

CITY OF LOGANVILLE, GEORGIA



ANNUAL FINANCIAL REPORT

For the Fiscal Year Ending June 30, 2013

CITY OF LOGANVILLE, GEORGIA

AUDIT REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2013

CITY OF LOGANVILLE, GEORGIA

AUDIT REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

CITY OF LOGANVILLE, GEORGIA
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinions

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

Matter of Emphasis

As discussed in Note 4 to the financial statements, in 2013, the City adopted new accounting guidance, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information and the schedule of funding progress on pages 4 through 10 and page 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

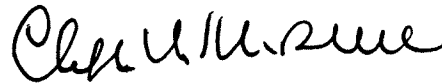
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Loganville, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements, the schedule of projects constructed with special sales tax 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, the schedule of projects constructed with special sales tax proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of projects constructed with special sales tax proceeds are fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2013, on our consideration of the City of Loganville, Georgia'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* in considering the City of Loganville, Georgia's internal control over financial reporting and compliance.

Macon, Georgia
October 21, 2013



MANAGEMENT'S DISCUSSION & ANALYSIS

CITY OF LOGANVILLE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013

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, 2013. 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 2013 by \$30,084,358 (total net position). Of this amount, \$11,260,135 (unrestricted net position) was available for use to meet the City's ongoing obligations to its citizens and creditors.
- The City's total net position increased by \$4,127,943.
- At the close of fiscal year 2013, the City's governmental funds reported combined ending fund balances of \$6,445,871. Of this amount, \$5,068,111 or 79 % is available for spending at the government's discretion (General unassigned fund balance). The balance of this amount, \$1,377,760 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 \$5,083,262.

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

The statement of activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported 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 the solid waste management.

CITY OF LOGANVILLE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

(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 eight 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 and the 2007 SPLOST fund, which are considered major funds. The data from the six 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, 2013

(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 2013 by \$30,084,358.

The largest component of net position, which may be used to meet the City's ongoing obligations to its citizens and creditors, is unrestricted in the amount of \$11,260,135 or 37.4 %. Another component of the City's net position is net 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 \$17,729,329 or 58.9%. 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 net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$1,094,894 or 3.6% represents resources that are subject to external restrictions on how they may be used and debt service.

**City of Loganville Net Position
June 30, 2013**

	Governmental Activities		Business Type Activities		Totals	
	2012	2013	2012	2013	2012	2013
Assets:						
Current assets	\$ 5,424,519	\$ 6,905,749	\$ 3,900,132	\$ 4,290,354	\$ 9,324,651	\$ 11,196,103
Restricted assets	-	-	153,660	648,312	153,660	648,312
Capital assets	7,682,747	8,433,647	16,121,825	16,427,042	23,804,572	24,860,689
Other assets	2,000,000	2,000,000	-	-	2,000,000	2,000,000
Total assets	15,107,266	17,339,396	20,175,617	21,365,708	35,282,883	38,705,104
Deferred Outflows of Resources:						
Deferred charge on refunding	-	-	-	196,259	-	196,259
Liabilities:						
Current and other liabilities	272,510	461,053	950,332	941,606	1,222,842	1,402,659
Noncurrent liabilities	490,508	404,358	7,613,118	7,009,988	8,103,626	7,414,346
Total liabilities	763,018	865,411	8,563,450	7,951,594	9,326,468	8,817,005
Net Position:						
Net Investment in capital assets	7,396,824	8,267,287	8,419,421	9,462,042	15,816,245	17,729,329
Restricted for:						
Public Safety	25,431	446,582	-	-	25,431	446,582
Debt service	-	-	273,900	648,312	273,900	648,312
Unrestricted	6,921,993	7,760,116	2,918,846	3,500,019	9,840,839	11,260,135
Total net position	\$ 14,344,248	\$ 16,473,985	\$ 11,612,167	\$ 13,610,373	\$ 25,956,415	\$ 30,084,358

At the end of the current fiscal year, the City is able to report positive balances in all categories of net position, 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, 2013

(CONTINUED)

Revenues. Property Taxes of \$3,519,671 and sales tax of \$903,528 accounted for 71.4% of total general revenues.

Capital grants and contributions totaled \$3,178,142.

Expenses. The total expense for the governmental activities is \$9,292,056. The largest single expenditure activity is public safety. Public safety includes the police department and the fire department. The total public safety expense is \$4,432,943 or 47.7% of total governmental activity expense.

Total program revenues and general revenues exceeded expenses by \$2,129,737.

City of Loganville Changes in Net Position

June 30, 2013

	Governmental Activities		Business Type Activities		Totals	
	2012	2013	2012	2013	2012	2013
Revenues:						
Program Revenues:						
Charges for service	\$ 1,451,255	\$ 1,664,339	\$ 6,987,207	\$ 7,144,594	\$ 8,438,462	\$ 8,808,933
Operating grants and contributions					-	-
Capital grants and contributions	1,164,199	3,178,142	562,969	1,015,990	1,727,168	4,194,132
General revenues:						
Property taxes	3,700,374	3,519,671			3,700,374	3,519,671
Sales tax	708,769	903,528			708,769	903,528
Other Taxes	1,769,730	1,772,064			1,769,730	1,772,064
Grants & Contributions						
(not restricted to specific programs)	31,244	24,102			-	24,102
Investment earnings	99,911	109,947	15,798	15,093	115,709	125,040
Other					-	-
Total revenue	8,925,482	11,171,793	7,565,974	8,175,677	16,491,456	19,347,470
Expenses:						
General government	762,688	1,178,561			762,688	1,178,561
Judicial	411,691	496,141			411,691	496,141
Public safety	4,489,098	4,432,943			4,489,098	4,432,943
Public works	1,547,104	2,686,268			1,547,104	2,686,268
Culture and recreation	155,626	153,884			155,626	153,884
Housing and development	272,090	332,874			272,090	332,874
Interest and fiscal charges	19,316	11,385			19,316	11,385
Water and sewer			5,141,968	4,674,433	5,141,968	4,674,433
Solid waste			1,190,668	1,253,038	1,190,668	1,253,038
Total Expenses	7,657,613	9,292,056	6,332,636	5,927,471	13,990,249	15,219,527
Increase in net position before transfers	1,267,869	1,879,737	1,233,338	2,248,206	2,501,207	4,127,943
Transfers	250,000	250,000	(250,000)	(250,000)	-	-
Increase in net position	1,267,869	2,129,737	1,233,338	1,998,206	2,501,207	4,127,943
Net position - beginning as restated	12,826,379	14,344,248	10,628,829	11,612,167	23,455,208	25,956,415
Net position - ending	\$ 14,344,248	\$ 16,473,985	\$ 11,612,167	\$ 13,360,373	\$ 25,956,415	\$ 30,084,358

CITY OF LOGANVILLE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

(CONTINUED)

Business-type activities. Business-type activities increased the City's net assets by \$1,998,206 or 48.4% of the increase in the government's net assets.

Revenues. Water and sewer revenue was \$5,701,144. Solid Waste revenue was \$1,443,450. 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 \$4,674,433. Solid waste expense was \$1,253,038.

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, unreserved 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 \$6,445,871. Approximately 78.6% of this amount \$5,068,111 constitutes unassigned fund balance, which is available for spending at the government's discretion. Other fund balances in the amount of \$649,407 and \$30,920 are set aside for non-spendable items and assigned items, respectively. The \$179,841 is committed and the remainder of the fund balance is reported as restricted fund balance.

The general fund is the chief operating fund of the City. At the June 30, 2013, unassigned fund balance of the general fund was \$5,083,262. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balances to total fund expenditures. The total fund balance is 63% and the unassigned fund balance is 50%.

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 position of the Water and Sewer Fund at June 30, 2013 amounted to \$2,168,782 and those of the Solid Waste Fund amounted to \$1,331,237. The total change in Water and Sewer net position was an increase of \$1,906,373 and the change in Solid Waste net position was \$91,833.

General Fund Budgetary Highlights

There was \$347,390 increase in the original budgeted expenditures and the final amended budgeted expenditures. This increase was due to a one time funding of the purchase of property and demolition of buildings. Budgeted revenues and other financing sources decreased from the original budget amounts due to property tax revenue. The expenditures were under the budgetary estimates by \$768,742.

CITY OF LOGANVILLE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

(CONTINUED)

Capital Assets and Debt Administration

Capital Assets. The City's net investment in capital assets for its governmental and business-type activities as of June 30, 2013 amounts to \$24,860,689 (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 – Cat Fish College /235 Main Street \$272,142.06
- 234 & 235 Main Street – Pavilion –Town Square \$147,991
- Machinery & Equipment - \$81,183
- 2013- (2) Dodge Charger \$61,418
- 2013-(3) Ford F150 Trucks \$55,282
- Infrastructure - \$686,497

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

	Governmental Activities	Business Type Activities	Totals
Land	\$1,802,001	\$1,000,000	\$2,802,001
Construction in progress	-	582,614	582,614
Building	2,000,655	8,866,730	10,867,385
Site Improvments	258,740	5,409,128	5,667,868
Equipment	383,390	481,959	865,349
Furniture & Fixtures	15,676	-	15,676
Vehicles	805,659	86,611	892,270
Infrastructure	3,167,526	-	3,167,526
Total	<u>\$8,433,647</u>	<u>\$16,427,042</u>	<u>\$24,860,689</u>

CITY OF LOGANVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

(CONTINUED)

Long-term debt.

City of Loganville Outstanding Debt

	Governmental Activities	Business Type Activities	Totals
Revenue Bonds	\$ -	\$ 6,965,000	\$ 6,965,000
OPEB obligation	\$ 51,669		\$ 51,669
Notes & Capital Leases	166,360	-	166,360
Compensated Absences	186,329	44,988	231,317
	<u>\$ 404,358</u>	<u>\$ 7,009,988</u>	<u>\$ 7,414,346</u>

During the current fiscal year, the City's governmental funds incurred long-term debt totaling \$203,727 and retired debt totaling \$289,877. The City's enterprise funds incurred long-term debt totaling \$30,156 and retired debt totaling \$852,863.

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 of the City or results of operations (revenues, expenses, and other changes in net position) 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.

BASIC FINANCIAL STATEMENTS

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CITY OF LOGANVILLE, GEORGIA

STATEMENT OF NET POSITION

JUNE 30, 2013

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
ASSETS			
Cash and cash equivalents	\$ 5,846,841	\$ 3,032,755	\$ 8,879,596
Investments	56,166	800,815	856,981
Receivables, net of allowance	10,914	813,244	824,158
Due from other governments	406,750	-	406,750
Internal balances	422,031	(422,031)	-
Prepaid items	163,047	65,571	228,618
Restricted Assets:			
Cash and cash equivalents	-	648,312	648,312
Capital assets not being depreciated:			
Land, land improvements and easements	1,802,001	1,000,000	2,802,001
Construction in progress	-	582,614	582,614
Capital assets net of accumulated depreciation:			
Site improvements	258,740	5,409,128	5,667,868
Building and improvements	2,000,655	8,866,730	10,867,385
Infrastructure	3,167,526	-	3,167,526
Machinery and equipment	1,189,049	568,570	1,757,619
Furniture and fixtures	15,676	-	15,676
Other assets:			
Net pension asset	2,000,000	-	2,000,000
Total assets	<u>17,339,396</u>	<u>21,365,708</u>	<u>38,705,104</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	196,259	196,259
LIABILITIES			
Accounts payable	288,381	324,854	613,235
Other accrued expenses	168,045	17,711	185,756
Accrued interest payable	4,627	-	4,627
Customer deposits	-	599,041	599,041
Noncurrent liabilities:			
Due within one year	274,402	909,988	1,184,390
Due in more than one year	129,956	6,100,000	6,229,956
Total liabilities	<u>865,411</u>	<u>7,951,594</u>	<u>8,817,005</u>
NET POSITION			
Net investment in capital assets	8,267,287	9,462,042	17,729,329
Restricted for:			
Public safety	446,582	-	446,582
Debt service	-	648,312	648,312
Unrestricted	<u>7,760,116</u>	<u>3,500,019</u>	<u>11,260,135</u>
Total net position	<u>\$ 16,473,985</u>	<u>\$ 13,610,373</u>	<u>\$ 30,084,358</u>

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, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities				
General government	\$ 1,178,561	\$ 195,191	\$ -	\$ -
Judicial	496,141	-	-	-
Public safety	4,432,943	1,469,148	-	-
Public works	2,686,268	-	-	2,986,418
Culture and recreation	153,884	-	-	191,724
Housing and development	332,874	-	-	-
Interest on long-term debt	11,385	-	-	-
Total governmental activities	<u>9,292,056</u>	<u>1,664,339</u>	<u>-</u>	<u>3,178,142</u>
Business-type Activities				
Water and sewer	4,674,433	5,701,144	-	1,015,990
Solid Waste	1,253,038	1,443,450	-	-
Total business-type activities	<u>5,927,471</u>	<u>7,144,594</u>	<u>-</u>	<u>1,015,990</u>
Total primary government	<u>\$ 15,219,527</u>	<u>\$ 8,808,933</u>	<u>\$ -</u>	<u>\$ 4,194,132</u>

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 position

Net position - beginning as restated

Net position - 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, 2013
(CONTINUED)

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (983,370)	\$ -	\$ (983,370)
(496,141)	-	(496,141)
(2,963,795)	-	(2,963,795)
300,150	-	300,150
37,840	-	37,840
(332,874)	-	(332,874)
(11,385)	-	(11,385)
(4,449,575)	-	(4,449,575)
-	2,042,701	2,042,701
-	190,412	190,412
-	2,233,113	2,233,113
(4,449,575)	2,233,113	(2,216,462)
3,519,671	-	3,519,671
903,528	-	903,528
323,117	-	323,117
631,136	-	631,136
20,973	-	20,973
521,229	-	521,229
264,923	-	264,923
10,686	-	10,686
24,102	15,093	39,195
109,947	-	109,947
250,000	(250,000)	-
6,579,312	(234,907)	6,344,405
2,129,737	1,998,206	4,127,943
14,344,248	11,612,167	25,956,415
\$ 16,473,985	\$ 13,610,373	\$ 30,084,358

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

CITY OF LOGANVILLE, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General	2007 SPLOST Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 5,478,046	\$ 18,510	\$ 350,285	\$ 5,846,841
Investments	56,166	-	-	56,166
Taxes receivable	4,285	-	6,512	10,797
Due from other funds	26,059	52,500	-	78,559
Due from other governments	123,021	80,295	203,434	406,750
Other receivables	117	-	-	117
Prepaid items	163,047	-	-	163,047
Advances to other funds	486,360	-	-	486,360
Total assets	<u>\$ 6,337,101</u>	<u>\$ 151,305</u>	<u>\$ 560,231</u>	<u>\$ 7,048,637</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 171,083	\$ 80,295	\$ 37,003	\$ 288,381
Due to other funds	52,500	-	4,028	56,528
Other accrued liabilities	168,045	-	-	168,045
Advances from other funds	-	-	86,360	86,360
Total liabilities	<u>391,628</u>	<u>80,295</u>	<u>127,391</u>	<u>599,314</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	<u>3,452</u>	<u>-</u>	<u>-</u>	<u>3,452</u>
Fund balances:				
Nonspendable	649,407	-	-	649,407
Restricted	-	71,010	446,582	517,592
Committed	179,841	-	-	179,841
Assigned	29,511	-	1,409	30,920
Unassigned	<u>5,083,262</u>	<u>-</u>	<u>(15,151)</u>	<u>5,068,111</u>
Total fund balances (deficits)	<u>5,942,021</u>	<u>71,010</u>	<u>432,840</u>	<u>6,445,871</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,337,101</u>	<u>\$ 151,305</u>	<u>\$ 560,231</u>	<u>\$ 7,048,637</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 POSITION
JUNE 30, 2013

Total fund balances per balance sheet of governmental funds	\$ 6,445,871
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Amounts reported for governmental activities in the Statement of Net Position 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
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Capital Assets

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Cost of the assets	13,406,520
Accumulated depreciation	(4,972,873)

Revenues

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	3,452
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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 Position. Long-term liabilities at year-end consist of the following:

Accrued interest	(4,627)
Compensated absences	(186,329)
Capital leases	(166,360)
Other post employment benefits liability	<u>(51,669)</u>

Total net position of governmental activities	<u><u>\$ 16,473,985</u></u>
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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, 2013

	General	2007 SPLOST Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property	\$ 3,555,917	\$ -	\$ -	\$ 3,555,917
Sales	903,528	-	-	903,528
Franchise	631,136	-	-	631,136
Insurance premium	521,229	-	-	521,229
Occupational	323,117	-	-	323,117
Hotel/motel	-	-	20,973	20,973
Alcoholic beverage	264,923	-	-	264,923
License and permits	131,041	-	-	131,041
Intergovernmental	151,829	2,006,748	1,144,416	3,302,993
Fines and forfeitures	1,308,485	-	35,812	1,344,297
Charges for services	64,150	-	-	64,150
Contributions from private sources	10,686	-	-	10,686
Investment earnings	24,102	-	-	24,102
Miscellaneous	109,947	-	-	109,947
Total revenues	8,000,090	2,006,748	1,201,201	11,208,039
EXPENDITURES				
Current:				
General government	1,394,812	-	-	1,394,812
Judicial	493,361	-	-	493,361
Public safety	4,274,744	-	895	4,275,639
Public works	736,450	1,150,562	645,961	2,532,973
Culture and recreation	146,174	-	6,698	152,872
Housing and development	328,907	-	-	328,907
Debt service:				
Principal	119,563	-	-	119,563
Interest and other charges	13,977	-	-	13,977
Capital outlay	-	785,176	34,418	819,594
Total expenditures	7,507,988	1,935,738	687,972	10,131,698
Excess (deficiency) of revenues over (under) expenditures	492,102	71,010	513,229	1,076,341
OTHER FINANCING SOURCES (USES)				
Transfers out	(7,268)	-	(13,247)	(20,515)
Transfers in	263,247	-	7,268	270,515
Total other financing sources (uses)	255,979	-	(5,979)	250,000
Net change in fund balances	748,081	71,010	507,250	1,326,341
Fund balances - beginning	5,193,940	-	(74,410)	5,119,530
Fund balances (deficits) - ending	\$ 5,942,021	\$ 71,010	\$ 432,840	\$ 6,445,871

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, 2013

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 \$ 1,326,341

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	1,304,513
Total depreciation	(553,613)

Revenues

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. (36,246)

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	119,563
Interest on long-term debt	2,592
Other post employment benefits liability	(20,039)
Compensated absences	(13,374)

Change in Net Position of Governmental Activities	<u>\$ 2,129,737</u>
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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, 2013

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes:				
Property	\$ 3,960,900	\$ 3,455,502	\$ 3,555,917	\$ 100,415
Sales	680,000	696,000	903,528	207,528
Franchise	650,327	645,327	631,136	(14,191)
Insurance premium	293,000	490,000	521,229	31,229
Occupational	253,000	283,000	323,117	40,117
Alcoholic beverage	275,329	275,829	264,923	(10,906)
License and permits	107,000	102,900	131,041	28,141
Intergovernmental	83,944	268,212	151,829	(116,383)
Fines and forfeitures	1,273,915	1,301,400	1,308,485	7,085
Charges for services	67,425	66,200	64,150	(2,050)
Contribution from private sources	14,000	5,800	10,686	4,886
Investment earnings	27,000	27,000	24,102	(2,898)
Miscellaneous	83,500	101,750	109,947	8,197
Total revenues	7,769,340	7,718,920	8,000,090	281,170
EXPENDITURES				
Current:				
General government:				
Executive	297,762	280,795	263,705	17,090
Council	116,840	107,476	102,604	4,872
Board of elections/registrations	3,175	9,600	8,161	1,439
Administration	856,311	925,292	730,444	194,848
Buildings and plant	257,993	376,714	289,898	86,816
Judicial:				
Municipal court	449,222	509,148	493,361	15,787
Public safety:				
Police	2,237,312	2,281,240	2,244,986	36,254
Fire administration	2,081,333	2,167,402	2,029,758	137,644
Public works:				
Administration	612,511	580,597	441,384	139,213
Highways and streets	368,287	416,443	295,066	121,377
Culture and recreation:				
Library	152,758	152,758	146,174	6,584
Housing and development:				
Protective inspection administration	240,304	322,287	318,220	4,067
Code Enforcement	68,508	-	-	-
Tourism - City Events	-	13,436	10,687	2,749
Debt service:				
Principal	165,090	119,565	119,563	2
Interest and other charges	21,934	13,977	13,977	-
Total expenditures	7,929,340	8,276,730	7,507,988	768,742

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, 2013
(CONTINUED)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Excess (deficiency) of revenue over (under) expenditure	(160,000)	(557,810)	492,102	1,049,912
OTHER FINANCING SOURCES (USES)				
Transfer out	-	-	(7,268)	(7,268)
Transfers in	160,000	260,000	263,247	3,247
Total other financing sources (uses)	160,000	260,000	255,979	(4,021)
Net change in fund balances	-	(297,810)	748,081	1,045,891
Fund balances - beginning	-	297,810	5,193,940	4,896,130
Fund balances - ending	\$ -	\$ -	\$ 5,942,021	\$ 5,942,021

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

CITY OF LOGANVILLE, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Business-type Activities - Enterprise Funds		
	Water and Sewer Fund	Solid Waste Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,274,358	\$ 758,397	\$ 3,032,755
Investments	292,215	508,600	800,815
Accounts receivable, net	628,304	184,940	813,244
Prepaid items	65,571	-	65,571
Total current assets	3,260,448	1,451,937	4,712,385
Noncurrent assets:			
Restricted cash and cash equivalents	648,312	-	648,312
Capital assets:			
Land and easements	1,000,000	-	1,000,000
Structures, equipment and lines	22,054,859	-	22,054,859
Construction in progress	582,614	-	582,614
Less: accumulated depreciation	(7,210,431)	-	(7,210,431)
Total noncurrent assets	17,075,354	-	17,075,354
Total assets	20,335,802	1,451,937	21,787,739
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	196,259	-	196,259
LIABILITIES			
Current liabilities:			
Accounts payable	220,697	104,157	324,854
Salaries payable	17,711	-	17,711
Due to other funds	5,488	16,543	22,031
Accrued employee benefits	44,988	-	44,988
Customer deposits payable	599,041	-	599,041
Revenue bond payable-current	865,000	-	865,000
Total current liabilities	1,752,925	120,700	1,873,625
Noncurrent liabilities:			
Revenue bonds	6,100,000	-	6,100,000
Advances from other funds	400,000	-	400,000
Total noncurrent liabilities	6,500,000	-	6,500,000
Total liabilities	8,252,925	120,700	8,373,625
NET POSITION			
Net investment in capital assets	9,462,042	-	9,462,042
Restricted for debt service	648,312	-	648,312
Unrestricted	2,168,782	1,331,237	3,500,019
Total net position	\$ 12,279,136	\$ 1,331,237	\$ 13,610,373

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 POSITION
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Solid Waste	
	Fund	Fund	Total
Operating revenues:			
Charges for sales and services	\$ 5,701,144	\$ 1,443,450	\$ 7,144,594
Total operating revenues	5,701,144	1,443,450	7,144,594
Operating expenses:			
Salaries and benefits	1,414,066	15,383	1,429,449
Purchased/contracted services	1,431,545	1,237,435	2,668,980
Supplies and materials	980,854	-	980,854
Other costs	-	220	220
Depreciation	635,087	-	635,087
Total operating expenses	4,461,552	1,253,038	5,714,590
Operating income (loss)	1,239,592	190,412	1,430,004
Nonoperating revenues (expenses):			
Interest income - nonrestricted assets	13,672	1,421	15,093
Interest expense	(212,881)	-	(212,881)
Total nonoperating revenues (expenses)	(199,209)	1,421	(197,788)
Income before contributions and transfers	1,040,383	191,833	1,232,216
Capital contributions	1,015,990	-	1,015,990
Transfers out	(150,000)	(100,000)	(250,000)
Total other financing (uses)	865,990	(100,000)	765,990
Change in net position	1,906,373	91,833	1,998,206
Total net position - beginning as restated	10,372,763	1,239,404	11,612,167
Total net position - ending	\$ 12,279,136	\$ 1,331,237	\$ 13,610,373

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, 2013

	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	\$ 5,700,839	\$ 1,452,498	\$ 7,153,337
Payments to vendors for goods and services	(2,334,338)	(1,336,447)	(3,670,785)
Payments to employees	(1,406,576)	(15,383)	(1,421,959)
Net Cash Provided by (Used for)			
Operating Activities	1,959,925	100,668	2,060,593
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers to other funds	(150,000)	(100,000)	(250,000)
Net Cash Provided by (Used for)			
Noncapital Financing Activities	(150,000)	(100,000)	(250,000)
<u>Cash Flows from Capital and Related</u>			
<u>Financing Activities:</u>			
Principal paid on capital debt	(830,000)	-	(830,000)
Interest paid on capital debt	(189,563)	-	(189,563)
Acquisition and construction of capital assets	(206,565)	-	(206,565)
Net Cash Provided by (Used for)			
Capital and Related Financing Activities	(1,226,128)	-	(1,226,128)
<u>Cash Flows for Investing Activities:</u>			
Interest received	13,672	1,421	15,093
Purchases of investments	(455)	(792)	(1,247)
Net Cash Provided (Used) in Investing Activities	13,217	629	13,846
Net increase (decrease) in cash and cash equivalents	597,014	1,297	598,311
Cash and cash equivalents - beginning	2,325,656	757,100	3,082,756
Cash and cash equivalents - ending	\$ 2,922,670	\$ 758,397	\$ 3,681,067
Classified as			
Current assets	\$ 2,274,358	\$ 758,397	\$ 3,032,755
Restricted assets	648,312	-	648,312
Total cash and cash equivalents	\$ 2,922,670	\$ 758,397	\$ 3,681,067

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, 2013
 (CONTINUED)

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Solid Waste	Total
	Fund	Fund	
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ 1,239,592	\$ 190,412	\$ 1,430,004
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	635,087	-	635,087
Amortization	23,318	-	23,318
Change In			
Accounts receivable, net	(305)	(22,450)	(22,755)
Due from other funds	-	31,498	31,498
Prepaid items	(3,767)	-	(3,767)
Accounts payable	40,603	(99,269)	(58,666)
Due to other funds	(31,836)	477	(31,359)
Accrued employee benefits	7,490	-	7,490
Customers' meter deposits	49,743	-	49,743
	720,333	(89,744)	630,589
Net cash provided (used) by operating activities	\$ 1,959,925	\$ 100,668	\$ 2,060,593
Noncash investing, capital and financing activities:			
Capital contributions	\$ 1,015,990	\$ -	\$ 1,015,990

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, 2013

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.

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. As of this date, the Authority is inactive and has no activity to report.

B. Government-wide and fund financial statements

The government-wide financial statements (Statement of Net Position and the Statement of Activities) 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

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

(CONTINUED)

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.

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 funds:

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.

2007 SPLOST Fund – The Special Purpose Local Option Sales Tax Fund accounts for the City’s construction and improvements projects based on the 1 cent special purpose local option sales tax approved by the voters of the City of Loganville.

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.

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

(CONTINUED)

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.

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."

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

(CONTINUED)

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 \$648,312 are classified as restricted assets because their use is limited by bond covenants. A corresponding portion of net position is segregated by its classification as “restricted for debt service.”

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

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(CONTINUED)

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.

K. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source, property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

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 position.

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 refunding costs are amortized over the shorter of the remaining life of the refunded debt or the life of the new debt. Deferred refunding costs are amortized using the effective interest method.

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

(CONTINUED)

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. The Mayor and Council also may modify or rescind the commitment.
- Assigned – amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, Mayor and Council have authorized the City Manager or his designee to assign fund balances.
- 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.

Fund balance 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, 2013
(CONTINUED)

The following is a summary of the fund balance classifications as of June 30, 2013:

	General Fund	2007 SPLOST Fund	Nonmajor Governmental Funds	Total
Fund Balances:				
Nonspendable				
Prepays	\$ 163,047	\$ -	\$ -	\$ 163,047
Advances	486,360	-	-	486,360
Restricted for:				
Public safety	-	-	25,930	25,930
Capital outlay	-	71,010	420,652	491,662
Committed				
Retirement funding	179,841	-	-	179,841
Assigned:				
Tourism	-	-	1,409	1,409
Public safety	11,269	-	-	11,269
Drug awareness	13,743	-	-	13,743
Veterans Memorial	1,499	-	-	1,499
Recreation	3,000	-	-	3,000
Unassigned	5,083,262	-	(15,151)	5,068,111
Total fund balances	\$ 5,942,021	\$ 71,010	\$ 432,840	\$ 6,445,871

Net position flow assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted- net position and unrestricted- net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted-net position to have been depleted before unrestricted-net position.

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(CONTINUED)

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, 2013

(CONTINUED)

Deficit fund equity

The 2009 SPLOST Construction Fund had a deficit fund balance of \$15,151. 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, 2013, the City had the following investments:

Investment Type	Credit Rating	Investment Value	Weighted Average
		Value	Maturity
Office of State Treasurer	AAAf/S1+ rated	\$ 856,981	24 days

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, 2013, the City's investment in the Office of the State Treasurer was rated AAAf/S1+ 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, 2013, 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, 2013
(CONTINUED)**B. Capital Assets**

Capital asset activity for the year ended June 30, 2013 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Sites and site improvements	\$ 1,529,859	\$ 272,142	\$ -	\$ 1,802,001
Total capital assets, not being depreciated	1,529,859	272,142	-	1,802,001
Capital assets, being depreciated:				
Buildings	2,853,853	-	-	2,853,853
Site improvements	168,275	147,991	-	316,266
Machinery and equipment	802,671	81,183	-	883,854
Furniture and fixtures	41,937	-	-	41,937
Vehicles	2,525,546	116,700	-	2,642,246
Infrastructure	4,179,866	686,497	-	4,866,363
Total capital assets, being depreciated	10,572,148	1,032,371	-	11,604,519
Less accumulated depreciation for:				
Buildings	(789,513)	(63,686)	-	(853,199)
Site improvements	(48,699)	(8,827)	-	(57,526)
Machinery and equipment	(453,371)	(47,094)	-	(500,465)
Furniture and fixtures	(20,424)	(5,837)	-	(26,261)
Vehicles	(1,638,086)	(198,501)	-	(1,836,587)
Infrastructure	(1,469,167)	(229,668)	-	(1,698,835)
Total accumulated depreciation	(4,419,260)	(553,613)	-	(4,972,873)
Total capital assets, being depreciated, net	6,152,888	478,758	-	6,631,646
Governmental activities capital assets, net	\$ 7,682,747	\$ 750,900	\$ -	\$ 8,433,647

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(CONTINUED)

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
Business-Type Activities					
Capital assets not being depreciated					
Land	\$ 1,000,000	\$ -	\$ -	\$ -	\$ 1,000,000
Construction in progress	474,410	119,014	-	(10,810)	582,614
Total capital assets, not being depreciated	1,474,410	119,014	-	(10,810)	1,582,614
Capital assets, being depreciated					
Site improvements	6,188,197	631,136	-	10,810	6,830,143
Buildings	13,532,778	-	-	-	13,532,778
Machinery and equipment	1,009,848	100,690	-	-	1,110,538
Vehicles	491,936	89,464	-	-	581,400
Total capital assets being depreciated	21,222,759	821,290	-	10,810	22,054,859
Less accumulated depreciation for:					
Site improvements	(1,193,721)	(227,294)	-	-	(1,421,015)
Buildings	(4,328,613)	(337,435)	-	-	(4,666,048)
Machinery and equipment	(561,072)	(67,507)	-	-	(628,579)
Vehicles	(491,938)	(2,851)	-	-	(494,789)
Total accumulated depreciation	(6,575,344)	(635,087)	-	-	(7,210,431)
Total capital assets, being depreciated, net	14,647,415	186,203	-	10,810	14,844,428
Business-type activities capital assets, net	\$ 16,121,825	\$ 305,217	\$ -	\$ -	\$ 16,427,042

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

Governmental Activities

General government	\$ 33,178
Judicial	780
Public safety	212,238
Public works	305,112
Culture and recreation	1,012
Housing and development	1,293

Total governmental activities depreciation expense	<u>\$ 553,613</u>
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Business-Type Activities

Water and Sewerage System	\$ 635,087
Solid Waste Fund	-

Total business-type activities depreciation expense	<u>\$ 635,087</u>
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CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(CONTINUED)

C. Interfund receivables, payables, advances and transfers

The composition of interfund balances as of June 30, 2013, is as follows:

Receivable fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	\$ 5,488
General Fund	Nonmajor special revenue funds	4,028
General Fund	Solid Waste Fund	16,543
SPLOST 2007	General Fund	52,500
		<u>\$ 78,559</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, 2013, is as follows:

Advances from/to other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor capital project fund	\$ 86,360
General Fund	Water and Sewer Fund	400,000
Total		<u>\$ 486,360</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, 2013, the advance balance was \$86,360.

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, 2013, the advance balance was \$400,000.

Transfers out:	Transfers in:		
	General Fund	Nonmajor Capital Project Fund	Total
General Fund	\$ -	\$ 7,268	\$ 7,268
Water and Sewer Fund	150,000	-	150,000
Solid Waste Fund	100,000	-	100,000
Nonmajor special revenue fund	13,247	-	13,247
	<u>\$ 263,247</u>	<u>\$ 7,268</u>	<u>\$ 270,515</u>

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(CONTINUED)

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

The Hotel/Motel Tax special revenue fund transferred \$13,247 to the General Fund for amounts owed relative to hotel/motel tax revenues collected by the special revenue fund.

The General Fund transferred \$7,268 to the LMIG capital project fund as part of the match requirement of the program.

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 4.65% to 5.23%. Total costs of assets acquired under these capital leases as of June 30, 2013 is \$671,491. This equipment is included in the governmental activities statement of net position.

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

Fiscal Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2014	\$ 125,339	\$ 8,200	\$ 133,539
2015	41,021	2,145	43,166
Total	<u>\$ 166,360</u>	<u>\$ 10,345</u>	<u>\$ 176,705</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, 2013, the City believes it was in compliance with all such significant financial limitations and restrictions.

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(CONTINUED)

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.

The following summarizes the debt service requirements of the revenue bonds.

2012 Revenue Bonds

Fiscal Year Ending June 30,	Principal	Interest
2014	\$ 865,000	\$ 168,688
2015	880,000	146,937
2016	810,000	125,312
2017	830,000	104,938
2018	855,000	84,125
2019-2022	<u>2,725,000</u>	<u>127,000</u>
Total	<u>\$ 6,965,000</u>	<u>\$ 757,000</u>

Changes in Long-term liabilities

Long-term liability activity for the fiscal year ended June 30, 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
OPEB obligation	\$ 31,630	\$ 51,989	\$ (31,950)	\$ 51,669	\$ -
Capital leases payable	285,923	-	(119,563)	166,360	125,339
Compensated absences	172,955	151,738	(138,364)	186,329	149,063
Total governmental activities	<u>\$ 490,508</u>	<u>\$ 203,727</u>	<u>\$ (289,877)</u>	<u>\$ 404,358</u>	<u>\$ 274,402</u>
Business-Type activities					
Revenue bonds	<u>\$ 7,795,000</u>	<u>\$ -</u>	<u>\$ (830,000)</u>	<u>\$ 6,965,000</u>	<u>\$ 865,000</u>
	7,795,000	-	(830,000)	6,965,000	865,000
Compensated absences	<u>37,695</u>	<u>30,156</u>	<u>(22,863)</u>	<u>44,988</u>	<u>44,988</u>
	37,695	30,156	(22,863)	44,988	44,988
Total business-type activities	<u>\$ 7,832,695</u>	<u>\$ 30,156</u>	<u>\$ (852,863)</u>	<u>\$ 7,009,988</u>	<u>\$ 909,988</u>

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

(CONTINUED)

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.

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 2013, the City collected \$20,973 in hotel motel taxes and remitted \$6,698 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, 2013

(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 \$533,746.

Plan Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/2013	\$ 533,746	100.0%	\$ 2,000,000
6/30/2012	733,505	100.0%	2,000,000
6/30/2011	719,298	100.0%	-

The recommended contribution was determined as part of the January 1, 2012 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 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.

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(CONTINUED)

Funded Status and Funding Progress

The funded status of the plans as of January 1, 2013, the most recent actuarial valuation date, is as follows:

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)
1/1/2013	\$ 7,325,437	\$ 7,770,858	\$ 445,421	94.27%	\$ 3,765,132	11.83%

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, 2013.

Additional Information

Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2013
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

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(CONTINUED)

Additional Information (Continued)

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 .
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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	25
Terminated plan members entitled to, but not yet receiving benefits	43
Active plan members	103
Total	171

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

Normal Costs	\$	399,643
Administrative expenses		16,029
Adjustments to fiscal year		19,553
Payment on unfunded actuarial accrued liability		98,521
Annual required contribution		533,746
Contribution made		533,746
Increase (decrease) in net pension obligation		-
Net pension obligation (asset) June 30, 2012		(2,000,000)
Net pension obligation (asset) June 30, 2013	\$	(2,000,000)

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

(CONTINUED)

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	0
Total	<u>5</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, 2013 the Plan reported no assets.

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, 2013, the City paid premiums (net of retiree contributions) on behalf of current retired employees in the amount of \$31,950.

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 \$31,950.

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(CONTINUED)

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>(31,950)</u>
Net Increase (decrease) in NOO	<u>20,039</u>
NOO as of Valuation Date	<u>20,039</u>
Net OPEB Obligation - beginning of year	<u>31,630</u>
Net OPEB Obligation - end of year	<u><u>\$ 51,669</u></u>

The City's annual OPEB cost, the percentage of annual cost contributed to the plan, and the net OPEB obligation for 2013 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	\$ 31,950	61%	\$ 51,669
6/30/2012	31,173	60%	31,630
6/30/2011	45,969	88%	10,814

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.

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(CONTINUED)

Funded Status and Funding Progress

<u>Schedule of Funding Progress</u>						
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.

Actuarial methods and assumptions

The ARC for the plan's initial year was determined as part of the January 1, 2011 actuarial valuation using the following methods and assumptions:

Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar, closed, 25 years
Remaining amortization period	23 years as of July 1, 2010
Investment return	4.00%

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(CONTINUED)

Additional Information

Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2011
Actuarial cost method	Projected unit credit
Amortization method	years
Remaining amortization period	23 years, as of July 1, 2010
Asset valuation method	Market Value
Actuarial assumptions:	
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%
Plan membership:	
Current retirees, beneficiaries, and dependents	5
Current active participants*	0
Terminated participants entitled but not yet eligible	0
Total	<hr/> 5

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

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

(CONTINUED)

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.

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

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

(CONTINUED)

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.

M. Net Investment in Capital Assets

Net Investment in Capital Assets of the Government-Wide statement of net position as of June 30, 2013 is as follows:

	Governmental Activities	Business-type Activities
Cost of capital assets	\$ 13,406,520	\$ 23,637,473
Less accumulated depreciation	(4,972,873)	(7,210,431)
Book Value	8,433,647	16,427,042
Less all capital related debt	(166,360)	(6,965,000)
Net investment in capital assets	<u>\$ 8,267,287</u>	<u>\$ 9,462,042</u>

NOTE 4 – RESTATEMENT FOR NEW ACCOUNTING STANDARD

During 2013, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

GASB No. 65 requires that bond issuance costs be written off as of July 1, 2012. The effect of this adjustment is as follows:

	Business-Type Activities	Water and Sewer Fund
Net Position June 30, 2012, as previously reported	\$ 11,739,148	\$ 10,499,744
Implementation of GASB 65 for bond issuance costs	(126,981)	(126,981)
Net Position June 30, 2012, restated	<u>\$ 11,612,167</u>	<u>\$ 10,372,763</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LOGANVILLE, GEORGIA

RETIREMENT PLAN

SCHEDULE OF FUNDING PROGRESS PENSION PLAN

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)
1/1/2013	\$ 7,325,437	\$ 7,770,858	\$ 445,421	94.27%	\$ 3,765,132	11.83%
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%

SCHEDULE OF FUNDING PROGRESS OPEB

<u>Schedule of Funding Progress</u>						
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.

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.

2013 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.

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.

Pecan St. Sewerline Project – This fund accounts for revenues received under a grant from the Gwinnett County Community Development Program for sewer line replacement – Pecan Street Area.

2013 Local Maintenance & Improvement Grant Program – This fund accounts for revenues received from the State of Georgia, Department of Transportation for road improvements.

CITY OF LOGANVILLE, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Special Revenue Funds			Capital Projects Funds					Total Nonmajor Governmental Funds
	Confiscated Assets	Hotel/ Motel Tax	Total	2013 SPLOST Construction	2009 SPLOST Construction	Pecan St. Sewerline Project	2013 LMIG Program	Total	
ASSETS									
Cash and cash equivalents	\$ 60,348	\$ 1,410	\$ 61,758	\$ 275,692	\$ 12,835	\$ -	\$ -	\$ 288,527	\$ 350,285
Due from other governments	-	-	-	145,060	58,374	-	-	203,434	203,434
Taxes receivable	-	6,512	6,512	-	-	-	-	-	6,512
Total assets	\$ 60,348	\$ 7,922	\$ 68,270	\$ 420,752	\$ 71,209	\$ -	\$ -	\$ 491,961	\$ 560,231
LIABILITIES									
Accounts payable	\$ 34,418	\$ 2,485	\$ 36,903	\$ 100	\$ -	\$ -	\$ -	\$ 100	\$ 37,003
Due to other funds	-	4,028	4,028	-	-	-	-	-	4,028
Advances from other funds	-	-	-	-	86,360	-	-	86,360	86,360
Total liabilities	34,418	6,513	40,931	100	86,360	-	-	86,460	127,391
FUND BALANCES									
Restricted	25,930	-	25,930	420,652	-	-	-	420,652	446,582
Assigned	-	1,409	1,409	-	-	-	-	-	1,409
Unassigned	-	-	-	-	(15,151)	-	-	(15,151)	(15,151)
Total fund balances (deficits)	25,930	1,409	27,339	420,652	(15,151)	-	-	405,501	432,840
Total liabilities and fund balances	\$ 60,348	\$ 7,922	\$ 68,270	\$ 420,752	\$ 71,209	\$ -	\$ -	\$ 491,961	\$ 560,231

CITY OF LOGANVILLE, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Special Revenue Funds			Capital Projects Funds					Total Nonmajor Governmental Funds
	Hotel/ Motel Tax	2013 SPLOST Construction	2009 SPLOST Construction	Pecan St. Sewerline Project	2013 LMIG Program	Total			
REVENUES									
Hotel/motel taxes	\$ -	\$ 20,973	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,973
Intergovernmental	-	-	453,445	360,071	260,000	70,900	1,144,416		1,144,416
Fines and forfeitures	35,812	-	-	-	-	-	-	-	35,812
Total revenues	35,812	20,973	453,445	360,071	260,000	70,900	1,144,416		1,201,201
EXPENDITURES									
Current									
Public safety	895	-	-	-	-	-	-	-	895
Culture and recreation	-	6,698	-	-	-	-	-	-	6,698
Public works	-	-	32,793	275,000	260,000	78,168	645,961		645,961
Capital outlay	34,418	-	-	-	-	-	-	-	34,418
Total expenditures	35,313	6,698	32,793	275,000	260,000	78,168	645,961		687,972
Excess (deficiency) of revenues over (under) expenditures	499	14,275	420,652	85,071	-	(7,268)	498,455		513,229
Other financing sources (uses)									
Transfer in	-	-	-	-	-	7,268	7,268		7,268
Transfer out	-	(13,247)	-	-	-	-	-		(13,247)
Total other financing sources (uses)	-	(13,247)	-	-	-	7,268	7,268		(5,979)
Net change in fund balances	499	1,028	420,652	85,071	-	-	505,723		507,250
Fund balances - beginning	25,431	381	-	(100,222)	-	-	(100,222)		(74,410)
Fund balances (deficits) - ending	\$ 25,930	\$ 1,409	\$ 420,652	\$ (15,151)	\$ -	\$ -	\$ 405,501	\$	432,840

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, 2013

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Fines and forfeitures	\$ 42,000	\$ 35,812	\$ (6,188)
Total revenues	42,000	35,812	(6,188)
EXPENDITURES			
Current			
Public safety	7,500	895	6,605
Capital outlay	34,500	34,418	82
Total expenditures	42,000	35,313	6,687
Excess (deficiency) of revenues over (under) expenditures	-	499	499
Fund balances-beginning	25,431	25,431	-
Fund balances-ending	\$ 25,431	\$ 25,930	\$ 499

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, 2013

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Taxes	\$ 20,000	\$ 20,973	\$ 973
Miscellaneous	300	-	(300)
Total revenues	20,300	20,973	673
EXPENDITURES			
Current			
Culture and recreation			
Chamber of Commerce	6,760	6,698	62
Miscellaneous	240	-	240
Total expenditures	7,000	6,698	302
Excess (deficiency) of revenues over (under) expenditures	13,300	14,275	975
Other financing sources (uses)			
Transfer out	(13,300)	(13,247)	53
Net change in fund balances	-	1,028	1,028
Fund balances-beginning	381	381	-
Fund balances-ending	\$ 381	\$ 1,409	\$ 1,028

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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, 2013

Project	Original Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
Roads, Drainage and Sidewalks	\$ 4,212,000	\$ 2,562,993	\$ 1,935,738	\$ 4,498,731
Water and Sewer Upgrades	2,520,000	-	-	-
Intergovernmental Payments to Walton County	-	88,141	-	88,141
	<u>\$ 6,732,000</u>	<u>\$ 2,651,134</u>	<u>\$ 1,935,738</u>	<u>\$ 4,586,872</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, 2013

Project	Original Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
Public Safety:	\$ 500,000	\$ -	\$ -	\$ -
Equipment	-	395,081	-	395,081
Water and Sewer Capital Improvements	1,694,887	799,401	275,000	1,074,401
	<u>\$ 2,194,887</u>	<u>\$ 1,194,482</u>	<u>\$ 275,000</u>	<u>\$ 1,469,482</u>

CITY OF LOGANVILLE, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS-2013
PASSED THROUGH FROM WALTON COUNTY
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Project	Original Estimated Cost	Current Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
Transportation	\$ 1,000,000	\$ 1,000,000	\$ -	\$ -	\$ -
Water and Sewer Infrastructure	4,841,679	4,841,679	-	32,793	32,793
	<u>\$ 5,841,679</u>	<u>\$ 5,841,679</u>	<u>\$ -</u>	<u>\$ 32,793</u>	<u>\$ 32,793</u>



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Certified Public Accountants
Truman W. Clifton (1902-1989)

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

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

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Loganville, Georgia as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the City of Loganville, Georgia's basic financial statements, and have issued our report thereon dated October 21, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Loganville, Georgia's financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2013-001.

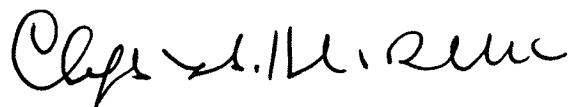
City of Loganville, Georgia's Response to the Findings

The City of Loganville, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City of Loganville, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Macon, Georgia
October 21, 2013



CITY OF LOGANVILLE, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Section I – Financial Statement Findings

Findings noted on the Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*:

2013-001 SPLOST Expenditures

CRITERIA

The official Code of Georgia (OCGA) Section 48-8-121(b) defines which expenditures are eligible under the roads, streets and bridges project category, as well as, storm water and drainage projects.

CONDITION

During 2013, the City expended SPLOST funds for a drainage project which contained a cost component which was not allowable under SPLOST regulations.

CONTEXT

The City expended \$52,500 in SPLOST 2007 funds for costs which were not allowable under SPLOST guidelines.

CAUSE

Prior to expending the funds, management researched regulations regarding the costs allowable under the Georgia code. The law lacked specific guidance regarding the expenditure. Subsequent to the year-end closeout, management determined that lacking specific guidance, the General Fund should reimburse the cost of the expenditure to the SPLOST Fund.

EFFECT

The City was not in compliance with state guidelines regarding the use of SPLOST funds as of June 30, 2013. Audit adjustments were necessary to correct the transactions.

RECOMMENDATION

The City should reimburse the SPLOST 2007 Fund.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management concurs with the finding. The City was unaware that the transaction was an unallowable cost to the fund. The City has since reimbursed the SPLOST 2007 bank account for the unallowable charges.