

# THE CITY OF LOGANVILLE, GEORGIA

# ANNUAL FINANCIAL

# REPORT

FOR THE FISCAL YEAR ENDING

JUNE 30, 2012



**CITY OF LOGANVILLE, GEORGIA**

**AUDIT REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2012**



CITY OF LOGANVILLE, GEORGIA  
TABLE OF CONTENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<b>INDEPENDENT AUDITOR'S REPORT .....</b>	<b>1-2</b>
---	------------

<b>MANAGEMENT'S DISCUSSION &amp; ANALYSIS .....</b>	<b>3-9</b>
---	------------

**BASIC FINANCIAL STATEMENTS**

Government-wide Financial Statements	
Statement of Net Assets.....	10
Statement of Activities .....	11-12

Fund Financial Statements	
Balance Sheet – Governmental Funds.....	13
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets.....	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund.....	17-18
Statement of Net Assets – Proprietary Funds.....	19
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds .....	20
Statement of Cash Flows – Proprietary Funds .....	21-22

Notes to the Financial Statements.....	23-45
--	-------

**REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Funding Progress – Retirement Plan.....	46
---	----

**SUPPLEMENTARY INFORMATION**

**Nonmajor Governmental Funds**

Combining Balance Sheet – Nonmajor Governmental Funds .....	47
---	----

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds .....	48
---	----

CITY OF LOGANVILLE, GEORGIA  
TABLE OF CONTENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**Special Revenue Funds**

Confiscated Assets Fund:

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual .....	49
---	----

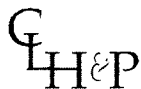
Hotel/Motel Tax Fund:

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual .....	50
---	----

**Governmental Reports**

Schedule of Projects Constructed with Special Sales Tax Proceeds.....	51-52
--	-------

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	53-54
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## **INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Members of City Council  
City of Loganville, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Loganville, Georgia as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Loganville, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Loganville, Georgia, as of June 30, 2012, and the respective changes in financial position, and where applicable cash flows, and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2012, on our consideration of the City of Loganville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.




Honorable Mayor and  
Members of City Council  
City of Loganville, Georgia  
Page Two

The management's discussion and analysis on pages 3 through 9 and the schedule of funding progress on page 46 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Loganville, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and the schedules of projects constructed with special sales tax proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedules of projects constructed with special sales tax proceeds have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Macon, Georgia  
October 9, 2012

A handwritten signature in black ink, appearing to read "Chris Williams", is positioned to the right of the date.





## **MANAGEMENT'S DISCUSSION & ANALYSIS**

## CITY OF LOGANVILLE, GEORGIA

### MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2012

As management of the City of Loganville, Georgia we present management's analysis of the City's financial condition and activities for the fiscal year ended June 30, 2012. This information should be read and considered in conjunction with the financial statements.

#### **Financial Highlights**

- The assets of the City exceeded its liabilities at the close of fiscal year 2012 by \$26,083,396 (total net assets). Of this amount, \$9,840,839 (unrestricted net assets) was available for use to meet the City's ongoing obligations to its citizens and creditors.
- The City's total net assets increased by \$2,501,207.
- At the close of fiscal year 2012, the City's governmental funds reported combined ending fund balances of \$5,119,530. Of this amount, \$3,895,422 or 76 % is available for spending at the government's discretion (General unassigned fund balance). The balance of this amount, \$1,223,727 is available for spending according to the guidelines of the source of the funds.
- At the end of the fiscal year, the unassigned fund balance for the general fund was \$3,995,644.

#### **Overview of the Financial Statements**

Management's Discussion and Analysis (MD&A) serves as an introduction to the City of Loganville's basic financial statements. The City's basic financial statements include the government-wide financial statements, fund financial statements, and notes to the financial statements. The MD&A should be read and considered with the basic audited financial statements and supplementary information.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with an overview of the City's finances in a manner similar to commercial enterprises.

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

The statement of activities presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected property taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish between functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other 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, judicial, public safety, public works, culture and recreation and housing and development. The business-type activities of the City include water and sewer and solid waste management.

CITY OF LOGANVILLE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012

(CONTINUED)

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

**Governmental funds.** Government funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows 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 impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund 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 five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered a major fund. The data from the four other funds, the non major funds, is aggregated into a single presentation. The individual fund data for these funds is located in the combining statements elsewhere in this report.

The City adopts an annual appropriated budget for the general fund and all special revenue funds. A budgetary comparison statement for these funds has been provided to demonstrate compliance with this budget. The City does not have a debt service fund. The City adopted a project length budget for all Capital project funds. Budgetary comparisons for these non major funds are included as supplementary information.

**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 solid waste operations, water and sewer system operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information on the Water and Sewer Fund, and the Solid Waste Fund. These two funds are considered to be major funds of the City.

**Notes to the financial statements.** The notes provide information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes provide information about the City's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the City's obligation in funding pension benefits to its employees.

CITY OF LOGANVILLE, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012

(CONTINUED)

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. The assets exceeded the liabilities at the close of fiscal year 2012 by \$26,083,396.

The largest component of net assets, which may be used to meet the City's ongoing obligations to its citizens and creditors, is unrestricted assets in the amount of \$9,840,839 or 38. %. Another component of the City's net assets is investment in capital assets (e.g. land, buildings, infrastructure, machinery and equipment); less any related debt used to acquire those assets that is still outstanding, which comprises \$15,943,226 or 61.2%. The City uses these capital assets to provide services to its 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 assets, \$299,331 or 1.2%, represents resources that are subject to external restrictions on how they may be used. The \$273,900 represents water and sewer reserve accounts set aside as emergency funds for one year's obligation for the City's outstanding water and sewer revenue bonds.

City of Loganville Net Assets  
June 30, 2012

	Governmental Activities		Business Type Activities		Totals	
	2011	2012	2011	2012	2011	2012
<b>Assets:</b>						
Current assets	\$ 6,562,891	\$ 5,424,519	\$ 4,022,997	\$ 4,027,113	\$ 10,585,888	\$ 9,451,632
Restricted assets	-	-	273,900	153,660	273,900	153,660
Capital assets	7,393,103	7,682,747	15,872,024	16,121,825	23,265,127	23,804,572
Other assets	-	2,000,000	-	-	-	2,000,000
Total assets	✓ 13,955,994	✓ 15,107,266	✓ 20,168,921	✓ 20,302,598	34,124,915	35,409,864
<b>Liabilities:</b>						
Current and other liabilities	497,939	272,510	864,897	950,332	1,362,836	1,222,842
Noncurrent liabilities	631,676	490,508	8,548,214	7,613,118	9,179,890	8,103,626
Total liabilities	1,129,615	763,018	9,413,111	8,563,450	10,542,726	9,326,468
<b>Net assets:</b>						
Invested in capital assets, net of related debt	6,942,089	7,396,824	7,357,267	8,546,402	14,299,356	15,943,226
Restricted for:						
Public Safety	12,515	25,431	-	-	12,515	25,431
Debt service	-	-	273,900	273,900	273,900	273,900
Unrestricted	5,871,775	6,921,993	3,124,643	2,918,846	8,996,418	9,840,839
Total net assets	\$ 12,826,379	\$ 14,344,248	\$ 10,755,810	\$ 11,739,148	\$ 23,582,189	\$ 26,083,396

At the end of the current fiscal year, the City is able to report positive balances in all categories of net assets, both for the government as whole, as well as for its separate governmental and business-type activities.

CITY OF LOGANVILLE, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012

(CONTINUED)

**Revenues.** Property Taxes of \$3,700,374 and sales tax of \$708,769 accounted for 71.4% of total general revenues.

Capital grants and contributions totaled \$1,164,199.

**Expenses.** The total expense for the governmental activities is \$7,657,613. The largest single expenditure activity is public safety. Public safety includes the police department and the fire department. The total public safety expense is \$4,489,098 or 58.7% of total governmental activity expense.

Total program revenues and general revenues exceeded expenses by \$1,517,869.

City of Loganville Changes in Net Assets June 30, 2012						
	Governmental Activities		Business Type Activities		Totals	
	2011	2012	2011	2012	2011	2012
<b>Revenues:</b>						
Program Revenues:						
Charges for service	\$ 1,579,340	\$ 1,451,255	\$ 6,610,923	\$ 6,987,207	\$ 8,190,263	\$ 8,438,462
Capital grants and contributions	740,237	1,164,199	481,858	562,969	1,222,095	1,727,168
General revenues						
Property taxes	4,022,383	3,700,374	-	-	4,022,383	3,700,374
Sales tax	677,733	708,769	-	-	677,733	708,769
Other Taxes	1,506,875	1,769,730	-	-	1,506,875	1,769,730
Grants & Contributions						
(not restricted to specific programs)	4,959	31,244	-	-	4,959	31,244
Investment earnings	34,551	99,911	15,788	15,798	50,339	115,709
Transfers	150,000	250,000	(150,000)	(250,000)	-	-
Other	97,094	-	-	-	97,094	-
Total revenue	8,813,172	9,175,482	6,958,569	7,315,974	15,771,741	16,491,456
<b>Expenses:</b>						
General government	1,255,160	762,688	-	-	1,255,160	762,688
Judicial	432,741	411,691	-	-	432,741	411,691
Public safety	4,409,902	4,489,098	-	-	4,409,902	4,489,098
Public works	1,244,798	1,547,104	-	-	1,244,798	1,547,104
Culture and recreation	197,326	155,626	-	-	197,326	155,626
Housing and development	239,081	272,090	-	-	239,081	272,090
Interest and fiscal charges	39,361	19,316	-	-	39,361	19,316
Water and sewer	-	-	4,649,996	5,141,968	4,649,996	5,141,968
Solid waste	-	-	1,189,993	1,190,668	1,189,993	1,190,668
Total Expenses	7,818,369	7,657,613	5,839,989	6,332,636	13,658,358	13,990,249
Increase in net assets before transfers	994,803	1,517,869	1,118,580	983,338	2,113,383	2,501,207
Transfers	-	-	-	-	-	-
Increase in net assets	994,803	1,517,869	1,118,580	983,338	2,113,383	2,501,207
Net assets - beginning	11,831,576	12,826,379	9,637,230	10,755,810	21,468,806	23,582,189
Net assets - ending	\$ 12,826,379	\$ 14,344,248	\$ 10,755,810	\$ 11,739,148	\$ 23,582,189	\$ 26,083,396

**Business-type activities.** Business-type activities increased the City's net assets by \$983,338 or 39.4% of the increase in the government's net assets.

CITY OF LOGANVILLE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012

(CONTINUED)

**Revenues.** Water and sewer revenue was \$6,156,787. Solid Waste revenue was \$1,393,389. Water and sewer revenue is derived from the sale of water and sewer services to the citizens of the City. Solid waste is garbage collection services.

**Expenses.** Water and sewer expense was \$5,141,968. Solid waste expense was \$1,190,668.

**Financial Analysis of the Government's Funds**

The City of Loganville uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**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.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,119,530. Approximately 76% of this amount \$3,895,422 constitutes unassigned fund balance, which is available for spending at the government's discretion. Other fund balances in the amount of \$995,947 and \$22,889 are set aside for non-spendable items and assigned items, respectively. The \$179,841 is committed for insurance reserves and \$25,431 is restricted for public safety purposes.

The general fund is the chief operating fund of the City. At the June 30, 2012, unassigned fund balance of the general fund was \$3,995,644. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned balance and total fund balances to total fund expenditures. The total fund balance is 83% and the unassigned balance is 45%.

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

Unrestricted net assets of the Water and Sewer Fund at June 30, 2012 amounted to \$1,679,442 and those of the Solid Waste Fund amounted to \$1,239,404. The total change in Water and Sewer net assets was an increase of \$929,837 and the change in Solid Waste net assets was \$53,501.

**General Fund Budgetary Highlights**

There was \$1,811,356 increase in the original budgeted expenditures and the final amended budgeted expenditures. This increase was due to a one time funding of the pension from unreserved fund balance. Budgeted revenues and other financing sources decreased from the original budget amounts due to property tax revenue. During the year revenues were over from budgetary estimates by \$116,761 due to intergovernmental receipts. The expenditures were under the budgetary estimates by \$776,763.

CITY OF LOGANVILLE, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012

(CONTINUED)

**Capital Assets and Debt Administration**

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2012 amounts to \$23,804,572 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, infrastructure, building and improvements, equipment and vehicles.

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

General Fund

- Land – AT & T \$54,438
- 254 Main Street – Improvements \$28,116
- Machinery & Equipment - \$192,978
- 2012- Sea Dodge Charger \$153,229
- Infrastructure - \$382,009

**City of Loganville Capital Assets  
(Net of Depreciation)**

	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Totals</b>
Land	\$1,529,857	\$1,000,000	\$2,529,857
Construction in progress	-	474,410	474,410
Building	2,064,341	9,204,165	11,268,506
Site Improvments	119,577	4,994,476	5,114,053
Machinery and Equipment	1,236,761	448,774	1,685,535
Furniture & Fixtures	21,513	-	21,513
Infrastructure	2,710,698	-	2,710,698
Total	<u>\$7,682,747</u>	<u>\$16,121,825</u>	<u>\$23,804,572</u>



CITY OF LOGANVILLE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012

(CONTINUED)

**Long-term debt.**

**City of Loganville Outstanding Debt**

	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Totals</b>
Revenue Bonds	\$ -	\$ 7,575,423	\$ 7,575,423
OPEB obligation	31,630	-	31,630
Notes & Capital Leases	285,923	-	285,923
Compensated Absences	172,955	37,695	210,650
	<u>\$ 490,508</u>	<u>\$ 7,613,118</u>	<u>\$ 8,103,626</u>

During the current fiscal year, the City's governmental funds incurred long-term debt totaling \$190,974 and retired debt totaling \$332,142. The City's enterprise funds incurred long-term debt totaling \$7,905,423 and retired debt totaling \$8,877,320.

Readers should refer to the notes to the financial statements for more detail on capital assets and long-term debt activity.

**Economic Factors**

The management of the City of Loganville is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position (net assets) of the City or results of operations (revenues, expenses, and other changes in net assets) of the City.

**Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Clerk and Treasurer, City of Loganville, P. O. Box 39, Loganville, Georgia, 30052.

## **FINANCIAL STATEMENTS**

## CITY OF LOGANVILLE, GEORGIA

STATEMENT OF NET ASSETS  
JUNE 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,330,728	\$ 2,929,096	\$ 7,259,824	\$ -
Investments	56,079	799,568	855,647	-
Receivables, net of allowance	56,615	790,489	847,104	-
Due from other governments	148,203	-	148,203	-
Internal balances	680,826	(680,826)	-	-
Prepaid items	152,068	61,804	213,872	-
Deferred charges	-	126,982	126,982	-
Restricted Assets:				
Cash and cash equivalents	-	153,660	153,660	-
Capital assets not being depreciated:				
Land, land improvements and easements	1,529,857	1,000,000	2,529,857	-
Construction in progress	-	474,410	474,410	-
Capital assets net of accumulated depreciation:				
Site improvements	119,577	4,994,476	5,114,053	-
Building and improvements	2,064,341	9,204,165	11,268,506	-
Infrastructure	2,710,698	-	2,710,698	-
Machinery and equipment	1,236,761	448,774	1,685,535	-
Furniture and fixtures	21,513	-	21,513	-
Other assets:				
Net pension asset	2,000,000	-	2,000,000	-
Total assets	<u>15,107,266</u>	<u>20,302,598</u>	<u>35,409,864</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts payable	93,500	383,520	477,020	-
Other accrued expenses	171,791	17,514	189,305	-
Accrued interest payable	7,219	-	7,219	-
Customer deposits	-	549,298	549,298	-
Noncurrent liabilities:				
Due within one year	257,928	867,695	1,125,623	-
Due in more than one year	232,580	6,745,423	6,978,003	-
Total liabilities	<u>763,018</u>	<u>8,563,450</u>	<u>9,326,468</u>	<u>-</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	7,396,824	8,546,402	15,943,226	-
Restricted for:				
Public safety	25,431	-	25,431	-
Debt service	-	273,900	273,900	-
Unrestricted	<u>6,921,993</u>	<u>2,918,846</u>	<u>9,840,839</u>	<u>-</u>
Total net assets	<u>\$ 14,344,248</u>	<u>\$ 11,739,148</u>	<u>\$ 26,083,396</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

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## CITY OF LOGANVILLE, GEORGIA

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities				
General government	\$ 762,688	\$ 141,779	\$ -	\$ -
Judicial	411,691	-	-	-
Public safety	4,489,098	1,309,476	-	-
Public works	1,547,104	-	-	1,164,199
Culture and recreation	155,626	-	-	-
Housing and development	272,090	-	-	-
Interest on long-term debt	19,316	-	-	-
Total governmental activities	7,657,613	1,451,255	-	1,164,199
Business-type Activities				
Water and sewer	5,141,968	5,593,818	-	562,969
Solid Waste	1,190,668	1,393,389	-	-
Total business-type activities	6,332,636	6,987,207	-	562,969
Total primary government	\$ 13,990,249	\$ 8,438,462	\$ -	\$ 1,727,168
Component Units				
Downtown Development Authority	512	\$ -	\$ 6	\$ -
Total component unit	\$ 512	\$ -	\$ 6	\$ -
General revenues:				
Property taxes				
Sales taxes				
Occupational taxes				
Franchise taxes				
Hotel/Motel taxes				
Insurance premium taxes				
Other taxes				
Grants and contributions not restricted to specific programs				
Investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets - beginning				
Net assets - ending				

The notes to the financial statements are an integral part of this statement.

## CITY OF LOGANVILLE, GEORGIA

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(CONTINUED)

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Downtown Development Authority
\$ (620,909)	\$ -	\$ (620,909)	\$ -
(411,691)	-	(411,691)	-
(3,179,622)	-	(3,179,622)	-
(382,905)	-	(382,905)	-
(155,626)	-	(155,626)	-
(272,090)	-	(272,090)	-
(19,316)	-	(19,316)	-
(5,042,159)	-	(5,042,159)	-
-	1,014,819	1,014,819	-
-	202,721	202,721	-
-	1,217,540	1,217,540	-
(5,042,159)	1,217,540	(3,824,619)	-
			(506)
			(506)
3,700,374	-	3,700,374	-
708,769	-	708,769	-
311,855	-	311,855	-
669,306	-	669,306	-
19,487	-	19,487	-
490,524	-	490,524	-
275,166	-	275,166	-
3,392	-	3,392	-
31,244	15,798	47,042	-
99,911	-	99,911	-
250,000	(250,000)	-	-
6,560,028	(234,202)	6,325,826	-
1,517,869	983,338	2,501,207	(506)
12,826,379	10,755,810	23,582,189	506
\$ 14,344,248	\$ 11,739,148	\$ 26,083,396	\$ -

The notes to the financial statements are an integral part of this statement.

## CITY OF LOGANVILLE, GEORGIA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,299,434	\$ 31,294	\$ 4,330,728
Investments	56,079	-	56,079
Taxes receivable	51,116	4,407	55,523
Due from other funds	40,378	-	40,378
Due from other governments	82,048	66,155	148,203
Other receivables	1,092	-	1,092
Prepaid items	152,068	-	152,068
Advances to other funds	843,879	-	843,879
Total assets	<u>\$ 5,526,094</u>	<u>\$ 101,856</u>	<u>\$ 5,627,950</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 89,167	\$ 4,333	\$ 93,500
Due to other funds	31,498	3,054	34,552
Deferred revenues	39,698	-	39,698
Other accrued liabilities	171,791	-	171,791
Advances from other funds	-	168,879	168,879
Total liabilities	<u>332,154</u>	<u>176,266</u>	<u>508,420</u>
Fund balances:			
Nonspendable	995,947	-	995,947
Restricted	-	25,431	25,431
Committed	179,841	-	179,841
Assigned	22,508	381	22,889
Unassigned	3,995,644	(100,222)	3,895,422
Total fund balances (deficits)	<u>5,193,940</u>	<u>(74,410)</u>	<u>5,119,530</u>
Total liabilities and fund balances	<u>\$ 5,526,094</u>	<u>\$ 101,856</u>	<u>\$ 5,627,950</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LOGANVILLE, GEORGIA

RECONCILIATION OF THE BALANCE SHEET  
OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET ASSETS  
JUNE 30, 2012

Total fund balances per balance sheet of governmental funds	\$ 5,119,530
Amounts reported for governmental activities in the Statement of Net Assets differ from amounts reported in the Balance Sheet of Governmental Funds due to the following:	
Net Pension Obligation	
Net pension assets are not financial resources and therefore are not reported in the funds.	2,000,000
Capital Assets	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Cost of the assets	12,102,007
Accumulated depreciation	(4,419,260)
Revenues	
Some of the government's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	39,698
Long-term Liabilities	
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities both current and long-term are reported in the Statement of Net Assets. Long-term liabilities at year-end consist of the following:	
Accrued interest	(7,219)
Compensated absences	(172,955)
Capital leases	(285,923)
Other post employment benefits liability	<u>(31,630)</u>
Total net assets of governmental activities	<u>\$ 14,344,248</u>

The notes to the financial statements are an integral part of this statement.



CITY OF LOGANVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	General	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
<b>Taxes:</b>			
Property	\$ 3,694,911	\$ -	\$ 3,694,911
Sales	708,769	-	708,769
Franchise	669,306	-	669,306
Insurance premium	490,524	-	490,524
Occupational	311,855	-	311,855
Hotel/motel	-	19,487	19,487
Alcoholic beverage	275,166	-	275,166
License and permits	84,014	-	84,014
Intergovernmental	275,729	1,069,311	1,345,040
Fines and forfeitures	1,039,755	88,880	1,128,635
Charges for services	57,765	-	57,765
Contributions from private sources	3,392	-	3,392
Investment earnings	31,244	-	31,244
Miscellaneous	99,671	240	99,911
Total revenues	7,742,101	1,177,918	8,920,019
<b>EXPENDITURES</b>			
<b>Current:</b>			
General government	1,390,657	222	1,390,879
Judicial	471,691	-	471,691
Public safety	5,457,633	14,742	5,472,375
Public works	961,727	478,666	1,440,393
Culture and recreation	147,331	7,070	154,401
Housing and development	347,870	-	347,870
<b>Debt service:</b>			
Principal	165,091	-	165,091
Interest and other charges	21,933	-	21,933
Capital outlay	-	626,409	626,409
Total expenditures	8,963,933	1,127,109	10,091,042
Excess (deficiency) of revenues over (under) expenditures	(1,221,832)	50,809	(1,171,023)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	-	(12,054)	(12,054)
Transfers in	262,054	-	262,054
Total other financing sources (uses)	262,054	(12,054)	250,000
Net change in fund balances	(959,778)	38,755	(921,023)
Fund balances - beginning	6,153,718	(113,165)	6,040,553
Fund balances (deficits) - ending	\$ 5,193,940	\$ (74,410)	\$ 5,119,530

The notes to the financial statements are an integral part of this statement.

CITY OF LOGANVILLE, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses Per Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances	\$ (921,023)
--	--------------

Net pension asset is not available during the current period and there is not reported in the funds.

Change in net pension asset	2,000,000
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Amounts reported for governmental activities in the Statement of Activities differ from amounts reported in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances due to the following:

Capital Assets

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.

Total capital outlays	810,670
Total depreciation	(521,026)

Long-term Debt

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The adjustments for these items are as follows:

Repayment of principal	165,091
Interest on long-term debt	2,617
Other post employment benefits liability	(20,816)
Compensated absences	(3,107)

Revenues

Because some revenues will not be collected for several months after the government's fiscal year end, they are not considered available revenues and are deferred in the governmental funds. Deferred revenues increased by this amount during the fiscal year.

5,463

Change in Net Assets of Governmental Activities

\$ 1,517,869

The notes to the financial statements are an integral part of this statement.

## CITY OF LOGANVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes:				
Property	\$ 3,960,900	\$ 3,816,900	\$ 3,694,911	\$ (121,989)
Sales	680,000	680,000	708,769	28,769
Franchise	650,327	650,327	669,306	18,979
Insurance premium	293,000	293,000	490,524	197,524
Occupational	253,000	253,000	311,855	58,855
Alcoholic beverage	275,329	275,329	275,166	(163)
License and permits	107,000	109,900	84,014	(25,886)
Intergovernmental	83,944	83,944	275,729	191,785
Fines and forfeitures	1,273,915	1,273,915	1,039,755	(234,160)
Charges for services	67,425	64,525	57,765	(6,760)
Contribution from private sources	14,000	14,000	3,392	(10,608)
Investment earnings	27,000	27,000	31,244	4,244
Miscellaneous	83,500	83,500	99,671	16,171
Total revenues	7,769,340	7,625,340	7,742,101	116,761
EXPENDITURES				
Current:				
General government:				
Executive	297,762	395,445	354,749	40,696
Council	116,840	135,369	116,199	19,170
Board of elections/registrations	3,175	5,759	3,807	1,952
Administration	856,311	797,637	656,197	141,440
Buildings and plant	257,993	315,633	259,705	55,928
Judicial:				
Municipal court	449,222	510,357	471,691	38,666
Public safety:				
Police	2,237,312	2,977,946	2,892,885	85,061
Fire administration	2,081,333	2,720,884	2,564,748	156,136
Public works:				
Administration	612,511	721,344	619,986	101,358
Highways and streets	368,287	405,047	341,741	63,306
Culture and recreation:				
Library	152,758	152,758	147,331	5,427
Housing and development:				
Protective inspection administration	240,304	292,707	245,582	47,125
Code Enforcement	68,508	122,786	102,288	20,498
Debt service:				
Principal	165,091	165,091	165,091	-
Interest and other charges	21,933	21,933	21,933	-
Total expenditures	7,929,340	9,740,696	8,963,933	776,763

The notes to the financial statements are an integral part of this statement.

## CITY OF LOGANVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
 (CONTINUED)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Excess (deficiency) of revenue over (under) expenditure	(160,000)	(2,115,356)	(1,221,832)	893,524
OTHER FINANCING SOURCES (USES)				
Transfers in	160,000	304,000	262,054	(41,946)
Total other financing sources (uses)	160,000	304,000	262,054	(41,946)
Net change in fund balances	-	(1,811,356)	(959,778)	851,578
Fund balances - beginning	-	1,811,356	6,153,718	4,342,362
Fund balances - ending	\$ -	\$ -	\$ 5,193,940	\$ 5,193,940

The notes to the financial statements are an integral part of this statement.

## CITY OF LOGANVILLE, GEORGIA

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2012

	Business-type Activities - Enterprise Funds		
	Water and Sewer Fund	Solid Waste Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 2,171,996	\$ 757,100	\$ 2,929,096
Investments	291,760	507,808	799,568
Accounts receivable, net	627,999	162,490	790,489
Due from other funds	16,066	31,498	47,564
Prepaid items	61,804	-	61,804
Total current assets	3,169,625	1,458,896	4,628,521
Noncurrent assets:			
Restricted cash and cash equivalents	153,660	-	153,660
Deferred charges	126,982	-	126,982
Capital assets:			
Land and easements	1,000,000	-	1,000,000
Structures, equipment and lines	21,222,759	-	21,222,759
Construction in progress	474,410	-	474,410
Less: accumulated depreciation	(6,575,344)	-	(6,575,344)
Total noncurrent assets	16,402,467	-	16,402,467
Total assets	19,572,092	1,458,896	21,030,988
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	180,094	203,426	383,520
Salaries payable	17,514	-	17,514
Due to other funds	37,324	16,066	53,390
Accrued employee benefits	37,695	-	37,695
Customer deposits payable	549,298	-	549,298
Revenue bond payable-current	830,000	-	830,000
Total current liabilities	1,651,925	219,492	1,871,417
Noncurrent liabilities:			
Revenue bonds, net of unamortized refunding costs	6,745,423	-	6,745,423
Advances from other funds	675,000	-	675,000
Total noncurrent liabilities	7,420,423	-	7,420,423
Total liabilities	9,072,348	219,492	9,291,840
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	8,546,402	-	8,546,402
Restricted for debt service	273,900	-	273,900
Unrestricted	1,679,442	1,239,404	2,918,846
Total net assets	\$ 10,499,744	\$ 1,239,404	\$ 11,739,148

The notes to the financial statements are an integral part of this statement.

CITY OF LOGANVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Solid Waste	
	Fund	Fund	Total
Operating revenues:			
Charges for sales and services	\$ 5,593,818	\$ 1,393,389	\$ 6,987,207
Total operating revenues	5,593,818	1,393,389	6,987,207
Operating expenses:			
Salaries and benefits	1,789,610	15,776	1,805,386
Purchased/contracted services	1,267,917	1,174,704	2,442,621
Supplies and materials	1,172,941	-	1,172,941
Other costs	-	188	188
Amortization	33,612	-	33,612
Depreciation	582,147	-	582,147
Total operating expenses	4,846,227	1,190,668	6,036,895
Operating income (loss)	747,591	202,721	950,312
Nonoperating revenues (expenses):			
Interest income - nonrestricted assets	15,018	780	15,798
Interest expense	(295,741)	-	(295,741)
Total nonoperating revenues (expenses)	(280,723)	780	(279,943)
Income before contributions and transfers	466,868	203,501	670,369
Capital contributions	562,969	-	562,969
Transfers out	(100,000)	(150,000)	(250,000)
Total other financing (uses)	462,969	(150,000)	312,969
Change in net assets	929,837	53,501	983,338
Total net assets - beginning	9,569,907	1,185,903	10,755,810
Total net assets - ending	\$ 10,499,744	\$ 1,239,404	\$ 11,739,148

The notes to the financial statements are an integral part of this statement.

CITY OF LOGANVILLE, GEORGIA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Solid Waste	
	Fund	Fund	Total
<u>Cash Flows from Operating Activities:</u>			
Receipts from customers and users	\$ 5,648,914	\$ 1,408,391	\$ 7,057,305
Payments to vendors for goods and services	(2,486,971)	(1,084,559)	(3,571,530)
Payments to employees	(1,816,468)	(15,776)	(1,832,244)
Net Cash Provided by (Used for)			
Operating Activities	1,345,475	308,056	1,653,531
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers to other funds	(100,000)	(150,000)	(250,000)
Net Cash Provided by (Used for)			
Noncapital Financing Activities	(100,000)	(150,000)	(250,000)
<u>Cash Flows from Capital and Related</u>			
<u>Financing Activities:</u>			
Principal paid on capital debt	(811,288)	-	(811,288)
Interest paid on capital debt	(295,741)	-	(295,741)
Acquisition and construction of capital assets	(649,103)	-	(649,103)
Net Cash Provided by (Used for)			
Capital and Related Financing Activities	(1,756,132)	-	(1,756,132)
<u>Cash Flows for Investing Activities:</u>			
Interest received	15,018	780	15,798
Purchases of investments	(351)	(611)	(962)
Net Cash Provided (Used) in Investing Activities	14,667	169	14,836
Net increase (decrease) in cash and cash equivalents	(495,990)	158,225	(337,765)
Cash and cash equivalents - beginning	2,821,646	598,875	3,420,521
Cash and cash equivalents - ending	\$ 2,325,656	\$ 757,100	\$ 3,082,756
Classified as			
Current assets	\$ 2,171,996	\$ 757,100	\$ 2,929,096
Restricted assets	153,660	-	153,660
Total cash and cash equivalents	\$ 2,325,656	\$ 757,100	\$ 3,082,756

The notes to the financial statements are an integral part of this statement.

CITY OF LOGANVILLE, GEORGIA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
 (CONTINUED)

	Business-type Activities - Enterprise Funds		
	Water and Sewer Fund	Solid Waste Fund	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ 747,591	\$ 202,721	\$ 950,312
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	582,147	-	582,147
Change In			
Accounts receivable, net	21,482	15,002	36,484
Due from other funds	(16,066)	(31,017)	(47,083)
Prepaid items	(3,251)	-	(3,251)
Accounts payable	(46,113)	105,284	59,171
Due to other funds	28,931	16,066	44,997
Accrued employee benefits	(26,858)	-	(26,858)
Customers' meter deposits	57,612	-	57,612
	597,884	105,335	703,219
Net cash provided (used) by operating activities	\$ 1,345,475	\$ 308,056	\$ 1,653,531
Noncash investing, capital and financing activities:			
Capital contributions	\$ 562,969	\$ -	\$ 562,969
2012 bond proceeds as follows:			
Costs of Issuance	131,438	-	131,438
Defease refunded bonds	944,901	-	944,901
Repay GEFA loans	7,040,258	-	7,040,258
Applied to debt service account	8,403	-	8,403

The notes to the financial statements are an integral part of this statement.



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## **NOTES TO THE FINANCIAL STATEMENTS**

CITY OF LOGANVILLE, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**A. Reporting entity**

The City of Loganville, Georgia (hereinafter the “City”) was incorporated under the laws of the State of Georgia in 1887 and operates under a mayor-council form of government. The City provides the following services as authorized by its charter: public safety (police and fire protection), highways and streets, sanitation, culture-recreation, public improvements, planning and zoning, general and administrative services, and water utilities.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accompanying financial statements presents the City and its discretely presented component units, entities for which the City is considered to be financially accountable. The criteria used to determine financial accountability is evidenced by the following:

1. Ability to impose will on an organization by being able to significantly influence the programs, projects or activities of, or the level of services performed or provided by, the organization.
2. Financial benefit to or burden on the primary government including responsibility for financing debts, entitlements to surpluses and guarantees or moral responsibility for debt.
3. Fiscal dependency for matters including authority over funds and budgetary appropriations.
4. Ability of the primary government to appoint a voting majority of an organization’s governing body.

Each discretely presented component unit is reported in a separate column in the government-wide financial statements and is accountable under all the criteria listed.

**Discretely Presented Component Units**

The Downtown Development Authority of Loganville, Inc. (the “Authority”) was created to revitalize and redevelop the central business district of the City. The Authority’s governing board is appointed by the City Council. The Authority’s financial statements consist of a general fund only and the Authority does not issue separate financial statements. The Authority is reported as a governmental fund type.

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012  
(CONTINUED)

**B. Government-wide and fund financial statements**

The government-wide financial statements (Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the activities of the primary government and its component units. 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement focus, basis of accounting and financial statement presentation**

The government-wide financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible with the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

(CONTINUED)

Property taxes, local option sales taxes, franchise taxes, other taxes, licenses and permits, intergovernmental revenues, interest and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental fund:

General Fund – The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major proprietary funds:

Water and Sewer Fund – accounts for the operations of maintenance of the City's water and wastewater services to the residents and businesses of the City.

Solid Waste Fund – accounts for the operation and maintenance of the City's trash collection, leaf and limb collection and recycling.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges for services or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Other revenue sources not properly included with program revenues are reported as general revenues of the City.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expense not meeting this definition are reported as nonoperating revenues and expenses.

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

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012  
(CONTINUED)

**D. Deposits and Investments**

*Deposits*

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

*Investments*

Investments for the City are reported at fair value.

**E. Receivables**

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received including property taxes, amounts due from other funds and grants.

In the fund financial statements, deferred revenue accounts are used to offset receivables to the extent revenue is not recognized under the City's policy.

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable.

**F. Interfund Receivables, Payables, Advances and Transfers**

In the fund financial statements balances that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "interfund receivables/interfund payables." or "advances to/from other funds." In the government-wide financial statements these balances are netted and reported as "internal balances."

**G. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**H. Restricted Assets and Reserves**

Resources set aside in proprietary funds for repayment of bonds, emergency uses and renewal or extension in the amounts of \$273,900 are classified as restricted assets because their use is limited by bond covenants. A corresponding portion of net assets is segregated by its classification as "restricted for debt service."

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

(CONTINUED)

**I. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000. Infrastructure with an individual cost that is equal to or exceeds \$25,000 is recorded as a capital asset. General infrastructure assets acquired prior to July 1, 2003 are not reported in the basic financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to July 1, 2003. Capital assets are valued at historical costs or estimated historical cost if actual cost is not available. Donated capital assets are valued at their fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Preliminary and interim costs incurred by governmental funds for capital projects are reported as "construction in progress." Cost related to abandoned projects are expensed when the project is abandoned.

Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed, if material.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Capital assets are depreciated over their estimated useful lives using the straight-line method. These estimated useful lives are as follows:

<u>Asset Class</u>	<u>Years</u>
Computer equipment and heavy machinery	5
Furniture and Fixtures	10
Vehicles	4-10
Lines and Mains	20-50
Buildings	20-50
Land Improvements	10-25
Infrastructure	15-99

**J. Compensated Absences**

Annual leave is earned by all permanent City employees and may be accumulated and carried over to a maximum of 240 hours per employee. In accordance with GASB Statement 16, the City accrues the cost of annual leave when the leave is earned. This cost is accrued in the government-wide and proprietary fund financial statements.

Sick leave is earned by all full-time City employees and 720 hours may be accumulated. Employees leaving the City are not entitled to payment for accumulated sick leave. In accordance with GASB Statement 16, the City does not accrue sick leave because employees do not receive "termination payments" upon leaving the City.

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

(CONTINUED)

**K. Deferred Revenue**

In the fund financial statements, deferred revenue consists of property tax receivable not collected within 60 days after the end of the fiscal year.

**L. Long-term obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets.

The costs related to long-term debt (whose proceeds are used for purposes other than refunding) are shown as deferred charges. The costs related to long-term debt (whose proceeds are used for refunding) are characterized as deferred refunding costs and are netted against outstanding long-term debt. Deferred charges are amortized over the life of the debt, and deferred refunding costs are amortized over the shorter of the remaining life of the refunded debt or the life of the new debt. Deferred issuance and refunding costs are amortized using the effective interest method.

**M. Fund Equity**

In the financial statements, governmental funds report the following classifications of fund balance:

- Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – amounts are restricted when constraints have been placed on the use of resources by (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of Mayor and Council. Mayor and Council approve committed resources through a motion and vote during the voting session of Council meetings.
- Assigned – amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The intent is expressed by Mayor and Council.
- Unassigned – amounts that have not been assigned to other funds and that are not restricted, committed or assigned to specific purposes within the General Fund.

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
- Assigned
- Unassigned

The City does not have a formal minimum fund balance policy.



CITY OF LOGANVILLE, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012  
(CONTINUED)

The following is a summary of the fund balance classifications as of June 30, 2012:

	General Fund	Nonmajor Governmental Funds	Total
<b>Fund Balances:</b>			
<b>Nonspendable</b>			
Prepays	\$ 152,068	\$ -	\$ 152,068
Advances	843,879	-	843,879
<b>Restricted for:</b>			
Public safety	-	25,431	25,431
<b>Committed</b>			
Retirement funding	179,841	-	179,841
<b>Assigned:</b>			
Tourism	-	381	381
Public safety	6,587	-	6,587
Drug awareness	11,422	-	11,422
Veterans Memorial	1,499	-	1,499
Recreation	3,000	-	3,000
<b>Unassigned</b>	3,995,644	(100,222)	3,895,422
<b>Total fund balances</b>	<u>\$ 5,193,940</u>	<u>\$ (74,410)</u>	<u>\$ 5,119,530</u>

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary information**

An annual appropriated budget is adopted by ordinance for all fund types. Budgets are prepared on the modified accrual basis for governmental fund types and on the accrual basis for proprietary fund types and are consistent with generally accepted accounting principles. All annual appropriations lapse at the end of the fiscal year with the exception of the Capital Projects Funds.

Prior to the first of July of each year, all department heads submit a request for appropriations to the city manager so that a budget may be prepared. Appropriated budgets are compiled by the city manager, finance officer and department heads. Before the first day of June, the proposed budget is presented to the mayor and council for review. After holding a public hearing, a final budget is prepared and adopted no later than June 30.

Budgetary control is maintained at the department level. Department heads, with the approval of the city manager, may transfer appropriations within their department. Interdepartmental transfers require the approval of city council.

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012  
(CONTINUED)

**Deficit fund equity**

The 2009 SPLOST Construction Fund had a deficit fund balance of \$100,222. The fund incurred expenditures prior to the receipt of SPLOST revenues. The City plans to eliminate this deficit with future SPLOST revenues.

**NOTE 3 – DETAILED NOTES ON ALL FUNDS**

**A. Deposits and investments**

As of June 30, 2012, the City had the following investments:

<u>Investment Type</u>	<u>Maturities (Days)</u>	<u>Fair Value</u>
Office of the State Treasurer	24	\$ 855,647
Portfolio Weighted Average Maturity	24	

*Interest Rate Risk.* The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk.* Georgia laws (O.C.G.A. 36-83-4 and 36-82-7) limit investments of the City. The city has no investment policy that would further limit its investment choices. As of June 30, 2012, the City's investment in the Office of the State Treasurer was rated AAAM by Standard and Poor's.

*Custodial Credit Risk – Deposits.* The custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits may not be recovered.

The City's bank balances of deposits as of June 30, 2012, are entirely insured or collateralized with securities held by the City's agent in the City's name.

State statutes require banks holding public funds to secure these funds by FDIC insurance, securities pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held.

## CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012  
(CONTINUED)**B. Capital Assets**

Capital asset activity for the year ended June 30, 2012 was as follows:

***Primary Government***

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
<b>Governmental Activities</b>					
Capital assets not being depreciated:					
Sites and site improvements	\$ 1,475,521	\$ 54,338	\$ -	\$ -	\$ 1,529,859
Construction in progress	250,892	-	-	(250,892)	-
Total capital assets, not being depreciated	1,726,413	54,338	-	(250,892)	1,529,859
Capital assets, being depreciated:					
Buildings	2,820,757	28,116	-	4,980	2,853,853
Site improvements	168,275	-	-	-	168,275
Machinery and equipment	609,693	192,978	-	-	802,671
Furniture and fixtures	41,937	-	-	-	41,937
Vehicles	2,372,317	153,229	-	-	2,525,546
Infrastructure	3,551,945	382,009	-	245,912	4,179,866
Total capital assets, being depreciated	9,564,924	756,332	-	250,892	10,572,148
Less accumulated depreciation for:					
Buildings	(727,153)	(62,360)	-	-	(789,513)
Site improvements	(39,873)	(8,826)	-	-	(48,699)
Machinery and equipment	(413,253)	(40,118)	-	-	(453,371)
Furniture and fixtures	(14,588)	(5,836)	-	-	(20,424)
Vehicles	(1,441,218)	(196,868)	-	-	(1,638,086)
Infrastructure	(1,262,149)	(207,018)	-	-	(1,469,167)
Total accumulated depreciation	(3,898,234)	(521,026)	-	-	(4,419,260)
Total capital assets, being depreciated, net	5,666,690	235,306	-	250,892	6,152,888
Governmental activities capital assets, net	\$ 7,393,103	\$ 289,644	\$ -	\$ -	\$ 7,682,747

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012  
(CONTINUED)

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
<b>Business-Type Activities</b>					
Capital assets not being depreciated					
Land	\$ 1,000,000	\$ -	\$ -	\$ -	\$ 1,000,000
Construction in progress	1,434,723	315,810	-	(1,276,123)	474,410
Total capital assets, not being depreciated	2,434,723	315,810	-	(1,276,123)	1,474,410
Capital assets, being depreciated					
Site improvements	4,593,250	387,138	-	1,207,809	6,188,197
Buildings	13,532,778	-	-	-	13,532,778
Machinery and equipment	812,534	129,000	-	68,314	1,009,848
Vehicles	491,936	-	-	-	491,936
Total capital assets being depreciated	19,430,498	516,138	-	1,276,123	21,222,759
Less accumulated depreciation for:					
Site improvements	(1,012,275)	(181,446)	-	-	(1,193,721)
Buildings	(3,991,178)	(337,435)	-	-	(4,328,613)
Machinery and equipment	(508,521)	(52,551)	-	-	(561,072)
Vehicles	(481,223)	(10,715)	-	-	(491,938)
Total accumulated depreciation	(5,993,197)	(582,147)	-	-	(6,575,344)
Total capital assets, being depreciated, net	13,437,301	(66,009)	-	1,276,123	14,647,415
Business-type activities capital assets, net	\$ 15,872,024	\$ 249,801	\$ -	\$ -	\$ 16,121,825

Depreciation expense was charged to functions/programs of the governmental activities as follows:

<b>Governmental Activities</b>	
General government	\$ 34,092
Judicial	-
Public safety	207,696
Public works	273,793
Culture and recreation	1,225
Housing and development	4,220
Total governmental activities depreciation expense	<u>\$ 521,026</u>
<b>Business-Type Activities</b>	
Water and Sewerage System	\$ 582,147
Solid Waste Fund	-
Total business-type activities depreciation expense	<u>\$ 582,147</u>

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012  
(CONTINUED)

**C. Interfund receivables, payables, advances and transfers**

The composition of interfund balances as of June 30, 2012, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	\$ 37,324
General Fund	Nonmajor special revenue funds	3,054
Water and Sewer Fund	Solid Waste Fund	16,066
Solid Waste Fund	General Fund	<u>31,498</u>
Total		<u>\$ 87,942</u>

The outstanding balances between funds results mainly from the timing difference between the dates that reimbursable expenditures occur and the date payments between funds are made.

The composition of the advances balances as of June 30, 2012, is as follows:

**Advances from/to other funds:**

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor capital project fund	\$ 168,879
General Fund	Water and Sewer Fund	<u>675,000</u>
Total		<u>\$ 843,879</u>

During fiscal year 2009, the City's 2009 SPLOST Construction Fund purchased a fire truck in the amount of \$395,081, with advances from the general fund. As of June 30, 2012, the advance balance was \$168,879.

During fiscal year 2011, the City's General Fund advanced the Water and Sewer Fund \$1,000,000 to begin construction on a new water tower. As of June 30, 2012, the advance balance was \$675,000.

Transfers out:	Transfers in:
	General Fund
Water and Sewer Fund	\$ 100,000
Solid Waste Fund	150,000
Nonmajor special revenue funds	<u>12,054</u>
	<u>\$ 262,054</u>

The Water and Sewer Fund and the Solid Waste Fund transferred \$100,000 and \$150,000 respectively, to the General Fund to assist with general administrative costs.

The Hotel/Motel Tax special revenue fund transferred \$12,054 to the General Fund for amounts owed relative to hotel/motel tax revenues collected by the special revenue fund.

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012  
(CONTINUED)

**D. Long-term debt**

***Primary Government***

**Capital Leases**

The City has entered into lease agreements as lessee for financing asset acquisitions. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease date as of the date of their inception. Interest rates vary from 4.8% to 5.23%. Total costs of assets acquired under these capital leases as of June 30, 2012 is \$1,088,522. This equipment is included in the governmental activities statement of net assets.

Annual debt service requirements to maturity for these capital leases are as follows:

Fiscal Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2013	\$ 119,564	\$ 13,975	\$ 133,539
2014	125,339	8,200	133,539
2015	41,020	2,145	43,165
Total	<u>\$ 285,923</u>	<u>\$ 24,320</u>	<u>\$ 310,243</u>

***Revenue Bonds***

The City's business type activity, the Water and Sewer Fund has revenue bonds payable solely from revenues generated by fund activities. The bond indentures contain restrictions on the use of the bond proceeds and fund revenues as well as providing for sinking funds, renewal and extension funds and minimum fund operating requirements (revenue bond coverage). The revenue bonds have a first lien on water and sewer fund assets and revenues. As of June 30, 2012, the City believes it was in compliance with all such significant financial limitations and restrictions.

On January 12, 2012, the City issued \$8,125,000 in Series 2012 Revenue Bonds to advance refund outstanding 2005 Revenue bonds and prepay the Georgia Environmental Facilities Authority (GEFA) loans in order to obtain debt service savings and relief from certain restrictive covenants and provisions. The 2012 Series Bond bears interest at a rate of 2.5% (computed on the basis of a 360-day year of twelve consecutive 30-day months), payable June 1, 2012, and semiannually thereafter on the first days of June and December in each year and is subject to mandatory sinking fund redemption on June 1 and December 1 in each of the years payments are due.

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012  
(CONTINUED)

The following summarizes the debt service requirements of the revenue bonds, excluding unamortized deferred refunding costs in the amount of \$219,577.

**2012 Revenue Bonds**

Fiscal Year Ending June 30,	Principal	Interest
2013	\$ 830,000	\$ 189,563
2014	865,000	168,688
2015	880,000	146,937
2016	810,000	125,303
2017	830,000	104,938
2018-2022	3,580,000	211,135
Total	<u>\$ 7,795,000</u>	<u>\$ 946,563</u>

***Changes in Long-term liabilities***

Long-term liability activity for the fiscal year ended June 30, 2012, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
OPEB obligation	\$ 10,814	\$ 51,989	\$ (31,173)	\$ 31,630	\$ -
Capital leases payable	451,014	-	(165,091)	285,923	119,564
Compensated absences	169,848	138,985	(135,878)	172,955	138,364
Total governmental activities	<u>\$ 631,676</u>	<u>\$ 190,974</u>	<u>\$ (332,142)</u>	<u>\$ 490,508</u>	<u>\$ 257,928</u>
<b>Business-Type activities</b>					
Revenue bonds	\$ 1,245,000	\$ 8,125,000	\$ (1,575,000)	\$ 7,795,000	\$ 830,000
Less deferred refunding costs	(48,576)	(219,577)	48,576	(219,577)	-
	<u>1,196,424</u>	<u>7,905,423</u>	<u>(1,526,424)</u>	<u>7,575,423</u>	<u>830,000</u>
Capital leases	32,561	-	(32,561)	-	-
GEFA Loan (revolving loan)	5,400,441	-	(5,400,441)	-	-
GEFA Loan (2004-L36WQ)	1,885,330	-	(1,885,330)	-	-
Compensated absences	33,457	36,802	(32,564)	37,695	37,695
	<u>7,351,789</u>	<u>36,802</u>	<u>(7,350,896)</u>	<u>37,695</u>	<u>37,695</u>
Total business-type activities	<u>\$ 8,548,213</u>	<u>\$ 7,942,225</u>	<u>\$ (8,877,320)</u>	<u>\$ 7,613,118</u>	<u>\$ 867,695</u>

The governmental activities, compensated absences and other post-employment benefits are generally liquidated by the general fund. For business-type activities, compensated absences are liquidated by the proprietary funds.

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012  
(CONTINUED)

**E. Property Taxes**

State law requires that property taxes be based on assessed value, which is 40% of market value. All real and personal property (including motor vehicles) is valued as of January 1 of each year and must be returned for tax purposes on March 1. With the exception of motor vehicles and property of public utilities, which are valued by the State Revenue Department, all assessments are made by the Board of Tax Assessors of Walton and Gwinnett County.

Exemptions are permitted for certain inventories. A homestead exemption is allowed for each taxpayer that is a homeowner and resides in the household as of January 1. There are other exemptions provided by state and local laws.

Upon completion of all assessments and tax returns, the information is turned over to the County Tax Commissioners for compilation of the tax digest. The completed tax digests must be submitted to the State Revenue Commissioners for approval. The State Revenue Commissioners must ascertain that real property on the tax digest has been assessed at the state mandated forty percent (40%) of fair market value. The Commissioners have the option to withhold certain state funding if the mandated 40% level is not reached. The City distributes tax notices and collects tax payments.

	Real/Personal Property (Excluding Vehicles)	Motor Vehicles
Assessment date	January 1	January 1
Levy date	September 16	January 1
Due date and collection date	November 19	Staggered

Property taxes receivable have been reduced to their estimated net realizable value. Estimated uncollectible amounts are based upon historical experience rates and result in a direct reduction of the related revenue amount at the end of the period.

**F. Hotel/Motel Taxes**

The City levies and collects a 5% lodging tax which is reported in the Hotel/Motel Tax special revenue fund. The City retains approximately 60% of the funds collected. During fiscal year 2012, the City collected \$19,487 in hotel motel taxes and remitted \$7,070 to the Walton County Chamber of Commerce. These amounts represent approximately 40% of the current year collections.



CITY OF LOGANVILLE, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012  
(CONTINUED)

**G. Pension Plan**

***Plan Description***

The City's defined benefit pension plan, City of Loganville Retirement Plan, (the Plan) provides retirement, disability and death benefits to plan members and beneficiaries. These retirement provisions were established by an adoption agreement executed by City Council. The Plan 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 issues a publicly available financial report on GMEBS that includes financial statements and required supplementary information. That report may be obtained by writing to Georgia Municipal Association, 201 Pryor Street, Atlanta, Georgia, 30303-3606.

***Significant Accounting Policies***

*Basis of Accounting.* The City of Loganville financial statements are prepared using the modified accrual basis. Employer contributions are recognized in the period that the contributions are due.

***Funding Policy***

The plan members are not required to contribute to the plan. The City is required to contribute at an actuarially determined rate; the current rate is 14.08% of annual covered payroll. The contribution requirements of the City are established and may be amended by the GMEBS Board of Trustees.

***Annual Pension Cost***

For the plan year, the City's annual recommended contribution was \$733,505. During 2012, the City made an additional contribution to the plan in the amount of \$2,000,000.

<b>Plan Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation (Asset)</b>
6/30/2012	\$ 733,505	100.0%	\$ 2,000,000
6/30/2011	719,298	100.0%	-
6/30/2010	661,904	100.0%	-

The recommended contribution was determined as part of the January 1, 2011 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases of 3.5% plus age and service based merit increases per year and (c) 0.00% cost of living adjustments. The Plan's unfunded actuarial accrued liability

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012  
(CONTINUED)

is being amortized (closed level dollar method) over 30 years for the initial unfunded accrued liability, 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods.

***Funded Status and Funding Progress***

The funded status of the plans as of January 1, 2012, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2012	\$ 6,471,877	\$ 7,165,904	\$ 694,027	90.31%	\$ 3,725,294	18.63%

The schedules of funding progress, presented as RSI following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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.

***Additional Information***

Additional information as of the latest actuarial valuation follows:

# CITY OF LOGANVILLE, GEORGIA

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2012 (CONTINUED)

Valuation date	January 1, 2012
Actuarial cost method	Projected unit credit
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years
Asset valuation method	Sum of actuarial value at the beginning of the year and the cash flows during the year, plus the assumed investment return adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 50% of market value for 2009, 44% of market value for 2010, 38% of market value for 2011, 32% of market value for 2012, 26% of market value for 2013, and 20% of market value for 2014 and later years .
Actuarial assumptions:	
Investment rate-of-return	7.75%
Projected salaries increases	3.5% plus age and service based merit increases
COLAs	0.0%
Membership of the plan:	
Retirees and beneficiaries receiving benefits	24
Terminated plan members entitled to, but not yet receiving benefits	39
Active plan members	101
Total	164

CITY OF LOGANVILLE, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012  
(CONTINUED)

The City's annual pension costs and net pension obligation (asset) for the current year were determined as follows:

Normal Costs	\$ 360,557
Administrative expenses	14,643
Adjustments to fiscal year	26,871
Payment on unfunded actuarial accrued liability	<u>331,434</u>
Annual required contribution	733,505
Contribution made	<u>2,733,505</u>
Increase (decrease) in net pension obligation	(2,000,000)
Net pension obligation (asset) June 30, 2011	<u>-</u>
Net pension obligation (asset) June 30, 2012	<u><u>\$ (2,000,000)</u></u>

**H. Post-Employment Benefits other than Pensions (OPEB)**

*Plan Description*

In addition to the pension benefits described in Note I to the financial statements, the City of Loganville provides postemployment medical and life insurance benefits to its current retirees through the City of Loganville OPEB Plan and Georgia Municipal Association. The City pays 100% of retiree premium for current retirees under the age of 65 if the employee retires after completing 20 years of service with the City and 75% of the spouse premium if the employee retires after completing 21 years of service. For future retirees, the City will provide access to the benefits only, but the retirees will pay 100% of the premium. Membership in the Plan by City retirees is voluntary.

The authority to establish and amend the benefit provisions of the OPEB plan rests with the City. The plan does not issue separate financial statements.

As of January 1, 2011, the most recent actuarial report, employee membership data relative to the OPEB plan consists of the following:

Current retirees, beneficiaries, and dependents	5
Current active participants	0
Terminated participants entitled but not yet eligible	<u>0</u>
Total	<u><u>5</u></u>

*Summary of Significant Accounting Policies*

The accrual basis of accounting is used with respect to the recognition in the financial statements of contributions in the form of insurance premiums made to the Plan. Plan investments, if any, are reported at their fair value at the reporting date. As of June 30, 2012 the Plan reported no assets.

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

(CONTINUED)

***Funding Policy***

The contribution requirements are established and may be amended by the City. The required contribution was determined by an actuarial valuation. During the fiscal year ended June 30, 2012, the City paid premiums (net of retiree contributions) on behalf of current retired employees in the amount of \$31,173.

***Annual OPEB Cost and Net OPEB Obligation***

The City's most current actuarial valuation was performed for the plan as of January 1, 2011 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 Statement 45. The ARC 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 (or funding excess) over a period not to exceed thirty years. The City's annual OPEB cost of \$51,989 is reduced by the current year contributions in the amount of \$31,173.

The following table reflects the components of the City's annual OPEB costs for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation (NOO):

Annual Required Contribution	\$ 51,989
Interest on Existing (NOO)	-
ARC Adjustment	-
Annual OPEB Cost	<u>51,989</u>
Annual Contribution Amount	<u>(31,173)</u>
Net Increase (decrease) in NOO	<u>20,816</u>
NOO as of Valuation Date	<u>20,816</u>
Net OPEB Obligation - beginning of year	<u>10,814</u>
Net OPEB Obligation - end of year	<u><u>\$ 31,630</u></u>

The City's annual OPEB cost, the percentage of annual cost contributed to the plan, and the net OPEB obligation for 2012 is as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
6/30/2012	\$ 31,173	60%	\$ 31,630
6/30/2011	45,969	88%	10,814
6/30/2010	32,419	99%	4,794

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012  
(CONTINUED)

During 2012, the City's retirees were moved to the City's plan to reduce costs. The current ARC was calculated on the previous plan in effect. As a result, the calculations above of the percentage of annual OPEB costs contributed reflects a decrease.

***Funded Status and Funding Progress***

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
1/1/2011	\$ -	\$ 803,292	\$ 803,292	0%	N/A	N/A
3/1/2009	-	529,795	529,795	0%	N/A	N/A

*AAL based on a pay-as-you-go plan.*

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, 2011.

***Additional Information***

Additional information as of the latest actuarial valuation follows:

# CITY OF LOGANVILLE, GEORGIA

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2012 (CONTINUED)

<b>Valuation date</b>	January 1, 2011
<b>Actuarial cost method</b>	Projected unit credit
<b>Amortization method</b>	years
<b>Remaining amortization period</b>	23 years, as of July 1, 2010
<b>Asset valuation method</b>	Market Value
<b>Actuarial assumptions:</b>	
Investment rate of return	4.00%
Medical and drug cost trend rate	9.50% graded to 5.00% over 9 years
Dental cost trend rate	5.00%
<b>Plan membership:</b>	
Current retirees, beneficiaries, and dependents	5
Current active participants*	0
Terminated participants entitled but not yet eligible	0
Total	<u>5</u>

\*Current actives are not included in this valuation since future retirees will pay 100% of premiums.

### **I. Risk Management**

The City is exposed to various risks of loss related to torts, personal property (i.e., theft, damage and destruction) and injury to employees. The City carries commercial insurance for these various risks. Losses relative to these risks are limited to a \$500 to \$7,500 deductible provided for in the contracts. During the past three years, settlements have not exceeded the coverages.

The City has joined with other municipalities in the state as part of GIRMA and the Worker's Compensation Self-Insurance Fund (WCSIF), public entity risk pools currently operating as a common risk management and insurance program for member local governments. The Georgia Municipal Association administers both risk pools. As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pools' agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds. The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member governments' contract and in accordance with the Workers' Compensation laws of Georgia. The funds are to pay all costs taxed against members in any legal proceedings defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

(CONTINUED)

**J. Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

**K. Joint Ventures**

Under Georgia law, the City, in conjunction with other cities and counties in the twelve county Northeast Georgia area, is a member of the Northeast Georgia Regional Commission (RC) and is required to pay annual dues thereto. Membership in an RC is required by O.C.G.A. 50-8-34 which provides for the organization structure of the RC in Georgia. RC board membership includes the chief elected official of each county and municipality of the area. O.C.G.A. 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from:

Northeast Georgia Regional Commission  
305 Research Drive  
Athens, Georgia 30610

**L. Related Organizations**

The Mayor of the City of Loganville, Georgia is responsible for appointing a member to the City of Loganville Housing Authority. The Loganville Housing Authority has a six member board with staggered terms. The City is also responsible for appointing board members to the O'Kelly Loganville Library Board. The City's accountability for these organizations does not extend beyond making the appointments.



CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012  
(CONTINUED)

**M. Invested in Capital Assets, Net of Related Debt**

Invested in Capital Assets, net of related debt of the Government-Wide statement of net assets as of June 30, 2012 are as follows:

	Governmental Activities	Business-type Activities
Cost of capital assets	\$ 12,102,007	\$ 22,697,169
Less accumulated depreciation	(4,419,260)	(6,575,344)
Book Value	7,682,747	16,121,825
Less all capital related debt	(285,923)	(7,575,423)
Invested in capital assets, net of related debt	\$ 7,396,824	\$ 8,546,402

## **REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF LOGANVILLE, GEORGIA

RETIREMENT PLAN

SCHEDULE OF FUNDING PROGRESS PENSION PLAN

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll ( c )</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
1/1/2012	\$ 6,471,877	\$ 7,165,904	\$ 694,027	90.31%	\$ 3,725,294	18.63%
1/1/2011	3,746,306	6,359,569	2,613,263	58.91%	3,646,118	71.67%
1/1/2010	3,127,264	5,858,780	2,731,516	53.38%	3,713,181	73.56%

SCHEDULE OF FUNDING PROGRESS OPEB

Schedule of Funding Progress

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll ( c )</b>	<b>UAAL as a Percentage of Covered Payroll (b-a)/c)</b>
1/1/2011	\$ -	\$ 803,292	\$ 803,292	0%	N/A	N/A
3/1/2009	-	529,795	529,795	0%	N/A	N/A

*AAL based on a pay-as-you-go plan.*

## **SUPPLEMENTARY INFORMATION**

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## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Confiscated Assets Fund – This fund accounts for cash received from the sale of confiscated assets and confiscated assets that are no longer subject to court jurisdiction.

Hotel/Motel Tax Fund – This fund accounts for the hotel/motel taxes collected and expenditures relative to tourism.

### **CAPITAL PROJECTS FUNDS**

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

2009 Special Purpose Local Option Sales Tax Fund – This fund is used to account for the Construction and improvements in accordance with the sales tax referendum.

2007 Special Purpose Local Option Sales Tax Fund – This fund is used to account for the Construction and improvements in accordance with the sales tax referendum.

CITY OF LOGANVILLE, GEORGIA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2012

	Special Revenue Funds			Capital Projects Funds				Total
	Confiscated Assets	Hotel/ Motel Tax	Total	2009 SPLOST Construction	2007 SPLOST Construction	Total	Nonmajor Governmental Funds	
ASSETS								
Cash and cash equivalents	\$ 25,431	\$ 470	\$ 25,901	\$ 5,393	\$ -	\$ 5,393	\$ 31,294	
Due from other governments	-	-	-	64,164	1,991	66,155	66,155	
Taxes receivable	-	4,407	4,407	-	-	-	4,407	
Total assets	\$ 25,431	\$ 4,877	\$ 30,308	\$ 69,557	\$ 1,991	\$ 71,548	\$ 101,856	
LIABILITIES								
Accounts payable	\$ -	\$ 1,442	\$ 1,442	\$ 900	\$ 1,991	\$ 2,891	\$ 4,333	
Due to other funds	-	3,054	3,054	-	-	-	3,054	
Advances from other funds	-	-	-	168,879	-	168,879	168,879	
Total liabilities	-	4,496	4,496	169,779	1,991	171,770	176,266	
FUND BALANCES								
Restricted	25,431	-	25,431	-	-	-	25,431	
Assigned	-	381	381	-	-	-	381	
Unassigned	-	-	-	(100,222)	-	(100,222)	(100,222)	
Total fund balances (deficits)	25,431	381	25,812	(100,222)	-	(100,222)	(74,410)	
Total liabilities and fund balances	\$ 25,431	\$ 4,877	\$ 30,308	\$ 69,557	\$ 1,991	\$ 71,548	\$ 101,856	

CITY OF LOGANVILLE, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Special Revenue Funds			Capital Projects Funds			Total Nonmajor Governmental Funds
	Confiscated Assets	Hotel/ Motel Tax	Total	2009 SPLOST Construction	2007 SPLOST Construction	Total	
REVENUES							
Hotel/motel taxes	\$ -	\$ 19,487	\$ 19,487	\$ -	\$ -	\$ -	\$ 19,487
Intergovernmental	-	-	-	364,198	705,113	1,069,311	1,069,311
Fines and forfeitures	88,880	-	88,880	-	-	-	88,880
Miscellaneous	-	240	240	-	-	-	240
Total revenues	88,880	19,727	108,607	364,198	705,113	1,069,311	1,177,918
EXPENDITURES							
Current							
General government	-	222	222	-	-	-	222
Public safety	14,742	-	14,742	-	-	-	14,742
Culture and recreation	-	7,070	7,070	-	-	-	7,070
Public works	-	-	-	338,740	139,926	478,666	478,666
Capital outlay	61,222	-	61,222	-	565,187	565,187	626,409
Total expenditures	75,964	7,292	83,256	338,740	705,113	1,043,853	1,127,109
Excess (deficiency) of revenues over (under) expenditures	12,916	12,435	25,351	25,458	-	25,458	50,809
Other financing sources (uses)							
Transfer out	-	(12,054)	(12,054)	-	-	-	(12,054)
Total other financing sources (uses)	-	(12,054)	(12,054)	-	-	-	(12,054)
Net change in fund balances	12,916	381	13,297	25,458	-	25,458	38,755
Fund balances - beginning	12,515	-	12,515	(125,680)	-	(125,680)	(113,165)
Fund balances (deficits) - ending	\$ 25,431	\$ 381	\$ 25,812	\$ (100,222)	\$ -	\$ (100,222)	\$ (74,410)



## CITY OF LOGANVILLE, GEORGIA

CONFISCATED ASSETS SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Fines and forfeitures	\$ 89,150	\$ 88,880	\$ (270)
Total revenues	89,150	88,880	(270)
EXPENDITURES			
Current			
Public safety	18,150	14,742	3,408
Capital outlay	71,000	61,222	9,778
Total expenditures	89,150	75,964	13,186
Excess (deficiency) of revenues over (under) expenditures	-	12,916	12,916
Fund balances-beginning	12,515	12,515	-
Fund balances-ending	\$ 12,515	\$ 25,431	\$ 12,916

CITY OF LOGANVILLE, GEORGIA

HOTEL/MOTEL TAX SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Taxes	\$ 20,300	\$ 19,487	\$ (813)
Miscellaneous	300	240	(60)
Total revenues	20,600	19,727	(873)
EXPENDITURES			
Current			
Culture and recreation			
Chamber of Commerce	8,000	7,070	930
Miscellaneous	240	222	18
Total expenditures	8,240	7,292	948
Excess (deficiency) of revenues over (under) expenditures	12,360	12,435	75
Other financing sources (uses)			
Transfer out	(12,360)	(12,054)	306
Net change in fund balances	-	381	381
Fund balances-beginning	-	-	-
Fund balances-ending	\$ -	\$ 381	\$ 381

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## **GOVERNMENTAL REPORTS**

CITY OF LOGANVILLE, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED WITH  
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS-2007  
PASSED THROUGH FROM WALTON COUNTY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Project	Original Estimated Cost	Expenditures			Estimated Percentage of Completion
		Prior Years	Current Year	Total	
Roads, Drainage and Sidewalks	\$ 4,212,000	\$ 1,857,880	\$ 705,113	\$ 2,562,993	61%
Water and Sewer Upgrades	2,520,000	-	-	-	0%
Intergovernmental Payments to Walton County	-	88,141	-	88,141	NA
	<u>\$ 6,732,000</u>	<u>\$ 1,946,021</u>	<u>\$ 705,113</u>	<u>\$ 2,651,134</u>	

Note: During 2010, the City paid \$88,141 to Walton County to assist the County with payment due on bonded SPLOST projects.

CITY OF LOGANVILLE, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED WITH  
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS-2009  
PASSED THROUGH FROM GWINNETT COUNTY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Project	Original Estimated Cost	Expenditures			Estimated Percentage of Completion
		Prior Years	Current Year	Total	
Public Safety:	\$ 500,000	\$ -	\$ -	\$ -	
Equipment	-	395,081	-	395,081	79%
Water and Sewer Capital Improvements	1,694,887	460,661	338,740	799,401	47%
	<u>\$ 2,194,887</u>	<u>\$ 855,742</u>	<u>\$ 338,740</u>	<u>\$ 1,194,482</u>	

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Kevin E. Lipford, CPA

Member of  
American Institute of  
Certified Public Accountants  
Truman W. Clifton (1902-1989)

**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**

Honorable Mayor and Members of City Council  
City of Loganville, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Loganville, Georgia as of and for the year ended June 30, 2012, which collectively comprise the City of Loganville, Georgia's basic financial statements and have issued our report thereon dated October 9, 2012. 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.

**Internal Control Over Financial Reporting**

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

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

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





Honorable Mayor and  
Members of City Council  
City of Loganville, Georgia  
Page Two

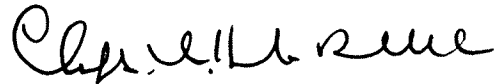
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Loganville, 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 *Governmental Auditing Standards*.

We noted certain matters that we reported to management of the City of Loganville, Georgia in a separate letter dated October 9, 2012.

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

Macon, Georgia  
October 9, 2012

A handwritten signature in black ink, appearing to read "Charles H. Reese". The signature is written in a cursive, flowing style.

