

NEW ISSUE
BOOK-ENTRY ONLY

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

\$33,050,000
CITY OF BUFORD (GEORGIA)
General Obligation Bonds, Series 2015

Dated: Date of Issuance

Due: January 1, as shown below

The CITY OF BUFORD GENERAL OBLIGATION BONDS, SERIES 2015 (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 July 1 and January 1 of each year (each an "Interest Payment Date"), beginning January 1, 2016. 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 the Bonds" herein.

The 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 Bonds including capitalized interest. See "THE BONDS -Estimated Sources and Uses of Funds; -The Projects" herein.

MATURITY SCHEDULE

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>
2019	\$11,960,000	4.000%	1.570%	120000CS1
2024	515,000	3.625	2.620	120000CT9
2024	9,875,000	5.000	2.620	120000CU6
2029	10,700,000	5.250	3.250	120000CV4

The Bonds maturing after January 1, 2026 are subject to optional redemption prior to maturity. See "THE BONDS -Redemption" herein.

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.

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 Bonds in definitive form is expected to be made through DTC in New York, New York, on or about June 17, 2015.

STEPHENS INC.

Official Statement dated: May 20, 2015.

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 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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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 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.

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OFFICIAL STATEMENT

Relating to

\$33,050,000

CITY OF BUFORD (GEORGIA)
GENERAL OBLIGATION BONDS, SERIES 2015

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 2015 (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 “THE 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 CITY 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 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 and the costs of issuance of the Bonds, including capitalized interest (the “**Projects**”). For more detailed information, see “THE BONDS -Estimated Sources and Uses of Funds” and “THE BONDS -The Projects.”

Description of the Bonds

Redemption. The Bonds are subject to optional 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 July 1 and January 1 of each year (each an “**Interest Payment Date**”), beginning January 1, 2016. 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 opinion Bond Counsel proposes to deliver in connection with the issuance of 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.

Bond Registrar and Paying Agent

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

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 opinion 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, 2014, 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 February 2, 2015 (the “**Ordinance**”). The issuance of general obligation debt of the City in the maximum aggregate principal amount of \$37,915,000 was approved by a majority of the votes cast in the City in a general obligation bond election held on March 17, 2015 (the “**Election**”).

Offering. 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 Bonds in definitive form are expected to be delivered through DTC in New York, New York on or about June 17, 2015.

Continuing Disclosure

The City will sign a Continuing Disclosure Certificate on the date of the sale of the Bonds, which will allow the Underwriter of the Bonds to comply with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “**Rule**”). The City has had some late and missed filings in the past but the Bonds will be the City’s only current outstanding obligation subject to the Rule. For more information, see “MISCELLANEOUS -Continuing Disclosure” and “Appendix C: FORM OF THE CONTINUING DISCLOSURE CERTIFICATE.”

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 mature on January 1 in the years and amounts, set forth on the cover page hereof. Interest shall be payable on July 1 and January 1 of each year, beginning January 1, 2016.

Redemption

Optional Redemption. The Bonds maturing on or after January 1, 2026 may be redeemed prior to their respective maturities, either in whole or in part, at the option of the City, on any date in any year, not earlier than January 1, 2025, from any funds which may be made available for such purpose at a redemption price equal to 100% of the principal amount of the Bonds being redeemed, plus accrued interest thereon to date of redemption.

Notice of Redemption

Unless waived by any owner of Bonds to be redeemed, official notice of any such redemption shall be given by the Bond Registrar on behalf of the City by mailing a copy of an official redemption notice by first-class mail at least 30 days but not more than 60 days prior to the date fixed for redemption to the registered owner of the Bond or Bonds being redeemed (in whole or in part) at the address shown on the bond register or at such other address as is furnished in writing by such registered owner to the Bond Registrar. All official notices of redemption shall be dated and shall state: (i) the redemption date, (ii) the redemption price, (iii) if less than all outstanding Bonds are to be redeemed, the identification and CUSIP number (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed, (iv) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, (v) whether such redemption is conditional and any such conditions and (vi) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Paying Agent. The failure of the Bond Registrar to give any such notice to a particular owner of a Bond (or any defect in such notice) or the failure of the owner of any Bond to receive any such notice as so given shall not affect the validity of the proceedings for the redemption of any other Bond as to which proper notice is given.

Prior to giving any such notice of redemption, the City shall give the Bond Registrar 45 days' notice of its intent to redeem, unless waived by the Bond Registrar, and shall deposit with the Paying Agent an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest, and the owner of said Bonds shall not be entitled to any rights under the Ordinance except the right to receive payment, and said Bond or portion thereof shall not be considered to be outstanding. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be redeemed by the Paying Agent at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new fully registered Bond or Bonds of the same series, interest rate and maturity in the denominations of \$5,000 or any integral multiple thereof in the aggregate principal amount equal to the unpaid or unredeemed portion of such Bond. All Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

Book-Entry Only System of Delivery of the Bonds

The Depository Trust Company (“**DTC**”), New York, NY, 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 and www.dtc.org.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities 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 confirmations 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 Securities, 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 Securities 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, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Securities 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 registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue 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 MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to an issuer 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on 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 Paying Agent, on 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, Paying Agent, or City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to Paying Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to Paying Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to Paying Agent's DTC account.

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

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 2, 2015, the City adopted an ordinance and resolution authorizing the issuance of general obligation school bonds of the City in the maximum principal amount of \$37,915,000, conditioned upon approval by a majority of the qualified voters residing within the City voting in 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 \$37,915,000.

The resolution and ordinance dated February 2, 2015, calling the Election and the notice of Election stipulated an interest rate for the Bonds not exceeding 4% per annum. The canvass of the election showed 204 “Yes” votes and 12 “No” votes, a 94.4% approval rate. Subsequent to such approval, the City adopted the Ordinance authorizing and regulating the issuance of the 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., 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.

Estimated Sources and Uses of Funds

Sources of Funds:	
Proceeds from Sale of Bonds ¹	<u>\$37,770,016.15</u>
Total:	\$37,770,016.15
Uses of Funds:	
Costs of Projects ²	\$35,000,000.00
Capitalized Interest	2,389,230.81
Costs of Issuance ³	<u>380,785.34</u>
Total:	\$37,770,016.15

¹ Includes original issue premium of \$4,720,016.15.

² See “THE BONDS -The Projects.”

³ 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.

Concurrently with the issuance and delivery of the Bonds, the Underwriter’s Discount shall be paid, all costs and expenses in connection with the issuance and sale of the 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 Bonds shall be deposited in the City of Buford Construction Fund, Series 2015 (the “**Construction Fund**”) created by the City pursuant to the terms of the Ordinance.

The Projects

Description of the Projects. The proceeds from the sale of the Bonds will fund, in part, the projects, which consist of the following: (i) a new Buford High School that is planned to accommodate up to 2200 students with associated support facilities, (ii) acquiring, constructing, and equipping additional School System facilities, (iii) the addition of classrooms to existing schools, and (iv) renovation of existing facilities, and technology and preventive maintenance thereto in furtherance of K 12 education for the School System 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 Bonds, 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 \$11,900,000 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 Bonds will be completed no later than June 2018. 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.

Investment of Money

Construction Fund Money. The money in the Construction Fund will be held by Brand Bank, Buford, Georgia, as the Construction Fund Custodian (the “**Construction Fund Custodian**”) and will be disbursed by the Construction Fund Custodian to pay the costs of the Projects. Money in the Construction Fund which are 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) The local government investment pool created in O.C.G.A. § 36-83-8; or
- (b) The following securities and no others:
 - (i) Bonds or other obligations of the School District, or bonds or obligations of the State or other states or of other counties, municipal corporations and political subdivisions of the State;

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

(iii) 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 nationally recognized rating service of at least one of the three highest rating categories available and have a nationally recognized market;

(iv) 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 the 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;

(v) Certificates of deposit of national or state banks located within the State 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 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 such bond proceeds. 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 or with a trust office within the State, 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 or other states or any county or municipal corporation in the State, obligations of the United States or subsidiary corporations included in paragraph (ii) 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 (iv) above;

(vi) 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; and

(vii) 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.

(a) 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 2015 (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 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 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 Bonds, to expend the proceeds of the 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 a Ordinance by a two-thirds' majority vote declaring that (1) a portion of the proceeds of the 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 the Bonds is no longer practicable or feasible and setting forth the reason the proceeds of the Bonds were not expended for the purpose stated in the election notice and stating the purpose for which the proceeds of the Bonds will be expended. Second, the City, not earlier than ten days prior to expending such Bond proceeds, must publish the Ordinance described above once in the official legal organ of Gwinnett County. In addition, a copy of the 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 March 1, 2015, 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, 2015	39	Self employed
Pat Pirkle, <i>Vice-Chairman</i>	December 31, 2017	21	Retired
Bruce Fricks	December 31, 2017	10	Engineer
Beth Lancaster	December 31, 2015	3	Self employed
Daren Perkins	December 31, 2015	9	Gas Department Superintendent
Dr. Geye Hamby, <i>Secretary</i>	By Appointment	8	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 1, 2006. Dr. Hamby

began his educational career in Rome, Georgia, as a teacher of mathematics. He was awarded teacher of the year for his school two out of his first three years. He became an assistant principal in Floyd County School System at the young age of 24 and a principal in the Cartersville City School System at the age of 27. Dr. Hamby has served as a principal at the elementary, middle, and high school levels. Dr. Hamby served as Assistant Superintendent from 2001-2006 prior to becoming Superintendent for the School System in 2006. Dr. Hamby is the second longest serving superintendent in Metropolitan Atlanta. Dr. Hamby is currently a member of the MRESA Board of Directors and he is also on the Board of Directors for the Georgia School Superintendent's Association.

The School System has experienced many outstanding accomplishments under his tutelage. An increase in graduation rates and post-graduation success mark a generation of 21st century learners, taught in classrooms with phenomenally low student/teacher ratios. Academic vision and strong fiscal responsibility have paved the path to tremendous student success. An impressive technology initiative and an aggressive state-of-the-art facilities plan are only two of the cutting edge endeavors enjoyed and utilized by students and staff. The School System has also recently been ranked the #1 school district in the State by Niche Rankings.

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. Ms. Adams holds a bachelor's degree in Accounting from the University of North Georgia. 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.

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 2010-2014, approximately 54.34% of the School System's revenues were derived from local sources, approximately 41.37% from State sources (including State of Georgia lottery proceeds), and approximately 4.3% from federal sources.

Educational Sales Tax. The School System receives proceeds from a special one percent (1%) 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 29, 2011, by and between the School System and the Gwinnett County School District, the School System received an upfront payment of \$17,100,000 from the Gwinnett County Educational Sales Tax. Such funds were used by the School System in for certain capital improvement projects as authorized by the voters of Gwinnett County in the Educational Sales Tax referendum. The School System anticipates entering into a similar agreement for the Gwinnett Education Sales Tax for the upcoming year 2016.

In Hall County, the School System receives proceeds from the Hall County Educational Sales Tax based upon a negotiated amount on a monthly basis. The School System is currently receiving approximately \$4 million during the five year period of the Hall County Educational Sales Tax.

State Funding. Set forth below is the total amount of State funding received by the School System for fiscal years 2010 through 2014.

<u>Year</u>	<u>Amount</u>	<u>Percentage Change</u>
2010	\$12,003,867	--
2011	11,992,755	(0.1%)
2012	10,540,704	(12.1)
2013	12,511,216	18.7
2014	14,073,421	12.5

Source: Buford City School System.

Schools, 2014-2015 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 Occupied¹</u>	<u>Number of Classrooms</u>	<u>Special Rooms²</u>
Buford Elementary School	K-1	652	13.82	1996	54	3
Buford Academy	2-5	1,297	35.40	2000	76	3
Buford Middle School	6-8	998	19.3	2004	55	6
Buford High School	9-12	1,169	34.35	1991	76	3
Totals:		<u>4,116</u>	<u>102.87</u>		<u>261</u>	<u>15</u>

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

² 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 272 certificated personnel serving 4,116 students in the various schools for a pupil-certificated personnel ratio of 15 to 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 bachelor’s degrees, most have master’s degrees, and many have specialist’s or doctoral degrees. 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>Grades</u> ¹												<u>Total</u> ²		
	<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>
2009-2010	10	241	269	249	273	219	241	245	223	253	255	252	180	167	3,077
2010-2011	13	274	240	263	252	285	233	258	249	233	315	214	205	174	3,208
2011-2012	8	291	275	266	279	277	292	270	264	261	321	262	193	203	3,462
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

¹ (PK) = Preschool; (K) = Kindergarten. All figures are based upon enrollment as of the first Tuesday in October in each year as reported to the Georgia Department of Education.

² Special education students are mainstreamed throughout K-12th grades.

Employees, Employee Relations, and Labor Organizations

The School System had 481 employees as of March 1, 2015, in the following categories:

<u>Category</u>	<u>Number of Employees</u>
Classroom teachers	272
Administrators and Supervisors	25
Librarians, Guidance Counselors, and Social Workers	13
Aides and Clerical Personnel	102
Transportation and Maintenance Personnel	25
Food Service Personnel and Custodians	52
Total	<u>481</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 2009 to 2012 has been extracted from audited financial statements of the School System for the years ended June 30, 2009, to June 30, 2012, and from unaudited financial statements of the School System for the years ended June 30, 2013, and June 30, 2014. Although taken from audited financials for fiscal years 2009 through 2012, 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 2009 to 2012, copies of which are available from the School System upon request.

	Fiscal Years Ended June 30					
	2009	2010	2011	2012	2013 (unaudited) ¹	2014 (unaudited) ¹
Revenues						
Property Taxes	\$11,296,713.03	\$11,694,276.60	\$11,846,363.17	\$ 9,444,129.81	\$9,675,488.63	\$ 9,675,628.47
State Funds	11,594,735.22	10,770,282.61	12,252,219.28	13,240,724.11	15,099,968.83	16,167,436.00
Federal Funds	2,074,431.13	3,852,416.05	3,008,293.64	2,412,469.80	2,606,216.02	2,861,684.62
Charges for Services	1,956,974.75	2,110,114.91	2,329,214.81	2,805,543.54	2,111,757.06	2,995,751.48
Investment Earnings	19,369.93	32,512.89	3,211.60	16.75	13.45	6.17
Miscellaneous	1,188,790.42	1,179,162.11	1,404,406.51	1,591,073.51	2,824,709.12	2,995,419.34
Total Revenues	28,131,014.48	29,638,765.17	30,843,709.01	29,493,957.52	32,318,153.11	34,695,926.08
Expenditures						
Current						
Instruction	23,192,537.78	22,269,314.98	23,375,762.54	24,468,094.19	26,904,367.59	28,002,564.26
Support Services		0				
Pupil Services	1,637,413.11	1,679,029.49	1,544,312.25	1,678,921.37	1,559,526.57	1,716,438.61
Impr. of Instructional Services	358,561.08	312,704.87	257,575.32	308,929.90	171,004.29	305,486.98
Educational Media Services	560,041.78	497,805.59	638,890.74	570,468.34	543,264.13	388,318.98
General Administration	1,321,758.65	1,411,966.10	1,570,711.98	1,756,050.32	1,464,230.97	2,037,214.95
School Administration	2,237,522.74	2,206,529.95	2,243,269.75	2,313,757.47	2,459,340.17	2,525,602.15
Business Administration	226,003.36	245,845.42	308,968.50	322,194.66	300,989.37	376,098.29
M&O of Plant	2,510,497.31	2,378,743.13	2,422,251.27	2,746,444.52	2,591,187.51	3,028,386.29
Student Transportation Services	689,187.20	697,540.71	731,948.52	966,181.37	999,563.36	945,775.80
Other Support Services	12,246.88	12,790.26	16,388.13	10,812.58	13,196.66	9,416.43
Enterprise Operations	48,288.11	210,385.30	367,349.28	328,449.27	536,193.03	830,635.06
Community Services	305,664.44	277,164.75	264,541.51	275,002.54	383,206.90	260,145.94
Food Services Operation	1,508,081.83	1,427,416.47	1,546,953.25	1,942,528.75	1,791,194.16	1,668,978.72
Capital Outlay	34,581.00	14,604.44	-0-	-0-	-0-	-0-
Debt Services						
Principal	-0-	-0-	181,315.19	181,315.19	-0-	-0-
Interest	-0-	-0-	5,207.32	5,207.32	-0-	-0-
Total Expenditures	34,642,385.27	36,641,841.46	35,475,445.55	37,874,357.79	39,717,264.71	42,095,062.76
Excess of Revenue Over (Under) Expenses	(6,511,370.79)	(4,003,076.29)	(4,631,736.54)	(8,380,400.27)	(12,812,897.12)	(7,399,136.68)
Other Financing Sources (Uses)						
Transfers from City Government	5,703,286.89	4,758,180.07	5,558,189.17	8,628,409.40	9,234,344.00	9,142,693.98
Capital Leases	-0-	-0-	543,945.56	-0-	-0-	-0-
Insurance Proceeds	775,000.00	-0-	-0-	-0-	-0-	-0-
Transfers In	-0-	-0-	-0-	-0-	-0-	107,349.85
Transfers Out	-0-	-0-	(917,555.25)	-0-	(99,000.00)	(138,962.20)
Total Other Financing	6,478,286.89	4,758,180.07	5,184,579.48	8,628,409.40	9,135,344.00	9,111,081.63
Net Change in Fund Balances	(33,083.90)	755,103.78	552,842.94	248,009.13	1,736,232.40	1,711,944.95
Fund Balances - Beginning	6,170,263.69	6,137,179.79	6,892,283.57	7,445,126.51	7,098,921.06	8,846,310.42
Inventory-Net Change in Period	-0-	-0-	-0-	-0-	9,993.50	-0-
Fund Balances - Ending	\$6,137,179.79	\$6,892,283.57	\$7,445,126.51	\$7,693,135.64	\$8,845,146.96	\$10,558,255.37

¹ 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. 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 a summary of the School System’s amended budget for its General Fund for the fiscal year ending June 30, 2015, together with the proposed budget for fiscal year ending June 30, 2016. The budgets are 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

	FY 2015 Amended <u>03/16/2015</u>	FY 2016 <u>Proposal</u>
Estimated Revenues:		
Local City appropriations	\$18,400,000.00	\$18,400,000.00
Tuition	1,450,000.00	1,575,000.00
Other Local	-0-	75,000.00
QBE	17,031,893.00	18,547,542.00
State Grants (General Fund)	30,000.00	30,000.00
Bonds for Buses	77,220.00	0
DCH Direct Payment (QBE)	-0-	0
Childcare Revenue	<u>250,000.00</u>	<u>260,000.00</u>
 Total Projected Revenue	 <u>\$37,239,113.00</u>	 <u>\$38,887,542.00</u>
 Projected General Fund Equity	 <u>\$ 9,000,000.00</u>	 <u>\$ 7,223,921.82</u>
 Expenditures:		
Certified Salaries	\$25,503,264.00	\$27,812,093.48
Classified Salaries.....	6,475,000.00	7,134,994.34
Federal Salaries paid by Federal Funds	(425,000.00)	(425,000.00)
New Positions	2,013,653.18	1,117,520.15
Central Office Non Salary Expense	781,013.00	781,013.00
M&O	2,049,009.00	2,049,009.00
State Staff Development	69,991.00	69,991.00
Local Technology	575,000.00	575,000.00
Spe Ed and.....	365,600.00	365,600.00
Testing	76,700.00	76,700.00
Online Assessments/Classes	25,000.00	25,000.00
Transportation.....	272,000.00	272,000.00
BES Budget	60,000.00	60,000.00
BA Budget	95,000.00	95,000.00
BMS Budget	83,000.00	83,000.00
BHS Budget.....	272,000.00	272,000.00
Fine Arts	10,000.00	10,000.00
Vocational State (Local Share).....	25,000.00	25,000.00
Transportation.....	97,000.00	100,000.00
Textbooks	600,000.00	600,000.00
Daycare Non Salary Expense	<u>20,000.00</u>	<u>20,000.00</u>
 Total Projected Expenses	 <u>\$39,043,230.18</u>	 <u>\$41,118,920.97</u>
 Total Projected Rev. (Exp.) Yearly Increase.....	 <u>(\$1,804,117.18)</u>	 <u>(2,231,378.97)</u>
 Ending Fund Equity	 <u>\$ 7,195,882.82</u>	 <u>\$ 4,992,542.85</u>

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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Residential	46.0%	41.5%	43.0%	42.0%	42.7%
Historical	0.2	0.0	0.0	0.0	0.0
Conservation Use	1.2	2.3	2.1	2.1	2.1
Commercial	40.2	43.7	48.3	51.1	50.6
Industrial	<u>12.4</u>	<u>12.5</u>	<u>6.6</u>	<u>4.8</u>	<u>4.6</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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Residential	14.1%	16.9%	19.0%	19.4%	16.9%
Agricultural	15.3	11.1	10.7	10.6	10.3
Conservation Use	12.1	8.6	9.9	10.4	10.6
Commercial	26.4	34.8	34.0	32.8	33.2
Industrial	<u>32.1</u>	<u>28.6</u>	<u>26.4</u>	<u>26.8</u>	<u>29.0</u>
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

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 0.2 miles of unpaved roads. The City's public works, gas, electric, water, sewer, and sanitation departments have 97 employees and operate and maintain the City's utility systems and other public works.

Employees and Employee Relations

As of April 1, 2015, the City has approximately 120 full-time employees and three 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 for year 2013 was 12,962.

<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>
1960	3,943,116	--	179,323,175	--
1970	4,589,575	16.4%	203,211,926	13.3%
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.

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 2009 through 2013. Information is not yet available for 2014.

<u>Year</u>	<u>Gwinnett County</u>	<u>Hall County</u>	<u>Georgia</u>	<u>United States</u>
2009	\$31,978	\$30,429	\$34,348	\$39,379
2010	31,795	30,571	34,341	40,144
2011	33,466	32,407	36,422	42,332
2012	33,883	33,122	37,229	44,200
2013	34,061	33,945	37,845	44,765

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Accounts Data (Counties last updated November 20, 2014; Georgia and United States last updated September 30, 2014).

Industry and Employment

Public Employers. Set forth below are the largest public employers located in the City as of March 1, 2015, 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	489
City of Buford	Municipality	120

Source: City of Buford.

Private Employers. Set forth below are the ten largest private employers located in the City as of March 1, 2015, 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>
Global Equipment Co., Inc.	Warehouse	400
Office Depot	Warehouse	382
Uline, Inc.	Warehouse	333
Wal-Mart	Retail	271
An T Imports of Atlanta	Auto Sales	197
Sherwin Williams	Manufacturing	180
Sam's Club	Membership Warehouse	168
Heraeus Tenevo	Manufacturing	164
Cardinal Health	Manufacturing	160
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 2010 through 2013 and in the first three quarters of 2014. Figures are based on jobs that are covered by unemployment insurance laws.

<u>Industry or Service</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Agriculture, Forestry, Fishing & Hunting	0.1%	0.1%	0.1%	0.1%	0.1%
Construction	5.4	5.3	5.0	5.0	5.2
Manufacturing	7.5	7.5	7.5	7.7	7.7
Utilities	0.2	0.2	0.2	0.2	0.1
Wholesale Trade	9.6	9.6	9.5	8.9	9.0
Retail Trade	14.4	14.7	14.7	14.4	13.9
Transportation and Warehousing	2.0	2.0	2.1	2.0	1.9
Information	2.9	2.9	2.8	3.2	3.1
Finance and Insurance	4.8	4.9	5.3	5.5	5.3
Real Estate and Rental and Leasing	1.9	1.9	1.9	1.8	1.8
Professional, Scientific and Technical	7.7	7.9	7.8	7.6	7.8
Management of Companies and Enterprises	2.0	2.2	2.5	2.6	2.6
Admin., Support, Waste Mgmt., Remediation	8.9	8.5	8.3	8.4	8.4
Education Services	1.1	1.2	1.2	1.2	1.2
Healthcare and Social Assistance	7.7	7.8	7.9	8.2	8.2
Arts, Entertainment and Recreation	0.8	0.8	0.9	0.9	0.9
Accommodation and Food Services	8.2	8.2	8.3	8.8	8.9
Other Industries and Services	3.0	2.9	2.8	2.6	3.3
Federal, State, and Local Government	<u>11.8</u>	<u>11.4</u>	<u>11.2</u>	<u>10.9</u>	<u>10.6</u>
Totals:	<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 2010 through 2014. Figures are based on jobs that are covered by unemployment insurance laws.

<u>Industry or Service</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Agriculture, Forestry, Fishing & Hunting	0.4%	0.3%	0.3%	0.3%	0.3%
Mining	0.1	0.1	0.1	0.0	0.0
Construction	4.1	3.9	3.9	4.1	4.1
Manufacturing	21.4	21.8	22.9	22.9	23.4
Utilities	0.2	0.2	0.2	0.2	0.2
Wholesale Trade	5.1	5.1	5.7	5.9	5.0
Retail Trade	11.0	10.8	10.8	10.6	10.7
Transportation and Warehousing	2.8	2.8	3.0	3.1	3.4
Information	0.8	0.8	0.8	0.8	0.7
Finance and Insurance	3.1	4.6	2.8	2.8	2.6
Real Estate and Rental and Leasing	0.6	0.6	0.6	0.6	0.6
Professional, Scientific and Technical	2.1	2.0	2.0	2.0	2.2
Management of Companies and Enterprises	0.4	0.4	0.4	0.4	0.9
Admin., Support, Waste Mgmt., Remediation	7.6	6.9	6.9	6.5	6.1
Education Services	1.6	1.5	1.5	1.4	1.3
Healthcare and Social Assistance	14.0	14.3	14.6	14.8	14.4
Arts, Entertainment and Recreation	1.1	1.1	1.1	1.1	1.0
Accommodation and Food Services	6.4	6.5	6.4	7.4	7.7
Other Industries and Services	2.3	2.3	2.3	1.9	2.4
Federal, State, and Local Government	<u>14.9</u>	<u>14.0</u>	<u>13.7</u>	<u>13.2</u>	<u>13.0</u>
Totals:	<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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Gwinnett County					
Employment	386,924	393,791	403,803	409,200	414,360
Unemployment	<u>38,252</u>	<u>36,989</u>	<u>34,439</u>	<u>31,043</u>	<u>28,007</u>
Total Labor Force	425,176	430,780	438,242	440,243	442,367
Hall County					
Employment	80,423	81,567	83,687	85,333	86,421
Unemployment	<u>88,522</u>	<u>88,982</u>	<u>90,421</u>	<u>91,388</u>	<u>91,839</u>
Total Labor Force					
Gwinnett County Unemployment Rate	9.0%	8.6%	7.9%	7.1%	6.3%
Hall County Unemployment Rate	9.1%	8.3%	7.4%	6.6%	5.9%
State Unemployment Rate	10.2%	9.9%	9.0%	8.2%	7.3%
U.S. Unemployment Rate	9.6%	8.9%	8.1%	7.4%	6.2%

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

Building Permits

The following table shows a summary of residential building permits in the Counties (each including the City) for the year 2009 through 2013. Data is not yet available for 2014.

<u>Year</u>	<u>Gwinnett County</u>		<u>Hall County</u>	
	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>
2009	709	\$ 89,881,738	239	\$38,146,365
2010	1,238	191,144,865	184	29,977,345
2011	842	119,632,981	228	36,665,603
2012	2,462	302,358,006	303	50,998,547
2013	3,281	416,142,090	552	97,279,663

Source: U.S. Census Bureau.

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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 April 1, 2015, 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 April 1, 2015</u>	<u>Amount to be Outstanding Upon Issuance of the Bonds</u>
<i>General Obligation Debt</i>			
The Bonds ¹	\$33,050,000	-0-	\$33,050,000
Series 2010 Bonds	\$10,000,000	\$7,253,236	7,253,236
TOTAL:	<u>\$43,050,000</u>	<u>\$7,253,236</u>	<u>\$40,303,236</u>

¹ 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 July 1, 2014</u>
Gwinnett County <i>General Obligation Debt</i>	\$22,555,000
Hall County <i>Intergovernmental Contract Debt</i>	\$26,166,302
<i>Notes Payable</i>	\$31,684,492

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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, 2014, the City could incur, upon necessary voter approval, immediately after the issuance of the Bonds, approximately \$38,859,729 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, 2014	\$751,258,660
Less M&O Exemptions ¹	<u>(130,473,230)</u>
Net M&O Tax Digest.....	\$626,785,430
Debt Limit (10% of Net M&O Tax Digest).....	\$62,678,543
Less Amount of Debt Outstanding, after Issuance of the Bonds, Applicable to Debt Limit.....	<u>(32,065,255)²</u>
Legal Debt Margin.....	\$30,613,288

¹ 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.

² The Debt Outstanding has been calculated by using the outstanding general obligation debt of the City on a pro rata basis between both Gwinnett County and Hall County.

Computation of Legal Debt Margin - Hall County

Gross Tax Digest for the City as of January 1, 2014	\$192,978,792
Less M&O Exemptions ¹	<u>(28,134,570)</u>
Net M&O Tax Digest.....	\$164,844,222
Debt Limit (10% of Net M&O Tax Digest).....	\$16,484,422
Less Amount of Debt Outstanding, after Issuance of the Bonds, Applicable to Debt Limit.....	<u>(8,237,981)²</u>
Legal Debt Margin.....	\$8,246,441

¹ 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.

² The Debt Outstanding has been calculated by using the outstanding general obligation debt of the City on a pro rata basis between both Gwinnett County and Hall County.

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 2015.

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.

Debt Service Schedule

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

Maturity	Principal	Interest	Total Principal and Interest
01/01/2016		\$ 836,662.05	\$ 836,662.05
07/01/2016		776,284.38	776,284.38
01/01/2017		776,284.38	776,284.38
07/01/2017		776,284.38	776,284.38
01/01/2018		776,284.38	776,284.38
07/01/2018		776,284.38	776,284.38
01/01/2019	\$11,960,000.00	776,284.38	12,736,284.38
07/01/2019		537,084.38	537,084.38
01/01/2020		537,084.38	537,084.38
07/01/2020		537,084.38	537,084.38
01/01/2021		537,084.38	537,084.38
07/01/2021		537,084.38	537,084.38
01/01/2022		537,084.38	537,084.38
07/01/2022		537,084.38	537,084.38
01/01/2023		537,084.38	537,084.38
07/01/2023		537,084.38	537,084.38
01/01/2024	10,390,000.00	537,084.38	10,927,084.38
07/01/2024		280,875.00	280,875.00
01/01/2025		280,875.00	280,875.00
07/01/2025		280,875.00	280,875.00
01/01/2026		280,875.00	280,875.00
07/01/2026		280,875.00	280,875.00
01/01/2027		280,875.00	280,875.00
07/01/2027		280,875.00	280,875.00
01/01/2028		280,875.00	280,875.00
07/01/2028		280,875.00	280,875.00
01/01/2029	10,700,000.00	280,875.00	10,980,875.00
	\$33,050,000.00	\$13,673,962.13	\$46,723,962.13

CITY OF BUFORD AD VALOREM TAXATION

Introduction

Ad valorem property taxes accounted for an annual average of approximately 60% of the general fund revenues of the City for the fiscal year ended June 30, 2014, and are budgeted to account for approximately 60% of general fund revenues for the year ending June 30, 2015. *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 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.

Impact of Foreclosures on Assessment Procedures. In 2009, the Georgia legislature enacted Senate Bill 55, codified as O.C.G.A. § 48-5-2, which requires county tax assessors to consider foreclosure sales, bank sales, sales by other financial institutions, distressed sales and the decreased value of property subject to conservation easements in determining the fair market value of real property. In addition, Senate Bill 55 modifies the time that applications for conservation use assessments may be filed.

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 Ordinance 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. The reform bill provided several changes to existing tax laws that affect local governments including:

- *Birthday Tax.* This law 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.* This law 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.* This law 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.* This law 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.* These laws revise 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.

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. Such conservation use property is valued at 40% of its current use assessment. "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.

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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.

	2010 Gwinnett	2010 Hall	2011 Gwinnett	2011 Hall	2012 Gwinnett	2012 Hall	2013 Gwinnett	2013 Hall	2014 Gwinnett	2014 Hall
Real & Personal ¹	\$768,109,250	\$177,932,931	\$695,275,420	\$180,302,559	\$694,280,340	\$175,688,238	\$675,387,650	\$173,975,447	\$720,767,770	\$186,726,596
Public Utility ⁴	10,039,870	278,238	15,563,920	346,268	15,558,080	401,726	20,014,000	438,053	28,752,760	441,147
Motor Vehicles ²	22,595,330	5,652,330	21,957,610	5,557,950	22,685,780	5,879,070	23,817,080	6,342,900	22,590,620	5,782,780
Mobile Homes ³	3,406,520	36,354	3,107,440	35,669	2,985,800	35,669	3,126,360	35,669	3,109,840	28,269
Timber	34,850	0	0	0	0	0	0	0	0	0
Gross Tax Digest	804,185,820	183,899,853	735,904,390	186,242,446	735,510,000	182,004,703	722,345,090	180,792,069	775,220,990	192,978,792
Less Bond Exemptions	0	0	0	0	0	0	0	0	0	0
Net Bond Tax Digest	804,185,820	183,899,853	735,904,390	186,242,446	735,510,000	182,004,703	722,345,090	180,792,069	775,220,990	192,978,792
Gross M&O Tax Digest	804,185,820	183,899,853	735,904,390	186,242,446	735,510,000	182,004,703	722,345,090	180,792,069	775,220,990	192,978,792
Less M&O Exemptions	(56,679,730)	(11,974,474)	(63,925,900)	(17,339,683)	(74,915,790)	(23,892,009)	(71,153,240)	(23,227,687)	(81,709,280)	(19,126,133)
Net M&O Tax Digest ⁵	747,506,090	171,925,379	671,978,490	168,902,763	660,594,210	158,112,694	651,191,850	157,564,382	693,511,710	173,852,659
Estimated Actual Value	<u>\$2,010,412,275</u>	<u>\$459,749,633</u>	<u>\$1,839,760,975</u>	<u>\$465,606,115</u>	<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>

¹ 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%.

² 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.

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

⁴ 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.

⁵ 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 2014.

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2014 Taxable Assessed Value for the School System</u>	<u>Assessed Value as a Percent of 2014 Gross Assessed Values¹</u>	<u>2014 Taxes Levied for the School System</u>
Industrial Development	Commercial Development	\$ 13,202,000	1.5%	\$ 171,626
Cardinal Health	Distribution	17,918,900	2.2	167,510
Makita Corp.	Manufacturing	33,832,462	4.0	167,226
Cardinal CG	Manufacturing	13,385,350	1.6	133,731
ANT Imports of Atlanta	Auto Sales	9,004,840	1.1	117,063
Office Depot	Distribution	8,391,030	1.0	109,083
1770 Satellite, LLC	Distribution	7,548,440	0.9	98,130
Teachers Ins. & Annuity	Distribution	7,400,000	0.9	96,200
Elringklinger USA Inc.	Manufacturing	12,825,222	1.5	92,704
Hickham, LLC	Distribution	<u>7,000,000</u>	<u>0.8</u>	<u>91,000</u>
Totals:		\$130,508,244	15.5%	\$1,244,273

¹ Based on calendar year 2014 Gross Tax Digest of \$832,974,222.

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, 2010, through June 30, 2014, 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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Current Year's M&O Tax Levy					
School District's M&O Tax Levy	<u>\$11,157,433</u>	<u>\$10,716,495</u>	<u>\$9,428,324</u>	<u>\$9,087,565</u>	<u>\$8,860,753</u>
Total Current Year's Net M&O Tax Levy	11,157,433	10,716,495	9,428,324	9,087,565	8,860,753
Tax Collections					
School District's Current Year's Collections	10,749,861	9,832,030	8,847,331	8,880,309	8,758,820
School District's Prior Years' Collections	<u>444,999</u>	<u>697,047</u>	<u>54,5959</u>	<u>785,347</u>	<u>498,486</u>
Total Tax Collections	\$11,194,800	\$10,529,077	\$9,393,290	\$9,665,656	\$9,257,306
Total Current Year's Tax Collections as a Percent of Total Current Year's M&O Tax Levy	96%	92%	94%	98%	99%
Total Tax Collections as a Percent of Total Current Year's M&O Tax Levy	100 %	98%	99%	100%	100%
Uncollected Current Year's M&O Property Taxes	\$407,572	\$884,465	\$580,993	\$207,256	\$281,933
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 <u>Year</u>	Buford <u>School System</u>	Incorporated Gwinnett <u>County</u>	County Wide <u>Services</u> ¹	County Wide Debt <u>Service</u>	State of <u>Georgia</u>	System Wide Incorporated <u>Total</u>
2010	13.150	11.780	1.000	0.470	0.250	26.650
2011	13.100	11.780	1.000	0.240	0.250	26.370
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	6.110	0.240	0.100	26.800

¹ For years 2010-2013, this includes Recreation; for years 2013-2014, this includes Fire & EMS, Police SSD, Development and Code Enforcement, 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 <u>Year</u>	Buford <u>School System</u>	Incorporated Hall <u>County</u>	County <u>Fire District</u>	State of <u>Georgia</u>	System Wide Incorporated <u>Total</u>
2010	13.150	6.250	2.710	0.250	22.360
2011	13.100	6.250	3.080	0.250	22.680
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

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

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CITY OF BUFORD FINANCIAL INFORMATION

Five 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 five fiscal years. Information in the table for fiscal years 2010 to 2014 has been extracted from audited financial statements of the City for the years ended June 30, 2010, to June 30, 2014. 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 2014 which are included in this Official Statement as Appendix A and to the audited financial statements of the City for fiscal years 2010 to 2014, copies of which are available from the City upon request.

	For the Fiscal Years Ending June 30				
	2010	2011	2012	2013	2014
Revenues					
Taxes - property	\$11,987,753	\$10,556,440	\$10,130,860	\$10,455,389	\$9,550,088
Taxes - sales and excise	720,222	647,364	690,752	915,985	1,397,532
Franchise fees	711,746	804,176	868,879	841,426	2,353,294
Charges for services	1,888,417	2,051,322	2,040,156	2,104,543	1,428,148
Intergovernmental revenue	0	0	749,829	411,103	832,023
Investment income	62,532	56,197	62,033	73,359	158,297
Miscellaneous	535,813	111,904	119,593	107,019	17,268
Total revenues	15,906,483	14,227,403	14,662,102	14,908,824	15,736,650
Expenditures					
Current operating:					
General government:					
Financial and administration	5,230,559	2,970,602	3,449,810	4,265,580	5,428,384
Public safety:					
Marshall	138,739	145,264	152,003	246,000	323,018
Public services:					
Highway and street	2,896,824	4,050,781	4,418,059	3,564,556	3,102,761
Building inspection	273,356	303,030	268,297	215,447	249,932
Culture and recreation	501,596	2,796,387	8,352,268	2,430,052	640,323
Maintenance	591,539	644,169	688,543	658,309	662,339
Intergovernmental					
Buford Board of Education	17,000,000	17,300,000	17,900,000	18,900,000	18,400,000
Total expenditures	26,632,613	28,210,233	35,228,980	30,279,944	28,806,757
Excess (deficiency) of revenues over (under) expenditures	(10,726,130)	(13,982,830)	(20,566,878)	(15,371,120)	(13,070,107)
Other Financing Source (Uses)					
Transfers in	14,177,173	17,350,601	0	9,037,447	14,843,944
Transfers out	0	(738,264)	(829,048)	(1,970,655)	(1,527,004)
Total other financing sources (uses)	14,177,173	16,612,337	(829,048)	7,066,792	13,316,940
Change in Fund Balances	3,451,043	2,629,507	21,395,926	(8,304,328)	246,833
Fund balance at beginning of year	26,710,572	30,161,615	32,791,122	11,537,990¹	3,233,663
Fund balance at end of year	\$30,161,615	\$32,791,122	\$11,395,196	\$3,233,662	\$3,480,496

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

Five Year Total-Primary Government History

Set forth below is a historical, comparative summary of the revenues, expenditures, and changes in fund balance of the City's Total-Primary Government Fund for the past five fiscal years. Information in the table for fiscal years 2010 to 2014 has been extracted from audited financial statements of the City for the years ended June 30, 2010, to June 30, 2014. 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 2014 which are included in this Official Statement as Appendix A and to the audited financial statements of the City for fiscal years 2010 to 2014, copies of which are available from the City upon request.

	For the Fiscal Years Ending June 30				
	2010	2011	2012	2013	2014
<u>Revenues</u>					
Program revenues:					
Charges for services	\$ 59,899,417	\$ 58,005,964	\$ 51,119,912	\$ 56,104,617	\$ 65,386,003
Capital grants and contributions	200,000	2,196,695	2,068,605	2,711,577	3,770,916
Operating grants	0	0	0	3,200	0
General revenues:					
Taxes	14,366,992	11,891,891	11,087,942	11,287,107	11,368,652
Franchise fees	711,746	804,176	868,879	821,713	832,023
Investment income	609,925	586,822	560,681	284,138	402,987
Miscellaneous	2,413,614	2,152,747	1,848,551	2,001,665	2,605,623
Total revenues	78,201,694	75,638,295	67,554,570	73,214,017	84,366,204
<u>Expenses</u>					
General government	3,801,020	3,478,519	4,114,163	4,264,884	6,218,994
Public safety	141,646	148,171	154,911	219,866	323,018
Public services	4,536,049	4,884,396	5,681,436	5,675,960	4,241,905
Debt service	0	242,398	167,617	325,668	267,024
Intergovernmental - Board of Education	17,000,000	17,300,000	17,900,000	18,900,000	18,400,000
Gas system	23,784,888	21,484,952	17,627,826	18,908,906	23,198,146
Electric system	13,950,824	14,615,446	15,209,772	15,880,984	16,805,428
Solid waste and recycling	2,064,912	2,127,050	2,321,244	2,233,067	2,125,361
Wastewater system	2,262,741	2,347,598	2,376,642	2,342,139	2,231,142
Water system	1,622,539	1,489,609	1,615,655	1,648,017	1,614,673
Enterprise Fund - Non Divisional	339,349	0	0	0	0
Utilities Fund - Non Divisional	0	194,308	200,884	77,749	228,937
Community Center	0	0	63,929	875,972	954,053
Total expenses	69,503,968	68,313,447	67,434,079	71,353,212	76,608,681
Increases (decreases) in net position before transfers	8,697,726	7,324,848	120,491	1,860,805	7,757,523
Transfers - internal	0	0	0	0	0
Increases (decreases) in net position	8,697,726	7,324,848	120,491	1,860,805	7,757,523
Net position - beginning of year	116,779,766	125,477,492	132,802,340	132,922,830	134,783,638
Net position - end of year	\$125,477,492	\$132,802,340	\$132,922,831	\$134,783,635	\$142,541,161

Five Year Proprietary Funds History

Set forth below is a historical, comparative summary of the revenues, expenditures, and changes in fund balance of the City's Proprietary Funds for the past five fiscal years. Information in the table for fiscal years 2010 to 2014 has been extracted from audited financial statements of the City for the years ended June 30, 2010, to June 30, 2014. 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 2014 which are included in this Official Statement as Appendix A and to the audited financial statements of the City for fiscal years 2010 to 2014, copies of which are available from the City upon request.

	For the Fiscal Years Ending June 30				
	2010	2011	2012	2013	2014
<u>Operating Revenues</u>					
Charges for services:					
Gas	\$36,313,868	\$33,248,278	\$25,954,230	\$30,532,586	\$37,955,373
Electric	14,781,313	16,117,745	16,389,224	16,413,067	17,002,386
Solid Waste and recycling	3,004,895	3,049,180	2,977,606	3,191,322	3,546,257
Wastewater	1,696,453	1,513,312	1,690,187	1,755,649	2,144,701
Water	902,657	887,332	854,706	842,163	859,858
Penalties	844,608	770,732	600,545	699,155	828,574
Service Charges	467,206	368,063	329,419	315,592	254,344
Buford Community Center	-0-	-0-	-0-	250,540	441,216
Total charges for services	58,011,000	55,954,642	48,795,917	54,000,074	63,032,709
Miscellaneous:					
Refunds, reimbursements and rebates	1,363,778	1,790,310	1,629,794	1,760,351	-0-
Other	161,036	250,533	99,164	137,646	40,679
Total Miscellaneous	1,524,814	2,040,843	1,728,958	1,897,997	40,679
Total Operating Revenues	59,535,814	57,995,485	50,524,875	55,898,071	63,073,388
<u>Expenses</u>					
Utilities purchase for resale	30,385,252	28,581,758	24,803,000	26,719,843	31,492,561
Personal services	3,911,541	4,083,178	4,611,781	4,676,283	4,940,626
Depreciation	4,035,994	4,038,712	4,159,250	4,271,758	4,279,622
Contractual services	2,446,694	2,431,209	2,452,464	2,416,716	2,412,511
Materials and supplies	1,435,070	1,547,326	1,731,199	1,641,697	1,974,587
Utilities	544,190	513,296	519,632	713,503	714,082
Repairs and Maintenance	293,738	310,455	484,509	671,172	608,498
Event expenses	-0-	-0-	-0-	226,558	236,912
Other operating	509,414	360,322	324,129	341,175	498,341
Total operating expenses	43,561,893	41,866,256	39,085,964	41,678,705	47,157,740
Income (loss) from operations	15,973,921	16,129,229	11,438,911	14,219,366	15,915,648
<u>Nonoperating Revenues</u>					
Refunds and Rebates	-0-	-0-	-0-	-0-	1,481,426
Off-system sales	-0-	-0-	-0-	-0-	924,425
Investment income	531,717	482,679	466,022	210,196	378,843
Miscellaneous income	552,987	-0-	-0-	-0-	896
Fiscal agents fees	-0-	(4,100)	(4,300)	-0-	(100)
Interest expense	(451,579)	(376,826)	(313,906)	(288,129)	-0-
Amortization	(11,781)	(11,781)	(11,782)	-0-	-0-
Total nonoperating revenue (expenses)	621,344	89,972	136,034	(77,933)	2,785,490
Income (loss) before transfers	16,595,265	16,219,201	11,574,945	14,141,433	18,701,138
Transfers In					
Transfers Out	(14,177,173)	(17,350,601)	-0-	(8,914,126)	(14,694,120)
Total	(14,175,032)	(17,350,601)	-0-	(8,402,324)	(13,934,120)
Change in Net Position	2,420,233	(1,131,400)	-0-	5,739,109	4,767,018
Total Net Position at beginning of year	55,877,952	58,298,185	57,166,785	68,741,730	74,480,839
Total net position at end of year	\$58,298,185	\$57,166,785	\$68,741,730	\$74,480,839	\$79,247,857

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, 2014, by \$142,541,161 (“net position”). Of this amount, \$21,249,669 (“unrestricted net position”) may be used to meet the City’s ongoing obligations to citizens and creditors in accordance with the City’s fund designation and fiscal policies as more fully described below. \$111,441,142 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 \$9,850,350.

The City’s total net position increased by \$7,757,523 in the fiscal year ended June 30, 2014.

As of the close of fiscal year ended June 30, 2014, the City’s governmental funds reported combined ending fund balances of \$11,037,414, and 25.54% of this total amount, \$2,819,208, is available for use within the City’s policies (“unassigned fund balances”).

At the end of fiscal year ended June 30, 2014, unassigned fund balance for the general fund was \$2,819,208 or 9.29% of total general fund expenditures and transfers out, which totaled \$30,333,761.

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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, 2010, through June 30, 2014, 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 Ordinance;
- (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 Ordinance.

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, 2015. 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 2015 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 2015 budget could materially vary from those projected in the 2015 budget shown below.

City of Buford
 General Fund Budget
for Fiscal Year Ending June 30, 2015

Estimated Revenues:	
Taxes.....	\$11,615,995
Licenses and Permits.....	2,121,000
Intergovernmental.....	20,393,000
Fines	145,500
Other Financial Services.....	<u>178,000</u>
Total Estimated Revenues.....	\$34,453,495
Estimated Expenditures:	
General Administration.....	25,253,000
Police Department.....	396,100
Public Works.....	<u>5,057,000</u>
Total Estimated Expenditures.....	\$30,706,100

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, 2014, actuarial valuation was as follows:

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

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, which rate was 13.79% of annual covered payroll for the plan year ending June 30, 2014. The rate was 14.60% of annual covered payroll for the plan year ending June 30, 2015. 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. The annual pension cost (“APC”) for years 2012 through 2014 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>
01/01/2012	\$682,696	100%	-0-
01/01/2013	734,655	100	-0-
01/01/2014	758,076	100	-0-

Funding Status and Funding Progress. As Of January 1, 2014, the most recent valuation date, the actuarial value of plan assets was \$6,572,276, the actuarial accrued liability for benefits was \$9,423,951, and the actuarial value of assets as a percentage of that actuarial accrued liability was 69.74% (funded ratio). The unfunded actuarial accrued liability was \$2,851,675. The covered payroll (annual payroll of active employees covered in the plan) was \$5,104,546, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 55.87%.

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 the City’s OPEB obligation was as follows for fiscal years 2012 through 2014:

<u>Fiscal Year</u> <u>Ending</u>	<u>OPEB</u> <u>Cost</u>	<u>Annual OPEB</u> <u>Cost</u> <u>Contributed</u>	<u>OPEB</u> <u>Obligation</u>
06/30/2012	\$919,428	15.26%	\$1,743,291
06/30/2013	907,061	15.89	2,506,237
06/30/2014	865,521	17.55	3,219,819

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

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 imposition of the Educational Sales Tax, 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, 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 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 opinion will be in substantially the form 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 Bonds.

The various legal opinions to be delivered concurrently with the delivery 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 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 Bond Ordinance by the City. The Bond 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 Bond 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 April 10, 2013, the President released his proposal for the “Budget of the United States Government, Fiscal Year 2014.” Among other things, this proposal calls for a limitation on the exclusion from gross income for federal income tax purposes of interest on tax-exempt bonds (including the Bonds) for any taxpayer whose income exceeds a certain threshold. A similar proposal was in the President’s fiscal year 2013 budget, released on February 13, 2012. On January 12, 2011, the President released and subsequently sent to Congress a legislative proposal known as the American Jobs Act of 2011, which also contained a similar limitation. None of the President’s proposals has 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).

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 opinion is 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 May 20, 2015, the Underwriter has agreed to purchase the Bonds at a price of \$37,565,973.10, which represents the par amount of the Bonds, \$33,050,000.00, less Underwriter's Discount of \$204,043.05, plus original issue premium of \$4,720,016.15. 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 Continuing Disclosure Certificate on the date of issuance and delivery of the Bonds, under the provisions of which it

shall covenant for the benefit of the beneficial owners of the Bonds to provide (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. The Annual Report and the notices of material events 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 (“**MSRB**”).

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, 2014, and will end June 30, 2015. 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 THE CONTINUING DISCLOSURE CERTIFICATE.”

In 1998, the City issued its \$5,800,000 City of Buford Water and Sewerage System Revenue Bonds, Series 1998 (the “**1998 Bonds**”). The City failed to file the required continuing disclosure reports in accordance with the Rule during the years 2010 through 2012. The 1998 Bonds were paid in full on January 1, 2013. The Municipal Gas Authority of Georgia issued its gas revenue bonds in 1998 and in 2000 for the benefit of the City (together, the “**MGAG Bonds**”). The City was an obligated party subject to the Rule for the MGAG Bonds. The required financial statements of the City were filed in years 2010, 2011, and 2012, but operating information was not timely filed for the MGAG Bonds. The MGAG Bonds were paid in full in February of 2013.

The Bonds will be the only current disclosure obligation of the City in accordance with the Rule.

Financial Statements

The general purpose financial statements of the City as of June 30, 2014, 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.

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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, 2014**

The general purpose financial statements of the City of Buford as of June 30, 2014, 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, 2014

**CITY OF BUFORD, GEORGIA
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INDEPENDENT AUDITORS' REPORT

WILCOX & BIVINGS, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

4485 Trench Road, Suite 1320

Suwanee, GA 30024

Phone: 770-904-0419

Fax: 770-904-5299

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
City of Buford, Georgia

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Buford, Georgia (the "City") as of and for the fiscal year ended June 30, 2014, 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.

AUDITORS' 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 on the report of the other auditors.

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

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

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

To the Board of Commissioners
City of Buford, Georgia

OPINIONS

In our opinion, 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, 2014, and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 3 through 10, the City of Buford Retirement Plan on page 53 and the City of Buford Postemployment Benefit Plan on page 54 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 compromise the City of Buford, Georgia's financial statements as a whole. The accompanying supplementary information which consist of the combining nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards, the Schedule of Projects Constructed and Expenditures Incurred with Special Sales Tax Proceeds, and the supplementary financial statements and schedules requested by management of the City of Buford are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards, the Schedule of Projects Constructed and Expenditures Incurred with Special Sales Tax Proceeds, and the supplementary financial statements and schedules requested by management of the City of Buford 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 nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards, the Schedule of Projects Constructed and Expenditures Incurred with Special Sales Tax Proceeds, and the supplementary financial statements and schedules requested by management of the City of Buford 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 AND OMB CIRCULAR A-133

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2015, 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's internal control over financial reporting and compliance.

In accordance with U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, we have also issued our report dated January 13, 2015, on our consideration of the City's internal control over compliance and on our tests of its compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2014.

The purpose of that report is to describe the scope of our testing of internal control over compliance and the results of that testing of its compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Buford, Georgia's major federal programs.

That report is an integral part of an audit performed in accordance with U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* in considering the City's internal control over compliance in relation to its compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of City of Buford, Georgia, Arkansas' major federal programs.

Wilcox & Bivings, P.C.

Suwanee, Georgia
January 13, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CITY OF BUFORD, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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, 2014. 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, 2014 by \$142,541,161 ("net position"). Of this amount, \$21,249,669 ("unrestricted net position") may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies as more fully described below. \$111,441,142 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 \$ 9,850,350.
- The City's total net position increased by \$7,757,523 in the fiscal year ended June 30, 2014.
- As of the close of the current fiscal year ended June 30, 2014, the City's governmental funds reported combined ending fund balances of \$11,037,414. 25.54% of this total amount, \$2,819,208 is available for use within the City's policies ("unassigned fund balances").
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,819,208 or 9.29% of total general fund expenditures and transfers out, which totaled \$30,333,761.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues ("governmental activities") from functions that are intended to recover all or a significant portion of their costs through user fees and charges ("business-type activities"). The 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). 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 12-13 of this reporting package.

OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED

Fund financial statements

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

Governmental Funds

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

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

The City maintains ten governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered to be a major fund. 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 14 to 18 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 19 to 21 of this reporting package.

Fiduciary Fund

The City maintains one fiduciary fund; an agency fund related to the Buford Board of Education SPLOST funds. The basic fiduciary fund financial statement can be found on page 23 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 24 to 53 of this reporting package.

Supplementary Information Required by GASB 34

Supplementary information required by GASB 34 consisting of pension and OPEB disclosures and nonmajor governmental funds can be found on pages 54 to 59 of this reporting package.

Reports and Schedules Required by *Government Auditing Standards* and the Single Audit Act

Reporting and schedules required by *Government Auditing Standards* and the Single Audit Act can be found on pages 60 to 68 of this reporting package.

Schedule Required by the State of Georgia

A schedule required by the State of Georgia related to SPLOST funds of the City can be found on page 69 of this reporting package.

**CITY OF BUFORD, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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 \$142,541,161 as of June 30, 2014.

The largest portion of the City's net position, totaling \$111,441,142 (78.18%) reflects its investments in capital assets (such as land, buildings and improvements, furniture, machinery and equipment, computer equipment, vehicles, utility systems and infrastructure); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, totaling \$9,850,350 (6.91%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$21,249,669 (14.91%) may be used to meet the government's ongoing obligations to citizens and creditors.

The governmental activities statement of position elements were for the most part steady in fiscal year 2014. The business-type activities current and other assets increased \$6,293,150 and unrestricted net position increased \$7,464,780, mainly due to increased revenue from utility charges in fiscal year 2014. The property tax rate decreased to 13.00 mills from 13.05.

As of June 30, 2014 and June 30, 2013, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its governmental activities. The unrestricted net position of business-type activities show a positive balance of \$20,489,867 as of June 30, 2014, and a positive balance of \$13,025,087 as of June 30, 2013.

CITY OF BUFORD, GEORGIA'S CONDENSED NET POSITION

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total - Primary Government</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 12,686,954	\$ 11,013,987	\$ 30,720,322	\$ 24,427,172	\$ 43,407,276	\$ 35,441,159
Capital assets	<u>61,913,915</u>	<u>60,239,302</u>	<u>56,958,291</u>	<u>59,033,270</u>	<u>118,872,206</u>	<u>119,272,572</u>
Total assets	<u>74,600,869</u>	<u>71,253,289</u>	<u>87,678,613</u>	<u>83,460,442</u>	<u>162,279,482</u>	<u>154,713,731</u>
Noncurrent liabilities	10,335,736	10,125,736	5,892,486	8,177,098	16,228,222	18,302,834
Other liabilities	<u>971,829</u>	<u>824,757</u>	<u>2,538,270</u>	<u>802,505</u>	<u>3,510,099</u>	<u>1,627,262</u>
Total liabilities	<u>11,307,565</u>	<u>10,950,493</u>	<u>8,430,756</u>	<u>8,979,603</u>	<u>19,738,321</u>	<u>19,930,096</u>
Net position:						
Investment in capital assets, net of related debt	54,482,851	52,312,482	56,958,291	59,033,270	111,441,142	111,345,752
Restricted	8,050,651	6,910,735	1,799,699	2,422,482	9,850,350	9,333,217
Unrestricted	<u>759,802</u>	<u>1,079,579</u>	<u>20,489,867</u>	<u>13,025,087</u>	<u>21,249,669</u>	<u>14,104,666</u>
Total net position	\$ <u>63,293,304</u>	\$ <u>60,302,796</u>	\$ <u>79,247,857</u>	\$ <u>74,480,839</u>	\$ <u>142,541,161</u>	\$ <u>134,783,635</u>

**CITY OF BUFORD, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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, 2014 and June 30, 2013. Governmental activities increased the City's net position by \$2,990,505 for the year ended June 30, 2014 and decreased net position by \$3,878,304 for the year ended June 30, 2013. Business-type activities increased the City's net position by \$4,767,018 for the year ended June 30, 2014 and increased net position by \$5,739,109 for the year ended June 30, 2013.

CITY OF BUFORD, GEORGIA'S CHANGES IN NET POSITION

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total-Primary Government</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2,353,294	\$ 2,104,543	\$ 63,032,709	\$ 54,000,074	\$ 65,386,003	\$ 56,104,617
Capital grants and Contributions	3,770,916	2,711,577	-	-	3,770,916	2,711,577
Operating grants	-	-	-	3,200	-	3,200
General revenues:						
Taxes	11,368,652	11,287,107	-	-	11,368,652	11,287,107
Franchise fees	832,023	821,713	-	-	832,023	821,713
Investment income	24,144	73,942	378,843	210,196	402,987	284,138
Miscellaneous	158,297	106,868	2,447,326	1,894,797	2,605,623	2,001,665
Total revenues	18,507,326	17,105,750	65,858,878	56,108,267	84,366,204	73,214,017
Expenses:						
General government	6,218,994	4,264,884	-	-	6,218,994	4,264,884
Public safety	323,018	219,866	-	-	323,018	219,866
Public services	4,241,905	5,675,960	-	-	4,241,905	5,675,960
Debt service	267,024	325,668	-	-	267,024	325,668
Intergovernmental - Board of Education	18,400,000	18,900,000	-	-	18,400,000	18,900,000
Gas system	-	-	23,198,146	18,908,906	23,198,146	18,908,906
Electric system	-	-	16,805,428	15,880,984	16,805,428	15,880,984
Solid waste and recycling	-	-	2,125,361	2,233,067	2,125,361	2,233,067
Wastewater system	-	-	2,231,142	2,342,139	2,231,142	2,342,139
Water system	-	-	1,614,673	1,648,017	1,614,673	1,648,017
Utilities Fund - Nondivisional	-	-	228,937	77,749	228,937	77,749
Community Center	-	-	954,053	875,972	954,053	875,972
Total expenses	29,450,941	29,386,378	47,157,740	41,966,834	76,608,681	71,353,212
Increases (decreases) in net position before transfers	(10,943,615)	(12,280,628)	18,701,138	14,141,433	7,757,523	1,860,805
Transfers - internal	13,934,120	8,402,324	(13,934,120)	(8,402,324)	-	-
Increases (decreases) in net position	2,990,505	(3,878,304)	4,767,018	5,739,109	7,757,523	1,860,805
Net position - beginning of year	60,302,799	64,181,103	74,480,839	68,741,730	134,783,638	132,922,833
Net position - end of year	\$ 63,293,304	\$ 60,302,799	\$ 79,247,857	\$ 74,480,839	\$ 142,541,161	\$ 134,783,638

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 \$11,037,414. \$8,050,651 (72.94%) of this total is restricted due to external limitations on its use. These uses include 1) capital projects funded by SPLOST funds (\$7,097,399), 2) debt service related to the 2010 GOB Bond (\$445,599), 3) education purposes (\$493,733, and 4) tourism promotion (\$13,920). \$167,555 (1.52%) of fund balances is considered unspendable because it has been used for prepaid items. \$2,819,208 (25.54%) constitutes unassigned fund balance.

The General Fund is the main operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,819,208, and total fund balance was \$3,480,496. 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 9.79% of total expenditures, while total fund balance represents 12.08% of that same amount.

The General Fund's fund balance increased by \$246,833 during the current fiscal year. Key factors are as follows:

- Total revenues increased by \$827,825. The main components of this increase were a decrease in property tax revenue of \$752,467, an increase in the new imposed motor vehicle title ad valorem tax fee of \$394,361 and an increase in intergovernmental revenue of \$986,429. Factors of the decrease in property tax revenue included a decrease the in millage rate from 13.05 to 13.00. The increase in intergovernmental revenue was due to the LCI and CDBG grants.
- Total expenditures only slightly decreased by \$52,887. Key components of this decrease in expenditures were increases in in Public Services - Highway and Street of \$246,788 and a budgeted decrease in intergovernmental payments to the City of Buford Board of Education of \$500,000. Significant changes in public services - highway and street included an increase in street paving of \$248,967.
- Other financing sources increased by \$5,806,497, due to an increase in budgeted transfers from the Utilities Fund. Other financing uses decreased by \$443,651 due to a decrease in transfers to the 2010 GOB debt service fund due to early principal retirement of paid in the prior year and an increase in transfers to the Buford Community Center, Town Park, and Theatre.

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 \$20,489,867, consisting of the Utilities Fund balance of \$20,502,636 and the Buford Community Center Fund of \$(12,769). The funds had a net position increase for the fiscal year totaling \$4,767,018, consisting of the Utilities Fund's increase of \$4,514,375 and the Buford Community Center fund's increase of \$252,643.

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 \$1,749,257 (6.46%). Financial administration increased \$1,753,884. Public Safety increased \$65,018. Public Services - Highway and Street decreased \$158,739. Public Services - Building Inspection increased \$62,432. Public Services - Culture and Recreation increased \$29,823. Public Services - Maintenance decreased \$3,161. There was no change in intergovernmental expenditures for the City of Buford Board of Education.

**CITY OF BUFORD, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2014, amounts to \$118,872,206, 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's governmental activities expended \$2,169,371 on construction in progress including \$1,420,319 on the Hill Street LCI project, \$260,174 on School Drive improvements, \$165,507 on Buford Highway engineering costs, and \$158,527 on the Lee Street Hardscape project.
- The City added a youth baseball park for \$99,351.
- The City added land for various governmental activities totaling \$1,126,735 and sold the Makita property acquired in fiscal year 2013 to the Buford Board of Education at its cost of \$905,960.
- The City added \$818,133 in streets, \$325,437 in sidewalks and \$236,228 in Streetscape projects.
- The City added \$986,852 to its Gas System, \$28,309 to its Electric System and \$482,254 to its Water and Waste Water System for improvements and expansion of the systems.
- The Electric Department and Gas Department added \$125,162 and \$64,473 in new trucks, respectively.
- Construction in progress totaled \$309,790 for the Gas System, \$175,580 for the Electric System and \$14,234 for the Water and Wastewater System.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total-Primary Government</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	\$ 11,698,517	\$ 11,477,742	\$ 202,663	\$ 202,663	\$ 11,901,180	\$ 11,680,405
Construction in progress	3,742,503	3,254,201	3,897,572	3,397,967	7,640,075	6,652,168
Utility system infrastructure	-	-	105,988,535	104,491,121	105,988,535	104,491,121
Buildings and improvements	31,793,104	31,750,690	9,734	9,734	31,802,838	31,760,424
City parks	4,523,238	4,423,887	-	-	4,523,238	4,423,887
Furniture and equipment	978,525	940,525	548,234	531,493	1,526,759	1,472,018
Sidewalks	612,087	286,650	-	-	612,087	286,650
Streets	13,830,768	13,012,635	-	-	13,830,768	13,012,635
Streetscapes & hardscapes	6,283,065	4,365,768	-	-	6,283,065	4,365,768
Vehicles	210,306	178,676	1,708,528	1,517,645	1,918,834	1,696,321
Accumulated depreciation	(11,758,198)	(9,451,472)	(55,396,975)	(51,117,353)	(67,155,173)	(60,568,265)
Total	\$ 61,913,915	\$ 60,239,302	\$ 56,958,291	\$ 59,033,270	\$ 118,872,206	\$ 119,272,570

Additional information on the City's capital assets can be found in note 5 in the notes to the basic financial statements on pages 36-38 of this reporting package.

**CITY OF BUFORD, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

DEBT ADMINISTRATION

At the end of the current fiscal year, the City had \$7,503,236 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>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
General obligation bonds	\$ <u>7,503,236</u>	\$ <u>8,003,236</u>	\$ _____	\$ _____	\$ <u>7,503,236</u>	\$ <u>8,003,236</u>
Total	\$ <u>7,503,236</u>	\$ <u>8,003,236</u>	\$ _____	\$ _____	\$ <u>7,503,236</u>	\$ <u>8,003,236</u>

The City's total debt (including compensated absences and other long-term operating liabilities) decreased from \$8,922,004 to \$8,294,379 during the current fiscal year, a decrease of \$627,625. Activity consisted of principal payments on general obligation bonds totaling \$500,000, a decrease in accrued costs for landfill post closure costs of \$129,312, and an increase in accrued compensated absences of \$1,687. Additional information on the City's long-term debt can be found in note 6 on pages 38-40 of this reporting package.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The area's economy continues to improve as Buford has come out of the recession with an uptick in business activity including housing, light manufacturing and warehousing and retail. Warehousing has been a particularly strong segment of the local economy with several projects underway and others planned. 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.

The South Hill Street Streetscape and Pedestrian Facility project was completed in 2014. A number of other capital projects are in the planning stages for 2015 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 was completed and this facility plays host to youth football, lacrosse, soccer and other events.

Water and sewer plant infrastructure evaluation continues along with sewer distribution system study for capital improvements. Numerous gas and electric extension and improvement projects were completed in 2014 and will continue in 2015. Work also continues with the Georgia Department of Transportation to widen Buford Highway to four lanes on the north side of the City.

Fiscal Year 2015 Budget

General Fund budgeted revenue and transfers in for the 2015 fiscal year total \$34,453,495, while General Fund budgeted expenditures and transfers out for the 2015 fiscal year total \$30,706,100.

Budgeted revenues for the Utilities Fund for the 2015 fiscal year include \$2,488,000 for the Waste Water System, \$1,403,000 for the Water System, \$3,430,000 for Solid Waste and Recycling, \$18,160,000 for the Electric System, \$35,071,827 for the Gas System and \$1,014,000 for Nondivisional revenues for a total of \$61,566,827. Budgeted expenditures and transfers out for fiscal year 2015 include \$3,981,000 for the Waste Water System, \$1,798,000 for the Water System, \$2,254,500 for Solid Waste and Recycling, \$16,522,000 for the Electric System, \$19,787,000 for the Gas System, and \$19,030,000 for Nondivisional expenditures and transfers out for a total of \$63,372,500.

REQUEST FOR INFORMATION

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

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

BASIC FINANCIAL STATEMENTS

**CITY OF BUFORD, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2014**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	06/30/12 City of Buford Board of Education
ASSETS				
Cash and cash equivalents	\$ 7,785,598	\$ 12,226,874	\$ 20,012,472	\$ 6,826,515
Investments	2,466,894	8,586,232	11,053,126	200,000
Receivables - net	913,217	2,748,972	3,662,189	1,997,265
Due from other governments	1,281,518	-	1,281,518	6,698,309
Prepaid expenses	167,555	144,521	312,076	164,746
Inventories	-	-	-	21,950
Restricted cash and cash equivalents	-	4,304,924	4,304,924	-
Restricted investments	-	2,708,799	2,708,799	-
Unamortized portion of bond issue costs	72,172	-	72,172	-
Capital assets being depreciated - net	46,472,895	52,858,056	99,330,951	49,656,824
Capital assets not being depreciated	<u>15,441,020</u>	<u>4,100,235</u>	<u>19,541,255</u>	<u>145,000</u>
Total assets	<u>\$ 74,600,869</u>	<u>\$ 87,678,613</u>	<u>\$ 162,279,482</u>	<u>\$ 65,710,609</u>
LIABILITIES				
Accounts payable	\$ 303,967	\$ 2,332,338	\$ 2,636,305	\$ 1,776,195
Accrued interest	130,227	-	130,227	-
Other accrued liabilities	37,635	205,932	243,567	3,713,422
Deferred revenue	-	-	-	233,040
General obligation bonds payable due in less than one year	500,000	-	500,000	-
Capital lease obligations due in less than one year	-	-	-	181,315
Customer deposits	-	5,214,024	5,214,024	-
Long-term liabilities, due in more than one year:				
General obligation bonds payable	7,003,236	-	7,003,236	-
Intergovernmental agreement	-	-	-	4,200,349
Accrued compensated absences	112,681	93,241	205,922	-
Net OPEB obligation	3,219,819	-	3,219,819	-
Accrued landfill closure and post-closure care costs	<u>-</u>	<u>585,221</u>	<u>585,221</u>	<u>-</u>
Total liabilities	<u>11,307,565</u>	<u>8,430,756</u>	<u>19,738,321</u>	<u>10,104,321</u>
NET POSITION				
Investment in capital assets, net of related debt	54,482,851	56,958,291	111,441,142	45,601,476
Restricted for:				
Construction	7,097,399	-	7,097,399	648,268
Municipal Competitive Trust	-	1,799,699	1,799,699	-
Education	493,733	-	493,733	-
Debt service	445,599	-	445,599	207,561
Other purposes	13,920	-	13,920	32,135
Unrestricted	<u>759,802</u>	<u>20,489,867</u>	<u>21,249,669</u>	<u>9,116,848</u>
Total net position	<u>\$ 63,293,304</u>	<u>\$ 79,247,857</u>	<u>\$ 142,541,161</u>	<u>\$ 55,606,288</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<u>Functions/Programs:</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government				
Governmental activities:				
General government:				
Financial and administration	\$ 6,218,994	\$ 1,930,277	\$ -	\$ -
Public safety:				
Public safety, Marshal and Code enforcement	323,018	-	-	-
Public services:				
Highway and street	1,980,240	12,892	-	3,770,916
Building inspection	249,932	291,948	-	-
Culture and recreation	1,349,394	118,177	-	-
Maintenance	662,339	-	-	-
Interest on long-term debt	267,024	-	-	-
Intergovernmental:				
Board of Education	<u>18,400,000</u>	-	-	-
Total governmental activities	<u>29,450,941</u>	<u>2,353,294</u>	-	<u>3,770,916</u>
Business-type activities:				
Gas system	23,198,146	37,955,373	-	-
Electric system	16,805,428	17,002,386	-	-
Solid waste and recycling	2,125,361	3,546,257	-	-
Wastewater system	2,231,142	2,144,701	-	-
Water system	1,614,673	859,858	-	-
Non-divisional utility	228,937	1,082,918	-	-
Community Center	<u>954,053</u>	<u>441,216</u>	-	-
Total business-type activities	<u>47,157,740</u>	<u>63,032,709</u>	-	-
Total primary government	<u>\$76,608,681</u>	<u>\$ 65,386,003</u>	\$ -	<u>\$ 3,770,916</u>
Component Unit				
City of Buford Board of Education	<u>\$38,394,122</u>	<u>\$ 2,805,544</u>	<u>\$ 15,500,682</u>	<u>\$ 152,512</u>

General revenues:
Taxes:
 Property
 Sales and excise
 Franchise fees
 Investment income
 Miscellaneous
Transfers - internal activity

Total general revenues and transfers

Change in net position

Net position at beginning of year

Net position at end of year

<u>Net (Expense) Revenue and Changes in Net Position</u>			<u>Component Unit 06/30/12 City of Buford Board of Education</u>
<u>Primary Government</u>			
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
\$(4,288,717)	\$ -	\$(4,288,717)	\$ -
(323,018)	-	(323,018)	-
1,803,568	-	1,803,568	-
42,016	-	42,016	-
(1,231,217)	-	(1,231,217)	-
(662,339)	-	(662,339)	-
(267,024)	-	(267,024)	-
<u>(18,400,000)</u>	<u>-</u>	<u>(18,400,000)</u>	<u>-</u>
<u>(23,326,731)</u>	<u>-</u>	<u>(23,326,731)</u>	<u>-</u>
-	14,757,227	14,757,227	-
-	196,958	196,958	-
-	1,420,896	1,420,896	-
-	(86,441)	(86,441)	-
-	(754,815)	(754,815)	-
-	853,981	853,981	-
<u>-</u>	<u>(512,837)</u>	<u>(512,837)</u>	<u>-</u>
<u>-</u>	<u>15,874,969</u>	<u>15,874,969</u>	<u>-</u>
<u>\$(23,326,731)</u>	<u>\$ 15,874,969</u>	<u>\$(7,451,762)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$(19,935,384)</u>
\$ 9,729,570	\$ -	\$ 9,729,570	\$ 9,427,679
1,639,082	-	1,639,082	3,037,224
832,023	-	832,023	-
24,144	378,843	402,987	17
158,297	2,447,326	2,605,623	1,591,074
<u>13,934,120</u>	<u>(13,934,120)</u>	<u>-</u>	<u>8,628,409</u>
<u>26,317,236</u>	<u>(11,107,951)</u>	<u>15,209,285</u>	<u>22,684,403</u>
2,990,505	4,767,018	7,757,523	2,749,019
<u>60,302,799</u>	<u>74,480,839</u>	<u>134,783,638</u>	<u>52,857,269</u>
<u>\$ 63,293,304</u>	<u>\$ 79,247,857</u>	<u>\$ 142,541,161</u>	<u>\$ 55,606,288</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 246,292	\$ 7,539,306	\$ 7,785,598
Investments - certificates of deposits	2,466,894	-	2,466,894
Property taxes receivable - net	700,209	-	700,209
Sales and excise tax receivables	-	62,648	62,648
Other receivables	150,360	-	150,360
Due from other governments	865,582	415,936	1,281,518
Interfund balances	421,128	-	421,128
Prepaid items	<u>167,555</u>	<u>-</u>	<u>167,555</u>
Total assets	\$ <u>5,018,020</u>	\$ <u>8,017,890</u>	\$ <u>13,035,910</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 264,123	\$ 39,844	\$ 303,967
Accrued expenses	37,635	-	37,635
Interfund balances	-	421,128	421,128
Deferred revenue	<u>1,235,766</u>	<u>-</u>	<u>1,235,766</u>
Total liabilities	<u>1,537,524</u>	<u>460,972</u>	<u>1,998,496</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	167,555		167,555
Restricted for:			
SPLOST construction projects	-	7,097,399	7,097,399
Tourism, conventions and trade shows	-	13,920	13,920
Debt service	-	445,599	445,599
Education	493,733	-	493,733
Unassigned	<u>2,819,208</u>	<u>-</u>	<u>2,819,208</u>
Total fund balances	<u>3,480,496</u>	<u>7,556,918</u>	<u>11,037,414</u>
Total liabilities and fund balances	\$ <u>5,018,020</u>	\$ <u>8,017,890</u>	\$ <u>13,035,910</u>

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, 2014**

Total fund balance - total governmental funds	\$ 11,037,414
 Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet:	61,913,915
Other long-term assets are not available to pay for current period expenditures, and therefore, are reported as deferred revenue (a liability) in governmental funds:	
Property tax revenue	1,235,766
 Long term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported in fund liabilities. Interest on long-term debt is not accrued in governmental funds, but is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position:	
General obligation bonds	(7,503,236)
Less: deferred charges - general obligation bond issuance costs	72,172
Accrued interest payable	(130,227)
Compensated absences	(112,681)
OPEB obligation	(<u>3,219,819</u>)
 Net position of governmental activities	 \$ <u>63,293,304</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

CITY OF BUFORD, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes - property	\$ 9,550,088	\$ -	\$ 9,550,088
Intergovernmental revenue	1,397,532	2,373,384	3,770,916
Charges for services	2,353,294	-	2,353,294
Taxes - sales and excise	1,428,148	210,934	1,639,082
Franchise fees	832,023	-	832,023
Miscellaneous income	158,297	-	158,297
Investment income	<u>17,268</u>	<u>6,876</u>	<u>24,144</u>
Total revenues	<u>15,736,650</u>	<u>2,591,194</u>	<u>18,327,844</u>
EXPENDITURES			
Current operating:			
General government:			
Financial and administration	5,428,384	-	5,428,384
Public safety:			
Public Safety, Marshal and Code enforcement	323,018	-	323,018
Public services:			
Highway and street	3,102,761	1,276,438	4,379,199
Building inspection	249,932	-	249,932
Culture and recreation	640,323	61,090	701,413
Maintenance	662,339	-	662,339
Intergovernmental:			
Buford Board of Education	18,400,000	-	18,400,000
Debt Service:			
Principal retirement	-	500,000	500,000
Interest and agent fees	<u>-</u>	<u>275,702</u>	<u>275,702</u>
Total expenditures	<u>28,806,757</u>	<u>2,113,230</u>	<u>30,919,987</u>
Excess (deficiency) of revenues over (under) expenditures	(13,070,107)	477,964	(12,592,143)
OTHER FINANCING SOURCES (USES)			
Transfers in	14,843,944	767,024	15,610,968
Transfers out	<u>(1,527,004)</u>	<u>(149,844)</u>	<u>(1,676,848)</u>
Total other financing sources (uses)	<u>13,316,940</u>	<u>617,180</u>	<u>13,934,120</u>
Change in fund balances	246,833	1,095,144	1,341,977
Fund balances at beginning of year	<u>3,233,663</u>	<u>6,461,774</u>	<u>9,695,437</u>
Fund balances at end of year	\$ <u>3,480,496</u>	\$ <u>7,556,918</u>	\$ <u>11,037,414</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, 2014**

Net change in fund balances - total governmental funds	\$ 1,341,977
 Amounts reported for governmental activities in the statement of activities are different because:	
 Governmental funds report capital outlays as expenditures. However, in the Government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital asset additions recorded in the current period:	3,981,340
 Depreciation expense on capital assets is reported in the government-wide statement of activities, but does not require the use of current financial resources, therefore, depreciation expense is not reported as an expenditure in the governmental funds:	(2,306,726)
 Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the increase (decrease) during the current year in deferred revenue that is earned but not collected:	
Property tax revenue	179,482
 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:	
Principal payments on general obligation bonds	500,000
Amortization expense	(4,246)
 Some expenses reported in the government-wide statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds:	
Accrued interest	8,678
Compensated absences	3,582
OPEB liability	(<u>713,582</u>)
 Change in net position of governmental activities	 \$ <u><u>2,990,505</u></u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

CITY OF BUFORD, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>General Fund</u>			Variance with Final budget Over (Under)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Taxes - property	\$ 9,692,500	\$ 9,692,500	\$ 9,550,088	\$ (142,412)
Charges for services	2,025,195	2,025,195	2,353,294	328,099
Taxes - sales and excise	1,038,400	1,038,400	1,428,148	389,748
Intergovernmental	920,000	920,000	1,397,532	477,532
Franchise fees	885,000	885,000	832,023	(52,977)
Miscellaneous	57,500	57,500	158,297	100,797
Investment income	<u>65,000</u>	<u>65,000</u>	<u>17,268</u>	<u>(47,732)</u>
Total revenues	<u>14,683,595</u>	<u>14,683,595</u>	<u>15,736,650</u>	<u>1,053,055</u>
EXPENDITURES				
Current operating:				
General government:				
Financial and administration	3,674,500	5,428,384	5,428,384	-
Public safety:				
Public safety, Marshal and Code enforcement	258,000	323,018	323,018	-
Public services:				
Highway and street	3,261,500	3,102,761	3,102,761	-
Building inspection	187,500	249,932	249,932	-
Culture and recreation	610,500	640,323	640,323	-
Maintenance	665,500	662,339	662,339	-
Intergovernmental:				
Board of Education	<u>18,400,000</u>	<u>18,400,000</u>	<u>18,400,000</u>	-
Total expenditures	<u>27,057,500</u>	<u>28,806,757</u>	<u>28,806,757</u>	-
Excess (deficiency) of revenues over (under) expenditures	<u>(12,373,905)</u>	<u>(14,123,162)</u>	<u>(13,070,107)</u>	<u>1,053,055</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	17,000,000	17,000,000	14,843,944	(2,156,056)
Transfers out	<u>(1,360,000)</u>	<u>(1,527,004)</u>	<u>(1,527,004)</u>	-
Net other financing sources (uses)	<u>15,640,000</u>	<u>15,472,996</u>	<u>13,316,940</u>	<u>(2,156,056)</u>
Change in fund balance	3,266,095	1,349,834	246,833	(1,103,001)
Fund balance at beginning of year	<u>3,233,663</u>	<u>3,233,663</u>	<u>3,233,663</u>	-
Fund balance at end of year	\$ <u>6,499,758</u>	\$ <u>4,583,497</u>	\$ <u>3,480,496</u>	\$ <u>(1,103,001)</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014**

	Utilities Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 12,226,874	\$ -	\$ 12,226,874
Investments	8,586,232	-	8,586,232
Accounts receivable, net	2,748,972	-	2,748,972
Prepaid expenses	<u>130,553</u>	<u>13,968</u>	<u>144,521</u>
Total current assets	<u>23,692,631</u>	<u>13,968</u>	<u>23,706,599</u>
Noncurrent assets:			
Restricted assets:			
Restricted cash and cash equivalents	4,304,924	-	4,304,924
Restricted investments	2,708,799	-	2,708,799
Capital assets - net	<u>56,958,291</u>	<u>-</u>	<u>56,958,291</u>
Total noncurrent assets	<u>63,972,014</u>	<u>-</u>	<u>63,972,014</u>
Total assets	<u>\$ 87,664,645</u>	<u>\$ 13,968</u>	<u>\$ 87,678,613</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 2,306,283	\$ 26,055	\$ 2,332,338
Other accrued liabilities	<u>205,250</u>	<u>682</u>	<u>205,932</u>
Total current liabilities	<u>2,511,533</u>	<u>26,737</u>	<u>2,538,270</u>
Noncurrent liabilities:			
Customer deposits payable	5,214,024	-	5,214,024
Accrued compensated absences	93,241	-	93,241
Accrued landfill closure and post-closure care costs	<u>585,221</u>	<u>-</u>	<u>585,221</u>
Total noncurrent liabilities	<u>5,892,486</u>	<u>-</u>	<u>5,892,486</u>
Total liabilities	<u>8,404,019</u>	<u>26,737</u>	<u>8,430,756</u>
NET POSITION			
Investment in capital assets	56,958,291	-	56,958,291
Unexpendable restricted net position:			
Restricted for:			
Municipal Competitive Trust - Electric	1,799,699	-	1,799,699
Unrestricted	<u>20,502,636</u>	<u>(12,769)</u>	<u>20,489,867</u>
Total net position	<u>\$ 79,260,626</u>	<u>\$(12,769)</u>	<u>\$ 79,247,857</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, 2014

	Utilities Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
OPERATING REVENUES			
Charges for services:			
Gas	\$ 37,955,373	\$ -	\$ 37,955,373
Electric	17,002,386	-	17,002,386
Solid waste and recycling	3,546,257	-	3,546,257
Wastewater	2,144,701	-	2,144,701
Water	859,858	-	859,858
Penalties	828,574	-	828,574
Service charges	254,344	-	254,344
Buford Community Center	<u>-</u>	<u>441,216</u>	<u>441,216</u>
Total charges for services	<u>62,591,493</u>	<u>441,216</u>	<u>63,032,709</u>
Miscellaneous:			
Other	<u>35,181</u>	<u>5,498</u>	<u>40,679</u>
Total miscellaneous	<u>35,181</u>	<u>5,498</u>	<u>40,679</u>
Total operating revenues	<u>62,626,674</u>	<u>446,714</u>	<u>63,073,388</u>
OPERATING EXPENSES			
Utilities purchased for resale	31,492,561	-	31,492,561
Personal services	4,720,499	220,127	4,940,626
Depreciation	4,279,622	-	4,279,622
Contractual services	2,209,366	203,145	2,412,511
Materials and supplies	1,911,988	62,599	1,974,587
Utilities	595,373	118,709	714,082
Repairs and maintenance	549,342	59,156	608,498
Event expenses	-	236,912	236,912
Other operating	<u>444,936</u>	<u>53,405</u>	<u>498,341</u>
Total operating expenses	<u>46,203,687</u>	<u>954,053</u>	<u>47,157,740</u>
Income (loss) from operations	16,422,987	(507,339)	15,915,648
NONOPERATING REVENUES (EXPENSES)			
Refunds and rebates	1,481,426	-	1,481,426
Off-system sales	924,425	-	924,425
Investment income	378,841	2	378,843
Miscellaneous income	896	-	896
Fiscal agents fees	<u>(100)</u>	<u>-</u>	<u>(100)</u>
Total nonoperating revenues (expenses)	<u>2,785,488</u>	<u>2</u>	<u>2,785,490</u>
Income (loss) before transfers	19,208,475	(507,337)	18,701,138
TRANSFERS IN (OUT)			
Transfers in	-	759,980	759,980
Transfers out	<u>(14,694,100)</u>	<u>-</u>	<u>(14,694,100)</u>
Total transfers in (out)	<u>(14,694,100)</u>	<u>759,980</u>	<u>(13,934,120)</u>
Change in net position	4,514,375	252,643	4,767,018
Total net position at beginning of year	<u>74,746,251</u>	<u>(265,412)</u>	<u>74,480,839</u>
Total net position at end of year	<u>\$ 79,260,626</u>	<u>\$ (12,769)</u>	<u>\$ 79,247,857</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Utilities Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
<i>CASH FLOWS FROM OPERATING ACTIVITIES:</i>			
Cash received - customers	\$ 62,516,495	\$ 441,216	\$ 62,957,711
Cash received - other operating sources	35,181	6,591	41,772
Cash payments - suppliers for goods and services	(37,684,780)	(796,894)	(38,481,674)
Cash payments - personal services	(4,715,229)	(220,127)	(4,935,356)
Cash payments - other funds	(987)	987	-
Net cash provided (used) by operating activities	<u>20,150,680</u>	<u>(568,227)</u>	<u>19,582,453</u>
<i>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</i>			
Transfers from other funds	-	568,225	568,225
Transfers to other funds	(14,694,100)	-	(14,694,100)
Net cash provided (used) by noncapital financing activities	<u>(14,694,100)</u>	<u>568,225</u>	<u>(14,125,875)</u>
<i>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</i>			
Purchases of capital assets	(2,204,644)	-	(2,204,644)
Fiscal charges paid	(100)	-	(100)
Net cash provided (used) by capital and related financing activities	<u>(2,204,744)</u>	<u>-</u>	<u>(2,204,744)</u>
<i>CASH FLOWS FROM INVESTING ACTIVITIES:</i>			
Purchase and sales of investments, net	(616,545)	-	(616,545)
Income from cash and investments and other	<u>2,785,589</u>	<u>2</u>	<u>2,785,591</u>
Net cash provided (used) by investing activities	<u>2,169,044</u>	<u>2</u>	<u>2,169,046</u>
Increase (decrease) in cash and cash equivalents	5,420,880	-	5,420,880
Cash and cash equivalents at beginning of year	<u>11,110,918</u>	<u>-</u>	<u>11,110,918</u>
Cash and cash equivalents at end of year	<u>\$ 16,531,798</u>	<u>\$ -</u>	<u>\$ 16,531,798</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA
STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	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	\$ 16,422,987	\$(507,339)	\$ 15,915,648
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:			
Cash flows reported in other categories:			
Depreciation	4,279,622	-	4,279,622
Change in assets and liabilities:			
Accounts receivable	(74,998)	1,093	(73,905)
Prepaid expenses	10,100	(165)	9,935
Accounts payable	(65,848)	(59,377)	(125,225)
Accrued compensated absences	5,270	-	5,270
Accrued landfill closure and post-closure care costs	(129,313)	-	(129,313)
Other accrued liabilities	10,885	(3,426)	7,459
Internal balances	(987)	987	-
Customer deposits	(307,038)	-	(307,038)
Net cash provided (used) by operating activities	\$ <u>20,150,680</u>	\$(<u>568,227</u>)	\$ <u>19,582,453</u>
<i>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET ASSETS:</i>			
Current assets - cash and cash equivalents	\$ 12,226,874	\$ -	\$ 12,226,874
Restricted assets - cash and cash equivalents	<u>4,304,924</u>	<u>-</u>	<u>4,304,924</u>
Total cash and cash equivalents at end of year	\$ <u>16,531,798</u>	\$ <u>-</u>	\$ <u>16,531,798</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**CITY OF BUFORD, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
BUFORD BOARD OF EDUCATION SPLOST IV FUND
JUNE 30, 2014**

Agency Fund

ASSETS

Cash and cash equivalents

\$ 9,951,298

Total assets

\$ 9,951,298

LIABILITIES

Held in trust - City of Buford Board of Education

\$ 9,951,298

Total liabilities

\$ 9,951,298

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.

**CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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 in the past, approved the issuance of bonded debt for the use of the BOE and is legally responsible for that debt. Thus, the BOE is a component unit of the City because it is fiscally dependent on the City. The amounts on the government-wide financial statements are from the BOE's audited financial statements for the year ending June 30, 2012, which were released on August 5, 2013 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 the Georgia Department of Audits, as allowed by Code of Georgia Annotated 50-6-6. These component financial statements can be obtained from the City of Buford Board of Education at 70 Wiley Drive, Buford, Georgia 30518.

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

City of Buford Downtown Development Authority - This Authority, while consisting of a board of directors, has had no financial activity for the year ended June 30, 2014 or in prior years.

BASIS OF PRESENTATION

Government-Wide Financial Statements

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

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all the City's assets and liabilities, including capital assets as well as infrastructure assets acquired after July 1, 1980 and long term liabilities, are included in the Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues of the City are reported in three categories: (1) charges for services, (2) operating grants and contributions, and (3) capital grants and contributions. There were no operating grants or contributions for the fiscal year ending June 30, 2014. 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

BASIS OF PRESENTATION - 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.

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, 2014.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

BASIS OF PRESENTATION - CONTINUED

Debt Service Fund

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

2010 General Obligation Bond Debt Service Fund

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

Capital Projects Funds

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

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

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

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

Proprietary Funds Financial Statements

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

BASIS OF PRESENTATION - CONTINUED

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.

USE OF RESTRICTED/UNRESTRICTED NET ASSETS

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

BUDGETS AND BUDGETARY ACCOUNTING

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

Budgeting Policy

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

**CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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/expenditures in the financial statements.

ACCOUNTS RECEIVABLE AND DEFERRED REVENUE

Accounts receivable are recorded in the General, Special Revenue, Capital Project and Proprietary Funds. Receivables are stated at their net realizable value (face value less the allowance for uncollectible accounts). Delinquent taxes receivable are fully reserved by the deferral of the related revenues until payment is received. Utility revenue is recorded when earned. The accrual of earned, but unbilled receivables is made at year-end and included in the accompanying financial statements. The Utilities Fund grants credit to utility customers, all of whom are located in North Georgia Counties. Allowances for doubtful accounts totaled \$568,005 for the General Fund and \$3,458,739 for the Utilities Fund. No allowance was considered necessary for any receivables in the special revenue or capital project funds.

PREPAID ITEMS

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

RESTRICTED CASH AND INVESTMENTS

Certain funds are held in the 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, 2014, as amounts stored for supplies and materials were not of a material nature at that date.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

USE OF ESTIMATES

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

PROPERTY TAX

Property Taxes - City property tax revenues are recognized when levied to the extent that they result in current receivables. Receivables outstanding more than 60 days after the fiscal year-end are recorded as deferred revenue in governmental funds. Taxes were levied on August 5, 2013, which is the date that the millage rate was established. Taxes are payable by November 20 and become delinquent and attach as an enforceable lien on that date. The City bills and collects property taxes, which are entirely related to and for the use of the Buford Board of Education. The millage rate for the 2013 tax digest was set at 13.00 mills.

CAPITAL ASSETS

Capital assets, which include property, plant and equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Capital assets utilized in the governmental funds are recorded as expenditures in the governmental fund financial statements. Depreciation expense is recorded in the government-wide financial statements and in the fund financial statements for proprietary funds. Repairs and maintenance are recorded as expenses and expenditures; renewal and betterments are capitalized. The City capitalizes interest costs as part of the cost of construction of various construction projects when material. There was no capitalized interest for the year ending June 30, 2014.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

CAPITAL ASSETS - CONTINUED

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 are 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, 2014, therefore no interest costs were charged to expense or capitalized for the year ended June 30, 2014.

BOND DISCOUNTS AND ISSUANCE COSTS

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

COMPENSATED ABSENCES

Compensated absences are recorded on the statement of activities in the government-wide financial statements and the statement of revenues, expenses, and changes in net 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 DEBT

Long-term debt is recorded on the balance sheet in the government-wide and proprietary funds financial statements, and any related interest expense is recorded on the statement of activities in the government-wide financial statements and the statement of revenues, expenses, and changes in net position in the proprietary funds financial statements.

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

FUND EQUITY

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

FUND EQUITY - CONTINUED

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.

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

**CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 2 - DEPOSITS AND INVESTMENTS - CONTINUED

Deposits - continued

Custodial credit risk - continued

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

Investments

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

As of June 30, 2014, the City had the following investments:

<u>Investment</u>	<u>Rating</u>	<u>Maturity</u>	<u>Fair Value</u>
<u>Primary Government</u>			
<u>Governmental activities</u>			
Certificates of Deposit	N/A	365 day	\$ 2,466,894
<u>Business-type activities</u>			
Certificates of Deposit	N/A	365 day	9,495,332
Municipal Competitive Trust:			
Intermediate Portfolio	N/A	10 year maximum	1,084
Intermediate Tax Restricted Portfolio	N/A	10 year maximum	<u>1,798,615</u>
Total			\$ <u>13,761,925</u>

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

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

CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 2 - DEPOSITS AND INVESTMENTS - CONTINUED

Investments - Continued

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

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

Concentration of Credit Risk - the City places no limit on the amount that the City may invest in any one issuer. 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	\$ 700,209	\$ -	\$ 700,209
Accounts	-	2,748,972	2,748,972
Other	<u>213,008</u>	-	<u>213,008</u>
Total current	<u>913,217</u>	<u>2,748,972</u>	<u>3,662,189</u>
Total receivables	\$ <u>913,217</u>	\$ <u>2,748,972</u>	\$ <u>3,662,189</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.

CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 4 - INTERFUND RECEIVABLES/PAYABLES AND TRANSACTIONS - CONTINUED

Interfund receivables and payables consisted of the following at June 30, 2014:

Fund	Interfund Receivables	Interfund Payables
General Fund:		
Hotel/Motel Tax Fund	\$ <u>421,128</u>	\$ _____ -
Total General Fund	<u>421,128</u>	_____ -
Non-Major Governmental Fund:		
Hotel/Motel Tax Fund - from General Fund	_____ -	<u>421,128</u>
Total Non-Major Governmental Fund	_____ -	<u>421,128</u>
Total	\$ <u>421,128</u>	\$ <u>421,128</u>

Interfund transactions consisted of the following for the year ending June 30, 2014:

	Transfers In	Transfers Out
General Fund:		
Utilities Fund	\$ 14,694,100	\$ _____ -
Hotel/Motel Tax Fund	149,844	_____ -
2010 GOB Debt Service Fund	-	767,024
Buford Civic Center Fund	_____ -	<u>759,980</u>
Total General Fund	<u>14,843,944</u>	<u>1,527,004</u>
Special Revenue Fund:		
Hotel/Motel Tax Fund - to General Fund	_____ -	<u>149,844</u>
Total Special Revenue Fund	_____ -	<u>149,844</u>
Debt Service Fund:		
2010 GOB Debt Service Fund - from General Fund	<u>767,024</u>	_____ -
Total Debt Service Fund	<u>767,024</u>	_____ -
Proprietary Fund:		
Utilities Fund - to General Fund	-	14,694,100
Buford Civic Center Fund - from General Fund	<u>759,980</u>	_____ -
Total Proprietary Fund	<u>759,980</u>	<u>14,694,100</u>
Totals	\$ <u>16,370,948</u>	\$ <u>16,370,948</u>

CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 4 - INTERFUND RECEIVABLES/PAYABLES AND TRANSACTIONS - CONTINUED

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the General Fund and 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 GOB bond obligations.

NOTE 5 - CAPITAL ASSETS

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

	<u>Balance July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2014</u>
GOVERNMENTAL ACTIVITIES:				
Not being depreciated:				
Land	\$ 9,563,480	\$ 1,126,735	\$(905,960)	\$ 9,784,255
Land - schools	1,914,262	-	-	1,914,262
Construction in progress	<u>3,254,201</u>	<u>2,169,371</u>	<u>(1,681,069)</u>	<u>3,742,503</u>
Subtotal	<u>14,731,943</u>	<u>3,296,106</u>	<u>(2,587,029)</u>	<u>15,441,020</u>
Other capital assets:				
Buildings and improvements	31,750,690	42,414	-	31,793,104
City parks	4,423,887	99,351	-	4,523,238
Equipment	301,176	38,000	-	339,176
Furniture and fixtures	639,349	-	-	639,349
Sidewalks	286,650	325,437	-	612,087
Streets	13,012,635	818,133	-	13,830,768
Streetscapes and hardscapes	4,365,768	1,917,297	-	6,283,065
Vehicles	<u>178,676</u>	<u>31,630</u>	-	<u>210,306</u>
Subtotal	<u>54,958,831</u>	<u>3,272,262</u>	-	<u>58,231,093</u>
Accumulated depreciation:				
Buildings and improvements	(3,360,132)	(1,058,356)	-	(4,418,488)
City parks	(176,955)	(176,955)	-	(353,910)
Equipment	(198,032)	(20,920)	-	(218,952)
Furniture and fixtures	(491,011)	(63,935)	-	(554,946)
Sidewalks	(117,652)	(17,916)	-	(135,568)
Streets	(3,433,058)	(650,632)	-	(4,083,690)
Streetscapes and hardscapes	(1,559,006)	(302,342)	-	(1,861,348)
Vehicles	<u>(115,626)</u>	<u>(15,670)</u>	-	<u>(131,296)</u>
Subtotal	<u>(9,451,472)</u>	<u>(2,306,726)</u>	-	<u>(11,758,198)</u>
Net other capital assets	<u>45,507,359</u>	<u>965,536</u>	-	<u>46,472,895</u>
Total capital assets	\$ <u>60,239,302</u>	\$ <u>4,261,642</u>	\$ <u>(2,587,029)</u>	\$ <u>61,913,915</u>

**CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 5 - CAPITAL ASSETS - CONTINUED

Depreciation was charged to functions as follows:

Governmental activities:

General government	
Financial and administration	\$ 333,016
Public Safety	
Public safety, Marshal and Code enforcement	-
Public Services	
Highway and street	1,074,325
Building inspection	-
Culture and recreation	899,385
Maintenance	<u>-</u>

Total governmental activities depreciation expense \$ **2,306,726**

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

	<u>Balance July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2014</u>
BUSINESS-TYPE ACTIVITIES:				
Not being depreciated:				
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	-	309,790
Construction in progress - Electric	-	175,581	-	175,581
Construction in progress - Water & waste water	<u>3,397,967</u>	<u>14,234</u>	<u>-</u>	<u>3,412,201</u>
Subtotal	<u>3,600,630</u>	<u>499,605</u>	<u>-</u>	<u>4,100,235</u>
Other capital assets:				
Buildings - Electric	3,728	-	-	3,728
Buildings - Gas	6,006	-	-	6,006
Equipment - Electric	130,635	-	-	130,635
Equipment - Gas	201,495	16,741	-	218,236
Equipment - Water & waste water	192,254	-	-	192,254
Furniture & fixtures - Water & waste water	7,109	-	-	7,109
Utility plant - Electric	18,964,347	28,309	-	18,992,656
Utility plant - Gas	58,561,476	986,851	-	59,548,327
Utility plant - Water & waste water	26,965,298	482,254	-	27,447,552
Vehicles - Electric	310,666	125,162	-	435,828
Vehicles - Gas	634,747	64,473	-	699,220
Vehicles - Solid waste & recycling	428,721	-	-	428,721
Vehicles - Water & waste water	<u>143,511</u>	<u>1,248</u>	<u>-</u>	<u>144,759</u>
Subtotal	<u>\$ 106,549,993</u>	<u>\$ 1,705,038</u>	<u>\$ -</u>	<u>\$ 108,255,031</u>

**CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 5 - CAPITAL ASSETS - CONTINUED

Accumulated depreciation:

Buildings - Electric	\$ (3,728)	\$ -	\$ -	\$ (3,728)
Buildings - Gas	(6,006)	-	-	(6,006)
Equipment - Electric	(119,843)	(2,097)	-	(121,940)
Equipment - Gas	(190,702)	(2,098)	-	(192,800)
Equipment - Water & waste water	(185,504)	(750)	-	(186,254)
Furniture & fixtures - Water & waste water	(7,109)	-	-	(7,109)
Utility plant - Electric	(10,554,295)	(948,217)	-	(11,502,512)
Utility plant - Gas	(24,154,346)	(2,296,103)	-	(26,450,449)
Utility plant - Water and waste water	(14,579,753)	(984,971)	-	(15,564,724)
Vehicles - Electric	(306,666)	(1,000)	-	(307,666)
Vehicles - Gas	(560,064)	(24,220)	-	(584,284)
Vehicles - Solid waste & recycling	(305,826)	(20,166)	-	(325,992)
Vehicles - Water & waste water	(<u>143,511</u>)	-	-	(<u>143,511</u>)
Subtotal	(<u>51,117,353</u>)	(<u>4,279,622</u>)	-	(<u>55,396,975</u>)
Net other capital assets	<u>55,432,640</u>	(<u>2,574,584</u>)	-	<u>52,858,056</u>
Net capital assets	\$ <u>59,033,270</u>	\$ (<u>2,074,979</u>)	\$ -	\$ <u>59,958,291</u>

Depreciation was charged to functions as follows:

Business-type activities:

Electric	\$ 951,314
Gas	2,322,420
Solid Waste and Recycling System	20,166
Waste Water	492,861
Water	<u>492,861</u>

Total business-type activities depreciation expense **\$ 4,279,622**

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2014:

<u>Type of Debt</u>	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2014</u>	<u>Amounts Due within One Year</u>
Governmental activities:					
General Obligation Bonds	\$ 8,003,236	\$ -	\$(500,000)	\$ 7,503,236	\$ 500,000
Compensated absences	<u>116,263</u>	-	<u>3,582</u>	<u>112,681</u>	-
Total general long-term debt	\$ <u>8,119,499</u>	\$ -	\$ (<u>503,582</u>)	\$ <u>7,615,917</u>	\$ <u>500,000</u>
Business-type activities:					
Accrued landfill closure and post closure care	714,533	-	(129,312)	585,221	-
Compensated absences	<u>87,972</u>	<u>5,269</u>	-	<u>93,241</u>	-
Total proprietary fund debt	\$ <u>802,505</u>	\$ <u>5,269</u>	\$ (<u>129,312</u>)	\$ <u>678,462</u>	\$ -

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

**CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 6 - LONG-TERM DEBT - CONTINUED

GOVERNMENTAL ACTIVITIES

As of June 30, 2014, the governmental long-term debt of the financial reporting entity consisted of the following:

GENERAL OBLIGATION BONDS PAYABLE

City of Buford General Obligation Bonds - 2010 Issue

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

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

Amount of original issue	\$ 10,000,000
Less: amount redeemed	(2,496,764)
 Net amount outstanding June 30, 2014 - total general obligation bonds payable	 7,503,236
Less: current maturities	<u>500,000</u>
 Long-term maturities	 \$ <u>7,003,236</u>

ANNUAL DEBT SERVICE REQUIREMENTS

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2014, are as follows:

GENERAL OBLIGATION BONDS PAYABLE

<u>Year Ending June 30,</u>	<u>Governmental-type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2015	\$ 500,000	\$ 258,238	\$ 758,238
2016	500,000	240,738	740,738
2017	500,000	223,238	723,238
2018	500,000	205,738	705,738
2019	500,000	188,238	688,238
2020-2024	2,500,000	678,691	3,178,691
2025-2029	<u>2,503,236</u>	<u>241,191</u>	<u>2,744,427</u>
 Total	 \$ <u>7,503,236</u>	 \$ <u>2,036,072</u>	 \$ <u>9,539,308</u>

COMPENSATED ABSENCES

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

Noncurrent portion	\$ <u>112,681</u>
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**CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 6 - LONG-TERM DEBT - CONTINUED

BUSINESS-TYPE ACTIVITIES:

As of June 30, 2014, 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 \$ 93,241

NOTE 7 - RESTRICTED GOVERNMENT-WIDE ASSETS

Business-type activities

Restricted assets are composed of the following at June 30, 2014:

	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
Municipal Competitive Trust	\$ -	\$ 1,799,699	\$ 1,799,699
Restricted for Customer Deposits	<u>4,304,924</u>	<u>909,100</u>	<u>5,214,024</u>
Total	\$ <u>4,304,924</u>	\$ <u>2,708,799</u>	\$ <u>7,013,723</u>

NOTE 8 - RESTRICTED FUND ASSETS

Proprietary Funds

Restricted assets are composed of the following at June 30, 2014:

	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
Municipal Competitive Trust	\$ -	\$ 1,799,699	\$ 1,799,699
Restricted for Customer Deposits	<u>4,304,924</u>	<u>909,100</u>	<u>5,214,024</u>
Total	\$ <u>4,304,924</u>	\$ <u>2,708,799</u>	\$ <u>7,013,723</u>

NOTE 9 - LIABILITIES PAYABLE FROM GOVERNMENT-WIDE RESTRICTED ASSETS

Business-type activities

Liabilities payable from restricted assets are composed of the following at June 30, 2014:

Customer Deposits	\$ <u>5,214,024</u>
Total	\$ <u>5,214,024</u>

**CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 10 - LIABILITIES PAYABLE FROM FUND RESTRICTED ASSETS

Proprietary Funds

Liabilities payable from restricted assets are composed of the following at June 30, 2014:

Customer Deposits	\$ <u>5,214,024</u>
Total	\$ <u>5,214,024</u>

NOTE 11 - FUND BALANCE

The City governmental fund balances are restricted for specific purposes or as required by bond ordinances or higher levels of governments. As of June 30, 2014, the restrictions are as follows:

Governmental Funds

Nonspendable:

Prepaid items	\$ 167,555
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Restricted for:

General Fund for education	493,733
Special Revenue Fund for tourism, conventions and trades shows	13,920
Capital Projects Funds for assets that are reserved for SPLOST funded projects	7,097,399
Debt Service Funds for payment of 2010 General Obligation Bonds debt service	445,599

NOTE 12 - RESTRICTED NET POSITION

Governmental Activities

Restricted net position is comprised of the following at June 30, 2014:

Restricted for:

SPLOST funded projects	\$ 7,097,399
Education	493,733
2010 General Obligation Bonds debt service	445,599
Tourism, conventions and trade shows	<u>13,920</u>
Total net position restricted for governmental-type activities	\$ <u>8,050,651</u>

Business-type Activities

Restricted net position is comprised of the following at June 30, 2014:

Restricted for:

Municipal Competitive Trust	\$ <u>1,799,699</u>
Total net position restricted for business-type activities	\$ <u>1,799,699</u>

NOTE 13 - PENSION PLAN

Plan Description

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

Eligibility Requirements

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

Officials: no waiting period

Normal Retirement Age

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

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

Early Retirement Age

Employees and officials: 55 +10

Benefit Formula

Employees: 1.00% to 1.75%

Officials Benefits

\$76

Vesting

Employees and officials: 10 years

Significant Accounting Policies

The City uses accounting policies consistent with recognition of liabilities and expenses in the Government-Wide, Governmental Funds and Proprietary Funds financial statements as described in Note 1. Employer contributions are recognized in the period in which the contributions are due. The information provided is available in actuarial valuations prepared as of January 1, 2014 for the plan year beginning July 1, 2014. The plan year runs from July 1 to June 30 annually.

NOTE 13 - PENSION PLAN - CONTINUED

Funding Policy

BRP members are not required and do not contribute to BRP. BRP is a noncontributory plan. The City is required to contribute at an actuarially determined rate; the rate was 13.79% of annual covered payroll for the plan year ending June 30, 2014. The rate was 14.60% of annual covered payroll for the plan year ending June 30, 2015. The contribution requirements of the City are established and may be amended by the GMEBS Board of Trustees. The funding policy for the plan is to contribute an amount equal to the recommended contribution each year. The recommended contribution meets the guidelines of GASB Statement No. 27.

Plan Changes

There were no changes in plan provisions, methods or actuarial assumptions at January 1, 2014.

Effect of Plan Changes on the Actuarial Accrued Liability

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

Effect of Plan Changes on Recommended Contributions

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

Annual Pension Cost

For the plan year ending June 30, 2014, the annual pension cost (APC) of \$734,655 was equal to the required and actual contributions. For the plan year ending June 30, 2015, the annual pension cost is \$758,076.

Funding Status and Funding Progress

As Of January 1, 2014, the most recent valuation date, the actuarial value of plan assets was \$6,572,276, the actuarial accrued liability for benefits was \$9,423,951, and the actuarial value of assets as a percentage of that actuarial accrued liability was 69.74% (funded ratio). The unfunded actuarial accrued liability was \$2,851,675. The covered payroll (annual payroll of active employees covered in the plan) was \$5,104,546, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 55.87%.

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, 2014.

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

Methods and Assumptions

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

Actuarial Cost Method:

Projected unit credit

CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 13 - PENSION PLAN - CONTINUED

Methods and Assumptions - Continued

Amortization Method:

Closed level dollar method for remaining unfunded liability

Remaining Amortization Period:

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

Asset Valuation Method

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

Actuarial Assumptions

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

Plan Membership as of January 1, 2014 actuarial valuation

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

Trend information

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

APC TREND INFORMATION

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

NOTE 14 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - OPEB

Plan Description

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

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

Employees eligible for the plan include the following:

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

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

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

Summary of Significant Accounting Policies

The City uses accounting policies consistent with recognition of liabilities and expenses in the Government-Wide financial statements as described in Note 1 and with GASB Statements No. 43 and 45. The City has chosen the pay-as-you-go method of funding the Plan, and as of June 30, 2014, 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 \$713,582 for the year ended June 30, 2014 and a net OPEB obligation of \$3,219,819 based upon an actuarial valuation performed as of January 1, 2012 for the year ending June 30, 2014. This was recorded in the General Fund.

Annual OPEB Cost and Net OPEB Obligation

The City's latest actuarial valuation was performed for the Plan as of January 1, 2012 to determine the funded status of the Plan as of that date as well as the employer's annual required contribution (ARC) for the period according to the parameters of GASB 45. The ARC is the amount calculated to determine the annual cost of the Plan for accounting purposes *as if* the Plan were being funded through contributions to a trust fund. The GASB standards do not require that the contributions actually be made to a trust fund. The ARC is used to measure annual plan costs on an accrual basis. The calculation represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 25 years. The City's recorded annual OPEB cost includes the annual required contribution of \$946,388 plus interest of \$100,249, reduced by the current year contributions in the amount of \$151,939 and the ARC adjustments of \$181,116 for a net total of \$713,582.

**CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

The City's annual OPEB cost, the percentage of annual cost contributed to the Plan, and the net OPEB obligation as of June 30, 2014 based on a pay-as-you-go plan, is as follows:

Net OPEB Obligation (NOO):

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

<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 06/30/14 (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

Funding Status and Funding Progress

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

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

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

Methods and Assumptions

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

Actuarial Cost Method:

Projected unit credit

**CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

Amortization Method:

Level dollar closed, 25 years

Remaining Amortization Period:

22 years as of July 11, 2011

Asset Valuation Method

Market value

Actuarial Assumptions

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

NOTE 15 - HOTEL/MOTEL LODGING TAX

The City has levied a hotel/motel lodging tax 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 Lanier Convention and Visitors Bureau); the remaining 2/7 (28.57%) is spent on "tourism product development" such as our 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, 2014 follows:

Total hotel/motel tax receipts collected @ 7%	\$ 210,934
Less: 71.43% of hotel/motel tax collected @ 7%	(<u>150,670</u>)
Tax collected to be expended for the promotion of tourism, conventions and trade shows	60,264
Expenditures for promotion of tourism, conventions and trade shows	(<u>61,090</u>)
Collections over (under) expenditures for year ended June 30, 2014	(826)
Hotel/motel tax funds to be expended for year ended June 30, 2013	<u>13,583</u>
Hotel/motel tax funds to be expended at June 30, 2014	\$ <u>12,757</u>

The City expenditures are in compliance with state law and totaled 101.3% of the amounts collected for the year ending June 30, 2014. Remaining funds to be expended at the year ended 2014 are the result of collections from lawsuits for prior years and interest income.

NOTE 16 - EXCESS EXPENDITURES OR EXPENSES OVER APPROPRIATIONS

The City had no excess expenditures or expenses over appropriations for the year ending June 30, 2014.

NOTE 17 - DEFICIT FUND BALANCES/RETAINED EARNINGS

The Buford Community Center Fund had a deficit in retained earnings at June 30, 2014 totaling \$12,769.

NOTE 18 - DEFERRED COMPENSATION PLAN

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

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

NOTE 19 - LITIGATION

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

NOTE 20 - COMMITMENTS AND CONTINGENT LIABILITIES

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

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

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

MEAG has issued bonds for the purpose of providing power generation and transmission and telecommunication facilities. The City is contingently liable for their pro rata share of the bonds as a power purchase cost until they are retired. The City's contingent contractual obligation varies by individual MEAG project and totals approximately \$83,828,413 as of June 30, 2014. 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 20 - COMMITMENTS AND CONTINGENT LIABILITIES - CONTINUED

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

Gas System. The City has entered into the Gas Supply Contract and certain Supplemental Gas Supply Contracts with the Municipal Gas Authority of Georgia ("MGAG") under which the City buys natural gas for resale to its customers. Under such contracts with MGAG, the City is obligated to take from MGAG, and MGAG is obligated to provide, all of the City's natural gas requirements. The price paid by the City to MGAG under its contracts is intended to cover the City's share of all the costs of MGAG, including scheduled debt service of MGAG. Such payments are required to be made by the City whether or not MGAG's facilities or natural gas properties or any part thereof are operating or operable or the output there from is interrupted, interfered with, curtailed or terminated in whole or in part, or whether or not any of its natural gas suppliers or transporters defaults in its obligations under its gas supply or transportation contracts with MGAG. To the extent the required payments are not made from the revenues of the System or other funds, the City is required to include in its general revenue or appropriation measure or annual tax levy amounts sufficient to make such payments. The City is contingently liable for its pro-rata share of MGAG's debt in the amount of \$19,899,789 of as June 30, 2014. The contingent obligations of the City are general obligations of the City to which the City's full faith credit and taxing powers are pledged.

NOTE 21 - RISK MANAGEMENT

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

NOTE 22 - TRANSACTIONS WITH COMPONENT UNITS AND OTHER RELATED ENTITIES

For the year ended June 30, 2014, The City incurred the following expenditures and transfers relating to the City of Buford Board of Education, a component unit of the City. For additional information, see Note 1.

General Fund

Transfers and expenditures to City of Buford Board of Education	<u>\$18,400,000</u>
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Agency Fund

Amounts from SPLOST funds held in trust for the City of Buford Board of Education totaled \$9,951,298 as of June 30, 2014.

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, 2014 totaling \$6,195.

**CITY OF BUFORD, GEORGIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 23 - SPECIAL PURPOSE LOCAL OPTION SALES TAX PROGRAM

The Gwinnett County Board of Commissioners approves execution of contractual agreements with the cities of the county in regards to SPLOST allocations. Subsequent to that approval, the City executes contracts with the County to receive those funds. The City's allocation is based upon a base amount, population and land area. Parks and Recreation allocations must be used for recreational facilities and Transportation allocations must be used for roads, streets, bridges, sidewalks or bicycle paths as defined by Official Code of Georgia Annotated Section 48-8-111(a)(1). The SPLOST 2005 agreement with Gwinnett County originally funded projects in the estimated amount of \$7,829,062. This included \$5,579,062 for roads, street and bridges, \$1,000,000 for recreational facilities, \$1,000,000 for administrative facilities, and \$250,000 for parking facilities. The estimated amounts have been amended, including interest earned, to \$6,233,687 for roads, streets and bridges, \$1,000,000 for recreational facilities, \$1,000,000 for administrative facilities and \$250,000 for parking facilities for a total of \$8,367,944.

The SPLOST 2009 agreement with Gwinnett County originally funded projects in the estimated amount of \$9,637,101. Estimated project budgets include \$5,960,000 for roads, street and bridges, \$1,677,101 for recreational facilities, and \$2,000,000 for water and sewer capital improvements. The estimated amounts have been amended to \$4,627,295 for roads, streets and bridges, \$1,302,087 for recreational facilities and \$1,552,783 for water and sewer capital improvements for a total of \$7,482,165.

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

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

The City has reached an agreement with Hall County to expend their 2009 and 2012 SPLOST funds for roads, streets and bridges and has received \$74,372 for Hall County 2009 SPLOST and \$1,366,667 for 2012 Hall County SPLOST to date.

There were no revenues related to the SPLOST 2005 Gwinnett County Agreement, the Rest Haven 2001 SPLOST or the Rest Haven 2005 SPLOST for the year ended June 30, 2014. Revenues related to SPLOST 2009 totaled \$1,174,669 from the Gwinnett County agreement and \$17,162 from the Hall County Agreement. Revenues related to SPLOST 2012 for the Hall County agreement totaled \$760,000. Revenues related to SPLOST 2014 totaled \$421,553 from the Gwinnett County agreement. SPLOST revenues from all sources totaled \$2,373,384 during the year ended June 30, 2014. The following is a schedule of the activity relating to these projects for the year ending June 30, 2014:

Gross Special Sales Tax Received and Receivable	\$ <u>2,373,384</u>
Project Expenditures:	
SPLOST - Gwinnett County - Roads, streets and bridges - 09	1,188,679
SPLOST - Hall County - Roads, streets and bridges - 12	<u>87,759</u>
Total project expenditures	<u>1,276,438</u>
Net (over) under expended for year ended June 30, 2014	\$ <u>1,096,946</u>

**CITY OF BUFORD, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 24 - JOINT VENTURE

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

NOTE 25 - GRANTS

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

NOTE 26 - MUNICIPAL COMPETITIVE TRUST AGREEMENT

The City has entered into a Municipal Competitive Trust (the "trust") agreement with the Municipal Electric Authority of Georgia ("MEAG"). The City purchases for resale, electric power from MEAG. The City is a beneficiary of the trust, and the City and MEAG may deposit monies in the trust. Monies are held by the trustee for the cities benefit on an individual participant basis, and are invested in investment securities. The City has recorded the assets in the 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, 2014, amounts in the accounts include \$3,089,550 in the Flexible Operating account, \$1,798,615 in the Reserve Funded Debt account and \$1,084 in the Credit Support Operating account.

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

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

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

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

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

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

GASB 18 requires that all closure and post-closure costs be recognized by the time the landfill was closed, and further states that all accounting changes adopted to conform to the provisions of the Statement should be applied retroactively for MSWLF's that are no longer accepting wastes. It also states the adjustments resulting from a change to comply with this statement should be treated as an adjustment of prior periods. For these reasons, an adjustment to beginning retained earnings was made during the year ended June 30, 2002 to reflect the accrual of a liability in the enterprise fund in the amount of \$1,195,450. This accrual is being reviewed periodically by engineers, and additional expense of \$292,244 was recognized and accrued for the year ending June 30, 2007. The remaining liability as of June 30, 2014 totaled \$585,221.

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

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

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

NOTE 28 - SUBSEQUENT EVENTS

The management of the City has evaluated subsequent events through January 13, 2015.

On January 5, 2015, the City Commission adopted an Ordinance and Resolution to regulate and provide for the calling of a special municipal election on March 17, 2015 to determine the issuance or non-issuance of City of Buford General Obligation Bonds in the aggregate principal amount of \$35,000,000 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.

For the fiscal year ended June 30, 2015, the City will be required to adopt GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This statement will require the City to change how it reports its pension plan in its financial statements and related notes. The City will be required to report its Net Pension Liability on its Statement of Net Position, as well as, deferred outflows of resources related to pensions, and deferred inflows of resources related to pensions. The adoption of this standard will result in an adjustment to its Governmental Activities unassigned net position (deficit) as of July 1, 2014.

NOTE 29 - SIGNIFICANT ESTIMATES AND CONCENTRATIONS

Current Economic Environment

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

**SUPPLEMENTARY INFORMATION
REQUIRED BY GASB 34**

**CITY OF BUFORD, GEORGIA
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) – Entry Age (b)</u>	<u>Unfunded (Surplus) AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
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%

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, 2014.

**CITY OF BUFORD, GEORGIA
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

CITY OF BUFORD POSTEMPLOYMENT BENEFIT PLAN

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

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b)-(a)/(c)
03/01/08	\$ -	\$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%

Net OPEB Obligation (NOO)

Annual Required Contribution (a)	Interest on Existing NOO (b)	ARC Adjustment (c)	Annual OPEB Cost (a+b+c) (d)	Actual Contribution Amount (e)	Net Increase In NOO (d-e) (f)	NOO as of 06/30/13 (g)
\$ 420,024	\$ -	\$ -	\$ 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

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

COMBINING FINANCIAL STATEMENTS NON-MAJOR GOVERNMENTAL FUNDS

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, 2014.

DEBT SERVICE FUND

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

CAPITAL PROJECTS FUNDS

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

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

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

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

**CITY OF BUFORD, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF JUNE 30, 2014**

	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECT FUNDS	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	\$ 390,523	\$ 445,599	\$ 6,703,184	\$ 7,539,306
Sales and excise tax receivable	62,648	-	-	62,648
Due from other governments	<u>-</u>	<u>-</u>	<u>415,936</u>	<u>415,936</u>
Total assets	\$ <u>453,171</u>	\$ <u>445,599</u>	\$ <u>7,119,120</u>	\$ <u>8,017,890</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 18,123	\$ -	\$ 21,721	\$ 39,844
Due to other funds	<u>421,128</u>	<u>-</u>	<u>-</u>	<u>421,128</u>
Total liabilities	<u>439,251</u>	<u>-</u>	<u>21,721</u>	<u>460,972</u>
FUND BALANCES				
Restricted for:				
Tourism, conventions and trade shows	13,920	-	-	13,920
Debt Service	-	445,599	-	445,599
SPLOST construction projects	<u>-</u>	<u>-</u>	<u>7,097,399</u>	<u>7,097,399</u>
Total fund balances	<u>13,920</u>	<u>445,599</u>	<u>7,097,399</u>	<u>7,556,918</u>
Total liabilities and fund balances	\$ <u>453,171</u>	\$ <u>445,599</u>	\$ <u>7,119,120</u>	\$ <u>8,017,890</u>

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CITY OF BUFORD, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENNDING JUNE 30, 2014

	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
REVENUES				
Taxes - sales and excise	\$ 210,934	\$ -	\$ -	\$ 210,934
Intergovernmental revenue	-	-	2,373,384	2,373,384
Investment income	<u>337</u>	-	<u>6,539</u>	<u>6,876</u>
Total revenues	<u>211,271</u>	<u>-</u>	<u>2,379,923</u>	<u>2,591,194</u>
EXPENDITURES				
Current operating:				
Public services:				
Culture and recreation	61,090		-	61,090
Capital outlay	-		1,276,438	1,276,438
Debt service:				
Principal retirement	-	500,000	-	500,000
Interest and fiscal agent fees	<u>-</u>	<u>275,702</u>	-	<u>275,702</u>
Total expenditures	<u>61,090</u>	<u>775,702</u>	<u>1,276,438</u>	<u>2,113,230</u>
Excess (deficiency) of revenues over (under) expenditures	<u>150,181</u>	<u>(775,702)</u>	<u>1,103,485</u>	<u>477,964</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	767,024	-	767,024
Transfers out	<u>(149,844)</u>	<u>-</u>	<u>-</u>	<u>(149,844)</u>
Total other financing sources (uses)	<u>(149,844)</u>	<u>767,024</u>	<u>-</u>	<u>617,180</u>
Change in fund balances	337	(8,678)	1,103,485	1,095,144
Fund balances - beginning	<u>13,583</u>	<u>454,277</u>	<u>5,993,914</u>	<u>6,461,774</u>
Fund balances - ending	\$ <u><u>13,920</u></u>	\$ <u><u>445,599</u></u>	\$ <u><u>7,097,399</u></u>	\$ <u><u>7,556,918</u></u>

**CITY OF BUFORD, GEORGIA
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 AS OF JUNE 30, 2014**

NON-MAJOR CAPITAL PROJECTS FUNDS

	GWINNETT COUNTY 2005 SPLOST	GWINNETT COUNTY 2009 SPLOST	GWINNETT COUNTY 2014 SPLOST	HALL COUNTY 2009 SPLOST	HALL COUNTY 2012 SPLOST	REST HAVEN 2001 SPLOST
Assets						
Cash and cash equivalents	\$ 354	\$ 4,756,953	\$ 135,111	\$ 71,624	\$ 1,153,046	\$ 19,621
Due from other governments	<u>-</u>	<u>-</u>	<u>286,452</u>	<u>2,817</u>	<u>126,667</u>	<u>-</u>
Total assets	\$ <u>354</u>	\$ <u>4,756,953</u>	\$ <u>421,563</u>	\$ <u>74,441</u>	\$ <u>1,279,713</u>	\$ <u>19,621</u>
Liabilities						
Accounts payable	\$ <u>-</u>	\$ <u>21,721</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Total liabilities	<u>-</u>	<u>21,721</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances						
Restricted:						
Capital projects	<u>354</u>	<u>4,735,232</u>	<u>421,563</u>	<u>74,441</u>	<u>1,279,713</u>	<u>19,621</u>
Total fund balances	<u>354</u>	<u>4,735,232</u>	<u>421,563</u>	<u>74,441</u>	<u>1,279,713</u>	<u>19,621</u>
Total liabilities and fund balances	\$ <u>354</u>	\$ <u>4,756,953</u>	\$ <u>421,563</u>	\$ <u>74,441</u>	\$ <u>1,279,713</u>	\$ <u>19,621</u>

<u>REST HAVEN 2005 SPLOST</u>	<u>TOTAL NONMAJOR CAPITAL PROJECTS FUNDS</u>
\$ 566,475	\$ 6,703,184
<u>-</u>	<u>415,936</u>
\$ <u>566,475</u>	\$ <u>7,119,120</u>
\$ <u>-</u>	\$ <u>21,721</u>
<u>-</u>	<u>21,721</u>
<u>566,475</u>	<u>7,097,399</u>
<u>566,475</u>	<u>7,097,399</u>
\$ <u>566,475</u>	\$ <u>7,119,120</u>

**CITY OF BUFORD, GEORGIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014**

NON-MAJOR CAPITAL PROJECTS FUNDS						
	GWINNETT COUNTY 2005 SPLOST	GWINNETT COUNTY 2009 SPLOST	GWINNETT COUNTY 2014 SPLOST	HALL COUNTY 2009 SPLOST	HALL COUNTY 2012 SPLOST	REST HAVEN 2001 SPLOST
Revenues						
Intergovernmental revenue	\$ -	\$ 1,174,669	\$ 421,553	\$ 17,162	\$ 760,000	\$ -
Investment income	<u>1</u>	<u>5,111</u>	<u>10</u>	<u>64</u>	<u>764</u>	<u>20</u>
Total revenues	<u>1</u>	<u>1,179,780</u>	<u>421,563</u>	<u>17,226</u>	<u>760,764</u>	<u>20</u>
Expenditures						
Capital outlay	-	<u>1,188,679</u>	-	-	<u>87,759</u>	-
Total expenditures	-	<u>1,188,679</u>	-	-	<u>87,759</u>	-
Changes in fund balances	1	(8,899)	421,563	17,226	673,005	20
Fund balances-beginning	<u>353</u>	<u>4,744,131</u>	-	<u>57,215</u>	<u>606,708</u>	<u>19,601</u>
Fund balances-ending	\$ <u>354</u>	\$ <u>4,735,232</u>	\$ <u>421,563</u>	\$ <u>74,441</u>	\$ <u>1,279,713</u>	\$ <u>19,621</u>

<u>REST HAVEN 2005 SPLOST</u>	<u>TOTAL NONMAJOR CAPITAL PROJECTS FUNDS</u>
\$ -	\$ 2,373,384
<u>569</u>	<u>6,539</u>
<u>569</u>	<u>2,379,923</u>
<u>-</u>	<u>1,276,438</u>
<u>-</u>	<u>1,276,438</u>
569	1,103,485
<u>565,906</u>	<u>5,993,914</u>
\$ <u>566,475</u>	\$ <u>7,097,399</u>

**REPORTS AND SCHEDULES REQUIRED BY
GOVERNMENT AUDITING STANDARDS AND
THE SINGLE AUDIT ACT**

WILCOX & BIVINGS, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

4485 Tench Road, Suite 1320

Suwanee, GA 30024

Phone: 770-904-0419

Fax: 770-904-5299

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

To the Board of Commissioners
City of Buford, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Buford, Georgia, as of and for the fiscal year ended June 30, 2014, 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 January 13, 2015. Our report includes a reference to other auditors who audited the financial statements of the City of Buford Board of Education, as described in our report on the City of Buford, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

To the Board of Commissioners
City of Buford, Georgia

Purpose of this Report

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

Wilcox & Bivings, P.C.

Suwanee, Georgia
January 13, 2015

WILCOX & BIVINGS, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

4485 Tench Road, Suite 1320

Suwanee, GA 30024

Phone: 770-904-0419

Fax: 770-904-5299

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To 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 Circular A-133 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, 2014. 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 the requirements of laws, regulations, contracts and grants applicable to each of its major 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 OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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.

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

Opinion on Each Major Federal Program

In our opinion, the City of Buford, Georgia complied, in all materials respects, with the types of compliance requirements referred to above that could have a direct and material affect on each of its major federal programs for the year ended June 30, 2014.

To 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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Wilcox & Bivings, P.C.

Suwanee, Georgia
January 13, 2015

**CITY OF BUFORD, GEORGIA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2014**

Federal Grantor/Program or Cluster Title/Pass-through Grantor	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development:</u>			
Office of Community Planning and Development:			
Community Development Block Grants/Gwinnett County	14.218		\$ <u>245,000</u>
Total U.S. Department of Housing and Urban Development			<u>245,000</u>
<u>U.S. Department of Transportation:</u>			
Federal Highway Administration:			
L30 Surface Transportation Program/Georgia Department of Transportation	20.205	CSSTP-0008-00(906)	<u>1,028,635</u>
Total U.S. Department of Transportation			<u>1,028,635</u>
Total Expenditures of Federal Awards			\$ <u><u>1,273,635</u></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, 2014**

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal awards activity of the City of Buford, Georgia under programs of the federal government for the year ended June 30, 2014. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of, the basic financial statements. In addition, because the Schedule presents only a selected portion of the operations of the City of Buford, Georgia, it is not intended to and does not represent the financial position, changes in net position, or cash flows of the City of Buford, Georgia.

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 of State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity numbers are presented where available.

**CITY OF BUFORD, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

SECTION I-SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of Auditors' Report Issued:

- ❖ Unqualified.

Internal Control Over Financial Reporting:

- ❖ No material weaknesses identified.
- ❖ No significant deficiencies identified.
- ❖ No noncompliance material to financial statements noted.

FEDERAL AWARDS

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

- ❖ Unqualified

Internal Control Over Major Programs:

- ❖ No material weaknesses identified.
- ❖ No significant deficiencies identified.
- ❖ No audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.

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.
- ❖ CFDA #20.205 - Department of Transportation/Federal Highway Administration/Georgia Department of Transportation/L230 Surface Transportation Program-Urban (STPU)/Livable Centers Initiative.
- ❖ The threshold for distinguishing Types A and B programs was \$300,000.
- ❖ The City of Buford, Georgia did not qualify as a low-risk auditee.

SECTION II - FINANCIAL STATEMENT FINDINGS

- ❖ None

SECTION III I FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

- ❖ None

**CITY OF BUFORD, GEORGIA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014**

Findings - Financial Statement Audit @ June 30, 2013:

- ❖ None.

Findings and Questioned Costs - Major Federal Awards Programs Audit @ June 30, 2013:

- ❖ N/A - Single Audit not required.

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

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2014**

- ❖ **As there were no findings for the year ended June 30, 2014, 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, 2014**

PROJECT DESCRIPTION:	AMOUNT CURRENTLY ESTIMATED FOR EACH PROJECT	AMOUNT EXPENDED IN PRIOR YEARS	ESTIMATED AMOUNT EXPENDED IN CURRENT YEAR	PERCENTAGE OF COMPLETION OF EACH PROJECT
Rest Haven-Recreational facilities-01	\$ 90,874	\$ 71,279	\$ -	78.44%
Gwinnett County-Roads, streets, bridges-05	6,233,687	6,233,687	-	100.00%
Gwinnett County-Recreational facilities-05	1,000,000	1,000,000	-	100.00%
Gwinnett County-Administrative facilities-05	1,000,000	1,000,000	-	100.00%
Gwinnett County-Parking facilities-05	250,000	250,000	-	100.00%
Rest Haven-Roads, streets, bridges-05	546,785	-	-	00.00%
Hall County-Roads, streets, bridges-09	74,372	-	-	00.00%
Hall County-Roads, streets, bridges-12	1,366,667	-	87,759	06.42%
Gwinnett County-Roads, streets, bridges-09	4,627,295	498,582	1,188,679	36.46%
Gwinnett County-Recreational facilities-09	1,302,087	1,200,000	-	92.16%
Gwinnett County-Water & Sewer-09	1,552,783	-	-	00.00%
Gwinnett County-Recreational facilities-14	4,172,696	-	-	00.00%
Gwinnett County-Transportation-14	<u>1,788,299</u>	<u>-</u>	<u>-</u>	00.00%
Totals	\$ <u>24,005,545</u>	\$ <u>10,253,548</u>	\$ <u>1,276,438</u>	

Amounts estimated for each project are as follows:

	AMOUNT ORIGINALLY ESTIMATED FOR EACH PROJECT	ADDITIONS (DELETIONS) TO PROJECT BUDGET	AMOUNT CURRENTLY ESTIMATED FOR EACH PROJECT
Rest Haven-Recreational facilities-01	\$ -	\$ 90,874	\$ 90,874
Gwinnett County-Roads, streets, bridges-05	5,579,062	654,625	6,233,687
Gwinnett County-Recreational facilities-05	1,000,000	-	1,000,000
Gwinnett County-Administrative facilities-05	1,000,000	-	1,000,000
Gwinnett County-Parking facilities-05	250,000	-	250,000
Rest Haven-Roads, streets, bridges-05	296,785	250,000	546,785
Hall County-Roads, streets, bridges-09	25,732	48,640	74,372
Hall County-Roads, streets, bridges-12	606,667	760,000	1,366,667
Gwinnett County-Roads, streets, bridges-09	5,960,000	(1,332,705)	4,627,295
Gwinnett County-Recreational facilities-09	1,677,101	(375,014)	1,302,087
Gwinnett County-Water & Sewer-09	2,000,000	(447,217)	1,552,783
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>
Totals	\$ <u>24,356,342</u>	\$ <u>(350,797)</u>	\$ <u>24,005,545</u>

**SUPPLEMENTARY FINANCIAL STATEMENTS
AND SCHEDULES REQUESTED BY MANAGEMENT**

GENERAL FUND

**CITY OF BUFORD, GEORGIA - GENERAL FUND
BALANCE SHEET
AS OF JUNE 30, 2014**

ASSETS

Cash and cash equivalents	\$ 246,292
Investments - certificates of deposit	2,466,894
Property taxes receivable - net	700,209
Other receivables	150,360
Due from other governments	865,582
Prepaid items	167,555
Due from Hotel/Motel Tax Fund	<u>421,128</u>
Total assets	\$ <u>5,018,020</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 264,123
Accrued expenses	37,635
Deferred revenue	<u>1,235,766</u>
Total liabilities	<u>1,537,524</u>

FUND BALANCE

Restricted for:	
Education and scholarships	493,733
Prepaid items	167,555
Unassigned	<u>2,819,208</u>
Total fund balance	<u>3,480,496</u>
Total liabilities and fund balance	\$ <u>5,018,020</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - GENERAL FUND
BALANCE SHEET
AS OF JUNE 30, 2013**

ASSETS

Cash and cash equivalents	\$ 339,270
Investments - certificates of deposit	1,877,887
Property taxes receivable - net	695,589
Other receivables	130,667
Due from other governments	733,715
Prepaid items	190,013
Due from Buford Community Center Fund	191,755
Due from Hotel/Motel Tax Fund	<u>271,284</u>
Total assets	\$ <u>4,430,180</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 118,370
Accrued expenses	21,863
Deferred revenue	<u>1,056,284</u>
Total liabilities	<u>1,196,517</u>

FUND BALANCE

Restricted for:	
Education and scholarships	462,544
Prepaid items	190,013
Unassigned	<u>2,581,106</u>
Total fund balance	<u>3,233,663</u>
Total liabilities and fund balance	\$ <u>4,430,180</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - CURRENT TO PRIOR YEAR
BY FUNCTION
FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013**

	<u>06/30/14</u>	<u>06/30/13</u>	<u>INCREASE/ DECREASE</u>
REVENUES			
General property taxes	\$ 10,899,816	\$ 11,325,264	\$(425,448)
General sales and use taxes	90,693	7,953	82,740
Selective sales and use taxes	70,941	65,265	5,676
Business taxes	2,076,392	1,890,574	185,818
Other taxes	8,258	4,123	4,135
Penalties and interest on delinquent taxes	126,163	192,052	(65,889)
Business licenses	444,288	445,481	(1,193)
Regulatory fees	291,948	202,698	89,250
Intergovernmental	1,403,727	417,298	986,429
Charges for services	124,868	158,423	(33,555)
Fines and fees	23,569	19,071	4,498
Investment income	17,268	73,359	(56,091)
Miscellaneous	<u>158,719</u>	<u>107,264</u>	<u>51,455</u>
Total revenues	<u>15,736,650</u>	<u>14,908,825</u>	<u>827,825</u>
EXPENDITURES			
Current operating:			
General government:			
Financial and general administration	6,848,684	6,849,165	(481)
Public safety:			
Public safety, Marshal and Code enforcement	323,018	246,000	77,018
Public services:			
Highway and street	3,102,761	2,855,973	246,788
Building inspection	249,932	215,446	34,486
Culture and recreation	640,323	555,050	85,273
Maintenance	662,339	658,310	4,029
Intergovernmental:			
Buford Board of Education	<u>18,400,000</u>	<u>18,900,000</u>	<u>(500,000)</u>
Total expenditures	<u>30,227,057</u>	<u>30,279,944</u>	<u>(52,887)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,490,407)</u>	<u>(15,371,119)</u>	<u>880,712</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	16,264,244	9,037,447	7,226,797
Transfers out	<u>(1,527,004)</u>	<u>(1,970,655)</u>	<u>443,651</u>
Net other financing sources (uses)	<u>14,737,240</u>	<u>7,066,792</u>	<u>7,670,448</u>
Excess (deficiency) of revenues and other sources (uses) over (under) expenditures	246,833	(8,304,327)	8,551,160
Fund balance at beginning of year	<u>3,233,663</u>	<u>11,537,990</u>	<u>(8,304,327)</u>
Fund balance at end of year	\$ <u>3,480,496</u>	\$ <u>3,233,663</u>	\$ <u>246,833</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - CURRENT TO PRIOR YEAR
BY CLASSIFICATION
FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013**

	<u>06/30/14</u>	<u>06/30/13</u>	<u>INCREASE/ DECREASE</u>
REVENUES			
General property taxes	\$ 10,899,816	\$ 11,325,264	\$ (425,448)
General sales and use taxes	90,693	7,953	82,740
Selective sales and use taxes	70,941	65,265	5,676
Business taxes	2,076,392	1,890,574	185,818
Other taxes	8,258	4,123	4,135
Penalties and interest on delinquent taxes	126,163	192,052	(65,889)
Business licenses	444,288	445,481	(1,193)
Regulatory fees	291,948	202,698	89,250
Intergovernmental	1,403,727	417,298	986,429
Charges for services	124,868	158,423	(33,555)
Fines and fees	23,569	19,071	4,498
Investment income	17,268	73,359	(56,091)
Miscellaneous revenues	<u>158,719</u>	<u>107,264</u>	<u>51,455</u>
Total revenues	<u>15,736,650</u>	<u>14,908,825</u>	<u>827,825</u>
EXPENDITURES			
Buford Board of Education	18,400,000	18,900,000	(500,000)
Salaries and wages - regular employees	3,084,032	3,015,465	68,567
LCI Hill Street project	1,420,319	76,279	1,344,040
Group insurance	1,223,169	1,297,043	(73,874)
Sites and land	1,126,735	998,087	128,648
Retirement	391,817	364,673	27,144
Repairs and maintenance	353,099	375,525	(22,426)
Sidewalks - Buford Highway	325,437	43,773	281,664
School Drive improvements	260,174	-	260,174
Street paving	248,967	-	248,967
Engineering fees	239,916	164,943	74,973
Payroll tax	227,660	224,004	3,656
Energy - electricity	197,389	212,883	(15,494)
Main Street railroad columns	187,445	-	187,445
Temporary employees	183,861	74,868	108,993
Legal and accounting	180,309	182,877	(2,568)
Lee Street Hardscape Project #8002	158,527	46,100	112,427
General supplies and materials	152,259	200,675	(48,416)
Highway lawn maintenance	130,663	116,267	14,396
Ring Fund expense	123,030	85,455	37,575
Workers compensation	118,848	87,059	31,789
New youth baseball park	99,351	-	99,351
Insurance - property and liability	98,236	94,765	3,471
Energy - gasoline and diesel	84,961	82,876	2,085
Prisoner detail	78,419	90,751	(12,332)
Computer expense	73,154	100,231	(27,077)
New BHS gym	61,932	11,519	50,413
Rental of equipment and vehicle	59,962	63,376	(3,414)
Payments to others	59,438	58,650	788
Telephone	52,909	29,749	23,160
Buford community activities	49,975	45,492	4,483
Main Street TEA Project Phase V	48,784	446,356	(397,572)
New Buford Community Center	42,414	1,787,991	(1,745,577)
Shop supplies	39,251	51,071	(11,820)
Washington Street improvements	38,690	-	38,690
Equipment	38,000	11,200	26,800
Property tax refunds	36,882	78,703	(41,821)
Storm water repairs	35,916	25,703	10,213
Printing and binding	35,199	17,759	17,440
Contract labor	33,949	14,519	19,430
Ballfield expense	32,355	25,915	6,440
Vehicles	31,630	42,984	(11,354)
Miscellaneous	28,785	15,355	13,430
Tennis expense	23,702	8,989	14,713

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - CURRENT TO PRIOR YEAR
BY CLASSIFICATION - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013**

	<u>06/30/14</u>	<u>06/30/13</u>	<u>INCREASE/ DECREASE</u>
EXPENDITURES - CONTINUED			
Pavilion - youth sports complex	\$ 23,673	\$ -	\$ 23,673
School	22,924	21,204	1,720
Cleaning - City Hall	21,594	18,682	2,912
Lawn maintenance - schools	21,488	40,434	(18,946)
New rec gym	21,414	-	21,414
Tourism promotion	20,957	39,727	(18,770)
Dues and subscriptions	19,880	37,717	(17,837)
Lawncare - City Hall	17,806	17,806	-
HiperWeb	16,660	-	16,660
American Legion lease	15,000	30,000	(15,000)
Energy excise tax - Gwinnett	14,871	1,287	13,584
Student scholarships	13,000	-	13,000
Mobile telephone expense	12,681	11,429	1,252
Advertising	11,916	11,427	489
Moreno Street Streetscape	11,037	-	11,037
Postage and freight	10,686	10,665	21
School bus maintenance	7,310	-	7,310
Parks and recreation - football fields	6,865	-	6,865
County property taxes	4,550	3,890	660
Administrative expense	4,517	4,149	368
Zoning Board	4,300	4,350	(50)
Master Fund charges	3,172	1,765	1,407
Education and training	1,297	1,874	(577)
LCI - Hill Street sewer improvements	1,232	-	1,232
Rental of land and building	677	770	(93)
Cemetery expansion	-	190,145	(190,145)
Gateway grant	-	156,822	(156,822)
Demo Head Start	-	56,000	(56,000)
Morningside Drive improvements	-	41,780	(41,780)
Social Security	-	3,711	(3,711)
Harris Street improvements	-	2,875	(2,875)
Refunds to customers	-	1,255	(1,255)
Buford Academy project	-	250	(250)
Total expenditures	<u>30,227,057</u>	<u>30,279,944</u>	<u>(52,887)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,490,407)</u>	<u>(15,371,119)</u>	<u>880,712</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	16,264,244	9,037,447	7,226,797
Transfers out	<u>(1,527,004)</u>	<u>(1,970,655)</u>	<u>443,651</u>
Net other financing sources (uses)	<u>14,737,240</u>	<u>7,066,792</u>	<u>7,670,448</u>
Excess (deficiency) of revenues and other sources (uses) over (under) expenditures	246,833	(8,304,327)	8,551,160
Fund balance at beginning of year	<u>3,233,663</u>	<u>11,537,990</u>	<u>(8,304,327)</u>
Fund balance at end of year	\$ <u>3,480,496</u>	\$ <u>3,233,663</u>	\$ <u>246,833</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - DEPARTMENTAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Financial & General Administration	Marshall	Highway & Street	Building Inspection	Culture & Recreation	Maintenance	Buford Board of Education
REVENUES:							
General property taxes	\$ 1,974,393	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,925,423
General sales and use taxes	90,693	-	-	-	-	-	-
Selective sales and use fees	70,941	-	-	-	-	-	-
Business taxes	2,076,392	-	-	-	-	-	-
Other taxes	8,258	-	-	-	-	-	-
Penalties and interest on delinquent taxes	126,163	-	-	-	-	-	-
Business licenses	444,288	-	-	-	-	-	-
Regulatory fees	-	-	-	291,948	-	-	-
Intergovernmental	6,195	-	1,397,532	-	-	-	-
Charges for services	5,499	-	12,892	-	106,477	-	-
Fines and fees	23,569	-	-	-	-	-	-
Investment income	17,268	-	-	-	-	-	-
Miscellaneous revenues	158,719	-	-	-	-	-	-
Total revenues	5,002,378	-	1,410,424	291,948	106,477	-	8,925,423
EXPENDITURES:							
Buford Board of Education	-	-	-	-	-	-	18,400,000
Salaries and wages - regular employees	1,273,600	184,601	1,017,183	66,299	182,202	360,147	-
LCI Hill Street project	1,420,319	-	-	-	-	-	-
Group insurance	426,545	64,346	512,365	19,644	82,734	117,535	-
Sites and land	1,126,735	-	-	-	-	-	-
Retirement	95,505	12,857	198,357	9,183	22,040	53,875	-
Repairs and maintenance	37,238	5,324	250,219	2,660	28,423	29,235	-
Sidewalks - Buford Highway	325,437	-	-	-	-	-	-
School Drive improvements	260,174	-	-	-	-	-	-
Street paving	-	-	248,967	-	-	-	-
Engineering fees	80,668	-	58,302	100,946	-	-	-
Payroll tax	90,329	13,991	77,109	5,022	13,823	27,386	-
Energy - electricity	63,492	312	51,639	-	69,942	12,004	-
Main Street R/R columns	187,445	-	-	-	-	-	-
Temporary employees	-	-	119,401	4,040	60,420	-	-
Legal and accounting	180,309	-	-	-	-	-	-
Lee Street Hardscape Project #8002	158,527	-	-	-	-	-	-
General supplies and materials	67,087	12,313	51,946	1,342	13,000	6,571	-
Highway lawn maintenance	-	-	130,663	-	-	-	-
Ring Fund expense	123,030	-	-	-	-	-	-
Workers compensation	30,811	6,599	56,807	3,767	8,225	12,639	-
New youth baseball park	99,351	-	-	-	-	-	-
Insurance - property and liability	23,225	11,070	42,661	4,555	6,593	10,132	-
Energy - gasoline and diesel	10,990	5,532	47,439	9,200	4,800	7,000	-

Prisoner detail	-	-	78,419	-	-	-	-
Computer expense	72,980	174	-	-	-	-	-
New BHS gym	61,932	-	-	-	-	-	-
Rental of equipment and vehicle	57,101	-	461	-	633	1,767	-
Payments to others	-	-	-	-	59,438	-	-
Telephone	49,927	-	1,311	-	1,671	-	-
Buford community activities	49,975	-	-	-	-	-	-
Main Street TEA Project Phase V	48,784	-	-	-	-	-	-
New Buford Community Center	42,414	-	-	-	-	-	-
Shop supplies	-	-	39,251	-	-	-	-
Washington Street improvements	-	-	38,690	-	-	-	-
Equipment	-	-	38,000	-	-	-	-
Property tax refunds	36,882	-	-	-	-	-	-
Storm water repairs	-	-	35,916	-	-	-	-
Printing and binding	29,970	-	-	5,229	-	-	-
Contract labor	-	-	-	4,742	29,207	-	-
Ballfield expense	-	-	-	-	32,355	-	-
Vehicles	31,630	-	-	-	-	-	-
Miscellaneous	21,750	2,459	1,795	101	120	2,560	-
Tennis expense	-	-	-	-	23,702	-	-
Pavilion - youth sports complex	23,673	-	-	-	-	-	-
School	22,924	-	-	-	-	-	-
Cleaning - City Hall	21,594	-	-	-	-	-	-
Lawn maintenance - schools	-	-	-	-	-	21,488	-
New rec gym	21,414	-	-	-	-	-	-
Tourism promotion	20,957	-	-	-	-	-	-
Dues and subscriptions	19,502	-	-	378	-	-	-
Lawn care - City Hall	17,806	-	-	-	-	-	-
HiperWeb	16,660	-	-	-	-	-	-
American Legion lease	15,000	-	-	-	-	-	-
Energy excise tax - Gwinnett	14,871	-	-	-	-	-	-
Student scholarships	13,000	-	-	-	-	-	-
Mobile telephone expense	5,273	1,975	3,951	494	988	-	-
Advertising	3,826	60	-	8,030	-	-	-
Moreno Street Streetscape	11,037	-	-	-	-	-	-
Postage and freight	10,571	108	-	-	7	-	-
Other operating	26,414	1,297	1,909	4,300	-	-	-
Total expenditures	6,848,684	323,018	3,102,761	249,932	640,323	662,339	18,400,000
Excess (deficiency) of revenues over (under) expenditures	(1,846,306)	(323,018)	(1,692,337)	42,016	(533,846)	(662,339)	(9,474,577)
OTHER FINANCING SOURCES (USES):							
Transfers in	14,694,100	-	454,006	-	210,171	-	905,967
Transfers out	-	-	-	-	(1,527,004)	-	-
Net other financing sources (uses)	14,694,100	-	454,006	-	(1,316,833)	-	905,967
Changes in fund balance	\$ 12,847,794	\$(323,018)	\$(1,238,331)	\$ 42,016	\$(1,850,679)	\$(662,339)	\$(8,568,610)

	<u>Total</u>
REVENUES:	
General property taxes	\$ 10,899,816
General sales and use taxes	90,693
Selective sales and use taxes	70,941
Business taxes	2,076,392
Other taxes	8,258
Penalties and interest on delinquent taxes	126,163
Business licenses	444,288
Regulatory fees	291,948
Intergovernmental	1,403,727
Charges for services	124,868
Fines and fees	23,569
Investment income	17,268
Miscellaneous revenues	<u>158,719</u>
Total revenues	<u>15,736,650</u>

EXPENDITURES:	
Buford Board of Education	18,400,000
Salaries and wages - regular employees	3,084,032
LCI Hill Street project	1,420,319
Group insurance	1,223,169
Sites and land	1,126,735
Retirement	391,817
Repairs and maintenance	353,099
Sidewalks - Buford Highway	325,437
School Drive improvements	260,174
Street paving	248,967
Engineering fees	239,916
Payroll tax	227,660
Energy - electricity	197,389
Main Street R/R columns	187,445
Temporary employees	183,861
Legal and accounting	180,309
Lee Street Hardscape Project #8002	158,527
General supplies and materials	152,259
Highway lawn maintenance	130,663
Ring Fund expense	123,030
Workers compensation	118,848
New youth baseball park	99,351
Insurance - property and liability	98,236
Energy - gasoline and diesel	84,961

SEE INDEPENDENT AUDITORS' REPORT.

Prisoner detail	78,419
Computer expense	73,154
New BHS gym	61,932
Rental of equipment and vehicle	59,962
Payments to others	59,438
Telephone	52,909
Buford community activities	49,975
Main Street TEA Project Phase V	48,784
New Buford Community Center	42,414
Shop supplies	39,251
Washington Street improvements	38,690
Equipment	38,000
Property tax refunds	36,882
Storm water repairs	35,916
Printing and binding	35,199
Contract labor	33,949
Ballfield expense	32,355
Vehicles	31,630
Miscellaneous	28,785
Tennis expense	23,702
Pavilion - youth sports complex	23,673
School	22,924
Cleaning - City Hall	21,594
Lawn maintenance - schools	21,488
New rec gym	21,414
Tourism promotion	20,957
Dues and subscriptions	19,880
Lawncare - City Hall	17,806
HiperWeb	16,660
American Legion lease	15,000
Energy excise tax - Gwinnett	14,871
Student scholarships	13,000
Mobile telephone expense	12,681
Advertising	11,916
Moreno Street Streetscape	11,037
Postage and freight	10,686
Other operating	<u>33,920</u>
Total expenditures	<u><u>30,227,057</u></u>
Excess (deficiency) of revenues over (under) expenditures	(14,490,407)
<u>OTHER FINANCING SOURCES (USES):</u>	
Transfers in	16,264,244
Transfers out	<u>(1,527,004)</u>
Net other financing sources (uses)	<u><u>14,637,240</u></u>
Changes in fund balance	\$ <u><u>246,833</u></u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - DEPARTMENTAL
FOR THE YEAR ENDED JUNE 30, 2013**

	Financial & General Administration	Marshall	Highway & Street	Building Inspection	Culture & Recreation	Maintenance	Buford Board of Education
REVENUES:							
General property taxes	\$ 1,647,374	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,677,890
General sales and use taxes	7,953	-	-	-	-	-	-
Selective sales and use fees	65,265	-	-	-	-	-	-
Business taxes	1,890,574	-	-	-	-	-	-
Other taxes	4,123	-	-	-	-	-	-
Penalties and interest on delinquent taxes	192,052	-	-	-	-	-	-
Business licenses	445,481	-	-	-	-	-	-
Regulatory fees	-	-	-	202,698	-	-	-
Intergovernmental	6,195	-	411,103	-	-	-	-
Charges for services	4,685	-	59,970	-	93,768	-	-
Fines and fees	19,071	-	-	-	-	-	-
Investment income	73,359	-	-	-	-	-	-
Miscellaneous revenues	107,264	-	-	-	-	-	-
Total revenues	4,463,396	-	471,073	202,698	93,768	-	9,677,890
EXPENDITURES:							
Buford Board of Education	-	-	-	-	-	-	18,900,000
Salaries and wages - regular employees	1,257,776	141,610	1,018,187	71,262	193,038	333,592	-
New Buford Community Center	1,787,991	-	-	-	-	-	-
Group insurance	551,500	31,245	495,559	23,567	85,103	110,069	-
Sites and land	998,087	-	-	-	-	-	-
Main Street TEA Project Phase V	446,356	-	-	-	-	-	-
Repairs and maintenance	29,473	2,963	314,983	1,314	6,789	20,003	-
Retirement	88,750	6,827	184,328	9,671	20,481	54,616	-
Payroll tax	90,095	10,783	77,460	5,468	14,714	25,484	-
Energy - electricity	63,744	312	48,210	-	88,029	12,588	-
General supplies and materials	103,088	12,330	74,893	188	7,273	2,903	-
Cemetery expansion	190,145	-	-	-	-	-	-
Legal and accounting	182,872	5	-	-	-	-	-
Engineering fees	51,171	-	28,588	70,523	8,661	6,000	-
DOT Gateway grant	156,822	-	-	-	-	-	-
Highway lawn maintenance	-	-	116,267	-	-	-	-
Computer expense	99,435	796	-	-	-	-	-
Insurance - property and liability	24,230	3,898	44,332	5,110	6,823	10,372	-
Prisoner detail	-	-	90,751	-	-	-	-
Workers compensation	19,443	1,636	44,788	4,883	6,523	9,786	-
Ring fund expense	85,455	-	-	-	-	-	-
Energy - gasoline and diesel	11,337	4,800	45,139	9,600	4,800	7,200	-
Property tax refunds	78,703	-	-	-	-	-	-
LCI Hill Street project	12,657	-	63,622	-	-	-	-

Temporary employees	40	-	72,821	-	2,007	-	-
Rental of equipment and vehicle	59,828	-	2,886	-	574	88	-
Payments to others	-	-	-	-	58,650	-	-
Demo - Head Start building	56,000	-	-	-	-	-	-
Shop supplies	1,600	-	49,449	-	-	22	-
Lee Street Hardscape Project #8002	46,100	-	-	-	-	-	-
Buford community activities	45,492	-	-	-	-	-	-
Sidewalks - Buford Highway	43,773	-	-	-	-	-	-
Vehicles	-	26,134	-	-	-	16,850	-
Morningside Drive improvements	-	-	41,780	-	-	-	-
Lawn maintenance - schools	-	-	-	-	-	40,434	-
Tourism promotion	39,727	-	-	-	-	-	-
Dues and subscriptions	36,780	365	-	572	-	-	-
American Legion lease	30,000	-	-	-	-	-	-
Telephone	25,700	450	1,944	-	1,655	-	-
Ballfield expense	-	-	-	-	25,915	-	-
Storm water repairs	-	-	25,703	-	-	-	-
School	21,204	-	-	-	-	-	-
Cleaning - City Hall	18,682	-	-	-	-	-	-
Lawncare - City Hall	17,806	-	-	-	-	-	-
Printing and binding	14,353	165	-	3,241	-	-	-
Miscellaneous	12,666	171	2,168	127	120	103	-
Contract labor	-	-	-	1,295	13,224	-	-
New BHS gym	11,519	-	-	-	-	-	-
Mobile telephone expense	4,856	1,135	3,685	781	972	-	-
Advertising	6,798	-	1,210	3,419	-	-	-
Equipment	-	-	3,000	-	-	8,200	-
Postage and freight	10,530	-	-	-	135	-	-
Tennis expense	-	-	-	-	8,989	-	-
Other operating	<u>16,581</u>	<u>375</u>	<u>4,220</u>	<u>4,425</u>	<u>575</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>6,849,165</u>	<u>246,000</u>	<u>2,855,973</u>	<u>215,446</u>	<u>555,050</u>	<u>658,310</u>	<u>18,900,000</u>
Excess (deficiency) of revenues over (under) expenditures	(2,385,769)	(246,000)	(2,384,900)	(12,748)	(461,282)	(658,310)	(9,222,110)
<u>OTHER FINANCING SOURCES (USES):</u>							
Transfers in	8,914,126	-	-	-	123,321	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,970,655)</u>	<u>-</u>	<u>-</u>
Net other financing sources (uses)	<u>8,914,126</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,847,334)</u>	<u>-</u>	<u>-</u>
Changes in fund balance	\$ <u>6,528,357</u>	\$ <u>(246,000)</u>	\$ <u>(2,384,900)</u>	\$ <u>(12,748)</u>	\$ <u>(2,308,616)</u>	\$ <u>(658,310)</u>	\$ <u>(9,222,110)</u>

**CITY OF BUFORD, GEORGIA - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - DEPARTMENTAL
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Total</u>
REVENUES:	
General property taxes	\$ 11,325,264
General sales and use taxes	7,953
Selective sales and use taxes	65,265
Business taxes	1,890,574
Other taxes	4,123
Penalties and interest on delinquent taxes	192,052
Business licenses	445,481
Regulatory fees	202,698
Intergovernmental	417,298
Charges for services	158,423
Fines and fees	19,071
Investment income	73,359
Miscellaneous revenues	<u>107,264</u>
 Total revenues	 <u>14,908,825</u>

EXPENDITURES:	
Buford Board of Education	18,900,000
Salaries and wages - regular employees	3,015,465
New Buford Community Center	1,787,991
Group insurance	1,297,043
Sites and land	998,087
Main Street Tea Project Phase V	446,356
Repairs and maintenance	375,525
Retirement	364,673
Payroll tax	224,004
Energy - electricity	212,883
General supplies and materials	200,675
Cemetery expansion	190,145
Legal and accounting	182,877
Engineering fees	164,943
DOT Gateway grant	156,822
Highway lawn maintenance	116,267
Computer expense	100,231
Insurance - property and liability	94,765
Prisoner detail	90,751
Workers compensation	87,059
Ring fund expense	85,455
Energy - gasoline and diesel	82,876
Property tax refunds	78,703
LCI Hill Street project	76,279

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Temporary employees	74,868
Rental of equipment and vehicle	63,376
Payments to others	58,650
Demo - Head Start building	56,000
Shop supplies	51,071
Lee Street Hardscape project #8002	46,100
Buford community activities	45,492
Sidewalks - Buford Highway	43,773
Vehicles	42,984
Morningside Drive improvements	41,780
Lawn maintenance - schools	40,434
Tourism promotion	39,727
Dues and subscriptions	37,717
American Legion lease	30,000
Telephone	29,749
Ballfield expense	25,915
Storm water repairs	25,703
School	21,204
Cleaning - City Hall	18,682
Lawn care - City Hall	17,806
Printing and binding	17,759
Miscellaneous	15,355
Contract labor	14,519
New BHS gym	11,519
Mobile telephone expense	11,429
Advertising	11,427
Equipment	11,200
Postage and freight	10,665
Tennis expense	8,989
Other operating	<u>26,176</u>
Total expenditures	<u>30,279,944</u>
Excess (deficiency) of revenues over (under) expenditures	(15,371,119)
<u>OTHER FINANCING SOURCES (USES):</u>	
Transfers in	9,037,447
Transfers out	<u>(1,970,655)</u>
Net other financing sources (uses)	<u>7,066,792</u>
Changes in fund balance	<u>\$(8,304,327)</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - GENERAL FUND
SCHEDULE OF REVENUES - CURRENT TO PRIOR YEAR
FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013**

	<u>06/30/14</u>	<u>06/30/13</u>	<u>INCREASE/ DECREASE</u>
<u>General property taxes:</u>			
Real property	\$ 8,925,423	\$ 9,677,890	\$(752,467)
Personal property:			
Motor vehicle and motor home	350,084	426,983	(76,899)
Motor vehicle title ad valorem tax fee - Gwinnett	581,268	211,323	369,945
Motor vehicle title ad valorem tax fee - Hall	24,849	433	24,416
Intangibles	112,449	122,354	(9,905)
Railroad equipment	2,420	2,401	19
Real estate transfer	71,300	42,453	28,847
Franchise taxes:			
Electric	640,098	653,696	(13,598)
Gas	38	30	8
Cable television	125,533	115,695	9,838
Telephone	<u>66,354</u>	<u>72,006</u>	<u>(5,652)</u>
Total general property taxes	<u>10,899,816</u>	<u>11,325,264</u>	<u>(425,448)</u>
<u>General sales and use taxes:</u>			
Local option sales and use	<u>90,693</u>	<u>7,953</u>	<u>82,740</u>
Total general sales and use taxes	<u>90,693</u>	<u>7,953</u>	<u>82,740</u>
<u>Selective sales and use taxes:</u>			
Alcoholic beverage excise	68,754	64,810	3,944
Excise tax on energy - Gwinnett County	1,502	440	1,062
Excise tax on energy - Hall County	<u>685</u>	<u>15</u>	<u>670</u>
Total selective sales and use taxes	<u>70,941</u>	<u>65,265</u>	<u>5,676</u>
<u>Business taxes:</u>			
Business and occupation	1,416,446	1,259,960	156,486
Insurance premium	<u>659,946</u>	<u>630,614</u>	<u>29,332</u>
Total business taxes	<u>2,076,392</u>	<u>1,890,574</u>	<u>185,818</u>
<u>Other taxes:</u>			
Margin taxes - Jackson EMC	451	397	54
Equity tax distribution - Hall County	<u>7,807</u>	<u>3,726</u>	<u>4,081</u>
Total other taxes	<u>8,258</u>	<u>4,123</u>	<u>4,135</u>
<u>Penalties and interest on delinquent taxes:</u>			
Business	45,559	12,470	33,089
Fi fa	<u>80,604</u>	<u>179,582</u>	<u>(98,978)</u>
Total penalties and interest on delinquent taxes	\$ <u>126,163</u>	\$ <u>192,052</u>	<u>\$(65,889)</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - GENERAL FUND
SCHEDULE OF REVENUES - CURRENT TO PRIOR YEAR
FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013**

	<u>06/30/14</u>	<u>06/30/13</u>	<u>INCREASE/ DECREASE</u>
<u>Business licenses:</u>			
Alcoholic beverage - beer	\$ 426,488	\$ 430,631	\$(4,143)
Alcohol license application fees	6,100	6,000	100
Caterer's alcohol permits	-	200	(200)
Special events permits	10,900	7,425	3,475
Special events application fees	200	150	50
Special events security deposits	600	975	(375)
Amusement device licenses	<u>-</u>	<u>100</u>	<u>(100)</u>
Total business licenses	<u>444,288</u>	<u>445,481</u>	<u>(1,193)</u>
<u>Regulatory fees:</u>			
Building inspection	252,525	181,962	70,563
Rezoning and variances	32,975	20,000	12,975
Erosion and sediment control	<u>6,448</u>	<u>736</u>	<u>5,712</u>
Total regulatory fees	<u>291,948</u>	<u>202,698</u>	<u>89,250</u>
<u>Intergovernmental:</u>			
Federal government grants:			
Capital grants:			
LCI grant	1,028,635	-	1,028,635
Community Development Block Grant	245,000	-	245,000
Main Street Streetscape Phase 5	-	245,061	(245,061)
State governmental grants:			
Capital grants:			
LMIG - DOT paving	123,897	116,042	7,855
Gateway grant	-	50,000	(50,000)
Local government unit payments in lieu of taxes:			
Buford Housing Authority	<u>6,195</u>	<u>6,195</u>	<u>-</u>
Total intergovernmental	<u>1,403,727</u>	<u>417,298</u>	<u>986,429</u>
<u>Charges for services:</u>			
Street and public improvements:			
Capital improvements:			
Special assessment fee - capital improvements	12,892	16,380	(3,488)
South Hill Street Streetscape fees	-	43,590	(43,590)
Culture and recreation:			
Recreation - tennis	71,167	53,457	17,710
Buford community activities	28,885	27,322	1,563
Youth Sports Complex fees	6,425	11,500	(5,075)
Buford Middle School tennis	-	1,489	(1,489)
Other charges for services:			
Cemetery fees	5,485	4,685	800
Electric car charge fees	<u>14</u>	<u>-</u>	<u>14</u>
Total charges for services	<u>\$ 124,868</u>	<u>\$ 158,423</u>	<u>\$(33,555)</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - GENERAL FUND
SCHEDULE OF REVENUES - CURRENT TO PRIOR YEAR
FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013**

	<u>06/30/14</u>	<u>06/30/13</u>	<u>INCREASE/ DECREASE</u>
<u>Fines and fees:</u>			
Court - Municipal	\$ 22,708	\$ 18,742	\$ 3,966
Restitution	<u>861</u>	<u>329</u>	<u>532</u>
Total fines and fees	<u>23,569</u>	<u>19,071</u>	<u>4,498</u>
<u>Investment income:</u>			
Interest income	<u>17,268</u>	<u>73,359</u>	(<u>56,091</u>)
Total investment income	<u>17,268</u>	<u>73,359</u>	(<u>56,091</u>)
<u>Miscellaneous revenues:</u>			
Miscellaneous	98,199	42,644	55,555
Rebates and refunds	20,168	18,798	1,370
Ring Fund contributions	19,665	10,970	8,695
Donations	15,000	25,000	(10,000)
Over and under	5,267	-	5,267
History books	420	245	175
City surplus E-Gov sales	-	8,607	(8,607)
Cemetery bequest - Tuggle	<u>-</u>	<u>1,000</u>	(<u>1,000</u>)
Total miscellaneous revenues	<u>158,719</u>	<u>107,264</u>	<u>51,455</u>
Total revenues	\$ <u>15,736,650</u>	\$ <u>14,908,825</u>	\$ <u>827,825</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - GENERAL FUND - GENERAL GOVERNMENT - FINANCIAL AND GENERAL ADMINISTRATION
SCHEDULE OF EXPENDITURES - CURRENT TO PRIOR YEAR
FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013**

	<u>06/30/14</u>	<u>06/30/13</u>	<u>INCREASE/ DECREASE</u>
Current Operating:			
General Government:			
Financial and General Administration:			
LCI - Hill Street Project	\$ 1,420,319	\$ 12,657	\$ 1,407,662
Salaries - regular employees	1,273,600	1,257,776	15,824
Sites and land	1,126,735	998,087	128,648
Group insurance	426,545	551,500	(124,955)
Sidewalks - Buford Highway	325,437	43,773	281,664
School Drive improvements	260,174	-	260,174
Main Street R/R columns	187,445	-	187,445
Legal and accounting	180,309	182,872	(2,563)
Lee Street Hardscape Project #8002	158,527	46,100	112,427
Ring Fund expense	123,030	85,455	37,575
New youth baseball park	99,351	-	99,351
Retirement	95,505	88,750	6,755
Payroll tax	90,329	90,095	234
Engineering fees	80,668	51,171	29,497
Computer expense	72,980	99,435	(26,455)
General supplies and materials	67,087	103,088	(36,001)
Energy - electricity	63,492	63,744	(252)
New BHS gym	61,932	11,519	50,413
Rental of equipment and vehicle	57,101	59,828	(2,727)
Buford community activities	49,975	45,492	4,483
Telephone	49,927	25,700	24,227
Main Street TEA Project Phase V	48,784	446,356	(397,572)
New Buford Community Center	42,414	1,787,991	(1,745,577)
Repairs and maintenance	37,238	29,473	7,765
Property tax refunds	36,882	78,703	(41,821)
Vehicles	31,630	-	31,630
Workers compensation	30,811	19,443	11,368
Printing and binding	29,970	14,353	15,617
Pavilion - youth sports complex	23,673	-	23,673
Insurance - property and liability	23,225	24,230	(1,005)
School	22,924	21,204	1,720
Miscellaneous	21,750	12,666	9,084
Cleaning - City Hall	21,594	18,682	2,912
New rec gym	21,414	-	21,414
Tourism promotion	20,957	39,727	(18,770)
Dues and subscriptions	19,502	36,780	(17,278)
Lawn care - City Hall	17,806	17,806	-
HiperWeb	16,660	-	16,660
American Legion lease	15,000	30,000	(15,000)
Energy excise tax - Gwinnett	14,871	1,287	13,584
Student scholarships	13,000	-	13,000
Moreno Street Streetscape	11,037	-	11,037
Energy - gasoline and diesel	10,990	11,337	(347)
Postage and freight	10,571	10,530	41
School bus maintenance	7,310	-	7,310
Parks and Recreation - new football fields	6,865	-	6,865
Mobile telephone expense	5,273	4,856	417
County property taxes	4,550	3,890	660
Administrative expense	4,517	4,149	368
Advertising	3,826	6,798	(2,972)
Master Fund charges	3,172	1,765	1,407
Cemetery expansion	-	190,145	(190,145)
GDOT Gateway Grant	-	156,822	(156,822)
Demo Head Start building	-	56,000	(56,000)
Harris Street improvements	-	2,875	(2,875)
Shop supplies	-	1,600	(1,600)
Refunds to customer	-	1,255	(1,255)
Education and training	-	1010	(1,010)
Buford Academy project	-	250	(250)
Rental of land and building	-	100	(100)
Temporary employees	-	40	(40)
Total Financial and General Administration	\$ 6,848,684	\$ 6,849,165	\$(481)

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - GENERAL FUND - PUBLIC SAFETY - PUBLIC SAFETY, MARSHAL AND CODE ENFORCEMENT
 SCHEDULE OF EXPENDITURES - CURRENT TO PRIOR YEAR
 FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013**

	<u>06/30/14</u>	<u>06/30/13</u>	<u>INCREASE/ DECREASE</u>
Current Operating - continued:			
Public Safety:			
Public Safety, Marshal and Code enforcement:			
Salaries - regular employees	\$ 184,601	\$ 141,610	\$ 42,991
Group insurance	64,346	31,245	33,101
Payroll tax	13,991	10,783	3,208
Retirement	12,857	6,827	6,030
General supplies and materials	12,313	12,330	(17)
Insurance - property and liability	11,070	3,898	7,172
Workers compensation	6,599	1,636	4,963
Energy - gasoline and diesel	5,532	4,800	732
Repairs and maintenance	5,324	2,963	2,361
Miscellaneous	2,459	171	2,288
Mobile telephone expense	1,975	1,135	840
Education and training	1,297	375	922
Energy - electricity	312	312	-
Computer expense	174	796	(622)
Postage and freight	108	-	108
Advertising	60	-	60
Vehicles	-	26,134	(26,134)
Telephone	-	450	(450)
Dues and subscriptions	-	365	(365)
Printing and binding	-	165	(165)
Legal and accounting	-	5	(5)
Total Public Safety, Marshal and Code enforcement	\$ <u>323,018</u>	\$ <u>246,000</u>	\$ <u>77,018</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - GENERAL FUND - PUBLIC SERVICES - HIGHWAY AND STREET
SCHEDULE OF EXPENDITURES - CURRENT TO PRIOR YEAR
FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013**

	<u>06/30/14</u>	<u>06/30/13</u>	<u>INCREASE/ DECREASE</u>
Current Operating - continued:			
Public Services:			
Highway and Street:			
Salaries - regular employees	\$ 1,017,183	\$ 1,018,187	\$(1,004)
Group insurance	512,365	495,559	16,806
Repairs and maintenance	250,219	314,983	(64,764)
Street paving	248,967	-	248,967
Retirement	198,357	184,328	14,029
Highway lawn maintenance	130,663	116,267	14,396
Temporary employees	119,401	72,821	46,580
Prisoner detail	78,419	90,751	(12,332)
Payroll tax	77,109	77,460	(351)
Engineering fees	58,302	28,588	29,714
Workers compensation	56,807	44,788	12,019
General supplies and materials	51,946	74,893	(22,947)
Energy - electricity	51,639	48,210	3,429
Energy - gasoline and diesel	47,439	45,139	2,300
Insurance - property and liability	42,661	44,332	(1,671)
Shop supplies	39,251	49,449	(10,198)
Washington Street improvements	38,690	-	38,690
Equipment	38,000	3,000	35,000
Storm water repairs	35,916	25,703	10,213
Mobile telephone expense	3,951	3,685	266
Miscellaneous	1,795	2,168	(373)
Telephone	1,311	1,944	(633)
LCI - Hill Street sewer improvements	1,232	-	1,232
Rental of land and building	677	670	7
Rental of equipment and vehicle	461	2,886	(2,425)
LCI - Hill Street project	-	63,622	(63,622)
Morningside Drive improvements	-	41,780	(41,780)
Social Security	-	3,136	(3,136)
Advertising	-	1,210	(1,210)
Education and training	-	414	(414)
Total Highway and Street	<u>\$ 3,102,761</u>	<u>\$ 2,855,973</u>	<u>\$ 246,788</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - GENERAL FUND - PUBLIC SERVICES - BUILDING INSPECTION
 SCHEDULE OF EXPENDITURES - CURRENT TO PRIOR YEAR
 FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013**

	<u>06/30/14</u>	<u>06/30/13</u>	<u>INCREASE/ DECREASE</u>
Current Operating - continued:			
Public Services - continued:			
Building Inspection:			
Engineering fees	\$ 100,946	\$ 70,523	\$ 30,423
Salaries - regular employees	66,299	71,262	(4,963)
Group insurance	19,644	23,567	(3,923)
Energy - gasoline and diesel	9,200	9,600	(400)
Retirement	9,183	9,671	(488)
Advertising	8,030	3,419	4,611
Printing and binding	5,229	3,241	1,988
Payroll tax	5,022	5,468	(446)
Contract labor	4,742	1,295	3,447
Insurance - property and liability	4,555	5,110	(555)
Zoning Board	4,300	4,350	(50)
Temporary employees	4,040	-	4,040
Workers compensation	3,767	4,883	(1,116)
Repairs and maintenance	2,660	1,314	1,346
General supplies and materials	1,342	188	1,154
Mobile telephone expense	494	781	(287)
Dues and subscriptions	378	572	(194)
Miscellaneous	101	127	(26)
Education and training	-	75	(75)
Total Building Inspection	\$ 249,932	\$ 215,446	\$ 34,486

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - GENERAL FUND - PUBLIC SERVICES - CULTURE AND RECREATION
SCHEDULE OF EXPENDITURES - CURRENT TO PRIOR YEAR
FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013**

	<u>06/30/14</u>	<u>06/30/13</u>	<u>INCREASE/ DECREASE</u>
Current Operating - continued:			
Public Services - continued:			
Culture and Recreation:			
Salaries - regular employees	\$ 182,202	\$ 193,038	\$(10,836)
Group insurance	82,734	85,103	(2,369)
Energy - electricity	69,942	88,029	(18,087)
Temporary employees	60,420	2,007	58,413
Payments to others	59,438	58,650	788
Ballfield expense	32,355	25,915	6,440
Contract labor	29,207	13,224	15,983
Repairs and maintenance	28,423	6,789	21,634
Tennis expense	23,702	8,989	14,713
Retirement	22,040	20,481	1,559
Payroll tax	13,823	14,714	(891)
General supplies and materials	13,000	7,273	5,727
Workers compensation	8,225	6,523	1,702
Insurance - property and liability	6,593	6,823	(230)
Energy - gasoline and diesel	4,800	4,800	-
Telephone	1,671	1,655	16
Mobile telephone expense	988	972	16
Rental of equipment and vehicle	633	574	59
Miscellaneous	120	120	-
Postage and freight	7	135	(128)
Engineering fees	-	8,661	(8,661)
Social Security	-	575	(575)
Total Culture and Recreation	\$ <u>640,323</u>	\$ <u>555,050</u>	\$ <u>85,273</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - GENERAL FUND - PUBLIC SERVICES - MAINTENANCE
 SCHEDULE OF EXPENDITURES - CURRENT TO PRIOR YEAR
 FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013**

	<u>06/30/14</u>	<u>06/30/13</u>	<u>INCREASE/ DECREASE</u>
Current Operating - continued:			
Public Services - continued:			
Maintenance:			
Salaries - regular employees	\$ 360,147	\$ 333,592	\$ 26,555
Group insurance	117,535	110,069	7,466
Retirement	53,875	54,616	(741)
Repairs and maintenance	29,235	20,003	9,232
Payroll tax	27,386	25,484	1,902
Lawn maintenance - schools	21,488	40,434	(18,946)
Workers compensation	12,639	9,786	2,853
Energy - electricity	12,004	12,588	(584)
Insurance - property and liability	10,132	10,372	(240)
Energy - gasoline and diesel	7,000	7,200	(200)
General supplies and materials	6,571	2,903	3,668
Miscellaneous	2,560	103	2,457
Rental of equipment and vehicle	1,767	88	1,679
Vehicles	-	16,850	(16,850)
Equipment	-	8,200	(8,200)
Engineering	-	6,000	(6,000)
Shop supplies	-	22	(22)
Total Maintenance	\$ <u>662,339</u>	\$ <u>658,310</u>	\$ <u>4,029</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA -GENERAL FUND - INTERGOVERNMENTAL - BUFORD BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES - CURRENT TO PRIOR YEAR
 FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013**

	<u>06/30/14</u>	<u>06/30/13</u>	<u>INCREASE/ DECREASE</u>
Intergovernmental:			
Buford Board of Education:			
Monthly transfer	\$ <u>18,400,000</u>	\$ <u>18,900,000</u>	\$(<u>500,000</u>)
Total Buford Board of Education	\$ <u>18,400,000</u>	\$ <u>18,900,000</u>	\$(<u>500,000</u>)
Total expenditures	\$ <u>30,227,057</u>	\$ <u>30,279,944</u>	\$(<u>52,887</u>)

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE OVER (UNDER)</u>
<u>General property taxes:</u>			
Real property	\$ 9,000,000	\$ 8,925,423	\$(74,577)
Personal property:			
Motor vehicle and motor home	400,000	350,084	(49,916)
Motor vehicle title ad valorem tax fee - Gwinnett	360,000	581,268	221,268
Motor vehicle title ad valorem tax fee - Hall	-	24,849	24,849
Intangibles	80,000	112,449	32,449
Railroad equipment	2,500	2,420	(80)
Real estate transfer	50,000	71,300	21,300
Franchise taxes:			
Electric	700,000	640,098	(59,902)
Gas	-	38	38
Cable television	110,000	125,533	15,533
Telephone	<u>75,000</u>	<u>66,354</u>	<u>(8,646)</u>
Total general property taxes	<u>10,777,500</u>	<u>10,899,816</u>	<u>122,316</u>
<u>General sales and use taxes:</u>			
Local option sales and use	<u>8,000</u>	<u>90,693</u>	<u>82,693</u>
Total general sales and use taxes	<u>8,000</u>	<u>90,693</u>	<u>82,693</u>
<u>Selective sales and use taxes:</u>			
Alcoholic beverage excise	70,000	68,754	(1,246)
Excise tax on energy - Gwinnett County	-	1,502	1,502
Excise tax on energy - Hall County	<u>-</u>	<u>685</u>	<u>685</u>
Total selective sales and use taxes	<u>70,000</u>	<u>70,941</u>	<u>941</u>
<u>Business taxes:</u>			
Business and occupation	1,225,000	1,416,446	191,446
Insurance premium	<u>600,000</u>	<u>659,946</u>	<u>59,946</u>
Total business taxes	<u>1,825,000</u>	<u>2,076,392</u>	<u>251,392</u>
<u>Other taxes:</u>			
Margin taxes - Jackson EMC	400	451	51
Equity tax distribution - Hall County	<u>25,000</u>	<u>7,807</u>	<u>17,193)</u>
Total other taxes	<u>25,400</u>	<u>8,258</u>	<u>(17,142)</u>
<u>Penalties and interest on delinquent taxes:</u>			
Business	10,000	45,559	35,559
Fi fa	<u>135,000</u>	<u>80,604</u>	<u>(54,396)</u>
Total penalties and interest on delinquent taxes	<u>145,000</u>	<u>126,163</u>	<u>(18,837)</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - GENERAL FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>GENERAL FUND</u>		<u>VARIANCE OVER (UNDER)</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	
<u>Business licenses:</u>			
Alcoholic beverage - beer	\$ 435,000	\$ 426,488	\$(8,512)
Alcohol license application fees	5,000	6,100	1,100
Special events permits	7,500	10,900	3,400
Special events application fees	-	200	200
Special events security deposits	-	600	600
Total business licenses	447,500	444,288	(3,212)
<u>Regulatory fees:</u>			
Building inspection	200,000	252,525	52,525
Rezoning and variances	30,000	32,975	2,975
Erosion and sediment control	500	6,448	5,948
Total regulatory fees	230,500	291,948	61,448
<u>Intergovernmental:</u>			
Federal government grants:			
Capital grants:			
LCI grant	920,000	1,028,635	108,635
Community Development Block Grant	-	245,000	245,000
State governmental grants:			
Capital grants:			
LMIG - DOT paving	-	123,897	123,897
Local government unit payments in lieu of taxes:			
Buford Housing Authority	6,195	6,195	-
Total intergovernmental	926,195	1,403,727	477,532
<u>Charges for services:</u>			
Street and public improvements:			
Capital improvements:			
Special assessment fee - capital improvements	10,000	12,892	2,892
Culture and recreation:			
Recreation - tennis	50,000	71,167	21,167
Buford community activities	10,000	28,885	18,885
Youth Sports Complex fees	15,000	6,425	(8,575)
Other charges for services:			
Cemetery fees	2,500	5,485	2,985
Electric car charge fees	-	14	14
Total charges for services	87,500	124,868	37,368

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE OVER (UNDER)</u>
<u>Fines and fees:</u>			
Court - Municipal Restitution	\$ 18,000 -	\$ 22,708 861	\$ 4,708 861
Total fines and fees	<u>18,000</u>	<u>23,569</u>	<u>5,569</u>
<u>Investment income:</u>			
Interest income	<u>65,000</u>	<u>17,268</u>	(<u>47,732</u>)
Total investment income	<u>65,000</u>	<u>17,268</u>	(<u>47,732</u>)
<u>Miscellaneous revenues:</u>			
Miscellaneous	35,000	98,199	63,199
Rebates and refunds	5,000	20,168	15,168
Ring Fund contributions	7,500	19,665	12,165
Donations	-	15,000	15,000
Over and under	5,000	5,267	267
History books	500	420	(80)
City surplus E-Gov sales	<u>5,000</u>	<u>-</u>	(<u>5,000</u>)
Total miscellaneous revenues	<u>58,000</u>	<u>158,719</u>	<u>100,719</u>
Total revenues	\$ <u>14,683,595</u>	\$ <u>15,736,650</u>	\$ <u>1,053,055</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - GENERAL FUND - GENERAL GOVERNMENT - FINANCIAL AND GENERAL ADMINISTRATION
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE OVER (UNDER)</u>
Current Operating:			
General Government-Financial and General Administration:			
LCI - Hill Street Project	\$ 1,420,319	\$ 1,420,319	\$ -
Salaries - regular employees	1,273,600	1,273,600	-
Sites and land	1,126,735	1,126,735	-
Group insurance	426,545	426,545	-
Sidewalks - Buford Highway	325,437	325,437	-
School Drive improvements	260,174	260,174	-
Main Street R/R columns	187,445	187,445	-
Legal and accounting	180,309	180,309	-
Lee Street Hardscape Project #8002	158,527	158,527	-
Ring Fund expense	123,030	123,030	-
New youth baseball park	99,351	99,351	-
Retirement	95,505	95,505	-
Payroll tax	90,329	90,329	-
Engineering fees	80,668	80,668	-
Computer expense	72,980	72,980	-
General supplies and materials	67,087	67,087	-
Energy - electricity	63,492	63,492	-
New BHS gym	61,932	61,932	-
Rental of equipment and vehicle	57,101	57,101	-
Buford community activities	49,975	49,975	-
Telephone	49,927	49,927	-
Main Street TEA Project Phase V	48,784	48,784	-
New Buford Community Center	42,414	42,414	-
Repairs and maintenance	37,238	37,238	-
Property tax refunds	36,882	36,882	-
Vehicles	31,630	31,630	-
Workers compensation	30,811	30,811	-
Printing and binding	29,970	29,970	-
Pavilion - youth sports complex	23,673	23,673	-
Insurance - property and liability	23,225	23,225	-
School	22,924	22,924	-
Miscellaneous	21,750	21,750	-
Cleaning - City Hall	21,594	21,594	-
New rec gym	21,414	21,414	-
Tourism promotion	20,957	20,957	-
Dues and subscriptions	19,502	19,502	-
Lawn care - City Hall	17,806	17,806	-
HiperWeb	16,660	16,660	-
American Legion lease	15,000	15,000	-
Energy excise tax - Gwinnett	14,871	14,871	-
Student scholarships	13,000	13,000	-
Moreno Street Streetscape	11,037	11,037	-
Energy - gasoline and diesel	10,990	10,990	-
Postage and freight	10,571	10,571	-
School bus maintenance	7,310	7,310	-
Parks and recreation - new football fields	6,865	6,865	-
Mobile telephone expense	5,273	5,273	-
County property taxes	4,550	4,550	-
Administrative expense	4,517	4,517	-
Advertising	3,826	3,826	-
Master Fund charges	3,172	3,172	-
Total Financial and General Administration	\$ 6,848,684	\$ 6,848,684	\$ -

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA -GENERAL FUND - PUBLIC SAFETY - PUBLIC SAFETY, MARSHAL AND CODE ENFORCEMENT
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE OVER (UNDER)</u>
Current Operating - continued:			
Public Safety:			
Public safety, Marshal and Code enforcement:			
Salaries - regular employees	\$ 184,601	\$ 184,601	\$ -
Group insurance	64,346	64,346	-
Payroll tax	13,991	13,991	-
Retirement	12,857	12,857	-
General supplies and materials	12,313	12,313	-
Insurance - property and liability	11,070	11,070	-
Workers compensation	6,599	6,599	-
Energy - gasoline and diesel	5,532	5,532	-
Repairs and maintenance	5,324	5,324	-
Miscellaneous	2,459	2,459	-
Mobile telephone expense	1,975	1,975	-
Education and training	1,297	1,297	-
Energy - electricity	312	312	-
Computer expense	174	174	-
Postage and freight	108	108	-
Advertising	60	60	-
Total Public Safety, Marshal and Code enforcement	\$ <u>323,018</u>	\$ <u>323,018</u>	\$ <u>-</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA -GENERAL FUND - PUBLIC SERVICES - HIGHWAY AND STREET
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE OVER (UNDER)</u>
Current Operating - continued:			
Public Services:			
Highway and Street:			
Salaries - regular employees	\$ 1,017,183	\$ 1,017,183	\$ -
Group insurance	512,365	512,365	-
Repairs and maintenance	250,219	250,219	-
Street paving	248,967	248,967	-
Retirement	198,357	198,357	-
Highway lawn maintenance	130,663	130,663	-
Temporary employees	119,401	119,401	-
Prisoner detail	78,419	78,419	-
Payroll tax	77,109	77,109	-
Engineering fees	58,302	58,302	-
Workers compensation	56,807	56,807	-
General supplies and materials	51,946	51,946	-
Energy - electricity	51,639	51,639	-
Energy - gasoline and diesel	47,439	47,439	-
Insurance - property and liability	42,661	42,661	-
Shop supplies	39,251	39,251	-
Washington Street improvements	38,690	38,690	-
Equipment	38,000	38,000	-
Storm water repairs	35,916	35,916	-
Mobile telephone expense	3,951	3,951	-
Miscellaneous	1,795	1,795	-
Telephone	1,311	1,311	-
LCI - Hill Street sewer improvements	1,232	1,232	-
Rental of land and building	677	677	-
Rental of equipment and vehicle	<u>461</u>	<u>461</u>	<u>-</u>
Total Highway and Street	<u>\$ 3,102,761</u>	<u>\$ 3,102,761</u>	<u>\$ -</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - GENERAL FUND - PUBLIC SERVICES - BUILDING INSPECTION
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE OVER (UNDER)</u>
Current Operating - continued:			
Public Services - continued:			
Building Inspection:			
Engineering fees	\$ 100,946	\$ 100,946	\$ -
Salaries - regular employees	66,299	66,299	-
Group insurance	19,644	19,644	-
Energy - gasoline and diesel	9,200	9,200	-
Retirement	9,183	9,183	-
Advertising	8,030	8,030	-
Printing and binding	5,229	5,229	-
Payroll tax	5,022	5,022	-
Contract labor	4,742	4,742	-
Insurance - property and liability	4,555	4,555	-
Zoning Board	4,300	4,300	-
Temporary employees	4,040	4,040	-
Workers compensation	3,767	3,767	-
Repairs and maintenance	2,660	2,660	-
General supplies and materials	1,342	1,342	-
Mobile telephone expense	494	494	-
Dues and subscriptions	378	378	-
Miscellaneous	<u>101</u>	<u>101</u>	<u>-</u>
Total Building Inspection	\$ <u>249,932</u>	\$ <u>249,932</u>	\$ <u>-</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - GENERAL FUND - PUBLIC SERVICES - CULTURE AND RECREATION
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE OVER (UNDER)</u>
Current Operating - continued:			
Public Services - continued:			
Culture and Recreation:			
Salaries - regular employees	\$ 182,202	\$ 182,202	\$ -
Group insurance	82,734	82,734	-
Energy - electricity	69,942	69,942	-
Temporary employees	60,420	60,420	-
Payments to others	59,438	59,438	-
Ballfield expense	32,355	32,355	-
Contract labor	29,207	29,207	-
Repairs and maintenance	28,423	28,423	-
Tennis expense	23,702	23,702	-
Retirement	22,040	22,040	-
Payroll tax	13,823	13,823	-
General supplies and materials	13,000	13,000	-
Workers compensation	8,225	8,225	-
Insurance - property and liability	6,593	6,593	-
Energy - gasoline and diesel	4,800	4,800	-
Telephone	1,671	1,671	-
Mobile telephone expense	988	988	-
Rental of equipment and vehicle	633	633	-
Miscellaneous	120	120	-
Postage and freight	<u>7</u>	<u>7</u>	<u>-</u>
Total Culture and Recreation	\$ 640,323	\$ 640,323	\$ -

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - GENERAL FUND - PUBLIC SERVICES - MAINTENANCE
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE OVER (UNDER)</u>
Current Operating - continued:			
Public Services - continued:			
Maintenance:			
Salaries - regular employees	\$ 360,147	\$ 360,147	\$ -
Group insurance	117,535	117,535	-
Retirement	53,875	53,875	-
Repairs and maintenance	29,235	29,235	-
Payroll tax	27,386	27,386	-
Lawn maintenance - schools	21,488	21,488	-
Workers compensation	12,639	12,639	-
Energy - electricity	12,004	12,004	-
Insurance - property and liability	10,132	10,132	-
Energy - gasoline and diesel	7,000	7,000	-
General supplies and materials	6,571	6,571	-
Miscellaneous	2,560	2,560	-
Rental of equipment and vehicle	<u>1,767</u>	<u>1,767</u>	<u>-</u>
Total Maintenance	\$ <u>662,339</u>	\$ <u>662,339</u>	\$ <u>-</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - GENERAL FUND - INTERGOVERNMENTAL - BUFORD BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE OVER (UNDER)</u>
Intergovernmental:			
Buford Board of Education:			
Monthly transfer	\$ <u>18,400,000</u>	\$ <u>18,400,000</u>	\$ _____ -
Total Buford Board of Education	\$ <u>18,400,000</u>	\$ <u>18,400,000</u>	\$ _____ -
Total expenditures	\$ <u>30,227,057</u>	\$ <u>30,227,057</u>	\$ _____ -

SEE INDEPENDENT AUDITORS' REPORT.

SPECIAL REVENUE FUND

- **Hotel/Motel Tax Fund**

**CITY OF BUFORD, GEORGIA - SPECIAL REVENUE FUND - HOTEL/MOTEL TAX FUND
BALANCE SHEET
AS OF JUNE 30, 2014**

ASSETS

Cash and cash equivalents	\$ 390,523
Hotel/Motel tax receivable	<u>62,648</u>
Total assets	\$ <u>453,171</u>

LIABILITIES

Accounts payable	\$ 18,123
Due to General Fund	<u>421,128</u>
Total liabilities	<u>439,251</u>

FUND BALANCE

Restricted - tourism and promotion	<u>13,920</u>
Total fund balance	<u>13,920</u>
Total liabilities and fund balance	\$ <u>453,171</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - SPECIAL REVENUE FUND - HOTEL/MOTEL TAX FUND
BALANCE SHEET
AS OF JUNE 30, 2013**

ASSETS

Cash and cash equivalents	\$ 256,607
Hotel/Motel tax receivable	<u>53,099</u>
Total assets	\$ <u>309,706</u>

LIABILITIES

Accounts payable	\$ 24,839
Due to General Fund	<u>271,284</u>
Total liabilities	<u>296,123</u>

FUND BALANCE

Restricted - tourism and promotion	<u>13,583</u>
Total fund balance	<u>13,583</u>
Total liabilities and fund balance	\$ <u>309,706</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - SPECIAL REVENUE FUND - HOTEL/MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - CURRENT AND PRIOR YEAR
FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013**

	<u>06/30/14</u>	<u>06/30/13</u>	<u>INCREASE/ DECREASE</u>
REVENUES			
Taxes - Hotel/Motel Tax	\$ 210,934	\$ 172,609	\$ 38,325
Interest income	<u>337</u>	<u>26</u>	<u>311</u>
Total revenues	<u>211,271</u>	<u>172,635</u>	<u>38,636</u>
EXPENDITURES			
Current operating:			
Public services:			
Culture and recreation			
Tourism and trade promotion	<u>61,090</u>	<u>48,613</u>	<u>12,477</u>
Total expenditures	<u>61,090</u>	<u>48,613</u>	<u>12,477</u>
Excess (deficiency) of revenues over (under) expenditures	150,181	124,022	26,159
OTHER FINANCING USES			
Transfers out - General Fund	<u>149,844</u>	<u>123,321</u>	<u>26,523</u>
Net other financing uses	<u>149,844</u>	<u>123,321</u>	<u>26,523</u>
Excess (deficiency) of revenues and other sources (uses) over (under) expenditures	337	701	(364)
Fund balance at beginning of year	<u>13,583</u>	<u>12,882</u>	<u>701</u>
Fund balance at end of year	\$ <u>13,920</u>	\$ <u>13,583</u>	\$ <u>337</u>

SEE INDEPENDENT AUDITORS' REPORT.

DEBT SERVICE FUND

- **2010 General Obligation Bond Fund**

**CITY OF BUFORD, GEORGIA - DEBT SERVICE FUND - 2010 GENERAL OBLIGATION BOND FUND
BALANCE SHEET
AS OF JUNE 30, 2014**

ASSETS

Cash and cash equivalents \$ 445,599

Total assets \$ 445,599

FUND BALANCE

Restricted - debt service \$ 445,599

Total fund balance \$ 445,599

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - DEBT SERVICE FUND - 2010 GENERAL OBLIGATION BOND FUND
BALANCE SHEET
AS OF JUNE 30, 2013**

ASSETS

Cash and cash equivalents \$ 454,277

Total assets \$ 454,277

FUND BALANCE

Restricted - debt service \$ 454,277

Total fund balance \$ 454,277

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - DEBT SERVICE FUND - 2010 GENERAL OBLIGATION BOND FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - CURRENT TO PRIOR YEAR
 FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013**

	<u>06/30/14</u>	<u>06/30/13</u>	<u>INCREASE/ DECREASE</u>
REVENUES	\$ _____ -	\$ _____ -	\$ _____ -
EXPENDITURES			
Current operating:			
Public services:			
Principal payments - GOB 2010	500,000	1,246,764	(746,764)
Interest payments - GOB 2010	<u>275,702</u>	<u>325,668</u>	(49,966)
Total expenditures	<u>775,702</u>	<u>1,572,432</u>	(796,730)
Excess (deficiency) of revenues over (under) expenditures	(<u>775,702</u>)	(<u>1,572,432</u>)	<u>796,730</u>
OTHER FINANCING SOURCES			
Transfers in - General Fund	<u>767,024</u>	<u>1,549,906</u>	(<u>782,882</u>)
Net other financing sources	<u>767,024</u>	<u>1,549,906</u>	(<u>782,882</u>)
Excess (deficiency) of revenues and other sources (uses) over (under) expenditures	(8,678)	(22,526)	13,848
Fund balance at beginning of year	<u>454,277</u>	<u>476,803</u>	(<u>22,526</u>)
Fund balance at end of year	\$ <u>445,599</u>	\$ <u>454,277</u>	\$(<u>8,678</u>)

SEE INDEPENDENT AUDITORS' REPORT.

CAPITAL PROJECT FUNDS

- **Gwinnett County 2005 SPLOST Fund**
- **Gwinnett County 2009 SPLOST Fund**
- **Gwinnett County 2014 SPLOST Fund**
- **Hall County 2009 SPLOST Fund**
- **Hall County 2012 SPLOST Fund**
- **Rest Haven 2001 SPLOST Fund**
- **Rest Haven 2005 SPLOST Fund**

**CITY OF BUFORD, GEORGIA - CAPITAL PROJECT FUND - GWINNETT COUNTY 2005 SPLOST FUND
BALANCE SHEET
AS OF JUNE 30, 2014**

ASSETS

Cash and cash equivalents \$ 354

Total assets \$ 354

FUND BALANCE

Restricted - SPLOST projects \$ 354

Total fund balance \$ 354

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - CAPITAL PROJECT FUND - GWINNETT COUNTY 2005 SPLOST FUND
BALANCE SHEET
AS OF JUNE 30, 2013**

ASSETS

Cash and cash equivalents \$ 353

Total assets \$ 353

FUND BALANCE

Restricted - SPLOST projects \$ 353

Total fund balance \$ 353

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - CAPITAL PROJECT FUND - GWINNETT COUNTY 2005 SPLOST FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - CURRENT AND PRIOR YEAR
 FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013**

	<u>06/30/14</u>	<u>06/30/13</u>	<u>INCREASE/ DECREASE</u>
REVENUES			
Interest income	\$ <u>1</u>	\$ -	\$ <u>1</u>
Total revenues	<u>1</u>	<u>-</u>	<u>1</u>
EXPENDITURES			
Current operating:			
Public services:			
Highway and street:			
Enterprise fund reimbursement	-	91,053	(91,053)
Buford Highway Engineering	-	34,692	(34,692)
Hill Street Improvements	<u>-</u>	<u>268,524</u>	<u>(268,524)</u>
Total expenditures	<u>-</u>	<u>394,269</u>	<u>(394,269)</u>
Excess (deficiency) of revenues over (under) expenditures	1	(394,269)	(394,268)
Fund balance at beginning of year	<u>353</u>	<u>394,622</u>	<u>(394,269)</u>
Fund balance at end of year	\$ <u><u>354</u></u>	\$ <u><u>353</u></u>	\$ <u><u>1</u></u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - CAPITAL PROJECT FUND - GWINNETT COUNTY 2009 SPLOST FUND
BALANCE SHEET
AS OF JUNE 30, 2014**

ASSETS

Cash and cash equivalents \$ 4,756,953

Total assets \$ 4,756,953

LIABILITIES

Accounts payable \$ 21,721

Total liabilities 21,721

FUND BALANCE

Restricted - SPLOST projects 4,735,232

Total fund balance 4,735,232

Total liabilities and fund balance \$ 4,756,953

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - CAPITAL PROJECT FUND - GWINNETT COUNTY 2009 SPLOST FUND
BALANCE SHEET
AS OF JUNE 30, 2013**

ASSETS

Cash and cash equivalents	\$ 4,508,537
SPLOST receivable	<u>256,373</u>
Total assets	\$ <u>4,764,910</u>

LIABILITIES

Accounts payable	\$ <u>20,779</u>
Total liabilities	<u>20,779</u>

FUND BALANCE

Restricted - SPLOST projects	<u>4,744,131</u>
Total fund balance	<u>4,744,131</u>
Total liabilities and fund balance	\$ <u>4,764,910</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - CAPITAL PROJECT FUND - GWINNETT COUNTY 2009 SPLOST FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - CURRENT AND PRIOR YEAR
 FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013**

	<u>06/30/14</u>	<u>06/30/13</u>	<u>INCREASE/ DECREASE</u>
REVENUES			
SPLOST revenues	\$ 1,174,669	\$ 1,678,135	\$(503,466)
Interest income	<u>5,111</u>	<u>452</u>	<u>4,659</u>
Total revenues	<u>1,179,780</u>	<u>1,678,587</u>	(<u>498,807</u>)
EXPENDITURES			
Current operating:			
Public services:			
Street paving expense	569,165	362,491	206,674
Tea Streetscape V - General Fund	454,007	-	454,007
Buford Highway Engineering	<u>165,507</u>	<u>136,091</u>	<u>29,416</u>
Total expenditures	<u>1,188,679</u>	<u>498,582</u>	<u>690,097</u>
Excess (deficiency) of revenues over (under) expenditures	(8,899)	1,180,005	(1,188,904)
 Fund balance at beginning of year	 <u>4,744,131</u>	 <u>3,564,126</u>	 <u>1,180,005</u>
 Fund balance at end of year	 \$ <u>4,735,232</u>	 \$ <u>4,744,131</u>	 \$(<u>8,899</u>)

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - CAPITAL PROJECT FUND - GWINNETT COUNTY 2014 SPLOST FUND
BALANCE SHEET
AS OF JUNE 30, 2014**

ASSETS

Cash and cash equivalents	\$ 135,111
SPLOST receivable	<u>286,452</u>
Total assets	\$ <u>421,563</u>

FUND BALANCE

Restricted - SPLOST projects	\$ <u>421,563</u>
Total fund balance	\$ <u>421,563</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - CAPITAL PROJECT FUND - GWINNETT COUNTY 2014 SPLOST FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - CURRENT AND PRIOR YEAR
 FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013**

	<u>06/30/14</u>	<u>06/30/13</u>	<u>INCREASE/ DECREASE</u>
REVENUES			
SPLOST revenues	\$ 421,553	\$ -	\$ 421,553
Interest income	<u>10</u>	<u>-</u>	<u>10</u>
Total revenues	<u>421,563</u>	<u>-</u>	<u>421,563</u>
 EXPENDITURES	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Excess (deficiency) of revenues over (under) expenditures	 421,563	 -	 421,563
 Fund balance at beginning of year	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Fund balance at end of year	 \$ <u>421,563</u>	 \$ <u>-</u>	 \$ <u>421,563</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - CAPITAL PROJECT FUND - HALL COUNTY 2009 SPLOST FUND
BALANCE SHEET
AS OF JUNE 30, 2014**

ASSETS

Cash and cash equivalents	\$ 71,624
SPLOST receivable	<u>2,817</u>
Total assets	\$ <u><u>74,441</u></u>

FUND BALANCE

Restricted - SPLOST projects	\$ <u>74,441</u>
Total fund balance	\$ <u><u>74,441</u></u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - CAPITAL PROJECT FUND - HALL COUNTY 2009 SPLOST FUND
BALANCE SHEET
AS OF JUNE 30, 2013**

ASSETS

Cash and cash equivalents	\$ 54,668
SPLOST receivable	<u>2,547</u>
Total assets	\$ <u><u>57,215</u></u>

FUND BALANCE

Restricted - SPLOST projects	\$ <u>57,215</u>
Total fund balance	\$ <u><u>57,215</u></u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - CAPITAL PROJECT FUND - HALL COUNTY 2009 SPLOST FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - CURRENT TO PRIOR YEAR
 FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013**

	<u>06/30/14</u>	<u>06/30/13</u>	<u>INCREASE/ DECREASE</u>
REVENUES			
SPLOST revenues	\$ 17,162	\$ 15,672	\$ 1,490
Interest income	<u>64</u>	<u>5</u>	<u>59</u>
Total revenues	<u>17,226</u>	<u>15,677</u>	<u>1,549</u>
EXPENDITURES			
Current operating:			
Public services:			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	17,226	15,677	1,549
Fund balance at beginning of year	<u>57,215</u>	<u>41,538</u>	<u>15,677</u>
Fund balance at end of year	\$ <u>74,441</u>	\$ <u>57,215</u>	\$ <u>17,226</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - CAPITAL PROJECT FUND - HALL COUNTY 2012 SPLOST FUND
BALANCE SHEET
AS OF JUNE 30, 2014**

ASSETS

Cash and cash equivalents	\$ 1,153,046
SPLOST receivable	<u>126,667</u>
Total assets	\$ <u>1,279,713</u>

FUND BALANCE

Restricted - SPLOST projects	\$ <u>1,279,713</u>
Total fund balance	\$ <u>1,279,713</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - CAPITAL PROJECT FUND - HALL COUNTY 2012 SPLOST FUND
BALANCE SHEET
AS OF JUNE 30, 2013**

ASSETS

Cash and cash equivalents	\$ 480,041
SPLOST receivable	<u>126,667</u>
Total assets	\$ <u>606,708</u>

FUND BALANCE

Restricted - SPLOST projects	\$ <u>606,708</u>
Total fund balance	\$ <u>606,708</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - CAPITAL PROJECT FUND - HALL COUNTY 2012 SPLOST FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - CURRENT TO PRIOR YEAR
 FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013**

	<u>06/30/14</u>	<u>06/30/13</u>	<u>INCREASE/ DECREASE</u>
REVENUES			
SPLOST revenues	\$ 760,000	\$ 606,667	\$ 153,333
Interest income	<u>764</u>	<u>41</u>	<u>723</u>
Total revenues	<u>760,764</u>	<u>606,708</u>	<u>154,056</u>
 EXPENDITURES			
Current operating:			
Public services:			
Makita land - New BHS Gym	<u>87,759</u>	<u>-</u>	<u>87,759</u>
Total expenditures	<u>87,759</u>	<u>-</u>	<u>87,759</u>
 Excess (deficiency) of revenues over (under) expenditures	 673,005	 606,708	 66,297
 Fund balance at beginning of year	 <u>606,708</u>	 <u>-</u>	 <u>606,708</u>
 Fund balance at end of year	 \$ <u>1,279,713</u>	 \$ <u>606,708</u>	 \$ <u>673,005</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - CAPITAL PROJECT FUND - REST HAVEN 2001 SPLOST FUND
BALANCE SHEET
AS OF JUNE 30, 2014**

ASSETS

Cash and cash equivalents	\$ <u>19,621</u>
Total assets	\$ <u><u>19,621</u></u>

FUND BALANCE

Restricted - SPLOST projects	\$ <u>19,621</u>
Total fund balance	\$ <u><u>19,621</u></u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - CAPITAL PROJECT FUND - REST HAVEN 2001 SPLOST FUND
BALANCE SHEET
AS OF JUNE 30, 2013**

ASSETS

Cash and cash equivalents \$ 19,601

Total assets \$ 19,601

FUND BALANCE

Restricted - SPLOST projects \$ 19,601

Total fund balance \$ 19,601

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - CAPITAL PROJECT FUND - REST HAVEN 2001 SPLOST FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - CURRENT TO PRIOR YEAR
 FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013**

	<u>06/30/14</u>	<u>06/30/13</u>	<u>INCREASE/ DECREASE</u>
REVENUES			
Interest income	\$ <u>20</u>	\$ <u>2</u>	\$ <u>18</u>
Total revenues	<u>20</u>	<u>2</u>	<u>18</u>
 EXPENDITURES			
Current operating:			
Public services:			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
 Excess (deficiency) of revenues over (under) expenditures	<u>20</u>	<u>2</u>	<u>18</u>
 Fund balance at beginning of year	<u>19,601</u>	<u>19,599</u>	<u>2</u>
 Fund balance at end of year	\$ <u><u>19,621</u></u>	\$ <u><u>19,601</u></u>	\$ <u><u>20</u></u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - CAPITAL PROJECT FUND - REST HAVEN 2005 SPLOST FUND
BALANCE SHEET
AS OF JUNE 30, 2014**

ASSETS

Cash and cash equivalents \$ 566,475

Total assets \$ 566,475

FUND BALANCE

Restricted - SPLOST projects \$ 566,475

Total fund balance \$ 566,475

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - CAPITAL PROJECT FUND - REST HAVEN 2005 SPLOST FUND
BALANCE SHEET
AS OF JUNE 30, 2013**

ASSETS

Cash and cash equivalents \$ 565,906

Total assets \$ 565,906

FUND BALANCE

Restricted - SPLOST projects \$ 565,906

Total fund balance \$ 565,906

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - CAPITAL PROJECT FUND - REST HAVEN 2005 SPLOST FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - CURRENT TO PRIOR YEARS
 FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013**

	<u>06/30/14</u>	<u>06/30/13</u>	<u>INCREASE/ DECREASE</u>
REVENUES			
Investment income	\$ <u>569</u>	\$ <u>57</u>	\$ <u>512</u>
Total revenues	<u>569</u>	<u>57</u>	<u>512</u>
 EXPENDITURES			
Current operating:			
Public services:			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
 Excess (deficiency) of revenues over (under) expenditures	<u>569</u>	<u>57</u>	<u>512</u>
 Fund balance at beginning of year	<u>565,906</u>	<u>565,849</u>	<u>57</u>
 Fund balance at end of year	\$ <u>566,475</u>	\$ <u>565,906</u>	\$ <u>569</u>

SEE INDEPENDENT AUDITORS' REPORT.

PROPRIETARY FUNDS - ENTERPRISE FUNDS

- **City of Buford Utilities Fund**
- **City of Buford Community Center Fund**

**CITY OF BUFORD, GEORGIA - ENTERPRISE FUND - UTILITIES FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014**

ASSETS

Current assets:

Cash and cash equivalents	\$ 12,226,874
Investments	8,586,232
Accounts receivable, net	2,748,972
Prepaid expenses	<u>130,553</u>

Total current assets **23,692,631**

Noncurrent assets:

Restricted cash and cash equivalents	4,304,924
Restricted investments	2,708,799
Net capital assets	<u>56,958,291</u>

Total noncurrent assets **63,972,014**

Total assets \$ **87,664,645**

LIABILITIES

Current liabilities:

Accounts payable	\$ 2,306,283
Other accrued liabilities	<u>205,250</u>

Total current liabilities **2,511,533**

Noncurrent liabilities:

Customer deposits payable	5,214,024
Accrued compensated absences	93,241
Accrued landfill closure and post closure care costs	<u>585,221</u>

Total noncurrent liabilities **5,892,486**

Total liabilities **8,404,019**

NET POSITION

Invested in capital assets, net of related debt	56,958,291
Restricted for:	
Municipal Competitive Trust	1,799,699
Unrestricted	<u>20,502,636</u>

Total net position **79,260,626**

Total liabilities and net position \$ **87,664,645**

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - ENTERPRISE FUND - UTILITIES FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2013**

ASSETS

Current assets:

Cash and cash equivalents	\$ 6,474,203
Investments	7,371,657
Accounts receivable, net	2,673,974
Prepaid expenses	<u>140,653</u>

Total current assets 16,660,487

Noncurrent assets:

Restricted cash and cash equivalents	4,636,715
Restricted investments	3,306,829
Net capital assets	<u>59,033,270</u>

Total noncurrent assets 66,976,814

Total assets \$ 83,637,301

LIABILITIES

Current liabilities:

Accounts payable	\$ 2,372,131
Other accrued liabilities	<u>194,365</u>

Total current liabilities 2,566,496

Noncurrent liabilities:

Customer deposits payable	5,521,062
Due to other funds	987
Accrued compensated absences	87,972
Accrued landfill closure and post closure care costs	<u>714,533</u>

Total noncurrent liabilities 6,324,554

Total liabilities 8,891,050

NET POSITION

Invested in capital assets, net of related debt	59,033,270
Restricted for:	
Municipal Competitive Trust	2,422,482
Unrestricted	<u>13,290,499</u>

Total net position 74,746,251

Total liabilities and net position \$ 83,637,301

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - ENTERPRISE FUND - UTILITIES FUND
 COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 CURRENT TO PRIOR YEAR - BY CATEGORY
 FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013**

	<u>06/30/14</u>	<u>06/30/13</u>	<u>INCREASE/ DECREASE</u>
<u>OPERATING REVENUES:</u>			
Utility charges	\$ 59,666,729	\$ 51,370,728	\$ 8,296,001
Penalty and service charges	1,082,918	1,014,747	68,171
Landfill revenues	968,123	823,663	144,460
Connection fees	563,842	407,157	156,685
Sewer allocation surcharges	112,541	99,231	13,310
Industrial permit surcharges	92,541	61,668	30,873
Other operating income	<u>139,980</u>	<u>314,228</u>	<u>(174,248)</u>
Total operating revenues	<u>62,626,674</u>	<u>54,091,422</u>	<u>8,535,252</u>
<u>OPERATING EXPENSES:</u>			
Utilities purchased	31,492,561	26,719,843	4,772,718
Personal services	4,720,499	4,479,711	240,788
Depreciation	4,279,622	4,271,758	7,864
Contractual services	2,209,366	2,228,776	(19,410)
Materials and supplies	1,911,988	1,561,778	350,210
Utilities	595,373	598,711	(3,338)
Repairs and maintenance	549,342	608,925	(59,583)
Other operating expenses	<u>444,936</u>	<u>333,231</u>	<u>111,705</u>
Total operating expenses	<u>46,203,687</u>	<u>40,802,733</u>	<u>5,400,954</u>
Income (loss) from operations	<u>16,422,987</u>	<u>13,288,689</u>	<u>3,134,298</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>			
Refunds and rebates	1,481,426	1,457,349	24,077
Off-system sales	924,425	186,316	738,109
Investment income	378,841	210,196	168,645
Miscellaneous income	896	10,585	(9,689)
Fiscal agents fees	(100)	-	(100)
Interest expense	<u>-</u>	<u>(288,129)</u>	<u>288,129</u>
Total nonoperating revenues (expenses)	<u>2,785,488</u>	<u>1,576,317</u>	<u>1,209,171</u>
Income (loss) before transfers	<u>19,208,475</u>	<u>14,865,006</u>	<u>4,343,469</u>
<u>OTHER FINANCING USES:</u>			
Transfers out - General Fund	<u>(14,694,100)</u>	<u>(8,914,126)</u>	<u>(5,779,974)</u>
Net other financing uses	<u>(14,694,100)</u>	<u>(8,914,126)</u>	<u>(5,779,974)</u>
Change in net position	4,514,375	5,950,880	(1,436,505)
Net position - beginning of year	<u>74,746,251</u>	<u>68,795,371</u>	<u>5,950,880</u>
Net position - end of year	\$ <u>79,260,626</u>	\$ <u>74,746,251</u>	\$ <u>4,514,375</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - ENTERPRISE FUND - UTILITIES FUND
 COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 CURRENT TO PRIOR YEAR - BY CLASSIFICATION
 FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013**

	<u>06/30/14</u>	<u>06/30/13</u>	<u>INCREASE/ DECREASE</u>
<u>OPERATING REVENUES:</u>			
Utility charges	\$ 59,666,729	\$ 51,370,728	\$ 8,296,001
Penalty and service charges	1,082,918	1,014,747	68,171
Landfill revenues	968,123	823,663	144,460
Connection fees	563,842	407,157	156,685
Sewer allocation surcharges	112,541	99,231	13,310
Industrial permit surcharges	92,541	61,668	30,873
Other operating income	<u>139,980</u>	<u>314,228</u>	(<u>174,248</u>)
Total operating revenues	<u>62,626,674</u>	<u>54,091,422</u>	<u>8,535,252</u>
<u>OPERATING EXPENSES:</u>			
Utilities purchased	31,492,550	26,719,843	4,772,707
Depreciation	4,279,623	4,271,758	7,865
Salaries and wages - regular employees	3,027,190	2,877,109	150,081
United Waste	1,714,364	1,672,879	41,485
General supplies and materials	1,437,526	1,098,402	339,124
Group insurance	917,920	882,960	34,960
Repairs and maintenance	504,923	558,210	(53,287)
Energy - electricity	451,804	479,338	(27,534)
Retirement	332,432	314,041	18,391
Energy - gasoline and diesel	237,236	225,199	12,037
Payroll tax	229,354	218,841	10,513
Bad debt expense	191,958	51,012	140,946
Postage and freight	186,968	170,880	16,088
Temporary employees	108,712	101,735	6,977
AMR conversion	106,123	-	106,123
Workers compensation	100,996	81,772	19,224
Contract labor	96,733	97,598	(865)
Electric Cities of Georgia	83,983	143,866	(59,883)
Insurance - property and liability	80,828	78,517	2,311
Energy - water and sewer	71,375	46,462	24,913
County property taxes	64,750	136,542	(71,792)
Leak survey and cathodic	57,518	83,875	(26,357)
Braselton franchise fees	49,952	40,753	9,199
Water and sewer plant repairs	45,019	50,714	(5,695)
Chemical analysis	42,780	36,800	5,980
Telephone	42,618	43,465	(847)
Refunds to customers	35,611	35,319	292
Public awareness - natural gas	32,413	4,534	27,879
Dues and subscriptions	29,911	50,296	(20,385)
Mobile telephone expense	29,564	29,362	202
Bank charges	27,851	26,206	1,645
Miscellaneous	24,659	25,950	(1,291)
Rental of equipment and vehicle	13,689	7,385	6,304
Printing and binding	10,180	2,919	7,261
Computer expense	9,568	12,200	(2,632)
Drinking water program	8,900	7,900	1,000
Auburn franchise fees	7,922	6,679	1,243
Dacula franchise fees	7,272	-	7,272
Education and training	3,895	3,254	641
Advertising	3,448	10,641	(7,193)
Carl franchise fees	2,063	2,206	(143)
Engineering	750	2,700	(1,950)
Collection fees	506	531	(25)
Rental of land and building	250	275	(25)
Landfill monitoring	-	70,631	(70,631)
Legal and accounting	-	14,182	(14,182)
Penalties and fines	-	3,500	(3,500)
Subscribed sales force	-	3,408	(3,408)
Energy - bottled gas	-	84	(84)
Total operating expenses	<u>46,203,687</u>	<u>40,802,733</u>	<u>5,400,954</u>
Income (loss) from operations	\$ <u>16,422,987</u>	\$ <u>13,288,689</u>	\$ <u>3,134,298</u>

**CITY OF BUFORD, GEORGIA - ENTERPRISE FUND - UTILITIES FUND
 COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 CURRENT TO PRIOR YEAR - BY CLASSIFICATION - CONTINUED
 FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013**

	<u>06/30/14</u>	<u>06/30/13</u>	<u>INCREASE/ DECREASE</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>			
Refunds and rebates	\$ 1,481,426	\$ 1,457,349	\$ 24,077
Off-system sales	924,425	186,316	738,109
Investment income	378,841	210,196	168,645
Miscellaneous income	896	10,585	(9,689)
Fiscal agents fees	(100)	-	(100)
Interest expense	<u>-</u>	<u>(288,129)</u>	<u>288,129</u>
Total nonoperating revenues (expenses)	<u>2,785,488</u>	<u>1,576,317</u>	<u>1,209,171</u>
Income (loss) before transfers	<u>19,208,475</u>	<u>14,865,006</u>	<u>4,343,469</u>
<u>OTHER FINANCING USES:</u>			
Transfers out - General Fund	<u>(14,694,100)</u>	<u>(8,914,126)</u>	<u>(5,779,974)</u>
Net other financing uses	<u>(14,694,100)</u>	<u>(8,914,126)</u>	<u>(5,779,974)</u>
Change in net position	4,514,375	5,950,880	(1,436,505)
Net position - beginning of year	<u>74,746,251</u>	<u>68,795,371</u>	<u>5,950,880</u>
Net position - end of year	\$ <u>79,260,626</u>	\$ <u>74,746,251</u>	\$ <u>4,514,375</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - ENTERPRISE FUND - UTILITIES FUND
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION- DEPARTMENTAL
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Electric System</u>	<u>Gas System</u>	<u>Solid Waste and Recycling</u>	<u>Waste Water System</u>	<u>Water System</u>	<u>Non Departmental</u>	<u>Total</u>
OPERATING REVENUES:							
Utility charges - services	\$ 16,876,703	\$ 37,615,395	\$ 2,578,134	\$ 1,774,619	\$ 821,878	\$ -	\$ 59,666,729
Penalties	-	-	-	-	-	828,574	828,574
Landfill host fee	-	-	566,304	-	-	-	566,304
Connection fees	31,365	339,977	-	165,000	27,500	-	563,842
BFI monthly lease	-	-	300,000	-	-	-	300,000
Utility service charge	-	-	-	-	-	254,344	254,344
Sewer allocation surcharges	-	-	-	112,541	-	-	112,541
Reimbursements - landfill closure	-	-	101,819	-	-	-	101,819
Industrial permit surcharge	-	-	-	92,541	-	-	92,541
Security light revenue	46,068	-	-	-	-	-	46,068
Electric pole rental	34,531	-	-	-	-	-	34,531
Miscellaneous income	-	-	-	-	-	17,725	17,725
Vendors compensation	-	-	-	-	-	17,457	17,457
Reimbursements - utility expansion	13,719	-	-	-	-	-	13,719
Fire line meters revenue	-	-	-	-	10,480	-	10,480
Total operating revenues	17,002,386	37,955,372	3,546,257	2,144,701	859,858	1,118,100	62,626,674
OPERATING EXPENSES:							
Utilities purchased	14,328,709	17,161,662	-	2,179	-	-	31,492,550
Depreciation	951,315	2,322,420	20,166	492,861	492,861	-	4,279,623
Salaries and wages - regular employees	597,490	1,321,875	135,183	480,195	492,447	-	3,027,190
United Waste	-	-	1,714,364	-	-	-	1,714,364
General supplies and materials	190,930	822,145	4,513	309,133	110,805	-	1,437,526
Group insurance	181,971	377,428	94,772	95,882	167,867	-	917,920
Repairs and maintenance	78,337	197,476	39,677	163,033	26,400	-	504,923
Energy - electricity	130,183	11,103	-	247,787	62,731	-	451,804
Retirement	66,119	134,075	36,733	36,733	58,772	-	332,432
Energy - gasoline and diesel	47,439	47,480	47,439	47,439	47,439	-	237,236
Payroll tax	45,332	100,090	10,335	36,275	37,322	-	229,354
Bad debt expense	-	-	-	-	-	191,958	191,958
Postage and freight	37,625	142,956	-	5,380	1,007	-	186,968
Temporary employees	2,720	39,671	-	34,203	32,118	-	108,712
AMR conversion	-	106,123	-	-	-	-	106,123
Workers compensation	19,912	40,409	11,507	11,507	17,661	-	100,996
Contract labor	-	-	-	96,733	-	-	96,733
Electric Cities of Georgia	83,983	-	-	-	-	-	83,983
Insurance - property and liability	15,446	34,044	8,373	9,568	13,397	-	80,828
Energy - water and sewer	-	-	-	51,134	20,241	-	71,375
County property taxes	-	64,750	-	-	-	-	64,750
Leak survey and cathodic	-	57,518	-	-	-	-	57,518
Braselton franchise fees	-	49,952	-	-	-	-	49,952
Water and sewer plant repairs	-	-	-	45,019	-	-	45,019
Chemical analysis	-	-	-	41,504	1,276	-	42,780
Telephone	1,034	9,269	-	17,405	14,910	-	42,618
Refunds to customers	-	34,290	1,321	-	-	-	35,611
Public awareness - natural gas	-	32,413	-	-	-	-	32,413

Dues and subscriptions	11,571	17,025	-	396	919	-	29,911
Mobile telephone expense	5,477	20,130	-	1,482	2,475	-	29,564
Bank charges	-	-	-	-	-	27,851	27,851
Miscellaneous	2,219	13,080	191	250	297	8,622	24,659
Rental of equipment and vehicle	7,391	3,769	37	2,418	74	-	13,689
Printing and binding	65	9,180	-	500	435	-	10,180
Computer expense	-	9,131	-	437	-	-	9,568
Drinking water program	-	-	-	-	8,900	-	8,900
Auburn franchise fees	-	7,922	-	-	-	-	7,922
Dacula franchise fees	-	7,272	-	-	-	-	7,272
Education and training	160	825	-	1,379	1,531	-	3,895
Advertising	-	500	-	160	2,788	-	3,448
Carl franchise fees	-	2,063	-	-	-	-	2,063
Engineering	-	-	750	-	-	-	750
Collection fees	-	-	-	-	-	506	506
Rental of land and building	-	100	-	150	-	-	250
Total operating expenses	<u>16,805,428</u>	<u>23,198,146</u>	<u>2,125,361</u>	<u>2,231,142</u>	<u>1,614,673</u>	<u>228,937</u>	<u>46,203,687</u>
Income (loss) from operations	<u>196,958</u>	<u>14,757,226</u>	<u>1,420,896</u>	<u>(86,441)</u>	<u>(754,815)</u>	<u>889,163</u>	<u>16,422,987</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>							
Refunds and rebates	442,486	1,038,940	-	-	-	-	1,481,426
Off-system sales	924,425	-	-	-	-	-	924,425
Investment income	235,720	107,723	-	14,490	14,490	6,418	378,841
Miscellaneous income	886	10	-	-	-	-	896
Fiscal agent charges	-	-	-	-	(100)	-	(100)
Total nonoperating revenues (expenses)	<u>1,603,517</u>	<u>1,146,673</u>	<u>-</u>	<u>14,490</u>	<u>14,390</u>	<u>6,418</u>	<u>2,785,488</u>
Income (loss) before transfers	1,800,475	15,903,899	1,420,896	(71,951)	(740,425)	895,581	19,208,475
<u>OTHER FINANCING USES:</u>							
Transfers out - General Fund	-	-	-	-	-	(14,694,100)	(14,694,100)
Net other financing uses	-	-	-	-	-	(14,694,100)	(14,694,100)
Change in net position	\$ <u>1,800,475</u>	\$ <u>15,903,899</u>	\$ <u>1,420,896</u>	\$ <u>(71,951)</u>	\$ <u>(740,425)</u>	\$ <u>(13,798,519)</u>	\$ 4,514,375
Net position at beginning of year							<u>74,746,251</u>
Net position at end of year							\$ <u>79,260,626</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - ENTERPRISE FUND - UTILITIES FUND
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - DEPARTMENTAL
 FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Electric System</u>	<u>Gas System</u>	<u>Solid Waste and Recycling</u>	<u>Waste Water System</u>	<u>Water System</u>	<u>Non Departmental</u>	<u>Total</u>
<u>OPERATING REVENUES:</u>							
Utility charges - services	\$ 16,321,719	\$ 30,273,879	\$ 2,485,258	\$ 1,463,250	\$ 826,622	\$ -	\$ 51,370,728
Penalties	-	-	-	-	-	699,155	699,155
Connection fees	11,350	258,707	-	131,500	5,600	-	407,157
Landfill host fee	-	-	406,065	-	-	-	406,065
Utility service charge	-	-	-	-	-	315,592	315,592
BFI monthly lease	-	-	300,000	-	-	-	300,000
Reimbursements - utility expansion	170,331	-	-	-	-	-	170,331
Reimbursements - landfill closure	-	-	117,598	-	-	-	117,598
Sewer allocation surcharges	-	-	-	99,231	-	-	99,231
Industrial permit surcharge	-	-	-	61,668	-	-	61,668
Security light revenue	45,894	-	-	-	-	-	45,894
Miscellaneous income	-	-	-	-	-	38,886	38,886
Electric pole rental	34,104	-	-	-	-	-	34,104
Vendors compensation	-	-	-	-	-	15,072	15,072
Fire line meters revenue	-	-	-	-	9,941	-	9,941
Total operating revenues	<u>16,583,398</u>	<u>30,532,586</u>	<u>3,308,921</u>	<u>1,755,649</u>	<u>842,163</u>	<u>1,068,705</u>	<u>54,091,422</u>
<u>OPERATING EXPENSES:</u>							
Utilities purchased	13,393,971	13,320,942	-	4,930	-	-	26,719,843
Depreciation	951,693	2,290,629	19,926	504,755	504,755	-	4,271,758
Salaries and wages - regular employees	567,456	1,215,037	222,697	455,013	416,906	-	2,877,109
United Waste	-	-	1,672,879	-	-	-	1,672,879
General supplies and materials	222,022	381,699	5,495	343,118	146,068	-	1,098,402
Group insurance	177,017	372,183	89,733	84,475	159,552	-	882,960
Repairs and maintenance	60,117	313,842	35,930	58,861	89,460	-	558,210
Energy - electricity	117,144	11,834	-	252,149	98,211	-	479,338
Retirement	61,443	129,712	34,135	34,135	54,616	-	314,041
Energy - gasoline and diesel	44,967	45,037	45,111	45,039	45,045	-	225,199
Payroll tax	43,206	92,368	17,023	34,489	31,755	-	218,841
Postage and freight	35,776	131,152	-	3,952	-	-	170,880
Electric Cities of Georgia	141,984	-	-	-	1,882	-	143,866
County property taxes	-	136,542	-	-	-	-	136,542
Temporary employees	1,697	29,177	-	34,234	36,627	-	101,735
Contract labor	-	-	-	97,598	-	-	97,598
Leak survey and cathodic	-	83,875	-	-	-	-	83,875
Workers compensation	22,578	29,938	7,990	8,176	13,090	-	81,772
Insurance - property and liability	15,345	32,394	8,613	8,525	13,640	-	78,517
Landfill monitoring	-	-	70,631	-	-	-	70,631
Bad debt expense	-	-	-	-	-	51,012	51,012
Water and sewer plant repairs	-	-	-	44,629	6,085	-	50,714
Dues and subscriptions	12,304	36,218	-	1,020	754	-	50,296
Energy - water and sewer	11	-	-	46,451	-	-	46,462
Telephone	1,436	9,495	-	17,644	14,890	-	43,465
Braselton franchise fees	-	40,753	-	-	-	-	40,753
Chemical analysis	-	350	-	36,450	-	-	36,800
Refunds to customers	1,670	29,299	-	4,350	-	-	35,319

Mobile telephone expense	5,400	20,076	-	1,473	2,413	-	29,362
Bank charges	-	-	-	-	-	26,206	26,206
Miscellaneous	2,314	13,472	204	9,231	729	-	25,950
Legal and accounting	-	14,182	-	-	-	-	14,182
Computer expense	-	6,130	-	5,280	790	-	12,200
Advertising	-	8,752	-	30	1,859	-	10,641
Drinking water program	-	-	-	-	7,900	-	7,900
Rental of equipment and vehicle	464	5,714	-	984	223	-	7,385
Auburn franchise fees	-	6,679	-	-	-	-	6,679
Public awareness - natural gas	-	4,534	-	-	-	-	4,534
Penalties and fines	-	-	-	3,500	-	-	3,500
Subscribed sales force	-	3,408	-	-	-	-	3,408
Education and training	795	1,499	-	931	29	-	3,254
Printing and binding	90	1,840	-	252	737	-	2,919
Engineering	-	-	2,700	-	-	-	2,700
Carl franchise fees	-	2,206	-	-	-	-	2,206
Collection fees	-	-	-	-	-	531	531
Rental of land and building	-	125	-	150	-	-	275
Energy - bottled gas	84	-	-	-	-	-	84
Total operating expenses	<u>15,880,984</u>	<u>18,821,093</u>	<u>2,233,067</u>	<u>2,141,824</u>	<u>1,648,016</u>	<u>77,749</u>	<u>40,802,733</u>
Income (loss) from operations	<u>702,414</u>	<u>11,711,493</u>	<u>1,075,854</u>	<u>(386,175)</u>	<u>(805,853)</u>	<u>990,956</u>	<u>13,288,689</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>							
Refunds and rebates	574,057	883,292	-	-	-	-	1,457,349
Investment income	15,974	146,815	-	28,191	-	19,216	210,196
Off-system sales	186,316	-	-	-	-	-	186,316
Miscellaneous income	467	10,118	-	-	-	-	10,585
Interest expense	-	(87,814)	-	(200,315)	-	-	(288,129)
Total nonoperating revenues (expenses)	<u>776,814</u>	<u>952,411</u>	<u>-</u>	<u>(172,124)</u>	<u>-</u>	<u>19,216</u>	<u>1,576,317</u>
Income (loss) before transfers	1,479,228	12,663,904	1,075,854	(558,299)	(805,853)	1,010,172	14,865,006
<u>OTHER FINANCING USES:</u>							
Transfers out - General Fund	-	-	-	-	-	(8,914,126)	(8,914,126)
Net other financing uses	-	-	-	-	-	(8,914,126)	(8,914,126)
Change in net position	\$ <u>1,479,228</u>	\$ <u>12,663,904</u>	\$ <u>1,075,854</u>	\$ <u>(558,299)</u>	\$ <u>(805,853)</u>	\$ <u>(7,903,954)</u>	\$ 5,950,880
Net position at beginning of year							<u>68,795,371</u>
Net position at end of year							\$ <u>74,746,251</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - ENTERPRISE FUND - UTILITIES FUND - ELECTRIC DEPARTMENT
SCHEDULE OF REVENUES AND EXPENSES - CURRENT TO PRIOR YEAR
FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013**

	<u>06/30/14</u>	<u>06/30/13</u>	<u>INCREASE/ DECREASE</u>
<u>OPERATING REVENUES:</u>			
Utility charges	\$ 16,876,703	\$ 16,321,719	\$ 554,984
Security light revenue	46,068	45,894	174
Electric pole rental	34,531	34,104	427
Connection fees	31,365	11,350	20,015
Reimbursements - utility expansion	<u>13,719</u>	<u>170,331</u>	<u>(156,612)</u>
Total operating revenues	<u>17,002,386</u>	<u>16,583,398</u>	<u>418,988</u>
<u>OPERATING EXPENSES:</u>			
Utilities purchased	14,328,709	13,393,971	934,738
Depreciation	951,315	951,693	(378)
Salaries and wages - regular employees	597,490	567,456	30,034
General supplies and materials	190,930	222,022	(31,092)
Group insurance	181,971	177,017	4,954
Energy - electricity	130,183	117,144	13,039
Electric Cities of Georgia	83,983	141,984	(58,001)
Repairs and maintenance	78,337	60,117	18,220
Retirement	66,119	61,443	4,676
Energy - gasoline and diesel	47,439	44,967	2,472
Payroll tax	45,332	43,206	2,126
Postage and freight	37,625	35,776	1,849
Workers compensation	19,912	22,578	(2,666)
Insurance - property and liability	15,446	15,345	101
Dues and subscriptions	11,571	12,304	(733)
Rental of equipment and vehicle	7,391	464	6,927
Mobile telephone expense	5,477	5,400	77
Temporary employees	2,720	1,697	1,023
Miscellaneous	2,219	2,314	(95)
Telephone	1,034	1,436	(402)
Education and training	160	795	(635)
Printing and binding	65	90	(25)
Refund to customers	-	1,670	(1,670)
Energy - bottled gas	-	84	(84)
Energy - water and sewerage	<u>-</u>	<u>11</u>	<u>(11)</u>
Total operating expenses	<u>16,805,428</u>	<u>15,880,984</u>	<u>924,444</u>
Income (loss) from operations	<u>196,958</u>	<u>702,414</u>	<u>(505,456)</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>			
Off-system sales	924,425	186,316	738,109
Electric refunds and rebates	442,486	574,057	(131,571)
Investment income - Municipal Competitive Trust	180,114	(133,972)	314,086
Interest income	55,606	149,946	(94,340)
Miscellaneous income	<u>886</u>	<u>467</u>	<u>419</u>
Total nonoperating revenues (expenses)	<u>1,603,517</u>	<u>776,814</u>	<u>826,703</u>
Change in net position	\$ <u>1,800,475</u>	\$ <u>1,479,228</u>	\$ <u>321,247</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - ENTERPRISE FUND - UTILITIES FUND - GAS DEPARTMENT
SCHEDULE OF REVENUES AND EXPENSES - CURRENT TO PRIOR YEAR
FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013**

	<u>06/30/14</u>	<u>06/30/13</u>	<u>INCREASE/ DECREASE</u>
<u>OPERATING REVENUES:</u>			
Utility charges	\$ 37,615,395	\$ 30,273,879	\$ 7,341,516
Connection fees	<u>339,977</u>	<u>258,707</u>	<u>81,270</u>
Total operating revenues	<u>37,955,372</u>	<u>30,532,586</u>	<u>7,422,786</u>
<u>OPERATING EXPENSES:</u>			
Utilities purchased	17,161,662	13,320,942	3,840,720
Depreciation	2,322,420	2,290,629	31,791
Salaries and wages - regular employees	1,321,875	1,215,037	106,838
General supplies and materials	822,145	381,699	440,446
Group insurance	377,428	372,183	5,245
Repairs and maintenance	197,476	313,842	(116,366)
Postage and freight	142,956	131,152	11,804
Retirement	134,075	129,712	4,363
AMR conversion	106,123	-	106,123
Payroll tax	100,090	92,368	7,722
County property taxes	64,750	136,542	(71,792)
Leak survey and cathodic	57,518	83,875	(26,357)
Braselton franchise fee	49,952	40,753	9,199
Energy - gasoline and diesel	47,480	45,037	2,443
Workers compensation	40,409	29,938	10,471
Temporary employees	39,671	29,177	10,494
Refunds to customers	34,290	29,299	4,991
Insurance - property and liability	34,044	32,394	1,650
Public awareness - natural gas	32,413	4,534	27,879
Mobile telephone expense	20,130	20,076	54
Dues and subscriptions	17,025	36,218	(19,193)
Miscellaneous	13,080	13,472	(392)
Energy - electricity	11,103	11,834	(731)
Telephone	9,269	9,495	(226)
Printing and binding	9,180	1,840	7,340
Computer expense	9,131	6,130	3,001
Auburn franchise fees	7,922	6,679	1,243
Dacula franchise fees	7,272	-	7,272
Rental of equipment and vehicle	3,769	5,714	(1,945)
Carl franchise fees	2,063	2,206	(143)
Education and training	825	1,499	(674)
Advertising	500	8,752	(8,252)
Rental of land and building	100	125	(25)
Legal and accounting	-	14,182	(14,182)
Subscribed sales force	-	3,408	(3,408)
Chemical analysis	-	350	(350)
Total operating expenses	<u>23,198,146</u>	<u>18,821,093</u>	<u>4,377,053</u>
Income (loss) from operations	<u>14,757,226</u>	<u>11,711,493</u>	<u>3,045,733</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>			
Refunds and rebates	1,038,940	883,292	155,648
Investment income	107,723	146,815	(39,092)
Miscellaneous income	10	10,118	(10,108)
Interest expense	-	(87,814)	87,814
Total nonoperating revenues (expenses)	<u>1,146,673</u>	<u>952,411</u>	<u>194,262</u>
Change in net position	\$ <u>15,903,899</u>	\$ <u>12,663,904</u>	\$ <u>3,239,995</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - ENTERPRISE FUND - UTILITIES FUND - SOLID WASTE AND RECYCLING
SCHEDULE OF REVENUES AND EXPENSES - CURRENT TO PRIOR YEAR
FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013**

	<u>06/30/14</u>	<u>06/30/13</u>	<u>INCREASE/ DECREASE</u>
<u>OPERATING REVENUES:</u>			
Utility charges	\$ 2,578,134	\$ 2,485,258	\$ 92,876
Landfill host fee	566,304	406,065	160,239
BFI monthly lease	300,000	300,000	-
Landfill closure reimbursement	<u>101,819</u>	<u>117,598</u>	(<u>15,779</u>)
Total operating revenues	<u>3,546,257</u>	<u>3,308,921</u>	<u>237,336</u>
<u>OPERATING EXPENSES:</u>			
United Waste	1,714,364	1,672,879	41,485
Salaries and wages - regular employees	135,183	222,697	(87,514)
Group insurance	94,772	89,733	5,039
Energy - gasoline and diesel	47,439	45,111	2,328
Repairs and maintenance	39,677	35,930	3,747
Retirement	36,733	34,135	2,598
Depreciation	20,166	19,926	240
Workers compensation	11,507	7,990	3,517
Payroll tax	10,335	17,023	(6,688)
Insurance - property and liability	8,373	8,613	(240)
General supplies and materials	4,513	5,495	(982)
Refunds to customers	1,321	-	1,321
Engineering	750	2,700	(1,950)
Miscellaneous	191	204	(13)
Rental of equipment and vehicle	37	-	37
Landfill monitoring	<u>-</u>	<u>70,631</u>	(<u>70,631</u>)
Total operating expenses	<u>2,125,361</u>	<u>2,233,067</u>	(<u>107,706</u>)
Income (loss) from operations	<u>1,420,896</u>	<u>1,075,854</u>	<u>345,042</u>
Change in net position	<u>\$ 1,420,896</u>	<u>\$ 1,075,854</u>	<u>\$ 345,042</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - ENTERPRISE FUND - UTILITIES FUND - WASTE WATER DEPARTMENT
SCHEDULE OF REVENUES AND EXPENSES - CURRENT TO PRIOR YEAR
FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013**

	<u>06/30/14</u>	<u>06/30/13</u>	<u>INCREASE/ DECREASE</u>
<u>OPERATING REVENUES:</u>			
Utility charges	\$ 1,774,619	\$ 1,463,250	\$ 311,369
Connection fees	165,000	131,500	33,500
Sewer allocation surcharges	112,541	99,231	13,310
Industrial permit surcharge	<u>92,541</u>	<u>61,668</u>	<u>30,873</u>
Total operating revenues	<u>2,144,701</u>	<u>1,755,649</u>	<u>389,052</u>
<u>OPERATING EXPENSES:</u>			
Depreciation	492,861	504,755	(11,894)
Salaries and wages - regular employees	480,195	455,013	25,182
General supplies and materials	309,133	343,118	(33,985)
Energy - electricity	247,787	252,149	(4,362)
Repairs and maintenance	163,033	58,861	104,172
Contract labor	96,733	97,598	(865)
Group insurance	95,882	84,475	11,407
Energy - water and sewer	51,134	46,451	4,683
Energy - gasoline and diesel	47,439	45,039	2,400
Water and sewer plant repairs	45,019	44,629	390
Chemical analysis	41,504	36,450	5,054
Retirement	36,733	34,135	2,598
Payroll tax	36,275	34,489	1,786
Temporary employees	34,203	34,234	(31)
Telephone	17,405	17,644	(239)
Workers compensation	11,507	8,176	3,331
Insurance - property and liability	9,568	8,525	1,043
Postage and freight	5,380	3,952	1,428
Rental of equipment and vehicle	2,418	984	1,434
Water purchased for resale	2,179	4,930	(2,751)
Mobile telephone expense	1,482	1,473	9
Education and training	1,379	931	448
Printing and binding	500	252	248
Computer expense	437	5,280	(4,843)
Dues and subscriptions	396	1,020	(624)
Miscellaneous	250	9,231	(8,981)
Advertising	160	30	130
Rental of land and building	150	150	-
Refund to customer	-	4,350	(4,350)
Penalties and fines	<u>-</u>	<u>3,500</u>	<u>(3,500)</u>
Total operating expenses	<u>2,231,142</u>	<u>2,141,824</u>	<u>89,318</u>
Income (loss) from operations	<u>(86,441)</u>	<u>(386,175)</u>	<u>299,734</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>			
Interest income	14,490	28,191	(13,701)
Interest expense	<u>-</u>	<u>(200,315)</u>	<u>200,315</u>
Total nonoperating revenues (expenses)	<u>14,490</u>	<u>(172,124)</u>	<u>186,614</u>
Change in net position	\$ <u>(71,951)</u>	\$ <u>(558,299)</u>	\$ <u>486,348</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - ENTERPRISE FUND - UTILITIES FUND - WATER DEPARTMENT
SCHEDULE OF REVENUES AND EXPENSES - CURRENT TO PRIOR YEAR
FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013**

	<u>06/30/14</u>	<u>06/30/13</u>	<u>INCREASE/ DECREASE</u>
<u>OPERATING REVENUES:</u>			
Utility charges	\$ 821,878	\$ 826,622	\$(4,744)
Connection fees	27,500	5,600	21,900
Fire line meters	<u>10,480</u>	<u>9,941</u>	<u>539</u>
Total operating revenues	<u>859,858</u>	<u>842,163</u>	<u>17,695</u>
<u>OPERATING EXPENSES:</u>			
Depreciation	492,861	504,755	(11,894)
Salaries and wages - regular employees	492,447	416,906	75,541
Group insurance	167,867	159,552	8,315
General supplies and materials	110,805	146,068	(35,263)
Energy - electricity	62,731	98,211	(35,480)
Retirement	58,772	54,616	4,156
Energy - gasoline and diesel	47,439	45,045	2,394
Payroll tax	37,322	31,755	5,567
Temporary employees	32,118	36,627	(4,509)
Repairs and maintenance	26,400	89,460	(63,060)
Energy - water and sewer	20,241	-	20,241
Workers compensation	17,661	13,090	4,571
Telephone	14,910	14,890	20
Insurance - property and liability	13,397	13,640	(243)
Drinking water program	8,900	7,900	1,000
Advertising	2,788	1,859	929
Mobile telephone expense	2,475	2,413	62
Education and training	1,531	29	1,502
Chemical analysis	1,276	-	1,276
Postage and freight	1,007	1,882	(875)
Dues and subscriptions	919	754	165
Printing and binding	435	737	(302)
Miscellaneous	297	729	(432)
Rental of equipment and vehicle	74	223	(149)
Water and sewer plant repairs	-	6,085	(6,085)
Computer expense	<u>-</u>	<u>790</u>	<u>(790)</u>
Total operating expenses	<u>1,614,673</u>	<u>1,648,016</u>	<u>(33,343)</u>
Income (loss) from operations	<u>(754,815)</u>	<u>(805,853)</u>	<u>51,038</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>			
Interest income	14,490	-	14,490
Fiscal agents fees	<u>(100)</u>	<u>-</u>	<u>(100)</u>
Total nonoperating revenues (expenses)	<u>14,390</u>	<u>-</u>	<u>14,390</u>
Change in net position	<u>\$(740,425)</u>	<u>\$(805,853)</u>	<u>\$ 65,428</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - ENTERPRISE FUND - UTILITIES FUND - NONDEPARTMENTAL
SCHEDULE OF REVENUES AND EXPENSES - CURRENT TO PRIOR YEAR
FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013**

	<u>06/30/14</u>	<u>06/30/13</u>	<u>INCREASE/ DECREASE</u>
<u>OPERATING REVENUES:</u>			
Penalties	\$ 828,574	\$ 699,155	\$ 129,419
Utility service charge	254,344	315,592	(61,248)
Vendors compensation	17,457	15,072	2,385
Miscellaneous income	<u>17,725</u>	<u>38,886</u>	<u>(21,161)</u>
Total operating revenues	<u>1,118,100</u>	<u>1,068,705</u>	<u>49,395</u>
<u>OPERATING EXPENSES:</u>			
Bad debt expense	191,958	51,012	140,946
Bank charges	27,851	26,206	1,645
Miscellaneous expense	8,622	-	8,622
Collection fees	<u>506</u>	<u>531</u>	<u>(25)</u>
Total operating expenses	<u>228,937</u>	<u>77,749</u>	<u>151,188</u>
Income (loss) from operations	<u>889,163</u>	<u>990,956</u>	<u>(101,793)</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>			
Interest income	<u>6,418</u>	<u>19,216</u>	<u>(12,798)</u>
Total nonoperating revenues (expenses)	<u>6,418</u>	<u>19,216</u>	<u>(12,798)</u>
Income (loss) before transfers	895,581	1,010,172	(114,591)
<u>OTHER FINANCING USES:</u>			
Transfers out - General Fund	<u>(14,694,100)</u>	<u>(8,914,126)</u>	<u>(5,779,974)</u>
Net other financing uses	<u>(14,694,100)</u>	<u>(8,914,126)</u>	<u>(5,777,474)</u>
Change in net position	\$(13,798,519)	\$(7,903,954)	\$(5,894,565)

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - ENTERPRISE FUND - UTILITIES FUND - ELECTRIC DEPARTMENT
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>OPERATING REVENUES:</u>			
Utility charges	\$ 16,600,000	\$ 16,876,703	\$ 276,703
Security light revenue	50,000	46,068	(3,932)
Electric pole rental	40,000	34,531	(5,469)
Connection fees	10,000	31,365	21,365
Reimbursements - utility expansion	-	13,719	13,719
	<u>16,700,000</u>	<u>17,002,386</u>	<u>302,386</u>
<u>OPERATING EXPENSES:</u>			
Utilities purchased	14,328,709	14,328,709	-
Depreciation	951,315	951,315	-
Salaries and wages - regular employees	597,490	597,490	-
General supplies and materials	190,930	190,930	-
Group insurance	181,971	181,971	-
Energy - electricity	130,183	130,183	-
Electric Cities of Georgia	83,983	83,983	-
Repairs and maintenance	78,337	78,337	-
Retirement	66,119	66,119	-
Energy - gasoline and diesel	47,439	47,439	-
Payroll tax	45,332	45,332	-
Postage and freight	37,625	37,625	-
Workers compensation	19,912	19,912	-
Insurance - property and liability	15,446	15,446	-
Dues and subscriptions	11,571	11,571	-
Rental of equipment and vehicle	7,391	7,391	-
Mobile telephone expense	5,477	5,477	-
Temporary employees	2,720	2,720	-
Miscellaneous	2,219	2,219	-
Telephone	1,034	1,034	-
Education and training	160	160	-
Printing and binding	65	65	-
	<u>16,805,428</u>	<u>16,805,428</u>	<u>-</u>
Income (loss) from operations	(105,428)	196,958	302,386
<u>NONOPERATING REVENUES (EXPENSES):</u>			
Off-system sales	200,000	924,425	724,425
Electric refunds and rebates	260,000	442,486	182,486
Investment income - Municipal Competitive Trust	400,000	180,114	(219,886)
Interest income	50,000	55,606	5,606
Miscellaneous income	-	886	886
	<u>910,000</u>	<u>1,603,517</u>	<u>693,517</u>
Change in net position	\$ 804,572	\$ 1,800,475	\$ 995,903

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - ENTERPRISE FUND - UTILITIES FUND - GAS DEPARTMENT
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>OPERATING REVENUES:</u>			
Utility charges	\$ 30,182,088	\$ 37,615,395	\$ 7,433,307
Connection fees	<u>200,000</u>	<u>339,977</u>	<u>139,977</u>
Total operating revenues	<u>30,382,088</u>	<u>37,955,372</u>	<u>7,573,284</u>
<u>OPERATING EXPENSES:</u>			
Utilities purchased	17,161,662	17,161,662	-
Depreciation	2,322,420	2,322,420	-
Salaries and wages - regular employees	1,321,875	1,321,875	-
General supplies and materials	822,145	822,145	-
Group insurance	377,428	377,428	-
Repairs and maintenance	197,476	197,476	-
Postage and freight	142,956	142,956	-
Retirement	134,075	134,075	-
AMR conversion	106,123	106,123	-
Payroll tax	100,090	100,090	-
County property taxes	64,750	64,750	-
Leak survey and cathodic	57,518	57,518	-
Braselton franchise fee	49,952	49,952	-
Energy - gasoline and diesel	47,480	47,480	-
Workers compensation	40,409	40,409	-
Temporary employees	39,671	39,671	-
Refunds to customers	34,290	34,290	-
Insurance - property and liability	34,044	34,044	-
Public awareness - natural gas	32,413	32,413	-
Mobile telephone expense	20,130	20,130	-
Dues and subscriptions	17,025	17,025	-
Miscellaneous	13,080	13,080	-
Energy - electricity	11,103	11,103	-
Telephone	9,269	9,269	-
Printing and binding	9,180	9,180	-
Computer expense	9,131	9,131	-
Auburn franchise fees	7,922	7,922	-
Dacula franchise fees	7,272	7,272	-
Rental of equipment and vehicle	3,769	3,769	-
Carl franchise fees	2,063	2,063	-
Education and training	825	825	-
Advertising	500	500	-
Rental of land and building	<u>100</u>	<u>100</u>	<u>-</u>
Total operating expenses	<u>23,198,146</u>	<u>23,198,146</u>	<u>-</u>
Income (loss) from operations	<u>7,183,942</u>	<u>14,757,226</u>	<u>7,573,284</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>			
Refunds and rebates	880,000	1,038,940	158,940
Investment income	100,000	107,723	7,723
Miscellaneous income	<u>10,000</u>	<u>10</u>	<u>(9,990)</u>
Total nonoperating revenues (expenses)	<u>990,000</u>	<u>1,146,673</u>	<u>156,673</u>
Change in net position	\$ <u>8,173,942</u>	\$ <u>15,903,899</u>	\$ <u>7,729,957</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - ENTERPRISE FUND - UTILITIES FUND - SOLID WASTE AND RECYCLING
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>OPERATING REVENUES:</u>			
Utility charges	\$ 2,483,000	\$ 2,578,134	\$ 95,134
Landfill host fee	450,000	566,304	116,304
BFI monthly lease	300,000	300,000	-
Landfill closure reimbursement	-	<u>101,819</u>	<u>101,819</u>
Total operating revenues	<u>3,233,000</u>	<u>3,546,257</u>	<u>313,257</u>
<u>OPERATING EXPENSES:</u>			
United Waste	1,714,364	1,714,364	-
Salaries and wages - regular employees	135,183	135,183	-
Group insurance	94,772	94,772	-
Energy - gasoline and diesel	47,439	47,439	-
Repairs and maintenance	39,677	39,677	-
Retirement	36,733	36,733	-
Depreciation	20,166	20,166	-
Workers compensation	11,507	11,507	-
Payroll tax	10,335	10,335	-
Insurance - property and liability	8,373	8,373	-
General supplies and materials	4,513	4,513	-
Refunds to customers	1,321	1,321	-
Engineering	750	750	-
Miscellaneous	191	191	-
Rental of equipment and vehicle	<u>37</u>	<u>37</u>	<u>-</u>
Total operating expenses	<u>2,125,361</u>	<u>2,125,361</u>	<u>-</u>
Income (loss) from operations	<u>1,107,639</u>	<u>1,420,896</u>	<u>313,257</u>
Change in net position	\$ <u>1,107,639</u>	\$ <u>1,420,896</u>	\$ <u>313,257</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - ENTERPRISE FUND - UTILITIES FUND - WASTE WATER DEPARTMENT
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>OPERATING REVENUES:</u>			
Utility charges	\$ 1,460,000	\$ 1,774,619	\$ 314,619
Connection fees	100,000	165,000	65,000
Sewer allocation surcharges	111,000	112,541	1,541
Industrial permit surcharge	<u>75,000</u>	<u>92,541</u>	<u>17,541</u>
Total operating revenues	<u>1,746,000</u>	<u>2,144,701</u>	<u>398,701</u>
<u>OPERATING EXPENSES:</u>			
Depreciation	492,861	492,861	-
Salaries and wages - regular employees	480,195	480,195	-
General supplies and materials	309,133	309,133	-
Energy - electricity	247,787	247,787	-
Repairs and maintenance	163,033	163,033	-
Contract labor	96,733	96,733	-
Group insurance	95,882	95,882	-
Energy - water and sewer	51,134	51,134	-
Energy - gasoline and diesel	47,439	47,439	-
Water and sewer plant repairs	45,019	45,019	-
Chemical analysis	41,504	41,504	-
Retirement	36,733	36,733	-
Payroll tax	36,275	36,275	-
Temporary employees	34,203	34,203	-
Telephone	17,405	17,405	-
Workers compensation	11,507	11,507	-
Insurance - property and liability	9,568	9,568	-
Postage and freight	5,380	5,380	-
Rental of equipment and vehicle	2,418	2,418	-
Water purchased for resale	2,179	2,179	-
Mobile telephone expense	1,482	1,482	-
Education and training	1,379	1,379	-
Printing and binding	500	500	-
Computer expense	437	437	-
Dues and subscriptions	396	396	-
Miscellaneous	250	250	-
Advertising	160	160	-
Rental of land and building	<u>150</u>	<u>150</u>	<u>-</u>
Total operating expenses	<u>2,231,142</u>	<u>2,231,142</u>	<u>-</u>
Income (loss) from operations	<u>(485,142)</u>	<u>(86,441)</u>	<u>398,701</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>			
Interest income	<u>14,000</u>	<u>14,490</u>	<u>490</u>
Total nonoperating revenues (expenses)	<u>14,000</u>	<u>14,490</u>	<u>490</u>
Change in net position	<u>\$(471,142)</u>	<u>\$(71,951)</u>	<u>\$ 399,191</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - ENTERPRISE FUND - UTILITIES FUND - WATER DEPARTMENT
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>OPERATING REVENUES:</u>			
Utility charges	\$ 830,000	\$ 821,878	\$(8,122)
Connection fees	10,000	27,500	17,500
Fire line meters	<u>9,000</u>	<u>10,480</u>	<u>1,480</u>
Total operating revenues	<u>849,000</u>	<u>859,858</u>	<u>10,858</u>
<u>OPERATING EXPENSES:</u>			
Depreciation	492,861	492,861	-
Salaries and wages - regular employees	492,447	492,447	-
Group insurance	167,867	167,867	-
General supplies and materials	110,805	110,805	-
Energy - electricity	62,731	62,731	-
Retirement	58,772	58,772	-
Energy - gasoline and diesel	47,439	47,439	-
Payroll tax	37,322	37,322	-
Temporary employees	32,118	32,118	-
Repairs and maintenance	26,400	26,400	-
Energy - water and sewer	20,241	20,241	-
Workers compensation	17,661	17,661	-
Telephone	14,910	14,910	-
Insurance - property and liability	13,397	13,397	-
Drinking water program	8,900	8,900	-
Advertising	2,788	2,788	-
Mobile telephone expense	2,475	2,475	-
Education and training	1,531	1,531	-
Chemical analysis	1,276	1,276	-
Postage and freight	1,007	1,007	-
Dues and subscriptions	919	919	-
Printing and binding	435	435	-
Miscellaneous	297	297	-
Rental of equipment and vehicle	<u>74</u>	<u>74</u>	<u>-</u>
Total operating expenses	<u>1,614,673</u>	<u>1,614,673</u>	<u>-</u>
Income (loss) from operations	<u>(765,673)</u>	<u>(754,815)</u>	<u>10,858</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>			
Interest income	14,000	14,490	490
Fiscal agents fees	<u>-</u>	<u>(100)</u>	<u>(100)</u>
Total nonoperating revenues (expenses)	<u>14,000</u>	<u>14,390</u>	<u>390</u>
Change in net position	<u>\$(751,673)</u>	<u>\$(740,425)</u>	<u>\$ 11,248</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - ENTERPRISE FUND - UTILITIES FUND - NONDEPARTMENTAL
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>OPERATING REVENUES:</u>			
Penalties	\$ 650,000	\$ 828,574	\$ 178,574
Utility service charge	-	254,344	254,344
Vendors compensation	15,000	17,457	2,457
Miscellaneous income	<u>10,000</u>	<u>17,725</u>	<u>7,725</u>
Total operating revenues	<u>675,000</u>	<u>1,118,100</u>	<u>443,100</u>
<u>OPERATING EXPENSES:</u>			
Bad debt expense	191,958	191,958	-
Bank charges	27,851	27,851	-
Miscellaneous expense	8,622	8,622	-
Collection fees	<u>506</u>	<u>506</u>	<u>-</u>
Total operating expenses	<u>228,937</u>	<u>228,937</u>	<u>-</u>
Income (loss) from operations	<u>446,063</u>	<u>889,163</u>	<u>443,100</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>			
Interest income	<u>25,000</u>	<u>6,418</u>	(<u>18,582</u>)
Total nonoperating revenues (expenses)	<u>25,000</u>	<u>6,418</u>	(<u>18,582</u>)
Income (loss) before transfers	471,063	895,581	424,518
<u>OTHER FINANCING SOURCES:</u>			
Transfers out - General Fund	(<u>14,694,100</u>)	(<u>14,694,100</u>)	<u>-</u>
Net other financing sources	(<u>14,694,100</u>)	(<u>14,694,100</u>)	<u>-</u>
Change in net position	\$ (<u>14,223,037</u>)	\$ (<u>13,798,519</u>)	\$ <u>424,518</u>

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - ENTERPRISE FUND - BUFORD COMMUNITY CENTER FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2014**

ASSETS

Current assets:

Cash and cash equivalents	\$ -
Prepaid insurance	<u>13,968</u>

Total current assets	<u>13,968</u>
-----------------------------	----------------------

Total assets	\$ <u><u>13,968</u></u>
---------------------	--------------------------------

LIABILITIES

Current liabilities:

Accounts payable	\$ 26,055
Other accrued liabilities	<u>682</u>

Total current liabilities	<u>26,737</u>
----------------------------------	----------------------

Total liabilities	<u>26,737</u>
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NET POSISTION

Unrestricted	(<u>12,769</u>)
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Total net position	<u>(12,769)</u>
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Total liabilities and net position	\$ <u><u>13,968</u></u>
---	--------------------------------

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - ENTERPRISE FUND - BUFORD COMMUNITY CENTER FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2013**

ASSETS

Current assets:

Cash and cash equivalents	\$	-
Sales tax receivable		1,093
Prepaid insurance		13,803
Due from other funds		<u>987</u>
Total current assets		<u>15,883</u>

Total assets	\$	<u>15,883</u>
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LIABILITIES

Current liabilities:

Accounts payable	\$	85,432
Other accrued liabilities		4,108
Due to General Fund		<u>191,755</u>
Total current liabilities		<u>281,295</u>

Total liabilities		<u>281,295</u>
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NET POSITION

Unrestricted	(<u>265,412</u>)
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Total net position	(<u>265,412</u>)
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Total liabilities and net position	\$	<u>15,883</u>
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SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - ENTERPRISE FUND - BUFORD COMMUNITY CENTER FUND
 COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION - CURRENT TO PRIOR YEAR
 FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013**

	<u>06/30/14</u>	<u>06/30/13</u>	<u>INCREASE/ DECREASE</u>
<u>OPERATING REVENUES:</u>			
Charges for services	\$ 441,216	\$ 242,995	\$ 198,221
Other income	5,498	7,544	(2,046)
Operating grants	<u>-</u>	<u>3,200</u>	<u>(3,200)</u>
Total operating revenues	<u>446,714</u>	<u>253,739</u>	<u>192,975</u>
<u>OPERATING EXPENSES:</u>			
Event expenses	236,912	226,558	10,354
Personal services	220,127	196,572	23,555
Contract services	203,145	187,940	15,205
Utilities	118,709	114,792	3,917
Materials and supplies	62,599	54,041	8,558
Repairs and maintenance	59,156	62,247	(3,091)
Equipment	26,214	25,878	336
Other operating expenses	<u>27,191</u>	<u>7,944</u>	<u>19,247</u>
Total operating expenses	<u>954,053</u>	<u>875,972</u>	<u>78,081</u>
Income (loss) from operations	<u>(507,339)</u>	<u>(622,233)</u>	<u>114,894</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>			
Interest income	<u>2</u>	<u>-</u>	<u>2</u>
Total nonoperating revenues (expenses)	<u>2</u>	<u>-</u>	<u>2</u>
Income (loss) before transfers	<u>(507,337)</u>	<u>(622,233)</u>	<u>114,896</u>
<u>OTHER FINANCING SOURCES:</u>			
Transfers in - General Fund	<u>759,980</u>	<u>420,750</u>	<u>339,230</u>
Net other financing sources	<u>759,980</u>	<u>420,750</u>	<u>339,230</u>
Change in net position	252,643	(201,483)	<u>454,126</u>
Net position - beginning of year	<u>(265,412)</u>	<u>(63,929)</u>	<u>(201,483)</u>
Net position - end of year	<u>\$(12,769)</u>	<u>\$(265,412)</u>	<u>\$ 252,643</u>

SEE INDEPENDENT AUDITORS' REPORT.

AGENCY FUND

**CITY OF BUFORD, GEORGIA - AGENCY FUND - BUFORD BOARD OF EDUCATION SPLOST IV FUND
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AS OF JUNE 30, 2014**

ASSETS

Cash

\$ 9,951,298

Total assets

\$ 9,951,298

LIABILITIES

Held in trust - City of Buford Board of Education

\$ 9,951,298

Total liabilities

\$ 9,951,298

SEE INDEPENDENT AUDITORS' REPORT.

**CITY OF BUFORD, GEORGIA - AGENCY FUND - BUFORD BOARD OF EDUCATION SPLOST IV FUND
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AS OF JUNE 30, 2013**

ASSETS

Cash

\$ 11,206,516

Total assets

\$ 11,206,516

LIABILITIES

Held in trust - City of Buford Board of Education

\$ 11,206,516

Total liabilities

\$ 11,206,516

SEE INDEPENDENT AUDITORS' REPORT.

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Appendix B

PROPOSED FORM OF LEGAL OPINION OF BOND COUNSEL

The form of Legal Opinion included in this Appendix B has been prepared by Alston & Bird, LLP, Atlanta, Georgia, Bond Counsel, and is substantially the form to be given in connection with the delivery of the Bonds.

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ALSTON & BIRD LLP

One Atlantic Center
1201 West Peachtree Street
Atlanta, GA 30309-3424

404-881-7000
Fax: 404-253-8266
www.alston.com

June 17, 2015

U.S. Bank, National Association
Atlanta, Georgia

City of Buford, Georgia
Buford, Georgia

Re: \$33,050,000 City of Buford General Obligation Bonds, Series 2015

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the City of Buford, Georgia (the “City”) of \$33,050,000 in aggregate principal amount of its General Obligation Bonds, Series 2015 (the “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 17, 2015 (the “Election”) and its bond ordinance adopted May 20, 2015 (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 June 1, 2015 (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

Peter K. Floyd, a Partner

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Appendix C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the City of Buford (the “City”), a municipal corporation of the State of Georgia, in connection with the issuance of its CITY OF BUFORD GENERAL OBLIGATION BONDS, SERIES 2015, in the aggregate principal amount of \$33,050,000 (the “Bonds”). The Bonds are being issued pursuant to a bond ordinance adopted by the Mayor and City Council of the City (the “City”) on May 20, 2015 (the “Ordinance”).

The City covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Holders and Beneficial Owners of the Bonds (together, the “Bondholders”) and in order to assist the Participating Underwriter (defined below) in complying with the continuing disclosure requirements of U.S. Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Ordinance or parenthetically defined herein, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“Annual Report” means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” means any person who (a) has 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) is treated as the owner of any Bonds for federal income tax purposes.

“City” means the City of Buford, Georgia.

“Dissemination Agent” means the City of Buford, Georgia, or any successor Dissemination Agent designated in writing by City and which has filed with the City a written acceptance of such designation.

“EMMA” means the MSRB’s Electronic Municipal Market Access System which became effective July 1, 2009, and receives electronic submissions of the Annual Report on the EMMA website at <http://www.emma.msrb.org>.

“Fiscal Year” means any period of 12 consecutive months adopted by the governing body of the City as the City’s fiscal year for financial reporting purposes. The City’s current fiscal year began on July 1, 2014, and will end on June 30, 2015.

“Listed Events” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board.

“Obligated Person” has the meaning set forth in the Rule.

“Participating Underwriter” means Stephens Inc., the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The City will provide, or cause the Dissemination Agent (if other than the City) to provide electronically to EMMA, not later than 180 days after the end of each Fiscal Year, commencing with the report for the Fiscal Year ending June 30, 2015, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report will be made to EMMA as PDF files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. 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 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. In such event, the audited financial statements will be submitted promptly upon their availability. If the City’s fiscal years change, notice of such change shall be given in the same manner as for a Listed Event under Section 5(c).

(b) Not later than 15 business days prior to the date specified in paragraph (a) of this Section 3 for providing the Annual Report to EMMA, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If the City is unable to provide an Annual Report by the date required in paragraph (a), the Dissemination Agent shall send a notice to EMMA in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year, prior to the date for providing the Annual Report, the manner of filing with EMMA; and

(ii) (if the Dissemination Agent is other than the City) file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to EMMA.

SECTION 4. Content of Annual Reports. The City’s Annual Report shall contain or incorporate by reference the following items:

(a) The general purpose financial statements of the City for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as applicable to governmental entities from time to time by the Governmental Accounting Standards Board except for (i) the variances and omissions disclosed in the Official Statement relating to the Bonds and (ii) such other minor deviations or omissions as are customary for cities in the State of Georgia which do not materially misstate the financial position of the City. Such financial statements will be accompanied by an audit report, if available at the time of submission of the Annual Report, resulting from an audit conducted by an independent certified public accountant or a firm of independent certified public accountants in conformity with generally accepted auditing standards. If such audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement relating to the Bonds, and the audited financial statements, together with the audit report thereon, shall be filed in the same manner as the annual Report when they become available.

(c) If generally accepted accounting principles have changed since the last Annual Report was submitted pursuant to Section 3(a) hereof and if such changes are material to the City, a narrative explanation describing the impact of such changes on the City, as the case may be.

(d) Information for the preceding Fiscal Year regarding the following categories of financial information and operating data shall be consistent with the information contained in the final Official Statement for the Bonds 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*."

Any or all of the items listed above may be incorporated by specific reference to other documents, including official statements of debt issues with respect to which the City is an Obligated Person, which have been submitted to EMMA or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) The City shall provide or cause to be provided through the Dissemination Agent to EMMA, in a timely manner not in excess of 10 business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds:

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, 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 security, or other material events affecting the tax status of the Bonds.
7. Modifications to rights of Bondholders, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution, or sale of property securing repayment of the Bonds, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership, or similar event of the City. This event is considered to have occurred when any of the following have occurred: (i) appointment of receiver, fiscal agent or similar officer 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 City, 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 of governmental authority, or (ii) 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 City .

13. The consummation of a merger, consolidation, or acquisition involving the City, or the sale of all or substantially all of the assets of the City, 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.

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Notwithstanding the foregoing, notice of Listed Events described in paragraph (a)(8) and (9) above need not be given under this Section 5 any earlier than the notice (if any) of the underlying event is given to the Bondholders of affected Bonds pursuant to the Ordinance.

(c) The content of any notice of the occurrence of a Listed Event shall be determined by the City and shall be in substantially the form attached as Exhibit B.

SECTION 6. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 7. Termination of Reporting Obligation. The City reserves the right to terminate its obligations under this Disclosure Certificate if and when the City no longer remains an Obligated Person with respect to the Bonds within the meaning of the Rule; in particular upon the occurrence of the legal defeasance, prior redemption, or payment in full of all of the Bonds. If such termination or substitution occurs prior to the final maturity of the Bonds, the City shall give notice of such termination or substitution to EMMA.

SECTION 8. Dissemination Agent. The City, from time to time, may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. A Dissemination Agent other than the City shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the City.

SECTION 9. Amendment. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate if:

(a) such amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Obligated Person on the Bonds, or type of business conducted;

(b) such amendment is supported by an opinion of counsel expert in federal securities laws, to the effect that the undertakings contained herein, as amended, would have complied with the requirements of the Rule on the date hereof, after taking into account any amendments or official interpretations of the Rule, as well as any change in circumstances; and

(c) such amendment does not materially impair the interests of the Bondholders, as determined either by an unqualified opinion of nationally recognized bond counsel filed with the City, or by the approving vote of the Bondholders pursuant to the terms of the Ordinance at the time of such amendment.

If any provision of this Disclosure Certificate is amended, the first release of the Annual Report containing any amended financial information or operating data shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being provided. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5 and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Default. If the City fails to comply with any provision of this Disclosure Certificate, any Bondholder's right to enforce the provisions of this undertaking shall be limited to a right to obtain mandamus or specific performance by court order of the City's obligations pursuant to this Disclosure Certificate. Any failure by the City to comply with the provisions of this Disclosure Certificate shall not be an event of default with respect to the Bonds under the Ordinance.

SECTION 11. Duties, Immunities, and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and, to the extent allowed by applicable law, the City agrees to indemnify and save the Dissemination Agent (if other than itself), its officers, directors, employees, and agents, harmless against any loss, expense, and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section 11 shall survive resignation or removal of the Dissemination Agent (if other than itself) and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent (if other than the City), the Participating Underwriter, and the Bondholders, and shall create no rights in any other person or entity.

SECTION 13. Counterparts. This Disclosure Certificate 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.

Date: June 17, 2015

CITY OF BUFORD, GEORGIA

(S E A L)

By: _____
Mayor

Attest: _____
City Clerk

Exhibit A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor: City of Buford (Georgia)

Name of Bond Issues: \$33,050,000 CITY OF BUFORD GENERAL OBLIGATION BONDS, SERIES 2015

Date of Issuance: June 17, 2015

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate executed by the Obligor on _____, 2015. The Obligor anticipates that the Annual Report will be filed by _____, 20__.

Dated: _____, 20__

[Name of Dissemination Agent]

By: _____

Exhibit B

NOTICE OF THE OCCURRENCE OF [INSERT THE LISTED EVENT]

Relating to

\$33,050,000 CITY OF BUFORD GENERAL OBLIGATION BONDS, SERIES 2015
(the "Bonds")

CUSIP NUMBERS¹:

Notice is hereby given that [insert the Listed Event] has occurred. [Describe circumstances leading up to the event, action being taken and anticipated impact.]

This notice is based on the best information available at the time of dissemination and is not guaranteed as to accuracy or completeness. Any questions regarding this notice should be directed to [insert instructions for presenting securities, if applicable].

[Notice of a Listed Event constituting defeasance shall include the following:

The City of Buford hereby expressly reserves the right to redeem such refunded or defeased bonds prior to their stated maturity date in accordance with the optional/extraordinary redemption provisions of said defeased Bonds.

OR

The City of Buford hereby covenants not to exercise any optional or extraordinary redemption provisions under the Bond Ordinance; however, the sinking fund provision will survive the defeasance.

AND

The Bonds have been defeased to [maturity/the first call date, which is _____, 20__]. This notice does not constitute a notice of redemption and no Bonds should be delivered to the Paying Agent as a result of this mailing. A Notice of Redemption instructing you where to submit your Bonds for payment will be mailed _____ to _____ days prior to the redemption date.]

Dated: _____, 20__

[Name of Dissemination Agent]

By: _____
Title

¹ No representation is made as to the correctness of the CUSIP number either as printed on the Bonds or as contained herein, and reliance may only be placed on other bond identification contained herein.

DISSEMINATION AGENT'S CERTIFICATE

The undersigned hereby certifies that he is an officer of _____, in the City of _____, _____ (the "Bank"), a _____ [national/state] banking corporation duly created and existing under the laws of the _____ [USA/State of Georgia], holding the office indicated below his signature, that he has personal knowledge of the facts herein set forth, and further certifies as follows:

1. The Bank is authorized and qualified to accept the duties of Dissemination Agent pursuant to appointment by a Disclosure Certificate signed on _____, 20__ by the Mayor of the City of Buford, Georgia.

2. By acceptance of its appointment as Dissemination Agent, the Bank covenants and agrees that it will perform all services and assume its duties as such imposed by the Disclosure Certificate for the fees and on the conditions agreed upon with the City of Buford, Georgia.

Signed and sealed as of the ____ day of _____, 20__.

[Name of Dissemination Agent]

(CORPORATE SEAL)

By: _____
[name]
[Title]

Attest: _____
[name]
[Title]

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