



CITY OF LOGANVILLE, GEORGIA
INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016

CITY OF LOGANVILLE, GEORGIA

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JUNE 30, 2016

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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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Loganville, Georgia as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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, the discretely presented component unit and the aggregate remaining fund information of the City of Loganville, Georgia as of June 30, 2016, 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.

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 pages 4 through 10, the schedule of funding progress OPEB on page 48, the schedule of changes in the net pension liability and related ratios on page 49, the schedule of contributions on page 50, and the notes to the required supplementary information on pages 51 and 52 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 and schedules, budgetary comparison schedules, the component unit financial statements, and 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 and schedules, budgetary comparison schedules, the component unit financial statements, and 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 schedules, the budgetary comparison schedules, the component unit 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 December 19, 2016, 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
December 19, 2016



MANAGEMENT'S DISCUSSION & ANALYSIS

CITY OF LOGANVILLE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

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, 2016. 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 2016 by \$37,629,624 (total net position). Of this amount, \$11,402,884 (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 \$4,873,365.
- At the close of fiscal year 2016, the City's governmental funds reported combined ending fund balances of \$7,107,518. Of this amount, \$4,990,521 or 70 % is available for spending at the government's discretion (General unassigned fund balance). The balance of this amount, \$2,116,997 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 \$4,990,521.

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, 2016

(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 seven 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 2013 SPLOST which are considered major funds. The data from the five 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, 2016

(CONTINUED)

Government-wide Financial Analysis

As noted earlier, net position 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 2016 by \$37,629,624.

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 \$11,402,884 or 30%. 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 \$24,633,650 or 65%. 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, \$1,593,090 or 4% represents resources that are subject to external restrictions on how they may be used and debt service.

CITY OF LOGANVILLE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016
(CONTINUED)City of Loganville Net Position
June 30, 2016

	Governmental Activities		Business-Type Activities		Totals	
	2015	2016	2015	2016	2015	2016
<u>Assets</u>						
Current assets	\$ 9,222,721	\$ 6,783,742	\$ 7,013,240	\$ 8,027,726	\$ 16,235,961	\$ 14,811,468
Restricted assets	-	-	683,025	1,383,093	683,025	1,383,093
Capital assets	9,600,124	12,802,561	15,877,599	19,455,980	25,477,723	32,258,541
Other assets	-	1,002,290	-	-	-	1,002,290
Total Assets	<u>\$ 18,822,845</u>	<u>\$ 20,588,593</u>	<u>\$ 23,573,864</u>	<u>\$ 28,866,799</u>	<u>\$ 42,396,709</u>	<u>\$ 49,455,392</u>
<u>Deferred Outflows of Resources</u>	380,307	1,348,119	102,521	363,344	482,828	1,711,463
Deferred outflows related to pension	-	-	149,623	126,305	149,623	126,305
Deferred charge of refunding	<u>380,307</u>	<u>1,348,119</u>	<u>252,144</u>	<u>489,649</u>	<u>632,451</u>	<u>1,837,768</u>
<u>Liabilities</u>						
Current and other liabilities	613,388	856,314	1,962,422	2,538,891	2,575,810	3,395,205
Noncurrent liabilities	<u>2,695,181</u>	<u>3,754,671</u>	<u>4,736,802</u>	<u>6,314,829</u>	<u>7,431,983</u>	<u>10,069,500</u>
Total liabilities	<u>3,308,569</u>	<u>4,610,985</u>	<u>6,699,224</u>	<u>8,853,720</u>	<u>10,007,793</u>	<u>13,464,705</u>
<u>Deferred Inflows of Resources</u>						
Deferred inflows related to pensions	<u>208,816</u>	<u>156,619</u>	<u>56,292</u>	<u>42,212</u>	<u>256,108</u>	<u>198,831</u>
<u>Net Position</u>						
Net investment in capital assets	8,224,347	11,548,331	10,807,222	13,085,319	19,031,569	24,633,650
Restricted for:						
Capital outlay	2,072,632	209,997	-	713,154	2,072,632	923,151
Debt service	-	-	683,025	669,939	683,025	669,939
Unrestricted	<u>5,388,788</u>	<u>5,410,780</u>	<u>5,580,245</u>	<u>5,992,104</u>	<u>10,969,033</u>	<u>11,402,884</u>
Total Net Position	<u>\$ 15,685,767</u>	<u>\$ 17,169,108</u>	<u>\$ 17,070,492</u>	<u>\$ 20,460,516</u>	<u>\$ 32,756,259</u>	<u>\$ 37,629,624</u>

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.

Revenues. Property Taxes of \$3,888,270 and sales tax of \$1,011,101 accounted for 65% of total general revenues.

Capital grants and contributions totaled \$4,372,615.

Expenses. The total expense for the governmental activities is \$11,748,010. The largest single expenditure activity is public safety. Public safety includes the police department and the fire department. The total public safety expense is \$5,525,121 or 47% of total governmental activity expense.

Total program revenues and general revenues exceeded expenses by \$1,483,341.

CITY OF LOGANVILLE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

(CONTINUED)

City of Loganville Changes in Net Position
June 30, 2016

	Governmental Activities		Business Type Activities		Totals	
	2015	2016	2015	2016	2015	2016
Revenues						
Program Revenues						
Charges for service	\$ 1,421,065	\$ 1,252,477	\$ 8,646,344	\$ 9,561,602	\$ 10,067,409	\$ 10,814,079
Operating grants and contributions	220,441	177,890	-	-	220,441	177,890
Capital grants and contributions	1,328,804	4,372,615	65,742	1,686,143	1,394,546	6,058,758
General revenues						
Property taxes	3,731,487	3,888,270	-	-	3,731,487	3,888,270
Sales tax	1,022,245	1,011,101	-	-	1,022,245	1,011,101
Other Taxes	1,960,687	2,051,922	-	-	1,960,687	2,051,922
Grants & Contributions						
(not restricted to specific programs)	1,200	3,776	-	-	1,200	3,776
Investment earnings	17,277	17,250	11,393	12,338	28,670	29,588
Miscellaneous	212,908	206,050	-	-	212,908	206,050
Total revenue	<u>9,916,114</u>	<u>12,981,351</u>	<u>8,723,479</u>	<u>11,260,083</u>	<u>18,639,593</u>	<u>24,241,434</u>
Expenses						
General government	1,286,129	1,512,572	-	-	1,286,129	1,512,572
Judicial	396,167	372,261	-	-	396,167	372,261
Public safety	4,899,265	5,525,121	-	-	4,899,265	5,525,121
Public works	1,739,128	3,572,817	-	-	1,739,128	3,572,817
Culture and recreation	147,236	158,091	-	-	147,236	158,091
Housing and development	305,075	373,999	-	-	305,075	373,999
Tourism	145,579	199,516	-	-	145,579	199,516
Interest and fiscal charges	12,061	33,633	-	-	12,061	33,633
Water and sewer	-	-	5,198,596	6,114,582	5,198,596	6,114,582
Solid waste	-	-	1,406,584	1,505,477	1,406,584	1,505,477
Total Expenses	<u>8,930,640</u>	<u>11,748,010</u>	<u>6,605,180</u>	<u>7,620,059</u>	<u>15,535,820</u>	<u>19,368,069</u>
Increase in net position before transfers	985,474	1,233,341	2,118,299	3,640,024	3,103,773	4,873,365
Transfers	250,000	250,000	(250,000)	(250,000)	-	-
Increase in net position	1,235,474	1,483,341	1,868,299	3,390,024	3,103,773	4,873,365
Net position - beginning	14,450,293	15,685,767	15,202,193	17,070,492	29,652,486	32,756,259
Net position - ending	<u>\$ 15,685,767</u>	<u>\$ 17,169,108</u>	<u>\$ 17,070,492</u>	<u>\$ 20,460,516</u>	<u>\$ 32,756,259</u>	<u>\$ 37,629,624</u>

Business-type activities. Business-type activities increased the City's net position by \$3,390,024 or 69% of the increase in the government's net position.

Revenues. Water and sewer revenue was \$7,676,224. Solid Waste revenue was \$1,885,378. 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 \$6,114,582. Solid waste expense was \$1,505,477.

CITY OF LOGANVILLE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

(CONTINUED)

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 \$7,107,518. Approximately 70% of this amount \$4,990,521 constitutes unassigned fund balance, which is available for spending at the government's discretion. Other fund balances in the amount of \$1,002,290 and \$63,259 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, 2016, unassigned fund balance of the general fund was \$4,990,521. 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 66% and the unassigned fund balance is 53% of total general fund expenditures.

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, 2016 amounted to \$4,133,428 and those of the Solid Waste Fund amounted to \$1,858,676. The total change in Water and Sewer net position was an increase of \$3,108,449 and the change in Solid Waste net position was \$281,575.

General Fund Budgetary Highlights

There was an increase in original budgeted expenditures and the final amended budgeted expenditures. This increase was due to major capital assets purchases during the fiscal year.

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, 2016 amounts to \$32,258,541 (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:

- Multiple 2016 Police Vehicles \$163,635
- Multiple Property Purchases \$839,730

CITY OF LOGANVILLE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

(CONTINUED)

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

	Governmental Activities	Business Type Activities	Totals
Land	\$ 2,092,701	\$ 1,000,000	\$ 3,092,701
Construction in progress	879,011	5,038,314	5,917,325
Building	4,523,660	7,854,425	12,378,085
Site Improvements	244,018	5,117,778	5,361,796
Equipment	291,011	397,195	688,206
Furniture & Fixtures	1,925	-	1,925
Vehicles	1,986,971	48,268	2,035,239
Infrastructure	2,783,264	-	2,783,264
Total	<u>\$ 12,802,561</u>	<u>\$ 19,455,980</u>	<u>\$ 32,258,541</u>

Long-term debt:

City of Loganville Outstanding Debt

	Governmental Activities	Business Type Activities	Totals
Revenue Bonds	\$ -	\$ 4,410,000	\$ 4,410,000
GEFA Loan	-	2,086,966	2,086,966
OPEB obligation	15,548	-	15,548
Net Pension Liability	2,403,774	647,863	3,051,637
Notes & Capital Leases	1,254,230	-	1,254,230
Compensated Absences	258,766	64,474	323,240
Total	<u>\$ 3,932,318</u>	<u>\$ 7,209,303</u>	<u>\$ 11,141,621</u>

During the current fiscal year, the City's governmental funds incurred long-term debt totaling \$1,921,243 and retired debt totaling \$854,833. The City's enterprise funds incurred long-term debt totaling \$2,599,749 and retired debt totaling \$999,651.

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 Manager and Treasurer, City of Loganville, P. O. Box 39, Loganville, Georgia, 30052.

BASIC FINANCIAL STATEMENTS

CITY OF LOGANVILLE, GEORGIA

STATEMENT OF NET POSITION

JUNE 30, 2016

	Primary Government			Component Unit
	Governmental	Business-Type		Loganville
	Activities	Activities	Total	Development
				Authority
<u>ASSETS</u>				
Cash and cash equivalents	\$ 6,066,982	\$ 6,615,476	\$12,682,458	\$ 19,252
Investments	56,472	805,175	861,647	-
Receivables, net of allowance	20,381	923,678	944,059	-
Due from other governments	272,705	-	272,705	-
Internal balances	367,202	(367,202)	-	-
Assets held for resale	801,402	-	801,402	-
Prepaid items	200,888	50,599	251,487	-
Restricted Assets				
Cash and cash equivalents	-	1,383,093	1,383,093	-
Capital assets				
Non depreciable	2,971,712	6,038,314	9,010,026	-
Depreciable, net	9,830,849	13,417,666	23,248,515	-
Total capital assets	12,802,561	19,455,980	32,258,541	-
Total Assets	20,588,593	28,866,799	49,455,392	19,252
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred outflows of resources related to pensions	1,348,119	363,344	1,711,463	-
Deferred charge on refunding	-	126,305	126,305	-
	1,348,119	489,649	1,837,768	-
<u>LIABILITIES</u>				
Accounts payable	422,241	894,600	1,316,841	9,800
Other accrued expenses	246,926	32,727	279,653	-
Accrued interest payable	9,500	12,857	22,357	-
Customer deposits	-	704,233	704,233	-
Compensated absences	51,753	64,474	116,227	-
Capital leases payable	125,894	-	125,894	-
Revenue bonds	-	830,000	830,000	-
Noncurrent liabilities				
Revenue bonds	-	3,580,000	3,580,000	-
Capital leases payable	1,128,336	2,086,966	3,215,302	-
Net pension liability	2,403,774	647,863	3,051,637	-
OPEB obligation	15,548	-	15,548	-
Compensated absences	207,013	-	207,013	-
Total Liabilities	4,610,985	8,853,720	13,464,705	9,800
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred inflows of resources related to pensions	156,619	42,212	198,831	-
<u>NET POSITION</u>				
Net investment in capital assets	11,548,331	13,085,319	24,633,650	-
Restricted for				
Capital outlay	209,997	713,154	923,151	-
Debt service	-	669,939	669,939	-
Unrestricted	5,410,780	5,992,104	11,402,884	9,452
Total Net Position	\$ 17,169,108	\$ 20,460,516	\$37,629,624	\$ 9,452

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

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CITY OF LOGANVILLE, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 1,512,572	\$ 444,719	\$ -	\$ -
Judicial	372,261	-	-	-
Public safety	5,525,121	807,758	88,280	2,212,588
Public works	3,572,817	-	89,610	1,717,551
Culture and recreation	158,091	-	-	442,476
Housing and development	373,999	-	-	-
Tourism	199,516	-	-	-
Interest on long-term debt	33,633	-	-	-
Total Governmental Activities	<u>11,748,010</u>	<u>1,252,477</u>	<u>177,890</u>	<u>4,372,615</u>
Business-type Activities				
Water and sewer	6,114,582	7,676,224	-	1,686,143
Solid Waste	1,505,477	1,885,378	-	-
Total Business-Type Activities	<u>7,620,059</u>	<u>9,561,602</u>	<u>-</u>	<u>1,686,143</u>
Total Primary Government	<u>\$19,368,069</u>	<u>\$ 10,814,079</u>	<u>\$ 177,890</u>	<u>\$ 6,058,758</u>
Component Units				
Loganville Development Authority	\$ 20,548	\$ -	\$ -	\$ -
Total Component Unit	<u>\$ 20,548</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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

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, 2016
(CONTINUED)

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Loganville Development Authority
\$ (1,067,853)	\$ -	\$ (1,067,853)	\$ -
(372,261)	-	(372,261)	-
(2,416,495)	-	(2,416,495)	-
(1,765,656)	-	(1,765,656)	-
284,385	-	284,385	-
(373,999)	-	(373,999)	-
(199,516)	-	(199,516)	-
(33,633)	-	(33,633)	-
(5,945,028)	-	(5,945,028)	-
-	3,247,785	3,247,785	-
-	379,901	379,901	-
-	3,627,686	3,627,686	-
(5,945,028)	3,627,686	(2,317,342)	-
			(20,548)
			(20,548)
3,888,270	-	3,888,270	-
1,011,101	-	1,011,101	-
380,230	-	380,230	-
696,597	-	696,597	-
31,264	-	31,264	-
602,595	-	602,595	-
341,236	-	341,236	-
3,776	-	3,776	-
17,250	12,338	29,588	-
206,050	-	206,050	-
250,000	(250,000)	-	-
7,428,369	(237,662)	7,190,707	-
1,483,341	3,390,024	4,873,365	(20,548)
15,685,767	17,070,492	32,756,259	30,000
\$ 17,169,108	\$ 20,460,516	\$37,629,624	\$ 9,452

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

CITY OF LOGANVILLE, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General	2013 SPLOST Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 5,236,426	\$ 602,845	\$ 227,711	\$ 6,066,982
Investments	56,472	-	-	56,472
Taxes receivable	12,027	-	8,354	20,381
Due from other funds	372,214	-	-	372,214
Due from other governments	126,701	80,329	65,675	272,705
Assets held for resale	801,402	-	-	801,402
Prepaid items	200,888	-	-	200,888
Total Assets	\$ 6,806,130	\$ 683,174	\$ 301,740	\$ 7,791,044
<u>LIABILITIES</u>				
Accounts payable	\$ 371,005	\$ 21,564	\$ 29,672	\$ 422,241
Due to other funds	-	-	5,012	5,012
Other accrued liabilities	246,926	-	-	246,926
Total Liabilities	617,931	21,564	34,684	674,179
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue-property taxes	9,347	-	-	9,347
<u>FUND BALANCES</u>				
Nonspendable	1,002,290	-	-	1,002,290
Restricted	-	661,610	209,997	871,607
Committed	179,841	-	-	179,841
Assigned	6,200	-	57,059	63,259
Unassigned	4,990,521	-	-	4,990,521
Total Fund Balances	6,178,852	661,610	267,056	7,107,518
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,806,130	\$ 683,174	\$ 301,740	\$ 7,791,044

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, 2016

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances per balance sheet of governmental funds	\$ 7,107,518
Capital Assets	
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.	
Cost of the assets	18,729,131
Accumulated depreciation	(5,926,570)
Deferred outflows of resources	
Pension contributions	1,348,119
Revenues	
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	9,347
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	(9,500)
Compensated absences	(258,766)
Capital leases	(1,254,230)
Net pension liability	(2,403,774)
Other post employment benefits liability	(15,548)
Deferred inflows of resources	
Net difference between projected and actual investment earnings on pension plan investments	<u>(156,619)</u>
Total net position of governmental activities	<u>\$ 17,169,108</u>

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

CITY OF LOGANVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General	2013 SPLOST Fund	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>				
Taxes				
Property	\$ 3,886,427	\$ -	\$ -	\$ 3,886,427
Sales	1,011,101	-	-	1,011,101
Franchise	696,597	-	-	696,597
Insurance premium	602,595	-	-	602,595
Occupational	380,230	-	-	380,230
Hotel/motel	-	-	31,264	31,264
Alcoholic beverage	341,236	-	-	341,236
License and permits	352,739	-	-	352,739
Intergovernmental	177,890	941,599	797,516	1,917,005
Fines and forfeitures	717,995	-	89,763	807,758
Charges for services	91,980	-	-	91,980
Contributions from private sources	3,776	-	-	3,776
Investment earnings	17,250	-	-	17,250
Miscellaneous	206,050	-	-	206,050
Total Revenues	8,485,866	941,599	918,543	10,346,008
<u>EXPENDITURES</u>				
Current				
General government	1,652,411	-	-	1,652,411
Judicial	372,261	-	-	372,261
Public safety	5,239,743	-	7,626	5,247,369
Public works	1,093,470	1,677,904	366,808	3,138,182
Culture and recreation	157,290	-	-	157,290
Housing and development	370,773	-	-	370,773
Tourism	199,516	-	-	199,516
Debt service				
Principal	121,547	-	-	121,547
Interest and other charges	35,953	-	-	35,953
Capital outlay	-	200,554	777,011	977,565
Total Expenditures	9,242,964	1,878,458	1,151,445	12,272,867
Excess (deficiency) of revenues over (under) expenditures	(757,098)	(936,859)	(232,902)	(1,926,859)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	-	-	(15,388)	(15,388)
Transfers in	265,388	-	-	265,388
Total Other Financing Sources (Uses)	265,388	-	(15,388)	250,000
Net Change in Fund Balances	(491,710)	(936,859)	(248,290)	(1,676,859)
Fund Balances - Beginning	6,670,562	1,598,469	515,346	8,784,377
Fund Balances - Ending	\$ 6,178,852	\$ 661,610	\$ 267,056	\$ 7,107,518

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, 2016

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances - total governmental funds	\$ (1,676,859)
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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	1,351,636
Total depreciation	(782,699)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales disposals, donations, trade-ins, annexing) is to decrease net position.	2,633,500
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Deferred outflows of resources related to pensions is not available during the current period is not reported in the funds

Changes in deferred outflows of resources related to pension	967,812
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Deferred inflows of resources related to pension is not available during the current period is not reported in the funds

Changes in deferred inflows of resources related to pension	52,197
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Revenues

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	1,843
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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	121,547
Interest on long-term debt	2,320
Other post employment benefits liability	16,393
Net pension liability	(1,191,490)
Compensated absences	(12,859)

Change in Net Position of Governmental Activities	<u>\$ 1,483,341</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, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes				
Property	\$ 4,387,262	\$ 4,387,262	\$ 3,886,427	\$ (500,835)
Sales	980,000	980,000	1,011,101	317,101
Franchise	694,000	694,000	696,597	2,597
Insurance premium	575,000	575,000	602,595	27,595
Occupational	340,000	340,000	380,230	40,230
Alcoholic beverage	310,000	31,000	341,236	310,236
License and permits	287,590	287,590	352,739	65,149
Intergovernmental	271,000	271,000	177,890	(93,110)
Fines and forfeitures	1,153,000	1,153,000	717,995	(435,005)
Charges for services	61,400	61,400	91,980	30,580
Contribution from private sources	6,500	6,500	3,776	(2,724)
Investment earnings	12,500	12,500	17,250	4,750
Miscellaneous	167,300	167,300	206,050	38,750
Total Revenues	9,245,552	8,966,552	8,485,866	(194,686)
EXPENDITURES				
Current				
General government				
Executive	377,958	345,713	298,414	47,299
Council	125,772	129,037	109,600	19,437
Board of elections/registrations	4,825	4,825	401	4,424
Administration	533,150	1,343,645	557,037	786,608
Buildings and plant	301,474	1,026,140	575,369	450,771
Data processing (IT)	120,234	120,234	111,590	8,644
Judicial				
Municipal court	435,512	435,512	372,261	63,251
Public safety				
Police	2,800,077	5,012,665	2,722,113	2,290,552
Fire administration	2,609,060	2,563,518	2,517,630	45,888
Public works				
Administration	948,461	647,572	480,504	167,068
Highways and streets	490,068	736,050	612,966	123,084
Culture and recreation				
Library	162,638	162,638	157,290	5,348
Housing and development				
Protective inspection administration	368,255	370,773	370,773	-
Tourism - City Events	143,568	199,516	199,516	-
Debt service				
Principal	121,547	121,548	121,547	1
Interest and other charges	35,953	35,953	35,953	-
Total Expenditures	9,578,552	13,255,339	9,242,964	4,012,375

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, 2016
 (CONTINUED)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Excess (deficiency) of revenue over (under) expenditure	(333,000)	(4,288,787)	(757,098)	3,817,689
<u>OTHER FINANCING SOURCES (USES)</u>				
Sale of capital assets	25,000	25,000	-	(25,000)
Transfers in	308,000	308,000	265,388	(42,612)
Total Other Financing Sources (Uses)	333,000	333,000	265,388	(67,612)
Net Change in Fund Balances	-	(3,955,787)	(491,710)	3,750,077
Fund Balances - Beginning	6,670,562	6,670,562	6,670,562	-
Fund Balances - Ending	\$ 6,670,562	\$ 2,714,775	\$ 6,178,852	\$ 3,464,077

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, 2016

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Solid Waste	Total
	Fund	Fund	
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	\$ 5,195,000	\$ 1,420,476	\$ 6,615,476
Investments	293,806	511,369	805,175
Accounts receivable, net	651,262	272,416	923,678
Prepaid items	44,661	5,938	50,599
Total current assets	6,184,729	2,210,199	8,394,928
Noncurrent assets			
Restricted cash and cash equivalents	1,383,093	-	1,383,093
Capital assets			
Land and easements	1,000,000	-	1,000,000
Structures, equipment and lines	22,594,784	-	22,594,784
Construction in progress	5,038,314	-	5,038,314
Less: accumulated depreciation	(9,177,118)	-	(9,177,118)
Total noncurrent assets	20,839,073	-	20,839,073
Total Assets	27,023,802	2,210,199	29,234,001
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows of resources related to pensions	363,344	-	363,344
Deferred charge on refunding	126,305	-	126,305
	489,649	-	489,649
<u>LIABILITIES</u>			
Current liabilities			
Accounts payable	748,943	145,657	894,600
Salaries payable	32,727	-	32,727
Accrued interest payable	12,857	-	12,857
Due to other funds	161,336	205,866	367,202
Accrued employee benefits	64,474	-	64,474
Customer deposits payable	704,233	-	704,233
Revenue bond payable-current	830,000	-	830,000
Total current liabilities	2,554,570	351,523	2,906,093
Noncurrent liabilities			
Note payable	2,086,966	-	2,086,966
Revenue bonds	3,580,000	-	3,580,000
Net pension liability	647,863	-	647,863
Total noncurrent liabilities	6,314,829	-	6,314,829
Total Liabilities	8,869,399	351,523	9,220,922
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflows of resources related to pensions	42,212	-	42,212
<u>NET POSITION</u>			
Net investment in capital assets	13,085,319	-	13,085,319
Restricted for debt service	669,939	-	669,939
Restricted for system improvements	713,154	-	713,154
Unrestricted	4,133,428	1,858,676	5,992,104
Total Net Position	\$ 18,601,840	\$ 1,858,676	\$ 20,460,516

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, 2016

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Solid Waste	
	Fund	Fund	Total
<u>OPERATING REVENUES</u>			
Charges for sales and services	\$ 7,676,284	\$ 1,885,378	\$ 9,561,662
Total Operating Revenues	7,676,224	1,885,378	9,561,602
<u>OPERATING EXPENSES</u>			
Salaries and benefits	1,802,208	1,564	1,803,772
Purchased/contracted services	1,766,525	1,493,788	3,260,313
Supplies and materials	1,731,587	-	1,731,587
Depreciation	667,319	-	667,319
Total Operating Expenses	5,967,639	1,505,477	7,473,116
Operating income (loss)	1,708,585	379,901	2,088,486
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Interest income - nonrestricted assets	10,664	1,674	12,338
Interest expense	(146,943)	-	(146,943)
Total Nonoperating Revenues (Expenses)	(136,279)	1,674	(134,605)
Income before contributions and transfers	1,572,306	381,575	1,953,881
Capital contributions	1,686,143	-	1,686,143
Transfers out	(150,000)	(100,000)	(250,000)
Total Other Financing (Uses)	1,536,143	(100,000)	1,436,143
Change in Net Position	3,108,449	281,575	3,390,024
Total Net Position - Beginning	15,493,391	1,577,101	17,070,492
Total Net Position - Ending	\$ 18,601,840	\$ 1,858,676	\$ 20,460,516

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, 2016

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Solid Waste	Total
	Fund	Fund	
<u>Cash Flows from Operating Activities</u>			
Receipts from customers and users	\$ 7,724,733	\$ 1,834,994	\$ 9,559,727
Payments to vendors for goods and services	(2,988,886)	(1,456,524)	(4,445,410)
Payments to employees	(1,751,786)	(1,564)	(1,753,350)
Net Cash Provided by (Used for)			
Operating Activities	2,984,061	376,906	3,360,967
<u>Cash Flows from Noncapital 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 Financing Activities</u>			
Principal paid on capital debt	(810,000)	-	(810,000)
Interest paid on capital debt	(146,943)	-	(146,943)
Proceeds from debt issuance	2,086,966	-	-
Acquisition and construction of capital assets	(2,669,560)	-	(2,669,560)
Net Cash Provided by (Used for)			
Capital and Related Financing Activities	(1,539,537)	-	(3,626,503)
<u>Cash Flows for Investing Activities</u>			
Interest received	10,664	1,674	12,338
Purchases of investments	(796)	(1,386)	(2,182)
Net Cash Provided (Used) in Investing Activities	9,868	288	10,156
Net increase (decrease) in cash and cash equivalents	1,304,392	277,194	1,581,586
Cash and cash equivalents - beginning	5,273,701	1,143,282	6,416,983
Cash and cash equivalents - ending	\$ 6,578,093	\$ 1,420,476	\$ 7,998,569
Classified as			
Current assets	\$ 5,195,000	\$ 1,420,476	\$ 6,615,476
Restricted assets	1,383,093	-	1,383,093
Total cash and cash equivalents	\$ 6,578,093	\$ 1,420,476	\$ 7,998,569

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, 2016
 (CONTINUED)

	Business-type Activities - Enterprise Funds		
	Water and Sewer Fund	Solid Waste Fund	Total
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
Provided by Operating Activities			
Operating Income (Loss)	\$ 1,708,585	\$ 379,901	\$ 2,088,486
<u>Adjustments to reconcile Operating Income (loss) to Net Cash provided (used) by Operating Activities</u>			
Depreciation	667,319	-	667,319
Amortization	23,318	-	23,318
Accounts receivable, net	48,449	(50,384)	(1,935)
Prepaid items	17,090	(5,938)	11,152
Deferred outflows of resources related to pensions	(260,823)	-	(260,823)
Accounts payable	496,139	18,388	514,527
Due to other funds	(34,940)	34,939	(1)
Accrued interest payable	2,489	-	2,489
Accrued employee benefits	4,264	-	4,264
Customers' meter deposits	5,190	-	5,190
Net pension liability	321,061	-	321,061
Deferred inflows of resources related to pensions	(14,080)	-	(14,080)
	<u>1,275,476</u>	<u>(2,995)</u>	<u>1,272,481</u>
Net cash provided (used) by operating activities	\$ 2,984,061	\$ 376,906	\$ 3,360,967
<u>Noncash Investing, Capital and Financing Activities</u>			
Capital contributions	\$ 1,686,143	\$ -	\$ 1,686,143

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, 2016

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 accounting policies of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governments. The following is a summary of the City’s more significant policies applied in the preparation of the accompanying financial statements.

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Loganville, Georgia (the primary government) and its component units. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The component unit discussed below is included in the City’s reporting entity because of the significance of its operational and financial relationships with the City. In conformity with generally accepted accounting principles, as set forth in the Statement of Governmental Accounting Standards Board (GASB) No. 61 “The Financial Reporting Entity: Omnibus, an amendment of GASB Statement No. 14 and 34,” the City’s relationship with other governments and agencies have been examined. The component unit column in the combined financial statements includes the financial date for the Loganville Development Authority, as of June 30, 2016. The financial information for the component unit is reported in columns separate from the City’s financial information to emphasize that it is legally separate from the City.

Loganville Development Authority

The Loganville Development Authority, (the “Authority”) was created to revitalize and redevelop the central business district of the City. The Authority’s governing board is appointed by the City Council. The Authority has not issued separate financial statement for this year.

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

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

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

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

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

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

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

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

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.

2013 SPLOST Construction Fund – The fund is used to account for the construction and improvements in accordance with the sales tax referendum.

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.

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.

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

E. Receivables

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

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

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

F. Interfund Receivables, Payables, Advances and Transfers

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

G. Prepaid Items

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

H. Restricted Assets and Reserves

Resources set aside in proprietary funds for repayment of bonds, emergency uses, renewal or extension, and system improvements in the amounts of \$669,939 and \$713,154, respectively are classified as restricted assets because their use is limited by bond covenants and state laws. A corresponding portion of net position is segregated by its classification as "restricted for debt service and restricted for system improvements."

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 (roads, bridges and other infrastructure assets) acquired prior to July 1, 2003 are not reported in the basic financial statements. Capital assets are valued at historical costs or estimated historical cost if actual cost is not available. Donated capital assets are valued at their acquisition 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.

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances. During 2016, total interest expense was \$175,462. Of this amount, \$28,519 was applicable to construction of capital assets and capitalized.

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

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

J. Compensated Absences

Annual leave is earned by all permanent City employees and may be accumulated and carried over to a maximum of 240 hours per employee. 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.

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 has two items that qualify for reporting in this category. The first 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. The second is the deferred outflow of resources relative to the pension plans change in assumptions. This amount is deferred and will be recognized as a reduction of the net pension liability in future years.

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

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 two types of items, which arises under a modified accrual basis of accounting that qualifies for reporting in this category. This first 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. The second is the deferred inflow of resources relative to the differences between expected and actual experience and the net difference between projected and actual earnings on the pension plan investments. This amount is deferred and will be recognized as a reduction of the net pension liability in future years.

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.

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.

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

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.

The following is a summary of the fund balance classifications as of June 30, 2016:

	General Fund	2013 SPLOST Fund	Nonmajor Governmental Funds	Totals
<u>Fund Balances</u>				
Nonspendable				
Prepays	\$ 200,888	\$ -	\$ -	\$ 200,888
Assets held for resale	801,402	-	-	801,402
Restricted for				
Law enforcement	-	-	66,219	66,219
Capital outlay	-	661,610	143,778	805,388
Committed				
Retirement funding	179,841	-	-	179,841
Assigned				
Tourism	-	-	57,059	57,059
Law enforcement	3,200	-	-	3,200
Recreation	3,000	-	-	3,000
Unassigned	4,990,521	-	-	4,990,521
Total fund balances	<u>\$ 6,178,852</u>	<u>\$ 661,610</u>	<u>\$ 267,056</u>	<u>\$ 7,107,518</u>

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, 2016

(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.

Capital Recovery Fees

The City failed to set up an interest bearing bank account for capital recovery fees collected in the Water and Sewer Fund, per the ordinance and state law. As well as file required annual reports relative to impact fees.

NOTE 3 – DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

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

Investment Type	Credit Rating	Value	Maturity
Office of State Treasurer (Georgia Fund 1)	AAAf rated	\$ 861,647	42 days

State statutes authorize the City to invest in obligation of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

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, 2016, the City's investment in the Office of the State Treasurer was rated AAAf/S1+ by Standard and Poor's.

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

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, 2016, 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% of the public funds held.

Fair Value Measurements

During 2016, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. This statement establishes a hierarchy of inputs to the valuation techniques of certain assets and liabilities at fair value. This hierarchy consists of three broad levels: Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are quoted market prices for similar assets or liabilities, or quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable. Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

As of June 30, 2016, the City has investments in Georgia Fund 1, which are not subject to level disclosure.

B. Assets Held for Resale

During 2016, the City purchased multiple properties in an effort to begin the process of revitalizing the downtown area. The intent of the City is to resale the properties. The City's total investment in assets held for resale is \$801,402.

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

C. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities</u>				
Capital assets not being depreciated				
Sites and site improvements	\$ 1,804,501	\$ 288,200	\$ -	\$ 2,092,701
Construction in progress	90,815	788,196	-	879,011
Total capital assets, not being depreciated	1,895,316	1,076,396	-	2,971,712
Capital assets, being depreciated				
Buildings	3,278,426	2,345,300	-	5,623,726
Site improvements	316,266	41,877	-	358,143
Machinery and equipment	657,130	-	-	657,130
Furniture and fixtures	36,151	-	-	36,151
Vehicles	3,539,697	222,810	-	3,762,507
Infrastructure	5,021,009	298,753	-	5,319,762
Total capital assets, being depreciated	12,848,679	2,908,740	-	15,757,419
Less accumulated depreciation for				
Buildings	(991,625)	(108,441)	-	(1,100,066)
Site improvements	(94,809)	(19,316)	-	(114,125)
Machinery and equipment	(302,564)	(63,555)	-	(366,119)
Furniture and fixtures	(30,768)	(3,458)	-	(34,226)
Vehicles	(1,472,912)	(302,624)	-	(1,775,536)
Infrastructure	(2,251,193)	(285,305)	-	(2,536,498)
Total accumulated depreciation	(5,143,871)	(782,699)	-	(5,926,570)
Total capital assets, being depreciated, net	7,704,808	2,126,041	-	9,830,849
Governmental activities capital assets, net	\$ 9,600,124	\$ 3,202,437	\$ -	\$ 12,802,561

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-Type Activities</u>				
Capital assets not being depreciated				
Land	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
Construction in progress	792,614	4,245,700	-	5,038,314
Total capital assets, not being depreciated	1,792,614	4,245,700	-	6,038,314
Capital assets, being depreciated				
Site improvements	7,287,106	-	-	7,287,106
Buildings	13,532,778	-	-	13,532,778
Machinery and equipment	1,222,162	-	-	1,222,162
Vehicles	552,738	-	-	552,738
Total capital assets being depreciated	22,594,784	-	-	22,594,784
Less accumulated depreciation for				
Site improvements	(1,912,412)	(256,916)	-	(2,169,328)
Buildings	(5,340,918)	(337,435)	-	(5,678,353)
Machinery and equipment	(764,780)	(60,187)	-	(824,967)
Vehicles	(491,689)	(12,781)	-	(504,470)
Total accumulated depreciation	(8,509,799)	(667,319)	-	(9,177,118)
Total capital assets, being depreciated, net	14,084,985	(667,319)	-	13,417,666
Business-type activities capital assets, net	\$ 15,877,599	\$ 3,578,381	\$ -	\$ 19,455,980

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

Governmental Activities

General government	\$ 48,451
Public safety	351,274
Public works	378,948
Culture and recreation	800
Housing and development	3,226
Total governmental activities depreciation expense	<u>\$ 782,699</u>

Business-Type Activities

Water and Sewerage System	\$ 667,319
Solid Waste Fund	-
Total business-type activities depreciation expense	<u>\$ 667,319</u>

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016
(CONTINUED)

D. Interfund receivables, payables, advances and transfers

The composition of interfund balances as of June 30, 2016, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water and Sewer Fund	\$ 161,336
General Fund	Nonmajor Special Revenue Funds	5,012
General Fund	Solid Waste Fund	205,866
		<u>\$ 372,214</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.

	Transfers in:
	General
Transfers out:	Fund
Water and Sewer Fund	\$ 150,000
Solid Waste Fund	100,000
Nonmajor special revenue fund	15,388
	<u>\$ 265,388</u>

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 \$15,388 to the General Fund for amounts owed relative to hotel/motel tax revenues collected by the special revenue fund.

E. Long-term debt

Primary Government

Capital Lease

In 2015, the City entered into a lease agreement as lessee for financing the acquisition of a fire truck valued at \$1,375,777. The equipment has a twelve-year estimated useful life. In 2016, depreciation expense and accumulated depreciation on the equipment was \$122,646 and \$163,528, respectfully.

The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of the inception. The interest rate for the lease is 2.52%. The equipment is included in the governmental activities statement of net position.

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016
(CONTINUED)

Annual debt service requirements to maturity for the capital lease are as follows:

Fiscal Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2017	\$ 125,894	\$ 31,606	\$ 157,500
2018	129,066	28,434	157,500
2019	132,319	25,181	157,500
2020	135,653	21,847	157,500
2021	139,072	18,429	157,501
2022-2025	592,226	37,774	630,000
Total	<u>\$ 1,254,230</u>	<u>\$ 163,271</u>	<u>\$ 1,417,501</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, 2016, the City believes it was in compliance with all such significant financial limitations and restrictions.

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

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

Fiscal Year Ending June 30,	2012 Revenue Bonds	
	Principal	Interest
2017	\$ 830,000	\$ 104,938
2018	855,000	84,125
2019	875,000	62,563
2020	805,000	41,125
2021	810,000	13,775
2022	235,000	2,937
Total	<u>\$ 4,410,000</u>	<u>\$ 309,463</u>

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

GEFA Loan

In 2016, the City entered into a loan agreement with Georgia Environmental Finance Authority. The loan is in the amount of \$3,000,000 to finance the costs of acquiring, constructing, and installing the environmental facilities at Big Flat Creek. The loan bears an interest rate of 1.02%. Accrued interest on the note is payable monthly on the first day of the calendar month following the earlier of (1) the completion date, (2) June 1, 2018 or (3) the date that the loan evidenced by the note is fully disbursed. As of year-end, the loan has not been fully disbursed. Interest payments only were made in 2016, and capitalized along with the construction costs of the project.

Changes in Long-term liabilities

Long-term liability activity for the fiscal year ended June 30, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
OPEB obligation	\$ 31,941	\$ 24,414	\$ (40,807)	\$ 15,548	\$ -
Net pension liability	1,212,284	1,686,522	(495,031)	2,403,774	-
Capital leases payable	1,375,777	-	(121,547)	1,254,230	125,894
Compensated absences	245,907	210,307	(197,448)	258,766	51,753
Total Governmental Activities	<u>\$2,865,909</u>	<u>\$1,921,243</u>	<u>\$ (854,833)</u>	<u>\$3,932,318</u>	<u>\$ 177,647</u>
<u>Business-Type Activities</u>					
GEFA Loan	\$ -	\$2,086,966	\$ -	\$2,086,966	\$ -
Revenue bonds	5,220,000	-	(810,000)	4,410,000	830,000
	<u>5,220,000</u>	<u>2,086,966</u>	<u>(810,000)</u>	<u>6,496,966</u>	<u>830,000</u>
Net pension liability	326,802	454,549	(133,489)	647,863	-
Compensated absences	62,402	58,234	(56,162)	64,474	64,474
	<u>389,204</u>	<u>512,783</u>	<u>(189,651)</u>	<u>712,337</u>	<u>64,474</u>
Total Business-Type Activities	<u>\$5,609,204</u>	<u>\$2,599,749</u>	<u>\$ (999,651)</u>	<u>\$7,209,303</u>	<u>\$ 894,474</u>

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

F. 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.

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

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	October 30	January 1
Due date and collection date	December 30	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.

G. 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 2016, the City collected \$31,264 in hotel motel taxes.

The City has created a tourism department in the general fund and expended \$199,516 for tourism in 2016. Total expenditures relative to tourism for 2016 were more than the current year collection of hotel motel taxes.

H. Pension Plan

Plan Description

The City's defined benefit pension plan, City of Loganville Retirement Plan, (the Plan) was 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.

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

Benefits Provided

The GMEBS Plan provides retirement, disability and death benefits to plan members and beneficiaries. Effective January 1, 2015, the Plan was amended to provide for immediate participation for employees. This change has no impact on service credited under the Plan and has no impact on benefits.

Employees Covered by the Plan

Inactive employees (or their beneficiaries) currently receiving benefits	30
Inactive employees entitled to but not yet receiving benefits	58
Active Employees	115

Contributions

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 14.55% of annual covered payroll. The contribution requirements of the City are established and may be amended by the GMEBS Board of Trustees.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the City reported a net pension liability. The net pension liability was measured as of September 30, 2015. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of January 1, 2016. An expected total pension liability as of September 30, 2015 was determined using standard roll-forward techniques.

For the year ended June 30, 2016, the City recognized pension expense relative to GMEBS in the amount of \$753,560. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to the Pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 734,008	\$ 16,029
Changes of assumptions	67,347	-
Net difference between projected & actual earnings on pension plan investments	325,366	-
Employer contributions subsequent to the measurement date	401,940	-
	<u>\$ 1,528,661</u>	<u>\$ 16,029</u>

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

City contributions subsequent to the measurement date of September 30, 2014 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

<u>Year ended June 30:</u>	
2017	\$ 266,716
2018	266,716
2019	266,716
2020	310,544

Actuarial Assumptions: The total pension liability as of June 30, 2016 was determined by an actuarial valuation as of January 1, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increase	3.75-8.75%, including inflation adjustment
Investment rate of return	7.75%, On-going basis, based on long-term expected rate of return of pension plan investments

Mortality rates were based on the RP-2000 Combined Mortality Table with sex-distinct rates, set forward two years for males and one year for females, and the RP-2000 Disabled Mortality Table with sex-distinct rates.

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

Net Pension Liability:

<u>Changes in the Net Pension Liability</u>	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances at June 30, 2015	\$ 10,992,593	\$ 9,453,507	\$ 1,539,086
Changes for the year:			
Service cost	369,509	-	369,509
Interest	836,265	-	836,265
Difference between expected & actual experience	917,512	-	917,512
Contributions - employer	-	527,013	(527,013)
Net investment income	-	101,507	(101,507)
Benefit payments	(404,141)	(404,141)	-
Administrative expense	-	(17,785)	17,785
Other	-	-	-
Net changes	1,719,145	206,594	1,512,551
Balances at June 30, 2016	\$ 12,711,738	\$ 9,660,101	\$ 3,051,637

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

The City's net pension liability is recorded in the Government-Wide, Statement of Net Position and in the Water and Sewer Fund Statement of Net Position in the amounts of \$2,403,774 and \$647,863, respectively.

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

Asset class	Target allocation	Expected real rate of return	Nominal real rate of return
Domestic Equity	50%	5.95%	9.20%
International Equity	15%	6.45%	9.70%
Fixed Income	25%	1.55%	4.80%
Real estate	10%	3.75%	7.00%
Cash	0%		
Total	100%		

Discount Rate: The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount rate: The following presents the City's net pension liability calculated using the discount rate of 7.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current discount rate (7.75%)	1% Increase (8.75%)
Sensitivity of the Net Pension Liability to Changes in the Discount Rate	\$ 4,904,413	\$ 3,051,637	\$ 1,522,369

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued GMEBS financial report which is publically available at www.gmanet.com.

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

I. Special Funding Defined Benefit Pension Plans

The City's policemen are also covered by the State of Georgia Peace Officers' Annuity and Benefit Fund. The City makes no contribution to this plan. Contributions are collected by the City as the agent for this fund through its municipal court system. This plan is administered through the Peace Officers' Annuity and Benefit Fund of Georgia located at 1210 Greenbelt Parkway in Griffin, Georgia where separate financial statements may be obtained. This plan is considered immaterial to the City's financial statements.

The City's Firemen are eligible to participate in the Georgia Firefighters' Pension Fund, a voluntary pension system. The City makes no contributions to this plan. Contributions are made through monthly dues by eligible firefighters electing to participate in the plan and non-employer contributions which consist of insurance premium taxes collected and remitted by insurers directly to the pension fund in accordance with the law. The plan is administered by the Georgia Firefighters' Pension Fund located at 2171 Eastview Parkway NE in Conyers, Georgia where separate financial statements may be obtained. This plan is considered immaterial to the City's financial statements.

J. Post-Employment Benefits other than Pensions (OPEB)

Plan Description

In addition to the pension benefits described in Notes G and H 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.

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, 2016 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, 2016, the City paid premiums (net of retiree contributions) on behalf of current retired employees in the amount of \$40,807.

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

Annual OPEB Cost and Net OPEB Obligation

The City's most current actuarial valuation was performed for the plan as of January 1, 2014 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 \$24,414 is reduced by the current year contributions in the amount of \$40,807.

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	\$ 26,003
Interest on Existing (NOO)	2,067
ARC Adjustment	<u>(3,656)</u>
Annual OPEB Cost	24,414
Annual Contribution Amount	<u>(40,807)</u>
Net Increase (decrease) in NOO	<u>(16,393)</u>
NOO as of Valuation Date	(16,393)
Net OPEB Obligation - beginning of year	<u>31,941</u>
Net OPEB Obligation - end of year	<u>\$ 15,548</u>

The City's annual OPEB cost, the percentage of annual cost contributed to the plan, and the net OPEB obligation for 2016 is as follows:

<u>Year Ended</u>	<u>OPEB Cost</u>	<u>Annual OPEB Cost Contributed</u>	<u>OPEB Obligation</u>
6/30/2016	\$ 40,807	167%	\$ 15,548
6/30/2015	35,829	147%	31,941
6/30/2014	32,727	134%	43,356

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, 2016
(CONTINUED)

Funded Status and Funding Progress

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
01/01/14	\$ -	\$ 367,520	\$ 367,520	0%	N/A	N/A
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, 2014.

Actuarial methods and assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point.

The ARC for the plan's initial year was determined as part of the January 1, 2014 actuarial valuation using the following methods and assumptions:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed, 25 years
Remaining amortization period	20 years as of July 1, 2013
Investment return	4.00%

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016
(CONTINUED)

Additional Information

Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, closed, 25 years
Remaining amortization period	20 years, as of July 1, 2013
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	4.00%
Medical cost trend rate	8% graded to 5.00% over 7 years
Dental cost trend rate	5.00%
Plan membership:	
Current retirees, beneficiaries, and dependents	5
Current active participants*	0
Total	<u>5</u>

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

K. Risk Management

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

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

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

L. 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.

M. Joint Ventures

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

Northeast Georgia Regional Commission
305 Research Drive
Athens, Georgia 30610

N. 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.

O. Net Investment in Capital Assets

Net Investment in Capital Assets of the Government-Wide Statement of Net Position as of June 30, 2016 is as follows:

	Governmental Activities	Business-type Activities
Cost of capital assets	\$ 18,729,131	\$ 28,633,098
Plus capital-related deferred outflows of resources	-	126,305
Less accumulated depreciation	(5,926,570)	(9,177,118)
Book Value	12,802,561	19,582,285
Less all capital related debt	(1,254,230)	(6,496,966)
Net investment in capital assets	<u>\$ 11,548,331</u>	<u>\$ 13,085,319</u>

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

NOTE 4 – SUBSEQUENT EVENTS

Subsequent to year-end, the City purchased a school building from the Walton County School District in the amount of \$1,350,000. The City financed the purchase with Branch Banking and Trust Company. The loan in the amount of \$1,600,000 includes legal fees in the amount of \$39,970 and a disbursement fund in the amount of \$220,030. The loan is a fifteen year loan, payable in quarterly installments in the amount of \$33,250, with the first payment due in September 2017. The loan bears an interest rate of 2.190%.

In addition, the City has evaluated subsequent events through December 19, 2016 the date which the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF LOGANVILLE, GEORGIA
OTHER POST EMPLOYMENT BENEFITS

SCHEDULE OF FUNDING PROGRESS OPEB

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)
1/1/2014	\$ -	\$ 367,520	\$ 367,520	0%	N/A	N/A
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.

CITY OF LOGANVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	2016	2015
<u>Total Pension Liability</u>		
Service cost	\$ 369,509	\$ 369,372
Interest	836,265	770,561
Differences between expected and actual experience	917,512	(26,714)
Changes in benefit terms	-	-
Changes in assumptions	-	112,245
Benefit payments, including refunds of employee contributions	(404,141)	(351,177)
Net change in total pension liability	1,719,145	874,287
Total pension liability - beginning	10,992,593	10,118,306
Total pension liability - ending	<u>\$ 12,711,738</u>	<u>\$ 10,992,593</u>
 <u>Plan Fiduciary Net Position</u>		
Contributions - employer	\$ 527,013	\$ 508,162
Contributions - employee	-	-
Net investment income	101,507	957,563
Benefit payments, including refunds of employee contributions	(404,141)	(351,177)
Administrative expense	(17,785)	(13,904)
Other	-	-
Net change in fiduciary net position	206,594	1,100,644
Plan fiduciary net position - beginning	9,453,507	8,352,863
Plan fiduciary net position - ending	<u>\$ 9,660,101</u>	<u>\$ 9,453,507</u>
 <u>Net Pension Liability</u>		
Net pension liability - ending	<u>\$ 3,051,637</u>	<u>\$ 1,539,086</u>
Plan's fiduciary net position as a percentage of the total pension liability	75.99%	86.00%
 Covered-employee payroll	\$ 4,579,778	\$ 3,878,226
Net pension liability as a percentage of covered-employee payroll	66.63%	39.69%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

CITY OF LOGANVILLE, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SCHEDULE OF CONTRIBUTIONS

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 535,923	\$ 524,023
Contributions in relation to the actuarially determined contribution	<u>535,923</u>	<u>524,023</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 4,579,778	\$ 3,878,226
Contributions as a percentage of covered-employee payroll	11.70%	13.51%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

CITY OF LOGANVILLE, GEORGIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Georgia Municipal Employee Benefit System

Changes of assumptions:

As a result of the new administrative fee structure approved by the Board, the administrative expense assumption was updated for fiscal years beginning in 2016.

As a result of the plan change to provide immediate participation for employees, for the fiscal year ending 2015, the eligibility assumption has been changed from one year to immediate. The increase in the Plan's NPL is minimal and has been included in the differences between expected and actuarial experience. Amounts reported for the fiscal year ending in 2015, and later reflect the following assumption changes approved by the Board in December, 2014 based on the results of an actuarial experience study covering the period January 1, 2010 to June 30, 2014:

- The mortality table for disabled participants was changed to remove the two-year set-forward for males and the one-year set forward for females.
- The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 15% and to assume no turnover on and after age 55. The select period rates were further constrained to not be less than the ultimate rates.
- The retirement rates where normal retirement is only available on or after age 65 were changed from the prior assumption of 100% at age 65 to the new assumption of 60% at age 65 to 69 and 100% at age 70. Where normal retirement is available prior to age 65, the rates were changed from the prior assumption of 100% at earliest unreduced age, but not below age 60, to the new assumption of 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70.
- The inflation assumption was decreased from 3.50% to 3.25%.
- The salary increase assumption was changed from select period rates during the first five years of service, followed by age-related rates to an assumption based on new service-related rates. Under the prior assumption, the salary increases ranged from 4.00% to 11.00% and included an inflation assumption of 3.50%. Under the new assumption, the salary increases range from 3.75% to 8.00% and include an inflation assumption of 3.25%.

Benefit Changes

Effective July 1, 2015, the vesting schedule was changed with employees hired on or after July 1, 2015 becoming vested after ten years of service.

Effective January 1, 2015, the Plan was amended to provide for immediate participation for employees. This change has no impact on service credited under the Plan and has no impact on benefits.

Valuation date

The actuarially determined contribution rate was determined as of January 1, 2016, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2017.

CITY OF LOGANVILLE, GEORGIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(CONTINUED)

Methods and assumptions used to determine contribution rates:

Amortization method	Closed level dollar for the remaining unfunded liability
Remaining amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of 12 years.
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Actuarial Assumptions:

Actuarial cost method	Entry Age Normal
Net Investment Rate of Return	7.75%
Projected Salary Increases	3.25% plus service based merit increases
Cost of Living Adjustments	0.00%
Retirement Age	Ages 55-59 rate of 10%, age 60 rate of 20%, age 61 rate of 25%, age 62 rate of 35%, age 63 rate of 40%, age 64 rate of 45%, ages 65-69 rate of 50% and age 70 and over rate of 100%
Mortality	RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

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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.

2014 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.

CDBG Fox Chase Road Improvement Project - This fund accounts for revenues received under a grant from the Gwinnett County Community Development Program for the Fox Chase Subdivision Repaving Improvements.

CITY OF LOGANVILLE, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue Funds			Capital Projects Funds					Total Nonmajor Governmental Funds
	Confiscated Assets	Hotel/ Motel Tax	Total	2014 SPLOST Construction	2009 SPLOST Construction	CDBG Fox Chase Road Improvement Project	Total		
<u>ASSETS</u>									
Cash and cash equivalents	\$ 66,219	\$ 53,717	\$ 119,936	\$ 107,775	\$ -	\$ -	\$ 107,775	\$	227,711
Due from other governments	-	-	-	65,675	-	-	65,675		65,675
Taxes receivable	-	8,354	8,354	-	-	-	-		8,354
Total Assets	\$ 66,219	\$ 62,071	\$ 128,290	\$ 173,450	\$ -	\$ -	\$ 173,450	\$	301,740
<u>LIABILITIES</u>									
Accounts payable	\$ -	\$ -	\$ -	\$ 29,672	\$ -	\$ -	\$ 29,672	\$	29,672
Due to other funds	-	5,012	5,012	-	-	-	-		5,012
Total Liabilities	-	5,012	5,012	29,672	-	-	29,672		34,684
<u>FUND BALANCES</u>									
Restricted	66,219	-	66,219	143,778	-	-	143,778		209,997
Assigned	-	57,059	57,059	-	-	-	-		57,059
Total Fund Balances	66,219	57,059	123,278	143,778	-	-	143,778		267,056
Total Liabilities and Fund Balances	\$ 66,219	\$ 62,071	\$ 128,290	\$ 173,450	\$ -	\$ -	\$ 173,450	\$	301,740

CITY OF LOGANVILLE, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Special Revenue Funds			Capital Projects Funds				Total Nonmajor Governmental Funds
	Confiscated Assets	Hotel/ Motel Tax	Total	2014 SPLOST Construction	2009 SPLOST Construction	CDBG Fox Chase Road Improvement Project	Total	
REVENUES								
Hotel/motel taxes	\$ -	\$ 31,264	\$ 31,264	\$ -	\$ -	\$ -	\$ -	\$ 31,264
Intergovernmental	-	-	-	385,916	-	411,600	797,516	797,516
Fines and forfeitures	89,763	-	89,763	-	-	-	-	89,763
Total Revenues	89,763	31,264	121,027	385,916	-	411,600	797,516	918,543
EXPENDITURES								
Current								
Public safety	7,626	-	7,626	-	-	-	-	7,626
Public works	-	-	-	1,105	52,303	313,400	366,808	366,808
Capital outlay	59,175	-	59,175	619,636	-	98,200	717,836	777,011
Total Expenditures	66,801	-	66,801	620,741	52,303	411,600	1,084,644	1,151,445
Excess (deficiency) of revenues over (under) expenditures	22,962	31,264	54,226	(234,825)	(52,303)	-	(287,128)	(232,902)
Other financing sources (uses)								
Transfer out	-	(15,388)	(15,388)	-	-	-	-	(15,388)
Total other financing sources (uses)	-	(15,388)	(15,388)	-	-	-	-	(15,388)
Net Change in Fund Balances	22,962	15,876	38,838	(234,825)	(52,303)	-	(287,128)	(248,290)
Fund Balances - Beginning	43,257	41,183	84,440	378,603	52,303	-	430,906	515,346
Fund Balances - Ending	\$ 66,219	\$ 57,059	\$ 123,278	\$ 143,778	\$ -	\$ -	\$ 143,778	\$ 267,056

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, 2016

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>			
Fines and forfeitures	\$ 42,500	\$ 89,763	\$ 47,263
Total Revenues	42,500	89,763	47,263
<u>EXPENDITURES</u>			
Current			
Public safety	8,626	7,626	1,000
Capital outlay	59,175	59,175	-
Total Expenditures	67,801	66,801	1,000
Excess (deficiency) of revenues over (under) expenditures	(25,301)	22,962	48,263
Fund Balances-Beginning	43,257	43,257	-
Fund Balances-Ending	\$ 17,956	\$ 66,219	\$ 48,263

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, 2016

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>			
Taxes	\$ 16,000	\$ 31,264	\$ 15,264
Total Revenues	16,000	31,264	15,264
<u>EXPENDITURES</u>			
Current			
Tourism	-	-	-
Total Expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	16,000	31,264	15,264
Other financing sources (uses)			
Transfer out	(16,000)	(15,388)	612
Net Change in Fund Balances	-	15,876	15,876
Fund Balances-Beginning	41,183	41,183	-
Fund Balances-Ending	\$ 41,183	\$ 57,059	\$ 15,876

CITY OF LOGANVILLE, GEORGIA

COMPONENT UNIT - LOGANVILLE DEVELOPMENT AUTHORITY
BALANCE SHEET
JUNE 30, 2016

ASSETS

Cash and cash equivalents	\$ 19,252
Total Assets	<u>\$ 19,252</u>

LIABILITIES AND FUND BALANCES

Accounts payable	\$ 9,800
Total Liabilities	<u>9,800</u>
Fund Balances	
Unassigned	<u>9,452</u>
Total Fund Balances	<u>9,452</u>
Total Liabilities and Fund Balances	<u>\$ 19,252</u>

CITY OF LOGANVILLE, GEORGIA

COMPONENT UNIT - LOGANVILLE DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
JUNE 30, 2016

REVENUES

Intergovernmental revenues	\$ -
Total Revenues	<u>\$ -</u>

EXPENDITURES

Current	
Community Development	<u>20,548</u>
Total Expenditures	<u>20,548</u>
Excess (deficiency) of revenues over (under) expenditures	(20,548)
Fund Balance - Beginning of year	<u>30,000</u>
Fund Balance - End of year	<u>\$ 9,452</u>

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GOVERNMENTAL REPORTS

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, 2016

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	1,274,401	52,303	1,326,704
	<u>\$ 2,194,887</u>	<u>\$ 1,669,482</u>	<u>\$ 52,303</u>	<u>\$ 1,721,785</u>

This SPLOST Project was completed in 2016.

CITY OF LOGANVILLE, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS-2014
PASSED THROUGH FROM GWINNETT COUNTY
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Project	Original Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
Transportation	\$ 648,040	\$ 90,990	\$ 620,741	\$ 711,731
Water and Sewer Capital Improvements	648,039	-	-	-
	<u>\$ 1,296,079</u>	<u>\$ 90,990</u>	<u>\$ 620,741</u>	<u>\$ 711,731</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, 2016

Project	Original Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
Transportation	\$ 1,000,000	\$ 133,530	\$ 200,554	\$ 334,084
Water and Sewer Infrastructure	4,841,679	588,352	1,677,904	2,266,256
	<u>\$ 5,841,679</u>	<u>\$ 721,882</u>	<u>\$ 1,878,458</u>	<u>\$ 2,600,340</u>

**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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Loganville, Georgia as of and for the year ended June 30, 2016 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 December 19, 2016.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and responses, which we consider to be material weaknesses. 2016-001, 2016-002 and 2016-003.

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 item 2016-004.

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
December 19, 2016

Chell + Rene

CITY OF LOGANVILLE, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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*:

2016-001 Accounts Receivable / Revenue

CRITERIA

Accounting procedures should be designed to insure that revenue is accrued and recognized when they become both measurable and available to finance expenditures of the fiscal period.

CONDITION

Various revenue items were not recorded in the proper fiscal period and in the proper fund.

CONTEXT

Audit procedures identified adjustments necessary to correct year end balances as follows:

General Fund

- Audit adjustment of \$13,934 was needed to correct interfund payables between the General Fund and the 2014 SPLOST Fund.

Capital Projects Funds

- Audit adjustment of \$33,174 was needed to record accounts receivable in the 2014 SPLOST Fund.
- Audit adjustments of \$32,376 and \$4,061 were needed to remove outstanding deposits from cash, correct interfund payables, and to record accounts receivable in the 2014 SPLOST Fund.

Proprietary Funds

- Audit adjustment of \$10,811 was needed to correct franchise fees receivable in the Solid Waste Fund.
- Audit adjustments of \$18,843 were needed to reverse accounts receivable entries recorded in the Water Fund at year-end by the City and in the amount of \$16,667 to reverse accounts receivable entries recorded in the Solid Waste Fund.
- Audit adjustment of \$131,098 was needed to remove an outstanding deposit from cash and accounts payable to correct the bank statements for funds owed the Solid Waste Fund at year-end closing.

EFFECT

Material audit adjustments were necessary to fairly report revenues and the related receivables for the year ended June 30, 2016.

CAUSE

The City does not have adequate accounting procedures in place to insure the accrual of revenues in the proper fiscal year.

CITY OF LOGANVILLE, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(CONTINUED)

RECOMMENDATION

We recommend that the City develop procedures to insure the recording of revenues when they become both measurable and available to finance expenditures of the fiscal period.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management concurs with this finding. The City will focus on properly recording revenue in correct funds and fiscal years to insure correct balances for fiscal year-end.

CITY OF LOGANVILLE, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(CONTINUED)

2016-002 Accounts Payable / Expenditure or Expenses

CRITERIA

In accordance with generally accepted accounting principles, expenditure / expenses are recognized as soon as a liability is incurred. Year-end procedures are necessary to ensure that expenses or expenditures and accounts payable are recorded in the appropriate period.

CONDITION

The City does not have adequate accounting procedures to insure that expenditure/expenses are recorded and properly classified when a liability is incurred.

CONTEXT

Audit procedures identified adjustments necessary to correct year end balances as follows:

- In the Water Fund, an audit adjustment of \$23,318 was needed to record amortization expense.
- In the Water and Sewer Fund, multiple audit adjustments were needed to record additional accounts payable of \$259,286, in addition an audit adjustment of \$110,290 was needed to record retainage payable as of June 30, 2016.
- In the 2014 SPLOST Fund, an audit adjustment of \$28,824 was needed to record additional retainages payable.

EFFECT

Material audit adjustments were needed to fairly state and classify expenditure/expenses for the year ended June 30, 2016.

CAUSE

The City lacked accounting procedures to insure the recording and proper classification of incurred expenses at the end of the fiscal period.

RECOMMENDATION

The City should establish procedures to insure the proper accrual and classification of all liabilities incurred during the fiscal period.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management concurs with this finding. The City will focus on preparing procedures that will allow for adequate classification of expenditures/expenses when a liability is incurred.

CITY OF LOGANVILLE, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(CONTINUED)

2016-003 Capital Assets

CRITERIA

Accounting and control procedures should be designed to insure that capital asset activity is recorded and reported in the business-type activities financial statements. Capital asset records must be supported by detailed records that include location, department, cost, estimated useful life, depreciation and other detail supporting documentation.

CONDITION

The City had not properly posted all capital asset activity.

CONTEXT

Audit procedures identified adjustments necessary to correct the recording of capital assets donated to the City in 2016, assets held for resale, construction in progress and assets acquired under the CDBG Grant. Adjustments required were as follows:

- A General Fund audit adjustment in the amount of \$2,633,500 to correct revenues and expenses related to the donated properties.
- A General Fund audit adjustment in the amount of \$801,402 to correct assets held for resale.
- An Audit adjustment of \$28,824 was needed to record construction in progress in the capital asset accounts as of June 30, 2016.
- An audit adjustment in the amount of \$98,200 was needed to properly report capital asset accounts for assets acquired under the CDBG Grant as of June 30, 2016.

EFFECT

Material audit adjustments were needed to fairly report capital asset information for the year ended June 30, 2016.

CAUSE

Accounting personnel may have lacked adequate training in capital asset accounting.

RECOMMENDATION

The City should insure that the proper reconciling procedures are being performed monthly and at year-end to balance and reconcile capital asset records.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management concurs with this finding. The City will give attention to preparing procedures that will allow for adequate reconciling monthly and year-end for proper recording of capital assets.

CITY OF LOGANVILLE, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(CONTINUED)

COMPLIANCE FINDINGS

2016-004 Water Fund Capital Recovery Fees

CRITERIA

Georgia code (O.C.G.A. Article 36, Section 71, Paragraph 8) states that all development impact fees funds shall be maintained in one or more interest-bearing accounts. As part of the annual audit process, the City shall prepare an annual report describing the amount of any development impact fees collected, encumbered, and used during the preceding year by category of public facility and area.

CONDITION

The City's Capital Recovery Fee Ordinance allows for the collection of Development Impact Fees. State law requires these fees to be deposited in an interest bearing bank account and restricted as to use per the Ordinance. State law also requires annual reporting on fees collected and used during the year. The City failed to open a designated bank account for these fees and file required annual reports.

CONTEXT

The City was unaware of the restrictions and reporting requirement relative to the development impact fee funds.

EFFECT

The City has not complied with State law regarding development impact fees.

CAUSE

The City did not have sufficient knowledge of the State laws regarding development impact fees and related restrictions and reporting requirements.

RECOMMENDATION

Management should establish an interest bearing bank account for these restricted funds, file annual reports and establish procedures to prevent any reoccurrences of this type.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management concurs with the finding. The City has established the required interest bearing account for these fees. The City will create procedures for proper distribution and expense of these fees. The City will also follow up and submit annual reports for compliance with the State.

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