



**Annual Financial Report  
For Fiscal Year Ending  
June 30, 2017**





# CITY OF LOGANVILLE, GEORGIA

INDEPENDENT AUDITOR'S REPORT  
AND FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2017

CITY OF LOGANVILLE, GEORGIA

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JUNE 30, 2017

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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, 2017, 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, 2017, 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 11, the schedule of funding progress OPEB on page 49, the schedule of changes in the net pension liability and related ratios on page 50, the schedule of contributions on page 51, and the notes to the required supplementary information on pages 52 and 53 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 7, 2017, 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 solely 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 7, 2017



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



## CITY OF LOGANVILLE, GEORGIA

### MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017

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, 2017. 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 2017 by \$41,064,661 (total net position). Of this amount, \$13,524,457 (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 \$3,016,203.
- At the close of fiscal year 2017, the City's governmental funds reported combined ending fund balances of \$9,021,218. Of this amount, \$4,654,083 or 51 % is available for spending at the government's discretion (General unassigned fund balance). The balance of this amount, \$4,367,135 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 \$4,654,083.

#### **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, 2017

(CONTINUED)

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

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

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

The City maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the general fund and the 2013 SPLOST which are considered major funds. The data from the six other funds, the non-major funds, is aggregated into a single presentation. The individual fund data for these funds is located in the combining statements elsewhere in this report.

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

**Proprietary funds.** The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its solid waste operations, water and sewer system operations.

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

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

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

CITY OF LOGANVILLE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

(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 2017 by \$41,064,661.

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 \$13,524,457 or 32%. 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 \$25,019,246 or 60%. 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, \$2,520,958 or 8% 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, 2017  
(CONTINUED)

City of Loganville Net Position  
June 30, 2017

	Governmental Activities		Business-Type Activities		Totals	
	2016	2017	2016	2017	2016	2017
<u>Assets</u>						
Current assets	\$ 6,783,742	\$ 9,901,212	\$ 8,027,726	\$ 9,046,230	\$ 14,811,468	\$ 18,947,442
Restricted assets	-	220,047	1,383,093	973,344	1,383,093	1,193,391
Capital assets	12,802,561	14,462,862	19,455,980	19,531,881	32,258,541	33,994,743
Other assets	1,002,290	11,298	-	-	1,002,290	11,298
Total Assets	<u>\$ 20,588,593</u>	<u>\$ 24,595,419</u>	<u>\$ 28,866,799</u>	<u>\$ 29,551,455</u>	<u>\$ 49,455,392</u>	<u>\$ 54,146,874</u>
<u>Deferred Outflows of Resources</u>	1,348,119	1,464,500	363,344	394,710	1,711,463	1,859,210
Deferred outflows related to pension	-	-	126,305	102,987	126,305	102,987
Deferred charge of refunding	1,348,119	1,464,500	489,649	497,697	1,837,768	1,962,197
<u>Liabilities</u>						
Current and other liabilities	856,314	1,331,642	2,538,891	2,118,857	3,395,205	3,425,915
Noncurrent liabilities	3,754,671	5,081,244	6,314,829	6,115,957	10,069,500	11,221,785
Total liabilities	<u>4,610,985</u>	<u>6,412,886</u>	<u>8,853,720</u>	<u>8,234,814</u>	<u>13,464,705</u>	<u>14,647,700</u>
<u>Deferred Inflows of Resources</u>						
Deferred inflows related to pensions	156,619	312,488	42,212	84,222	198,831	396,710
<u>Net Position</u>						
Net investment in capital assets	11,548,331	11,734,526	13,085,319	13,284,720	24,633,650	25,019,246
Restricted for:						
Capital outlay	209,997	1,547,614	713,154	302,968	923,151	1,850,582
Debt service	-	-	669,939	670,376	669,939	670,376
Unrestricted	5,410,780	6,052,405	5,992,104	7,472,052	11,402,884	13,524,457
Total Net Position	<u>\$ 17,169,108</u>	<u>\$ 19,334,545</u>	<u>\$ 20,460,516</u>	<u>\$ 21,730,116</u>	<u>\$ 37,629,624</u>	<u>\$ 41,064,661</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 \$4,632,830 and sales tax of \$1,045,956 accounted for 62% of total general revenues.

Capital grants and contributions totaled \$2,182,817.

**Expenses.** The total expense for the governmental activities is \$10,827,161. The largest single expenditure activity is public safety. Public safety includes the police department and the fire department. The total public safety expense is \$5,748,654 or 53% of total governmental activity expense.

Total program revenues and general revenues exceeded expenses by \$1,746,603.

CITY OF LOGANVILLE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017  
(CONTINUED)

City of Loganville Changes in Net Position  
June 30, 2017

	Governmental Activities		Business Type Activities		Totals	
	2016	2017	2016	2017	2016	2017
<b>Revenues</b>						
Program Revenues						
Charges for service	\$ 1,252,477	\$ 1,139,900	\$ 9,561,602	\$ 9,861,018	\$ 10,814,079	\$ 11,000,918
Operating grants and contributions	177,890	105,821	-	-	177,890	105,821
Capital grants and contributions	4,372,615	2,182,817	1,686,143	183,244	6,058,758	2,366,061
General revenues						
Property taxes	3,888,270	4,632,830	-	-	3,888,270	4,632,830
Sales tax	1,011,101	1,045,956	-	-	1,011,101	1,045,956
Other Taxes	2,051,922	2,165,265	-	-	2,051,922	2,165,265
Grants & Contributions						
(not restricted to specific programs)	3,776	1,080	-	-	3,776	1,080
Investment earnings	17,250	6,045	12,338	7,130	29,588	13,175
Miscellaneous	206,050	280,897	-	-	206,050	280,897
Total revenue	12,981,351	11,560,611	11,260,083	10,051,392	24,241,434	21,612,003
<b>Expenses</b>						
General government	1,512,572	1,920,979	-	-	1,512,572	1,920,979
Judicial	372,261	388,155	-	-	372,261	388,155
Public safety	5,525,121	5,748,654	-	-	5,525,121	5,748,654
Public works	3,572,817	1,881,641	-	-	3,572,817	1,881,641
Culture and recreation	158,091	160,953	-	-	158,091	160,953
Housing and development	373,999	410,363	-	-	373,999	410,363
Tourism	199,516	260,261	-	-	199,516	260,261
Interest and fiscal charges	33,633	56,155	-	-	33,633	56,155
Water and sewer	-	-	6,114,582	6,024,360	6,114,582	6,024,360
Solid waste	-	-	1,505,477	1,744,279	1,505,477	1,744,279
Total Expenses	11,748,010	10,827,161	7,620,059	7,768,639	19,368,069	18,595,800
Increase in net position before transfers	1,233,341	733,450	3,640,024	2,282,753	4,873,365	3,016,203
Transfers	250,000	1,013,153	(250,000)	(1,013,153)	-	-
Increase in net position	1,483,341	1,746,603	3,390,024	1,269,600	4,873,365	3,016,203
Net position - beginning, as restated	15,685,767	17,587,942	17,070,492	20,460,516	32,756,259	38,048,458
Net position - ending	\$ 17,169,108	\$ 19,334,545	\$ 20,460,516	\$ 21,730,116	\$ 37,629,624	\$ 41,064,661

**Business-type activities.** Business-type activities increased the City's net position by \$1,269,600 or 42% of the increase in the government's net position.

**Revenues.** Water and sewer revenue was \$7,694,324. Solid Waste revenue was \$2,166,694. 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 \$6,024,360. Solid waste expense was \$1,744,279.

CITY OF LOGANVILLE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

(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 \$9,021,218. Approximately 51% of this amount \$4,654,083 constitutes unassigned fund balance, which is available for spending at the government's discretion. Other fund balances in the amount of \$1,065,209 and \$61,375 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, 2017, unassigned fund balance of the general fund was \$4,654,083. 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 53% and the unassigned fund balance is 40% 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, 2017 amounted to \$5,337,849 and those of the Solid Waste Fund amounted to \$2,134,203. The total change in Water and Sewer net position was an increase of \$994,073 and the change in Solid Waste net position was \$275,527.

**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 investment in capital assets for its governmental and business-type activities as of June 30, 2017 amounts to \$33,994,743 (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:

- 2 Police Vehicles \$68,000
- Property Purchase New City Hall \$1,600,000



CITY OF LOGANVILLE, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017  
(CONTINUED)

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

	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Totals</b>
Land	\$ 2,092,701	\$ 1,000,000	\$ 3,092,701
Construction in progress	1,681,410	150,188	1,831,598
Building	4,698,093	4,932,621	9,630,714
Site Improvements	222,841	13,036,464	13,259,305
Equipment	253,812	337,008	590,820
Furniture & Fixtures	1,461	-	1,461
Vehicles	1,720,025	75,600	1,795,625
Infrastructure	3,792,519	-	3,792,519
Total	<u>\$ 14,462,862</u>	<u>\$ 19,531,881</u>	<u>\$ 33,994,743</u>

**Long-term debt:**

**City of Loganville Outstanding Debt**

	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Totals</b>
Revenue Bonds	\$ -	\$ 3,580,000	\$ 3,580,000
GEFA Loan	-	2,770,148	2,770,148
OPEB obligation	(11,298)	-	(11,298)
Net Pension Liability	2,303,398	620,809	2,924,207
Notes & Capital Leases	2,728,336	-	2,728,336
Compensated Absences	253,953	53,474	307,427
Total	<u>\$ 5,274,389</u>	<u>\$ 7,024,431</u>	<u>\$ 12,298,820</u>

During the current fiscal year, the City's governmental funds incurred long-term debt totaling \$1,941,135 and retired debt totaling \$599,064. The City's enterprise funds incurred long-term debt totaling \$733,733 and retired debt totaling \$918,605 .

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.

CITY OF LOGANVILLE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

(CONTINUED)

**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.

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## **BASIC FINANCIAL STATEMENTS**

## CITY OF LOGANVILLE, GEORGIA

STATEMENT OF NET POSITION  
JUNE 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Loganville Development Authority
<u>ASSETS</u>				
Cash and cash equivalents	\$ 8,114,088	\$ 7,586,104	\$ 15,700,192	\$ 9,452
Investments	56,793	809,758	866,551	-
Receivables, net of allowance	17,513	915,614	933,127	-
Due from other governments	368,433	-	368,433	32,500
Internal balances	279,176	(279,176)	-	-
Assets held for resale	977,084	-	977,084	-
Prepaid items	88,125	13,930	102,055	-
Restricted Assets				
Cash and cash equivalents	220,047	973,344	1,193,391	-
Net OPEB obligation	11,298	-	11,298	-
Capital assets				
Non depreciable	3,774,111	1,150,188	4,924,299	-
Depreciable, net	10,688,751	18,381,693	29,070,444	-
Total Assets	24,595,419	29,551,455	54,146,874	41,952
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred outflows of resources related to pensions	1,464,500	394,710	1,859,210	-
Deferred charge on refunding	-	102,987	102,987	-
	1,464,500	497,697	1,962,197	-
<u>LIABILITIES</u>				
Accounts payable	456,873	422,040	878,913	-
Other accrued expenses	636,277	35,811	672,088	-
Accrued interest payable	34,049	7,458	41,507	-
Customer deposits	-	745,074	745,074	-
Compensated absences	50,793	53,474	104,267	-
Capital leases payable	129,066	-	129,066	-
Note payable	24,584	-	24,584	-
Revenue bonds	-	855,000	855,000	-
Noncurrent liabilities				
Revenue bonds	-	2,725,000	2,725,000	-
Note payable	1,575,416	-	1,575,416	-
Capital leases payable	999,270	2,770,148	3,769,418	-
Net pension liability	2,303,398	620,809	2,924,207	-
Compensated absences	203,160	-	203,160	-
Total Liabilities	6,412,886	8,234,814	14,647,700	-
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred inflows of resources related to pensions	312,488	84,222	396,710	-
<u>NET POSITION</u>				
Net investment in capital assets	11,734,526	13,284,720	25,019,246	-
Restricted for				
Capital outlay	1,547,614	302,968	1,850,582	-
Debt service	-	670,376	670,376	-
Unrestricted	6,052,405	7,472,052	13,524,457	41,952
Total Net Position	\$ 19,334,545	\$ 21,730,116	\$ 41,064,661	\$ 41,952

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, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 1,920,979	\$ 508,324	\$ 9,800	\$ -
Judicial	388,155	-	-	-
Public safety	5,748,654	631,576	96,021	-
Public works	1,881,641	-	-	2,182,817
Culture and recreation	160,953	-	-	-
Housing and development	410,363	-	-	-
Tourism	260,261	-	-	-
Interest on long-term debt	56,155	-	-	-
Total Governmental Activities	<u>10,827,161</u>	<u>1,139,900</u>	<u>105,821</u>	<u>2,182,817</u>
Business-type Activities				
Water and sewer	6,024,360	7,694,324	-	183,244
Solid Waste	1,744,279	2,166,694	-	-
Total Business-Type Activities	<u>7,768,639</u>	<u>9,861,018</u>	<u>-</u>	<u>183,244</u>
Total Primary Government	<u>\$18,595,800</u>	<u>\$ 11,000,918</u>	<u>\$ 105,821</u>	<u>\$ 2,366,061</u>
Component Units				
Loganville Development Authority	\$ -	\$ -	\$ 32,500	\$ -
Total Component Unit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,500</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, as restated

Net Position - Ending

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

## CITY OF LOGANVILLE, GEORGIA

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Loganville Development Authority
\$ (1,402,855)	\$ -	\$ (1,402,855)	\$ -
(388,155)	-	(388,155)	-
(5,021,057)	-	(5,021,057)	-
301,176	-	301,176	-
(160,953)	-	(160,953)	-
(410,363)	-	(410,363)	-
(260,261)	-	(260,261)	-
(56,155)	-	(56,155)	-
(7,398,623)	-	(7,398,623)	-
-	1,853,208	1,853,208	-
-	422,415	422,415	-
-	2,275,623	2,275,623	-
(7,398,623)	2,275,623	(5,123,000)	-
			32,500
			32,500
4,632,830	-	4,632,830	-
1,045,956	-	1,045,956	-
406,124	-	406,124	-
711,789	-	711,789	-
32,094	-	32,094	-
652,727	-	652,727	-
362,531	-	362,531	-
1,080	-	1,080	-
6,045	7,130	13,175	-
280,897	-	280,897	-
1,013,153	(1,013,153)	-	-
9,145,226	(1,006,023)	8,139,203	-
1,746,603	1,269,600	3,016,203	32,500
17,587,942	20,460,516	38,048,458	9,452
\$ 19,334,545	\$ 21,730,116	\$41,064,661	\$ 41,952

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

## CITY OF LOGANVILLE, GEORGIA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

	General	2013 SPLOST Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 5,476,201	\$ 1,280,725	\$ 1,357,162	\$ 8,114,088
Restricted cash	220,047	-	-	220,047
Investments	56,793	-	-	56,793
Taxes receivable	8,138	-	9,375	17,513
Due from other funds	151,907	-	302,968	454,875
Due from other governments	132,825	165,102	70,506	368,433
Assets held for resale	977,084	-	-	977,084
Prepaid items	88,125	-	-	88,125
Total Assets	<u>\$ 7,111,120</u>	<u>\$ 1,445,827</u>	<u>\$ 1,740,011</u>	<u>\$ 10,296,958</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 181,277	\$ 152,778	\$ 122,818	\$ 456,873
Due to other funds	161,295	-	14,404	175,699
Other accrued liabilities	636,277	-	-	636,277
Total Liabilities	<u>978,849</u>	<u>152,778</u>	<u>137,222</u>	<u>1,268,849</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue-property taxes	6,891	-	-	6,891
<u>FUND BALANCES</u>				
Nonspendable	1,065,209	-	-	1,065,209
Restricted	220,047	1,293,049	1,547,614	3,060,710
Committed	179,841	-	-	179,841
Assigned	6,200	-	55,175	61,375
Unassigned	4,654,083	-	-	4,654,083
Total Fund Balances	<u>6,125,380</u>	<u>1,293,049</u>	<u>1,602,789</u>	<u>9,021,218</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,111,120</u>	<u>\$ 1,445,827</u>	<u>\$ 1,740,011</u>	<u>\$ 10,296,958</u>

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

CITY OF LOGANVILLE, GEORGIA

RECONCILIATION OF THE BALANCE SHEET  
OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2017

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

Total fund balances per balance sheet of governmental funds	\$ 9,021,218
Net OPEB Obligation	
Net OPEB assets are not financial resources and therefore are not reported in the funds.	11,298
Capital Assets	
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.	
Cost of the assets	21,316,105
Accumulated depreciation	(6,853,243)
Deferred outflows of resources	
Pension contributions	1,464,500
Revenues	
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	6,891
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	(34,049)
Compensated absences	(253,953)
Note payable	(1,600,000)
Capital leases	(1,128,336)
Net pension liability	(2,303,398)
Deferred inflows of resources	
Net difference between projected and actual investment earnings on pension plan investments	(312,488)
Total net position of governmental activities	<u>\$ 19,334,545</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, 2017

	General	2013 SPLOST Fund	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>				
Taxes				
Property	\$ 4,635,286	\$ -	\$ -	\$ 4,635,286
Sales	1,045,956	-	-	1,045,956
Franchise	711,789	-	-	711,789
Insurance premium	652,727	-	-	652,727
Occupational	406,124	-	-	406,124
Hotel/motel	-	-	32,094	32,094
Alcoholic beverage	362,531	-	-	362,531
License and permits	387,731	-	-	387,731
Intergovernmental	223,312	977,150	633,670	1,834,132
Fines and forfeitures	578,299	-	53,277	631,576
Impact fees	-	-	454,506	454,506
Charges for services	120,593	-	-	120,593
Contributions from private sources	1,080	-	-	1,080
Investment earnings	4,881	-	1,164	6,045
Miscellaneous	280,897	-	-	280,897
Total Revenues	9,411,206	977,150	1,174,711	11,563,067
<u>EXPENDITURES</u>				
Current				
General government	3,477,971	-	-	3,477,971
Judicial	388,155	-	-	388,155
Public safety	5,331,420	-	58,970	5,390,390
Public works	1,206,443	169,513	322,384	1,698,340
Culture and recreation	160,153	-	-	160,153
Housing and development	416,753	-	-	416,753
Tourism	245,120	-	15,141	260,261
Debt service				
Principal	125,894	-	-	125,894
Interest and other charges	31,606	-	-	31,606
Capital outlay	-	176,198	555,633	731,831
Total Expenditures	11,383,515	345,711	952,128	12,681,354
Excess (deficiency) of revenues over (under) expenditures	(1,972,309)	631,439	222,583	(1,118,287)
<u>OTHER FINANCING SOURCES (USES)</u>				
Capital lease proceeds	1,600,000	-	-	1,600,000
Transfers out	-	-	(18,837)	(18,837)
Transfers in	318,837	-	713,153	1,031,990
Total Other Financing Sources (Uses)	1,918,837	-	694,316	2,613,153
Net Change in Fund Balances	(53,472)	631,439	916,899	1,494,866
Fund Balances - Beginning, as restated	6,178,852	661,610	685,890	7,526,352
Fund Balances - Ending	\$ 6,125,380	\$ 1,293,049	\$ 1,602,789	\$ 9,021,218

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, 2017

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

Net Change in Fund Balances - total governmental funds	\$ 1,494,866
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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	2,586,974
Total depreciation	(926,673)

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	116,381
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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	(155,869)
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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.	(2,456)
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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:

Issuance of long-term debt	(1,600,000)
Repayment of principal	125,894
Interest on long-term debt	(24,549)
Other post employment benefits liability	26,846
Net pension liability	100,376
Compensated absences	4,813

Change in Net Position of Governmental Activities	<u>\$ 1,746,603</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, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Taxes				
Property	\$ 4,620,243	\$ 4,620,243	\$ 4,635,286	\$ 15,043
Sales	1,160,849	1,160,849	1,045,956	(114,893)
Franchise	728,519	728,519	711,789	(16,730)
Insurance premium	650,000	650,000	652,727	2,727
Occupational	350,000	350,000	406,124	56,124
Alcoholic beverage	310,000	310,000	362,531	52,531
License and permits	293,400	293,400	387,731	94,331
Intergovernmental	188,000	188,000	223,312	35,312
Fines and forfeitures	1,006,849	1,006,849	578,299	(428,550)
Charges for services	75,550	75,550	120,593	45,043
Contribution from private sources	8,800	8,800	1,080	(7,720)
Investment earnings	14,000	14,000	4,881	(9,119)
Miscellaneous	161,270	161,270	280,897	119,627
Total Revenues	9,567,480	9,567,480	9,411,206	(156,274)
<b>EXPENDITURES</b>				
Current				
General government				
Executive	289,190	289,190	281,274	7,916
Council	119,772	119,772	91,557	28,215
Board of elections/registrations	1,254	1,254	1,251	3
Administration	1,051,612	2,441,581	2,257,070	184,511
Buildings and plant	717,706	701,975	666,847	35,128
Data processing (IT)	179,658	181,331	179,972	1,359
Judicial				
Municipal court	421,433	421,771	388,155	33,616
Public safety				
Police	2,711,647	2,718,130	2,716,712	1,418
Fire administration	2,852,105	2,694,605	2,614,708	79,897
Public works				
Administration	626,256	626,256	551,274	74,982
Highways and streets	681,212	681,212	655,169	26,043
Culture and recreation				
Library	168,222	168,222	160,153	8,069
Housing and development				
Planning and Zoning	442,711	447,619	416,753	30,866
Tourism - City Events	251,033	253,362	245,120	8,242
Debt service				
Principal	-	125,894	125,894	-
Interest and other charges	-	31,607	31,606	1
Total Expenditures	10,513,811	11,903,781	11,383,515	520,266

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, 2017  
 (CONTINUED)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Excess (deficiency) of revenue over (under) expenditure	(946,331)	(2,336,301)	(1,972,309)	363,992
<u>OTHER FINANCING SOURCES (USES)</u>				
Capital lease proceeds	-	-	1,600,000	1,600,000
Transfers in	315,000	315,000	318,837	3,837
Total Other Financing Sources (Uses)	315,000	315,000	1,918,837	1,603,837
Net Change in Fund Balances	(631,331)	(2,021,301)	(53,472)	1,967,829
Fund Balances - Beginning	6,178,852	6,178,852	6,178,852	-
Fund Balances - Ending	\$ 5,547,521	\$ 4,157,551	\$ 6,125,380	\$ 1,967,829

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, 2017

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Solid Waste	
	Fund	Fund	Total
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	\$ 5,943,092	\$ 1,643,012	\$ 7,586,104
Investments	295,478	514,280	809,758
Accounts receivable, net	648,760	266,854	915,614
Due from other funds	161,295	-	161,295
Prepaid items	13,930	-	13,930
Total current assets	7,062,555	2,424,146	9,486,701
Noncurrent assets			
Restricted cash and cash equivalents	973,344	-	973,344
Capital assets			
Land and easements	1,000,000	-	1,000,000
Structures, equipment and lines	28,236,592	-	28,236,592
Construction in progress	150,188	-	150,188
Less: accumulated depreciation	(9,854,899)	-	(9,854,899)
Total noncurrent assets	20,505,225	-	20,505,225
Total Assets	27,567,780	2,424,146	29,991,926
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows of resources related to pensions	394,710	-	394,710
Deferred charge on refunding	102,987	-	102,987
	497,697	-	497,697
<u>LIABILITIES</u>			
Current liabilities			
Accounts payable	269,600	152,440	422,040
Salaries payable	35,811	-	35,811
Accrued interest payable	7,458	-	7,458
Due to other funds	302,968	137,503	440,471
Accrued employee benefits	53,474	-	53,474
Customer deposits payable	745,074	-	745,074
Revenue bond payable-current	855,000	-	855,000
Total current liabilities	2,269,385	289,943	2,559,328
Noncurrent liabilities			
Note payable	2,770,148	-	2,770,148
Revenue bonds	2,725,000	-	2,725,000
Net pension liability	620,809	-	620,809
Total noncurrent liabilities	6,115,957	-	6,115,957
Total Liabilities	8,385,342	289,943	8,675,285
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflows of resources related to pensions	84,222	-	84,222
<u>NET POSITION</u>			
Net investment in capital assets	13,284,720	-	13,284,720
Restricted for debt service	670,376	-	670,376
Restricted for system improvements	302,968	-	302,968
Unrestricted	5,337,849	2,134,203	7,472,052
Total Net Position	\$ 19,595,913	\$ 2,134,203	\$ 21,730,116

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, 2017

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Solid Waste	
	Fund	Fund	Total
<u>OPERATING REVENUES</u>			
Charges for sales and services	\$ 7,694,324	\$ 2,166,694	\$ 9,861,018
Total Operating Revenues	7,694,324	2,166,694	9,861,018
<u>OPERATING EXPENSES</u>			
Salaries and benefits	1,852,241	-	1,852,241
Purchased/contracted services	1,902,298	1,744,279	3,646,577
Supplies and materials	1,469,183	-	1,469,183
Depreciation	677,781	-	677,781
Total Operating Expenses	5,901,503	1,744,279	7,645,782
Operating income (loss)	1,792,821	422,415	2,215,236
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Interest income - nonrestricted assets	4,018	3,112	7,130
Interest expense	(122,857)	-	(122,857)
Total Nonoperating Revenues (Expenses)	(118,839)	3,112	(115,727)
Income before contributions and transfers	1,673,982	425,527	2,099,509
Capital contributions	183,244	-	183,244
Transfers out	(863,153)	(150,000)	(1,013,153)
Total Other Financing (Uses)	(679,909)	(150,000)	(829,909)
Change in Net Position	994,073	275,527	1,269,600
Total Net Position - Beginning	18,601,840	1,858,676	20,460,516
Total Net Position - Ending	\$ 19,595,913	\$ 2,134,203	\$ 21,730,116

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, 2017

	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	\$ 7,535,531	\$ 2,172,256	\$ 9,707,787
Payments to vendors for goods and services	(3,619,701)	(1,799,921)	(5,419,622)
Payments to employees	(1,876,566)	-	(1,876,566)
Net Cash Provided by (Used for)			
Operating Activities	2,039,264	372,335	2,411,599
<u>Cash Flows from Noncapital Activities</u>			
Transfers to other funds	(863,153)	(150,000)	(1,013,153)
Net Cash Provided by (Used for)			
Noncapital Financing Activities	(863,153)	(150,000)	(1,013,153)
<u>Cash Flows from Capital and Related Financing Activities</u>			
Principal paid on capital debt	(830,000)	-	(830,000)
Interest paid on capital debt	(122,857)	-	(122,857)
Proceeds from debt issuance	683,182	-	683,182
Acquisition and construction of capital assets	(571,315)	-	(571,315)
Net Cash Provided by (Used for)			
Capital and Related Financing Activities	(840,990)	-	(840,990)
<u>Cash Flows for Investing Activities</u>			
Interest received	4,018	3,112	7,130
Purchases of investments	(796)	(2,911)	(3,707)
Net Cash Provided (Used) in Investing Activities	3,222	201	3,423
Net increase (decrease) in cash and cash equivalents	338,343	222,536	560,879
Cash and cash equivalents - beginning	6,578,093	1,420,476	7,998,569
Cash and cash equivalents - ending	\$ 6,916,436	\$ 1,643,012	\$ 8,559,448
Classified as			
Current assets	\$ 5,943,092	\$ 1,643,012	\$ 7,586,104
Restricted assets	973,344	-	973,344
Total cash and cash equivalents	\$ 6,916,436	\$ 1,643,012	\$ 8,559,448

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, 2017  
 (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)	\$ 1,792,821	\$ 422,415	\$ 2,215,236
<u>Adjustments to reconcile Operating Income (loss) to Net</u>			
<u>Cash provided (used) by Operating Activities</u>			
Depreciation	677,781	-	677,781
Amortization	23,318	-	23,318
Accounts receivable, net	2,502	5,562	8,064
Due from other funds	(161,295)	-	(161,295)
Prepaid items	30,731	5,938	36,669
Deferred outflows of resources related to pensions	(31,366)	-	(31,366)
Accounts payable	(479,343)	6,783	(472,560)
Due to other funds	141,632	(68,363)	73,269
Accrued interest payable	(5,399)	-	(5,399)
Accrued employee benefits	(7,915)	-	(7,915)
Customers' meter deposits	40,841	-	40,841
Net pension liability	(27,054)	-	(27,054)
Deferred inflows of resources related to pensions	42,010	-	42,010
	246,443	(50,080)	196,363
Net cash provided (used) by operating activities	\$ 2,039,264	\$ 372,335	\$ 2,411,599
<u>Noncash Investing, Capital and Financing Activities</u>			
Capital contributions	\$ 183,244	\$ -	\$ 183,244

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, 2017

**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, 2017

(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, 2017

(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, 2017

(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 \$670,376 and \$302,968, 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, 2017

(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 2017, total interest expense was \$171,748. Of this amount, \$35,204 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:

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

**J. Compensated Absences**

Annual leave is earned by all permanent City employees and may be accumulated and carried over to a maximum of 240 hours per employee. 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, 2017

(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, 2017  
(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, 2017:

	General	2013	Nonmajor	
	Fund	SPLOST	Governmental	Totals
		Fund	Funds	
<b><u>Fund Balances</u></b>				
<b>Nonspendable</b>				
Prepays	\$ 88,125	\$ -	\$ -	\$ 88,125
Assets held for resale	977,084	-	-	977,084
<b>Restricted for</b>				
Law enforcement	-	-	26,591	26,591
Capital outlay	220,047	1,293,049	1,521,023	3,034,119
<b>Committed</b>				
Retirement funding	179,841	-	-	179,841
<b>Assigned</b>				
Tourism	-	-	55,175	55,175
Law enforcement	3,200	-	-	3,200
Recreation	3,000	-	-	3,000
<b>Unassigned</b>	4,654,083	-	-	4,654,083
 Total fund balances	 \$ 6,125,380	 \$ 1,293,049	 \$ 1,602,789	 \$ 9,021,218

***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, 2017

(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.

NOTE 3 – DETAILED NOTES ON ALL FUNDS

**A. Deposits and investments**

As of June 30, 2017, the City had the following investments:

Investment Type	Credit Rating	Value	Maturity
Office of State Treasurer (Georgia Fund 1)	AAAf rated	\$ 866,551	34 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, 2017, the City's investment in the Office of the State Treasurer was rated AAAf/S1+ by Standard and Poor's.

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

The City's bank balances of deposits as of June 30, 2017, are entirely insured or collateralized with securities held by the City's agent in the City's name.

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

(CONTINUED)

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**

As of June 30, 2017, the City has investments in Georgia Fund 1, which are not subject to level disclosure.

**B. Assets Held for Resale**

The City has 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 \$977,084.

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2017 was as follows:

***Primary Government***

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
<b><u>Governmental Activities</u></b>					
Capital assets not being depreciated					
Sites and site improvements	\$ 2,092,701	\$ -	\$ -	\$ -	\$ 2,092,701
Construction in progress	879,011	2,225,692	-	(1,423,293)	1,681,410
Total capital assets, not being depreciated	2,971,712	2,225,692	-	(1,423,293)	3,774,111
Capital assets, being depreciated					
Buildings	5,623,726	-	-	304,602	5,928,328
Site improvements	358,143	-	-	-	358,143
Machinery and equipment	657,130	23,052	-	-	680,182
Furniture and fixtures	36,151	-	-	-	36,151
Vehicles	3,762,507	66,215	-	-	3,828,722
Infrastructure	5,319,762	272,015	-	1,118,691	6,710,468
Total capital assets, being depreciated	15,757,419	361,282	-	1,423,293	17,541,994
Less accumulated depreciation for					
Buildings	(1,100,066)	(130,169)	-	-	(1,230,235)
Site improvements	(114,125)	(21,177)	-	-	(135,302)
Machinery and equipment	(366,119)	(60,251)	-	-	(426,370)
Furniture and fixtures	(34,226)	(464)	-	-	(34,690)
Vehicles	(1,775,536)	(333,161)	-	-	(2,108,697)
Infrastructure	(2,536,498)	(381,451)	-	-	(2,917,949)
Total accumulated depreciation	(5,926,570)	(926,673)	-	-	(6,853,243)
Total capital assets, being depreciated, net	9,830,849	(565,391)	-	1,423,293	10,688,751
Governmental activities capital assets, net	\$ 12,802,561	\$ 1,660,301	\$ -	\$ -	\$ 14,462,862

## CITY OF LOGANVILLE, GEORGIA

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

(CONTINUED)

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
<u>Business-Type Activities</u>					
Capital assets not being depreciated					
Land	\$ 1,000,000	\$ -	\$ -	\$ -	\$ 1,000,000
Construction in progress	5,038,314	631,348	-	(5,519,474)	150,188
Total capital assets, not being depreciated	6,038,314	631,348	-	(5,519,474)	1,150,188
Capital assets, being depreciated					
Site improvements	7,287,106	75,536	-	-	7,362,642
Buildings	13,532,778	-	-	5,519,474	19,052,252
Machinery and equipment	1,222,162	-	-	-	1,222,162
Vehicles	552,738	46,798	-	-	599,536
Total capital assets being depreciated	22,594,784	122,334	-	5,519,474	28,236,592
Less accumulated depreciation for					
Site improvements	(2,169,328)	(260,693)	-	-	(2,430,021)
Buildings	(5,678,353)	(337,435)	-	-	(6,015,788)
Machinery and equipment	(824,967)	(60,187)	-	-	(885,154)
Vehicles	(504,470)	(19,466)	-	-	(523,936)
Total accumulated depreciation	(9,177,118)	(677,781)	-	-	(9,854,899)
Total capital assets, being depreciated, net	13,417,666	(555,447)	-	5,519,474	18,381,693
Business-type activities capital assets, net	\$ 19,455,980	\$ 75,901	\$ -	\$ -	\$ 19,531,881

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

Governmental Activities

General government	\$ 314,684
Public safety	390,313
Public works	216,738
Culture and recreation	800
Housing and development	4,138
Total governmental activities depreciation expense	<u>\$ 926,673</u>

Business-Type Activities

Water and Sewerage System	\$ 677,781
Solid Waste Fund	-
Total business-type activities depreciation expense	<u>\$ 677,781</u>

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017  
(CONTINUED)

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

The composition of interfund balances as of June 30, 2017, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Special Revenue Fund	\$ 4,830
General Fund	Solid Waste Fund	137,503
General Fund	Nonmajor Capital Project Fund	9,574
Water and Sewer Fund	General Fund	161,295
Nonmajor Capital Project Fund	Water and Sewer Fund	302,968
		<u>\$ 616,170</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 out:	Transfers in:	
	General Fund	Capital Recovery Fund
Water and Sewer Fund	\$ 150,000	\$ 713,153
Solid Waste Fund	150,000	-
Nonmajor special revenue fund	18,837	-
	<u>\$ 318,837</u>	<u>\$ 713,153</u>

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

The Water and Sewer Fund transferred \$713,153 to the Capital Recovery Capital Project Fund per the ordinance.

The Hotel/Motel Tax special revenue fund transferred \$18,837 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 2017, depreciation expense and accumulated depreciation on the equipment was \$122,646 and \$286,174, respectfully.

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017  
(CONTINUED)

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.

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

Fiscal Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
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	142,576	14,924	157,500
2023-2025	449,650	22,850	472,500
Total	<u>\$ 1,128,336</u>	<u>\$ 131,665</u>	<u>\$ 1,260,001</u>

**Note Payable**

In 2017, the City into a loan agreement with Branch Banking and Trust Company for the financing of the new City Hall. The loan agreement is in the amount of \$1,600,000 for 15 years with an interest rate of 2.190%. The first loan payment is due on September 14, 2017. As of June 30, 2017, the new City Hall remained under construction.

Annual debt service requirements to maturity for the note payable are as follows:

Fiscal Year Ending June 30,			
	Principal	Interest	Total
2018	\$ 24,584	\$ 41,917	\$ 66,501
2019	99,312	33,689	133,001
2020	101,505	31,497	133,002
2021	103,746	29,256	133,002
2022	106,037	26,965	133,002
2023-2027	566,358	98,651	665,009
2028-2032	598,458	33,302	631,760
Total	<u>\$ 1,600,000</u>	<u>\$ 295,277</u>	<u>\$ 1,895,277</u>

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

(CONTINUED)

***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, 2017, 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,	<b><u>2012 Revenue Bonds</u></b>	
	Principal	Interest
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>\$ 3,580,000</u>	<u>\$ 204,525</u>

***GEFA Loan***

The City has 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 2017, and capitalized along with the construction costs of the project. The balance of the loan at year-end was \$2,770,148.

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017  
(CONTINUED)

*Changes in Long-term liabilities*

Long-term liability activity for the fiscal year ended June 30, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
OPEB obligation	\$ 15,548	\$ 20,792	\$ (47,638)	\$ (11,298)	\$ -
Net pension liability	2,403,774	116,381	(216,757)	2,303,398	-
Capital leases payable	1,254,230	-	(125,894)	1,128,336	129,066
Note payable	-	1,600,000	-	1,600,000	24,584
Compensated absences	258,766	203,962	(208,775)	253,953	50,793
Total Governmental Activities	<u>\$3,932,318</u>	<u>\$ 1,941,135</u>	<u>\$ (599,064)</u>	<u>\$ 5,274,389</u>	<u>\$ 204,443</u>
<u>Business-Type Activities</u>					
GEFA loan	\$2,086,966	\$ 683,182	\$ -	\$ 2,770,148	\$ -
Revenue bonds	4,410,000	-	(830,000)	3,580,000	855,000
	<u>6,496,966</u>	<u>683,182</u>	<u>(830,000)</u>	<u>6,350,148</u>	<u>855,000</u>
Net Pension Liability	647,863	31,366	(58,420)	620,809	-
Compensated Absences	64,474	19,185	(30,185)	53,474	53,474
	<u>712,337</u>	<u>50,551</u>	<u>(88,605)</u>	<u>674,283</u>	<u>53,474</u>
Total Business-Type Activities	<u>\$7,209,303</u>	<u>\$ 733,733</u>	<u>\$ (918,605)</u>	<u>\$ 7,024,431</u>	<u>\$ 908,474</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.

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



CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

(CONTINUED)

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 2017, the City collected \$32,094 in hotel motel taxes and expended \$15,141 for tourism related expenditures..

The City has created a tourism department in the general fund and expended \$245,120 for tourism in 2017. Total expenditures relative to tourism for 2017 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, 2017

(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	66
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 14.98% 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, 2017, the City reported a net pension liability. The net pension liability was measured as of September 30, 2016. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of January 1, 2017. An expected total pension liability as of September 30, 2016 was determined using standard roll-forward techniques.

For the year ended June 30, 2017, the City recognized pension expense relative to GMEBS in the amount of \$866,143. At June 30, 2017, 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	\$ 659,038	\$ 10,686
Changes of assumptions	44,898	-
Net difference between projected & actual earnings on pension plan investments	-	4,898
Employer contributions subsequent to the measurement date	507,872	-
	<u>\$ 1,211,808</u>	<u>\$ 15,584</u>

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

(CONTINUED)

City contributions subsequent to the measurement date of September 30, 2016 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, 2017. 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>	
2018	\$ 227,810
2019	227,810
2020	271,638
2021	(38,906)

**Actuarial Assumptions:** The total pension liability as of June 30, 2017 was determined by an actuarial valuation as of January 1, 2017 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. Plan termination basis (all lives) is based on 1994 Group Annuity Reserving Unisex Table.

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

## CITY OF LOGANVILLE, GEORGIA

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

(CONTINUED)

**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, 2016	\$ 12,711,738	\$ 9,660,101	\$ 3,051,637
Changes for the year:			
Service cost	407,113	-	407,113
Interest	969,777	-	969,777
Difference between expected & actual experience	135,664	-	135,664
Contributions - employer	-	571,233	(571,233)
Net investment income	-	1,084,978	(1,084,978)
Benefit payments	(396,979)	(396,979)	-
Administrative expense	-	(16,227)	16,227
Other	-	-	-
Net changes	1,115,575	1,243,005	(127,430)
Balances at June 30, 2017	\$ 13,827,313	\$ 10,903,106	\$ 2,924,207

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 \$2,303,398 and \$620,809, 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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target allocation</u>	<u>Expected real rate of return</u>
Domestic Equity	45.00%	6.75%
International Equity	20.00%	7.45%
Global Fixed Income	5.00%	3.30%
Real Estate	10.00%	4.55%
Domestic Fixed Income	20.00%	1.75%
Cash	0.00%	
Total	100.00%	

**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

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

(CONTINUED)

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	\$ 4,909,643	\$ 2,924,207	\$ 1,281,853

**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](http://www.gmanet.com).

**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 H and I to the financial statements, the City of Loganville provides postemployment medical and life insurance benefits to its current retirees through the City of Loganville OPEB Plan and Georgia Municipal

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

(CONTINUED)

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, 2017 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, 2017, the City paid premiums (net of retiree contributions) on behalf of current retired employees in the amount of \$47,638.

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

The City's most current actuarial valuation was performed for the plan as of January 1, 2016 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 \$20,792 is reduced by the current year contributions in the amount of \$47,638.

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):

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

(CONTINUED)

Annual Required Contribution	\$ 21,940
Interest on Existing (NOO)	1,278
ARC Adjustment	(2,426)
Annual OPEB Cost	20,792
Annual Contribution Amount	(47,638)
Net Increase (decrease) in NOO	(26,846)
NOO as of Valuation Date	(26,846)
Net OPEB Obligation - beginning of year	15,548
Net OPEB Obligation/(Asset) - end of year	\$ (11,298)

The City's annual OPEB cost, the percentage of annual cost contributed to the plan, and the net OPEB obligation for 2017 is as follows:

Year Ended	OPEB Cost	Annual OPEB Cost Contributed	OPEB Obligation/(Asset)
6/30/2017	47,638	229%	(11,298)
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.

***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
10/01/16	\$	288,861	\$ 288,861	0%	N/A	N/A
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

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

(CONTINUED)

estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2016.

***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.

***Additional Information***

Additional information as of the latest actuarial valuation follows:

<b>Valuation date</b>	January 1, 2016
<b>Actuarial cost method</b>	Projected unit credit
<b>Amortization method</b>	Level dollar, closed, 25 years
<b>Remaining amortization period</b>	18 years, as of January 1, 2016
<b>Asset valuation method</b>	Market Value
<b>Actuarial assumptions:</b>	
Investment rate of return	4.00%
Medical cost trend rate	7% graded to 4.50% over 5 years
Dental cost trend rate	5.00%
<b>Plan membership:</b>	
Current retirees, beneficiaries, and dependents	5
Current active participants*	0
Terminated participants entitled but not yet eligible	0
Total	<u>5</u>

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

**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



CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

(CONTINUED)

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.

**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.

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

(CONTINUED)

**O. Net Investment in Capital Assets**

Net Investment in Capital Assets of the Government-Wide Statement of Net Position as of June 30, 2017 is as follows:

	Governmental Activities	Business-type Activities
Cost of capital assets	\$ 21,316,105	\$ 29,386,780
Plus capital-related deferred outflows of resources	-	102,987
Less accumulated depreciation	(6,853,243)	(9,854,899)
Book Value	14,462,862	19,634,868
Less all capital related debt	(2,728,336)	(6,350,148)
Net investment in capital assets	<u>\$ 11,734,526</u>	<u>\$ 13,284,720</u>

**NOTE 4 – SUBSEQUENT EVENTS**

The City has evaluated subsequent events through December 7, 2017 the date which the financial statements were available to be issued.

**NOTE 5 – RESTATEMENT OF EQUITY BALANCE**

An adjustment was needed in the 2014 SPLOST Fund in the amount of \$418,834 to account for a jointly funded SPLOST project with Gwinnett County and recognize the reimbursement.

	Governmental Activities	2014 SPLOST Fund
Fund Balance/Net Position June 30, 2016, as previously stated	\$ 17,169,108	\$ 143,778
Correction of prior year SPLOST revenues	418,834	418,834
Fund Balance/Net Position June 30, 2016, as restated	<u>\$ 17,587,942</u>	<u>\$ 562,612</u>

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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CITY OF LOGANVILLE, GEORGIA  
OTHER POST EMPLOYMENT BENEFITS

SCHEDULE OF FUNDING PROGRESS OPEB  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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)
1/1/2016	\$ -	\$ 288,861	\$ 288,861	0%	N/A	N/A
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, 2017

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	2017	2016	2015
<u>Total Pension Liability</u>			
Service cost	\$ 407,113	\$ 369,509	\$ 369,372
Interest	969,777	836,265	770,561
Differences between expected and actual experience	135,664	917,512	(26,714)
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	112,245
Benefit payments, including refunds of employee contributions	(396,979)	(404,141)	(351,177)
Net change in total pension liability	1,115,575	1,719,145	874,287
Total pension liability - beginning	12,711,738	10,992,593	10,118,306
Total pension liability - ending	<u>\$ 13,827,313</u>	<u>\$ 12,711,738</u>	<u>\$ 10,992,593</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - employer	\$ 571,233	\$ 527,013	\$ 508,162
Contributions - employee	-	-	-
Net investment income	1,084,978	101,507	957,563
Benefit payments, including refunds of employee contributions	(396,979)	(404,141)	(351,177)
Administrative expense	(16,227)	(17,785)	(13,904)
Other	-	-	-
Net change in fiduciary net position	1,243,005	206,594	1,100,644
Plan fiduciary net position - beginning	9,660,101	9,453,507	8,352,863
Plan fiduciary net position - ending	<u>\$ 10,903,106</u>	<u>\$ 9,660,101</u>	<u>\$ 9,453,507</u>
<u>Net Pension Liability</u>			
Net pension liability - ending	<u>\$ 2,924,207</u>	<u>\$ 3,051,637</u>	<u>\$ 1,539,086</u>
Plan's fiduciary net position as a percentage of the total pension liability	78.85%	75.99%	86.00%
Covered-employee payroll	\$ 4,737,027	\$ 4,579,778	\$ 3,878,226
Net pension liability as a percentage of covered-employee payroll	61.73%	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, 2017

SCHEDULE OF CONTRIBUTIONS

	2017	2016	2015
Actuarially determined contribution	\$ 677,160	\$ 535,923	\$ 524,023
Contributions in relation to the actuarially determined contribution	677,160	535,923	524,023
Contribution deficiency (excess)	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 4,737,027	\$ 4,579,778	\$ 3,878,226
Contributions as a percentage of covered-employee payroll	14.30%	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, 2017  
(CONTINUED)

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.

*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.

Valuation date	The actuarially determined contribution rate was determined as of January 1, 2017, 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, 2018.
----------------	--

*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 11 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%

CITY OF LOGANVILLE, GEORGIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)

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.

1994 Group Annuity Reserving Unisex Table for Plan termination basis (all lives)

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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.

2017 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.

Capital Recovery Impact Fee Construction Fund – This fund accounts for impact fees charges per the City of Loganville Capital Recovery Fee Ordinance for system improvements to the Water and Sewer Fund.

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, 2017

	Special Revenue Funds			Capital Projects Funds					Total Nonmajor Governmental Funds
	Confiscated Assets	Hotel/ Motel Tax	Total	2014 SPLOST Construction	2017 SPLOST Construction	Capital Recovery Impact Fee Construction	CDBG Fox Chase Road Improvement Project	Total	
<u>ASSETS</u>									
Cash and cash equivalents	\$ 24,173	\$ 51,566	\$ 75,739	\$ 444,787	\$ 32,167	\$ 804,469	\$ -	\$ 1,281,423	\$ 1,357,162
Due from other funds	-	-	-	-	-	302,968	-	302,968	302,968
Due from other governments	2,418	-	2,418	-	68,088	-	-	68,088	70,506
Taxes receivable	-	9,375	9,375	-	-	-	-	-	9,375
Total Assets	<u>\$ 26,591</u>	<u>\$ 60,941</u>	<u>\$ 87,532</u>	<u>\$ 444,787</u>	<u>\$ 100,255</u>	<u>\$ 1,107,437</u>	<u>\$ -</u>	<u>\$ 1,652,479</u>	<u>\$ 1,740,011</u>
<u>LIABILITIES</u>									
Accounts payable	\$ -	\$ 936	\$ 936	\$ -	\$ -	121,882	\$ -	\$ 121,882	\$ 122,818
Due to other funds	-	4,830	4,830	-	9,574	-	-	9,574	14,404
Total Liabilities	<u>-</u>	<u>5,766</u>	<u>5,766</u>	<u>-</u>	<u>9,574</u>	<u>121,882</u>	<u>-</u>	<u>131,456</u>	<u>137,222</u>
<u>FUND BALANCES</u>									
Restricted	26,591	-	26,591	444,787	90,681	985,555	-	1,521,023	1,547,614
Assigned	-	55,175	55,175	-	-	-	-	-	55,175
Total Fund Balances	<u>26,591</u>	<u>55,175</u>	<u>81,766</u>	<u>444,787</u>	<u>90,681</u>	<u>985,555</u>	<u>-</u>	<u>1,521,023</u>	<u>1,602,789</u>
Total Liabilities and Fund Balances	<u>\$ 26,591</u>	<u>\$ 60,941</u>	<u>\$ 87,532</u>	<u>\$ 444,787</u>	<u>\$ 100,255</u>	<u>\$ 1,107,437</u>	<u>\$ -</u>	<u>\$ 1,652,479</u>	<u>\$ 1,740,011</u>

## CITY OF LOGANVILLE, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Special Revenue Funds			Capital Projects Funds						
	Confiscated Assets	Hotel/ Motel Tax	Total	2014 SPLOST Construction	2017 SPLOST Construction	Capital Recovery Impact Fee Construction	CDBG Fox Chase Road Improvement Project	Total	Total Nonmajor Governmental Funds	
<u>REVENUES</u>										
Hotel/motel taxes	\$ -	\$ 32,094	\$ 32,094	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,094	
Impact fees	-	-	-	-	-	454,506	-	454,506	454,506	
Intergovernmental	-	-	-	290,415	100,255	-	243,000	633,670	633,670	
Fines and forfeitures	53,277	-	53,277	-	-	-	-	-	53,277	
Investment earnings	-	-	-	-	-	1,164	-	1,164	1,164	
Total Revenues	53,277	32,094	85,371	290,415	100,255	455,670	243,000	1,089,340	1,174,711	
<u>EXPENDITURES</u>										
Current										
Public safety	58,970	-	58,970	-	-	-	-	-	58,970	
Tourism	-	15,141	15,141	-	-	-	-	-	15,141	
Public works	-	-	-	-	1,420	183,268	137,696	322,384	322,384	
Capital outlay	33,935	-	33,935	408,240	8,154	-	105,304	521,698	555,633	
Total Expenditures	92,905	15,141	108,046	408,240	9,574	183,268	243,000	844,082	952,128	
Excess (deficiency) of revenues over (under) expenditures	(39,628)	16,953	(22,675)	(117,825)	90,681	272,402	-	245,258	222,583	
Other financing sources (uses)										
Transfer in	-	-	-	-	-	713,153	-	713,153	713,153	
Transfer out	-	(18,837)	(18,837)	-	-	-	-	-	(18,837)	
Total other financing sources (uses)	-	(18,837)	(18,837)	-	-	713,153	-	713,153	694,316	
Net Change in Fund Balances	(39,628)	(1,884)	(41,512)	(117,825)	90,681	985,555	-	958,411	916,899	
Fund Balances - Beginning, as restated	66,219	57,059	123,278	562,612	-	-	-	562,612	685,890	
Fund Balances - Ending	\$ 26,591	\$ 55,175	\$ 81,766	\$ 444,787	\$ 90,681	\$ 985,555	\$ -	\$ 1,521,023	\$ 1,602,789	



## 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, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>			
Fines and forfeitures	\$ 40,000	\$ 53,277	\$ 13,277
Total Revenues	40,000	53,277	13,277
<u>EXPENDITURES</u>			
Current			
Public safety	61,205	58,970	2,235
Capital outlay	33,935	33,935	-
Total Expenditures	95,140	92,905	2,235
Excess (deficiency) of revenues over (under) expenditures	(55,140)	(39,628)	15,512
Fund Balances-Beginning	66,219	66,219	-
Fund Balances-Ending	\$ 11,079	\$ 26,591	\$ 15,512

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, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>			
Taxes	\$ 25,500	\$ 32,094	\$ 6,594
Total Revenues	25,500	32,094	6,594
<u>EXPENDITURES</u>			
Current			
Tourism	15,414	15,141	273
Total Expenditures	15,414	15,141	273
Excess (deficiency) of revenues over (under) expenditures	10,086	16,953	6,867
Other financing sources (uses)			
Transfer out	(18,837)	(18,837)	-
Net Change in Fund Balances	(8,751)	(1,884)	6,867
Fund Balances-Beginning	57,059	57,059	-
Fund Balances-Ending	\$ 48,308	\$ 55,175	\$ 6,867

CITY OF LOGANVILLE, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED WITH  
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS-2017  
PASSED THROUGH FROM GWINNETT COUNTY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Project	Original Estimated Cost	Expenditures	
		Current Year	Total
Recreational Facilities and Equipment	\$ 1,196,902	\$ 8,154	\$ 8,154
Transportation	926,471	1,420	1,420
Water and Sewer Capital Improvements	380,604	-	-
	<u>\$ 2,503,977</u>	<u>\$ 9,574</u>	<u>\$ 9,574</u>

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, 2017

Project	Original Estimated Cost	Expenditures		
		Prior Years*	Current Year	Total
Transportation	\$ 648,040	\$ 292,897	\$ 408,240	\$ 701,137
Water and Sewer Capital Improvements	648,039	-	-	-
	<u>\$ 1,296,079</u>	<u>\$ 292,897</u>	<u>\$ 408,240</u>	<u>\$ 701,137</u>

\* The prior year expenditures have been reduced in the amount of \$418,834 to account for a jointly funded SPLOST project with Gwinnett County.

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, 2017

Project	Original Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
Transportation	\$ 1,000,000	\$ 334,084	\$ 345,711	\$ 679,795
Water and Sewer Infrastructure	4,841,679	2,266,256	-	2,266,256
	<u>\$ 5,841,679</u>	<u>\$ 2,600,340</u>	<u>\$ 345,711</u>	<u>\$ 2,946,051</u>

CITY OF LOGANVILLE, GEORGIA

COMPONENT UNIT - LOGANVILLE DEVELOPMENT AUTHORITY  
BALANCE SHEET  
JUNE 30, 2017

ASSETS

Cash and cash equivalents	\$ 9,452
Due from other governments	32,500
Total Assets	<u>\$ 41,952</u>

LIABILITIES AND FUND BALANCES

Accounts payable	<u>\$ -</u>
Total Liabilities	<u>-</u>
Fund Balances	
Unassigned	<u>41,952</u>
Total Fund Balances	<u>41,952</u>
Total Liabilities and Fund Balances	<u>\$ 41,952</u>

CITY OF LOGANVILLE, GEORGIA

COMPONENT UNIT - LOGANVILLE DEVELOPMENT AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
JUNE 30, 2017

REVENUES

Intergovernmental revenues	\$ 32,500
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Total Revenues	<u>\$ 32,500</u>
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EXPENDITURES

Current

Community Development	<u>-</u>
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Total Expenditures	<u>-</u>
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Excess (deficiency) of revenues over (under) expenditures	32,500
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Fund Balance - Beginning of year	<u>9,452</u>
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Fund Balance - End of year	<u>\$ 41,952</u>
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## **GOVERNMENTAL REPORTS**



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**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, 2017 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 7, 2017.

**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 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. 2017-001, 2017-002, 2017-003 and 2017-004.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Loganville, Georgia's financial statements are free 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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 7, 2017



CITY OF LOGANVILLE, GEORGIA  
SCHEDULE OF FINDINGS AND RESPONSE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**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*:

**2017-001    Accounts Receivable/Revenue and Prior Period Adjustment**

*CRITERIA*

Accounting procedures should be designed to insure that revenues are accrued and recognized when they become both measureable and available to finance expenditures of the fiscal period.

*CONDITION*

SPLOST revenues were not recorded in the proper fiscal period.

*CONTEXT*

During the 2017 audit it was noted that the City received a reimbursement from Gwinnett County for a joint project in the amount of \$418,834. The City had invoiced Gwinnett County in June 2016 but failed to accrue the revenue in the fiscal year 2016.

*CAUSE*

Due to turnover, the finance office was unaware of the billing and subsequent reimbursement.

*EFFECT*

A prior period adjustment was needed to record the revenues in the proper period.

*RECOMMENDATION*

We recommend that the City review their procedures of recording 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 revenues when they become both measurable and available to finance expenditures of the fiscal year.

CITY OF LOGANVILLE, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)

2017-002 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 \$15,192 and \$15,589 was needed to correct the allowance for uncollectible receivables and deferred revenue, respectfully.

*Capital Projects Funds*

- Audit adjustment of \$82,490 was needed to record accounts receivable in the 2013 SPLOST Fund.
- Audit adjustments of \$746,233 and \$302,968 were needed to correct the reclassification of the Capital Recovery Fund (capital project fund) from the Water and Sewer Fund and record the related receivable.

*EFFECT*

Material audit adjustments were necessary to fairly report revenues and the related receivables for the year ended June 30, 2017.

*CAUSE*

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

*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, 2017  
(CONTINUED)

2017-003 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 and Sewer Fund, an audit adjustment of \$37,265 was needed to record the last GEFA drawdown on the Waste Water Treatment Plant project.
- In the Water and Sewer Fund, an audit adjustment was needed to reverse a prior year payable in the amount of \$259,285.

*EFFECT*

Material audit adjustments were needed to fairly state and classify expenditure/expenses for the year ended June 30, 2017.

*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, 2017  
(CONTINUED)

2017-004 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 previously recorded as construction in progress and completed and in service at year-end and to record engineering fees not capitalized properly relative to construction projects audit adjustments required were as follows:

- A Water and Sewer Fund audit adjustment was needed in the amount of \$5,754,590 to reclassify the Waste Water Treatment plant from construction in progress to a completed project at year-end.
- In the Capital Asset Fund an audit adjustment of \$16,916 and \$22,705 was needed to record engineering costs for the Brand Road 78 improvement project and the renovation of City Hall, respectfully.

*EFFECT*

Material audit adjustments were needed to fairly report capital asset information for the year ended June 30, 2017.

*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.