the Board of Education of the City of Buford, Georgia (the “Board”), the City has agreed to issue the Bonds, and the Board has agreed to make payments for the Project equal to the principal and interest on the Bonds as they come due.

Based upon the examinations referred to above, we are of the opinion that as of this date:

(1) The City is a duly created and validly existing municipal corporation and political subdivision of the State of Georgia with the corporate power to perform the agreements on its part contained in the Contract.

(2) The Bonds have been duly authorized and executed by the City, and are valid and binding general obligations of the City.

(3) The Contract has been authorized, executed and delivered by the City and the Board and constitutes the valid obligation of the City and the Board, respectively, enforceable against them in accordance with its terms.

(4) All property subject to taxation for general obligation bond purposes in the City is subject to the levy of an ad valorem tax within the limits of the City without limit as to rate or amount for the purpose of paying the principal of and interest on the Bonds as they come due (whether at maturity, upon scheduled mandatory redemption prior to maturity or otherwise).

(5) The City Commission of the City is authorized and required by law to levy, and has levied, on all of said property subject to taxation for general obligation bond purposes such ad valorem taxes as will produce funds sufficient in amount to pay the principal of and interest on the Bonds as the same become due and payable (whether at maturity, upon scheduled mandatory redemption prior to maturity or otherwise).

(6) Under existing law, as of the date hereof, the interest on the Bonds is (i) excludable from gross income for federal income tax purposes and (ii) not an item of tax preference for purposes of the federal alternative minimum tax imposed on



individuals and corporations; provided, however, it should be noted that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. The opinions set forth in the preceding sentence are subject to the condition that the City and Board comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City and Board have covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

(7) The interest on the Bonds is exempt from present State of Georgia income taxation.

We express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors, rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Yours sincerely,

ALSTON & BIRD LLP

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Peter K. Floyd, a Partner

# ALSTON & BIRD LLP

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December 6, 2017

U.S. Bank, National Association  
Atlanta, Georgia

City of Buford, Georgia  
Buford, Georgia

Re: City of Buford General Obligation Refunding Bonds, Series 2017C (the “Series 2017C Bonds”), in the aggregate principal amount of \$24,270,000

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the City of Buford, Georgia (the “City”) of the above-described Series 2017C Bonds on this date. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

We have examined the law and such certified proceedings, including a certified copy of the transcript of the validation proceedings concluded in the Superior Court of Gwinnett County, Georgia (the “Validation Order”), and other papers as we have deemed necessary to render this opinion. In all such examinations, we have assumed the genuineness of signatures on original documents and the conformity to original documents of all copies submitted to us as certified, conformed, digital or photographic copies, and as to certificates of public officials, we have assumed the same to have been properly given and to be accurate.

The Series 2017C Bonds are being issued pursuant to the authority of O.C.G.A. Section 36-82-1, *et seq.* (including, without limitation, Section 36-82-1(e)), and its bond ordinance adopted November 16, 2017 (the “Bond Ordinance”) for the purposes of (i) providing funds to be used to refund a portion of the City of Buford General Obligation Bonds, Series 2015 (the “Series 2015 Bonds”); and (ii) pay the costs of issuing the Series 2017C Bonds.

As to questions of fact material to our opinion, we have relied upon the representations of the City contained in the Bond Ordinance and in the certified proceedings, including the Validation Order, and other certifications of public officials furnished to us (including representations as to the use and investment of the proceeds of the Series 2017C Bonds) without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The City is a duly created and validly existing municipal corporation and political subdivision of the State of Georgia with the corporate power to adopt the Bond Ordinance, to perform the agreements on its part contained therein and to issue the Series 2017C Bonds.

2. The Bond Ordinance has been duly adopted by the City and constitutes a valid and binding obligation of the City.

3. Pursuant to the Revenue Bond Law, the Bond Ordinance creates a valid lien on the funds pledged by the Bond Ordinance for the security of the Series 2017C Bonds on a parity with any additional parity bonds issued or to be issued under the terms of the Bond Ordinance, subject to no prior lien.

4. The Series 2017C Bonds have been duly authorized, executed and delivered by the City and are valid and binding special obligations of the City, payable as provided for in the Bond Ordinance on a parity with any additional parity bonds issued or to be issued under the terms of the Bond Ordinance.

5. The Series 2017C Bonds have been duly confirmed and validated by judgment of the Superior Court of Gwinnett County entered on December 4, 2017, and no valid appeal may be taken from the judgment of validation.

6. Interest on the Series 2017C Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinion set forth in the preceding sentence is subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 2017C Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Series 2017C Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2017C Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Series 2017C Bonds.

7. Interest on the Series 2017C Bonds is exempt from present state income taxation within the State of Georgia.

We express no opinion regarding tax consequences arising with respect to the Series 2017C Bonds other than as expressly set forth herein.

It is to be understood that the rights of the holders of the Series 2017C Bonds and the enforceability of the Series 2017C Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Series 2017C Bonds.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

ALSTON & BIRD LLP

By: \_\_\_\_\_  
Peter K. Floyd, a Partner

**Appendix C**

**FORM OF DISCLOSURE DISSEMINATION AGREEMENT**

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## DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the “Disclosure Agreement”), dated as of November 22, 2017, is executed and delivered by the CITY OF BUFORD (GEORGIA) (the “Issuer”), and DIGITAL ASSURANCE CERTIFICATION, L.L.C., as exclusive Disclosure Dissemination Agent (the “Disclosure Dissemination Agent” or “DAC”) for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to assist the Issuer in processing certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”).

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the Issuer through use of the DAC system and do not constitute “advice” within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”). DAC will not provide any advice or recommendation to the Issuer or anyone on the Issuer’s behalf regarding the “issuance of municipal securities” or any “municipal financial product” as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary. DAC is not a “Municipal Advisor” as such term is defined in Section 15B of the Securities Exchange Act of 1934, as amended, and related rules.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

“Annual Filing Date” means the date, set in Sections 2(a) and 2(f) hereof, by which the Annual Report is to be filed with the MSRB.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

“Annual Report” means an Annual Report containing Annual Financial Information described in and consistent with Section 3 of this Disclosure Agreement.

“Audited Financial Statements” means the annual financial statements of the Issuer for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i)(B) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

“Bonds” means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

“Certification” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Issuer and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

“Disclosure Dissemination Agent” means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 9 hereof.

“Disclosure Representative” means the City Clerk or his or her designee, or such other person as the Issuer shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Failure to File Event” means the Issuer’s failure to file an Annual Report on or before the Annual Filing Date.

“Force Majeure Event” means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

“Holder” means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

“Information” means, collectively, the Annual Reports, the Audited Financial Statements, the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

“MSRB” means the Municipal Securities Rulemaking Board, or any successor thereto, established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Notice Event” means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

“Obligated Person” means any person, including the Issuer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

“Official Statement” means that Official Statement prepared by the Issuer in connection with the Bonds, as listed in Exhibit A.

“Trustee” means the institution, if any, identified as such in the document under which the Bonds were issued.

“Voluntary Event Disclosure” means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

“Voluntary Financial Disclosure” means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.



SECTION 2. Provision of Annual Reports.

(a) The Issuer shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than nine calendar months following the end of each fiscal year of the Issuer, commencing with the fiscal year ended June 30, 2017. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the 15th day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 10:00 a.m. Eastern time on Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Issuer irrevocably directs the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Issuer are prepared but not available prior to the Annual Filing Date, the Issuer shall, when the Audited Financial Statements are available, provide at such time an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy for the Trustee, if any, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

(i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;

(ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) hereof with the MSRB;

(iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) hereof with the MSRB;

(iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) hereof with the MSRB, identifying the Notice Event as instructed by the Issuer pursuant to Section 4(a) or 4(b)(ii) hereof (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:

1. “Principal and interest payment delinquencies;”
2. “Non-Payment related defaults, if material;”
3. “Unscheduled draws on debt service reserves reflecting financial difficulties;”
4. “Unscheduled draws on credit enhancements reflecting financial difficulties;”
5. “Substitution of credit or liquidity providers, or their failure to perform;”
6. “Adverse tax opinions, IRS notices or events affecting the tax status of the security;”
7. “Modifications to rights of securities holders, if material;”
8. “Bond calls, if material;”
9. “Defeasances;”
10. “Release, substitution, or sale of property securing repayment of the securities, if material;”
11. “Rating changes;”
12. “Tender offers;”
13. “Bankruptcy, insolvency, receivership or similar event of the obligated person;”
14. “Merger, consolidation, or acquisition of the obligated person, if material;” and
15. “Appointment of a successor or additional trustee, or the change of name of a trustee, if material;”

(v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as “Failure to provide annual financial information as required” when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;

(vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) hereof with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Issuer pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:

1. “amendment to continuing disclosure undertaking;”
2. “change in obligated person;”
3. “notice to investors pursuant to bond documents;”

4. “certain communications from the Internal Revenue Service;” other than those communications included in the Rule;
5. “secondary market purchases;”
6. “bid for auction rate or other securities;”
7. “capital or other financing plan;”
8. “litigation/enforcement action;”
9. “change of tender agent, remarketing agent, or other on-going party;”
10. “derivative or other similar transaction;” and
11. “other event-based disclosures;”

(vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) hereof with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Issuer pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:

1. “quarterly/monthly financial information;”
2. “timing of annual disclosure (120/150 days);”
3. “change in fiscal year/timing of annual disclosure;”
4. “change in accounting standard;”
5. “interim/additional financial information/operating data;”
6. “budget;”
7. “investment/debt/financial policy;”
8. “information provided to rating agency, credit/liquidity provider or other third party;”
9. “consultant reports;” and
10. “other financial/operating data.”

(viii) provide the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Issuer may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee (if any) and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Anything in this Disclosure Agreement to the contrary notwithstanding, any Information received by the Disclosure Dissemination Agent before 10:00 a.m. Eastern time on any business day that

it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

### SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Issuer, including the information provided in the Official Statement under the following headings:

(i) THE BONDS -Security and Sources of Payment for the Bonds, *Security from Ad Valorem Taxation* and *Additional Security Provided by State of Georgia Intercept Program*;

(ii) DEBT STRUCTURE OF THE CITY OF BUFORD -Summary of City Debt by Category and -Debt Limitation;

(iii) CITY OF BUFORD AD VALOREM TAXATION, -M&O Tax Digest; -Ten Largest Taxpayers; -M&O Tax Levies and Collections for the City and School System; and -Millage Rates; and

(iv) CITY OF BUFORD FINANCIAL INFORMATION -Employee Pension Plan, *Pension Cost, Funding Status and Funding Progress*; -Other Post-Employment Benefits, *Funding Policy*; and -Governmental Immunity and Insurance Coverage, *Insurance Coverage*.

(b) Audited Financial Statements as described in the Official Statement will be included in the Annual Report. If audited financial statements are not available, then unaudited financial statements, prepared in accordance with GAAP as described in the Official Statement will be included in the Annual Report. In such event, Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Issuer is an “obligated person” (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer will clearly identify each such document so incorporated by reference.

If the Annual Financial Information contains modified operating data or financial information different from the Annual Financial Information agreed to in the continuing disclosure undertaking related to the Bonds, the Issuer is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

### SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

- (iv)     Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v)      Substitution of credit or liquidity providers, or their failure to perform;
- (vi)     Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii)    Modifications to rights of Bond holders, if material;
- (viii)   Bond calls, if material, and tender offers;
- (ix)     Defeasances;
- (x)      Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi)     Rating changes;
- (xii)    Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

(xiii)   The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv)    Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The Issuer shall, in a timely manner not later than nine business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Issuer determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that either (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB in accordance with Section 2 (e)(iv) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers. The Issuer will provide the Dissemination Agent with the CUSIP numbers for (i) new bonds at such time as they are issued or become subject to the Rule and (ii) any Bonds to which new CUSIP numbers are assigned in substitution for the CUSIP numbers previously assigned to such Bonds.

SECTION 6. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Issuer acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination

Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(b) hereof to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that the Issuer is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the Issuer and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Issuer has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Issuer may, upon 30 days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Issuer or DAC, the Issuer agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable to the Disclosure Dissemination Agent until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing 30 days' prior written notice to the Issuer.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Issuer or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Issuer and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the Issuer or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the Issuer. No such amendment shall become effective if the Issuer shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee, if any, for the Bonds, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.



SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Florida (other than with respect to conflicts of laws).

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

The Disclosure Dissemination Agent and the Issuer have caused this Continuing Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,  
as Disclosure Dissemination Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

CITY OF BUFORD (GEORGIA)  
as Issuer

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Exhibit A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer: City of Buford (Georgia)

Name of Bond Issue: \$20,000,000 CITY OF BUFORD (GEORGIA) GENERAL OBLIGATION BONDS, SERIES 2017A (the "Series 2017A Bonds")  
\$10,000,000 CITY OF BUFORD (GEORGIA) GENERAL OBLIGATION BONDS, SERIES 2017B (the "Series 2017B Bonds")  
\$24,270,000 CITY OF BUFORD (GEORGIA) GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017C (the "Series 2017C Bonds")

Date of Issuance: November 22, 2017 (Series 2017A Bonds and Series 2017B Bonds)  
December 6, 2017 (Series 2017C Bonds)

Date of Official Statement: November 16, 2017

Series 2017A Bonds

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u> <sup>1</sup>
2019	\$7,180,000	5.000%	1.250%	120000 CW2
2024	6,280,000	5.000	1.800	120000 CX0
2029	6,540,000	5.000	2.300	120000 CY8

Series 2017B Bonds

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u> <sup>1</sup>
2019	\$3,590,000	5.000%	1.250%	120000 CZ5
2024	3,140,000	5.000	1.800	120000 DA9
2029	3,270,000	5.000	2.300	120000 DB7

Series 2017C Bonds

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u> <sup>1</sup>
2030	\$ 890,000	4.000%	2.590%	120000 DC5
2031	925,000	4.000	2.640	120000 DD3
2032	965,000	4.000	2.740	120000 DE1
2033	1,000,000	4.000	2.800	120000 DF8
2034	1,045,000	4.000	2.900	120000 DG6
2035	1,085,000	4.000	2.950	120000 DH4
2036	1,130,000	4.000	2.990	120000 DJ0
2037	1,175,000	3.000	3.220	120000 DK7
2038	1,210,000	3.000	3.240	120000 DL5

\$6,740,000 4.000% Term Bond due January 1, 2043; Yield 3.260%; CUSIP 120000 DM3  
\$8,105,000 3.375% Term Bond due January 1, 2048; Yield 3.510%; CUSIP 120000 DN1

Exhibit B

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Issuer: City of Buford (Georgia)

Name of Bond Issue: \$20,000,000 CITY OF BUFORD (GEORGIA) GENERAL OBLIGATION BONDS,  
SERIES 2017A  
\$10,000,000 CITY OF BUFORD (GEORGIA) GENERAL OBLIGATION BONDS,  
SERIES 2017B  
\$24,270,000 CITY OF BUFORD (GEORGIA) GENERAL OBLIGATION REFUNDING  
BONDS, SERIES 2017C

Date of Issuance: November 22, 2017 (Series 2017A Bonds and Series 2017B Bonds)  
December 6, 2017 (Series 2017C Bonds)

CUSIP Number: \_\_\_\_\_

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Agreement between the Issuer and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. The Issuer has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by \_\_\_\_\_, 20\_\_.

Dated: \_\_\_\_\_, 20\_\_

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,  
as Disclosure Dissemination Agent,  
on behalf of the Issuer

\_\_\_\_\_

cc: City Clerk, City of Buford (Georgia)

Exhibit C-1

EVENT NOTICE COVER SHEET

This cover sheet and accompanying "event notice" may be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name: City of Buford (Georgia)

Issuer's Six-Digit CUSIP Number: \_\_\_\_\_

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates: \_\_\_\_\_

Number of pages attached: \_\_\_\_\_

\_\_\_\_ Description of Notice Events (Check One):

1. \_\_\_\_\_ Principal and interest payment delinquencies;"
2. \_\_\_\_\_ "Non-Payment related defaults, if material;"
3. \_\_\_\_\_ "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. \_\_\_\_\_ "Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. \_\_\_\_\_ "Substitution of credit or liquidity providers, or their failure to perform;"
6. \_\_\_\_\_ "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7. \_\_\_\_\_ "Modifications to rights of securities holders, if material;"
8. \_\_\_\_\_ "Bond calls, if material;"
9. \_\_\_\_\_ "Defeasances;"
10. \_\_\_\_\_ Release, substitution, or sale of property securing repayment of the securities, if material;"
11. \_\_\_\_\_ "Rating changes;"
12. \_\_\_\_\_ "Tender offers;"
13. \_\_\_\_\_ "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
14. \_\_\_\_\_ "Merger, consolidation, or acquisition of the obligated person, if material;" and
15. \_\_\_\_\_ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material."

\_\_\_\_ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

\_\_\_\_\_  
Name: \_\_\_\_\_ Title: \_\_\_\_\_

Digital Assurance Certification, L.L.C.  
390 N. Orange Avenue  
Suite 1750  
Orlando, FL 32801  
407-515-1100

Date: \_\_\_\_\_, 20\_\_

Exhibit C - 2

VOLUNTARY EVENT DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary event disclosure" may be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of \_\_\_\_\_, 2017 between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name: City of Buford (Georgia)

Issuer's Six-Digit CUSIP Number: \_\_\_\_\_

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates: \_\_\_\_\_

Number of pages attached: \_\_\_\_\_

\_\_\_\_ Description of Voluntary Event Disclosure (Check One):

1. \_\_\_\_\_ "amendment to continuing disclosure undertaking;"
2. \_\_\_\_\_ "change in obligated person;"
3. \_\_\_\_\_ "notice to investors pursuant to bond documents;"
4. \_\_\_\_\_ "certain communications from the Internal Revenue Service;"
5. \_\_\_\_\_ "secondary market purchases;"
6. \_\_\_\_\_ "bid for auction rate or other securities;"
7. \_\_\_\_\_ "capital or other financing plan;"
8. \_\_\_\_\_ "litigation/enforcement action;"
9. \_\_\_\_\_ "change of tender agent, remarketing agent, or other on-going party;"
10. \_\_\_\_\_ "derivative or other similar transaction;" and
11. \_\_\_\_\_ "other event-based disclosures."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

\_\_\_\_\_  
Name: \_\_\_\_\_ Title: \_\_\_\_\_

Digital Assurance Certification, L.L.C.  
390 N. Orange Avenue  
Suite 1750  
Orlando, FL 32801  
407-515-1100

Date: \_\_\_\_\_, 20\_\_

Exhibit C-3

VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary financial disclosure" may be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of \_\_\_\_\_, 2017, between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name: City of Buford (Georgia)

Issuer's Six-Digit CUSIP Number: \_\_\_\_\_

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates: \_\_\_\_\_

Number of pages attached: \_\_\_\_\_

\_\_\_\_ Description of Voluntary Financial Disclosure (Check One):

1. \_\_\_\_\_ "quarterly/monthly financial information;"
2. \_\_\_\_\_ "change in fiscal year/timing of annual disclosure;"
3. \_\_\_\_\_ "change in accounting standard;"
4. \_\_\_\_\_ "interim/additional financial information/operating data;"
5. \_\_\_\_\_ "budget;"
6. \_\_\_\_\_ "investment/debt/financial policy;"
7. \_\_\_\_\_ "information provided to rating agency, credit/liquidity provider or other third party;"
8. \_\_\_\_\_ "consultant reports;" and
9. \_\_\_\_\_ "other financial/operating data."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

\_\_\_\_\_  
Name: \_\_\_\_\_ Title: \_\_\_\_\_

Digital Assurance Certification, L.L.C.  
390 N. Orange Avenue  
Suite 1750  
Orlando, FL 32801  
407-515-1100

Date: \_\_\_\_\_, 20\_\_



