

CITY OF LOGANVILLE, GEORGIA

INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

CITY OF LOGANVILLE, GEORGIA

TABLE OF CONTENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION & ANALYSIS	4-11
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position.....	12-13
Statement of Activities.....	14-15
Fund Financial Statements	
Balance Sheet – Governmental Funds	16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund.....	20-21
Statement of Net Position – Proprietary Funds	22
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	23
Statement of Cash Flows – Proprietary Funds	24-25
Notes to the Financial Statements.....	26-50
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Changes in the Net Pension Liability and Related Ratios.....	51
Schedule of Contributions	52
Schedule of Changes in the Total OPEB Liability and Related Ratios.....	53
Notes to the Required Supplementary Information	54-55

CITY OF LOGANVILLE, GEORGIA

TABLE OF CONTENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018
(CONTINUED)

Page

SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds

Combining Balance Sheet – Nonmajor Governmental Funds	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	57

Special Revenue Funds

Confiscated Assets Fund: Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	58
Hotel/Motel Tax Fund: Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	59
Schedule of Projects Constructed with Special Sales Tax Proceeds	60-62

Component Units

Loganville Development Authority Balance Sheet	63
Statement of Revenue, Expenditures, and Changes in Fund Balances	64

GOVERNMENTAL REPORTS

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 <i>Government Auditing Standards</i>	65-66
Schedule of Findings and Response	67-69
Schedule of Prior Year Findings	70

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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows, and the budgetary comparison for the General Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matter of Emphasis

As discussed in Note 19 to the financial statements, in fiscal year 2018, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions – an amendment of GASB Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB, as of July 1, 2017. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information and pages 4 through 11, the schedule of changes in the net pension liability and related ratios on page 51, the schedule of contributions on page 52, the schedule of changes in the total OPEB liability and related ratios on page 53, and the notes to the required supplementary information on pages 54 and 55 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.

MANAGEMENT'S DISCUSSION & ANALYSIS

CITY OF LOGANVILLE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

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, 2018. 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 2018 by \$44,295,983 (total net position). Of this amount, \$14,562,509 (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 \$3,610,155.
- At the close of fiscal year 2018, the City's governmental funds reported combined ending fund balances of \$10,833,163. Of this amount, \$5,133,024 or 48 % is available for spending at the government's discretion (General unassigned fund balance). The balance of this amount, \$5,700,139 is available for spending according to the guidelines of the source of the funds.
- At the end of the fiscal year, the unassigned fund balance for the General Fund was \$5,133,024.

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, 2018

(CONTINUED)

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

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

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

The City maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the general fund which is considered a major fund. 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 and other post-employment benefits to its employees.

CITY OF LOGANVILLE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

(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 2018 by \$44,295,983.

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 \$14,562,509 or 33%. 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 \$25,509,125 or 58%. 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, \$4,224,349 or 9% represents resources that are subject to external restrictions on how they may be used and debt service.

(See Chart Next Page)

CITY OF LOGANVILLE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018
(CONTINUED)City of Loganville Net Position
June 30, 2018

	Governmental Activities		Business-Type Activities		Totals	
	2017	2018	2017	2018	2017	2018
Assets						
Current assets	\$ 9,901,212	\$ 11,667,641	\$ 9,046,230	\$ 11,078,746	\$ 18,947,442	\$ 22,746,387
Restricted assets	220,047	-	973,344	14,614,876	1,193,391	14,614,876
Capital assets	14,462,862	14,096,827	19,531,881	19,892,432	33,994,743	33,989,259
Total Assets	<u>\$ 24,584,121</u>	<u>\$ 25,764,468</u>	<u>\$ 29,551,455</u>	<u>\$ 45,586,054</u>	<u>\$ 54,135,576</u>	<u>\$ 71,350,522</u>
Deferred Outflows of Resources						
Deferred outflows related to pensions	1,464,500	1,238,871	394,710	333,899	1,859,210	1,572,770
Deferred outflows related to OPEB	40,807	65,012	-	-	40,807	65,012
Deferred charge of refunding	-	-	102,987	153,851	102,987	153,851
Total Deferred Outflows of Resources	<u>1,505,307</u>	<u>1,303,883</u>	<u>497,697</u>	<u>487,750</u>	<u>2,003,004</u>	<u>1,791,633</u>
Liabilities						
Current and other liabilities	1,307,058	1,209,423	2,118,857	1,973,866	3,425,915	3,183,289
Noncurrent liabilities	5,514,170	4,946,535	6,115,957	20,039,371	11,630,127	24,985,906
Total Liabilities	<u>6,821,228</u>	<u>6,155,958</u>	<u>8,234,814</u>	<u>22,013,237</u>	<u>15,056,042</u>	<u>28,169,195</u>
Deferred Inflows of Resources						
Deferred inflows related to pensions	312,488	516,266	84,222	139,144	198,831	655,410
Deferred inflows related to OPEB	-	21,567	-	-	198,831	21,567
Total Deferred Inflows of Resources	<u>312,488</u>	<u>537,833</u>	<u>84,222</u>	<u>139,144</u>	<u>397,662</u>	<u>676,977</u>
Net Position						
Net investment in capital assets	11,734,526	11,571,526	13,284,720	13,937,599	25,019,246	25,509,125
Restricted for:						
Capital outlay	1,547,614	4,224,349	302,968	-	1,850,582	4,224,349
Debt service	-	-	670,376	-	670,376	-
Unrestricted	5,673,572	4,578,685	7,472,052	9,983,824	13,145,624	14,562,509
Total Net Position	<u>\$ 18,955,712</u>	<u>\$ 20,374,560</u>	<u>\$ 21,730,116</u>	<u>\$ 23,921,423</u>	<u>\$ 40,685,828</u>	<u>\$ 44,295,983</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 \$4,989,344 and sales tax of \$1,109,476 accounted for 68% of total general revenues.

Capital grants and contributions totaled \$2,107,988.

Expenses. The total expense for the governmental activities is \$11,230,924. The largest single expenditure activity is public safety. Public safety includes the police department and the fire department. The total public safety expense is \$5,353,782 or 48% of total governmental activity expense.

Total program revenues and general revenues exceeded expenses by \$1,418,848.

CITY OF LOGANVILLE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018
(CONTINUED)

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Totals</u>	
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
<u>Revenues</u>						
Program Revenues						
Charges for service	\$ 1,139,900	\$ 1,450,938	\$ 9,861,018	\$ 10,230,760	\$ 11,000,918	\$ 11,681,698
Operating grants and contributions	105,821	87,297	-	-	105,821	87,297
Capital grants and contributions	2,182,817	2,107,988	183,244	484,431	2,366,061	2,592,419
General revenues						
Property taxes	4,632,830	4,989,344	-	-	4,632,830	4,989,344
Sales tax	1,045,956	1,109,476	-	-	1,045,956	1,109,476
Other Taxes	2,165,265	2,249,730	-	-	2,165,265	2,249,730
Grants and Contributions not specific	1,080	-	-	-	-	-
Gain on Capital Assets	-	15,512	-	-	-	15,512
Investment earnings	6,045	7,800	7,130	11,948	13,175	19,748
Miscellaneous	280,897	233,610	-	-	280,897	233,610
Total revenue	<u>11,560,611</u>	<u>12,251,695</u>	<u>10,051,392</u>	<u>10,727,139</u>	<u>21,612,003</u>	<u>22,978,834</u>
<u>Expenses</u>						
General government	2,047,257	2,425,024	-	-	2,047,257	2,425,024
Judicial	388,155	391,439	-	-	388,155	391,439
Public safety	5,874,932	5,353,782	-	-	5,874,932	5,353,782
Public works	2,007,918	2,201,523	-	-	2,007,918	2,201,523
Culture and recreation	160,953	134,038	-	-	160,953	134,038
Housing and development	410,363	663,024	-	-	410,363	663,024
Tourism	260,261	-	-	-	260,261	-
Interest and fiscal charges	56,155	62,094	-	-	56,155	62,094
Water and sewer	-	-	6,024,360	6,419,743	6,024,360	6,419,743
Solid waste	-	-	1,744,279	1,718,012	1,744,279	1,718,012
Total Expenses	<u>11,205,994</u>	<u>11,230,924</u>	<u>7,768,639</u>	<u>8,137,755</u>	<u>18,974,633</u>	<u>19,368,679</u>
Increase in net position before transfers	354,617	1,020,771	2,282,753	2,589,384	2,637,370	3,610,155
Transfers	1,013,153	398,077	(1,013,153)	(398,077)	-	-
Increase in net position	1,367,770	1,418,848	1,269,600	2,191,307	2,637,370	3,610,155
Net position - beginning, as restated	17,587,942	18,955,712	20,460,516	21,730,116	38,048,458	40,685,828
Net position - ending	<u>\$ 18,955,712</u>	<u>\$ 20,374,560</u>	<u>\$ 21,730,116</u>	<u>\$ 23,921,423</u>	<u>\$ 40,685,828</u>	<u>\$ 44,295,983</u>

Business-type activities. Business-type activities increased the City's net position by \$2,191,307 or 61% of the increase in the government's net position.

Revenues. Water and sewer revenue was \$8,051,058. Solid Waste revenue was \$2,191,650. 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 \$6,419,743. Solid waste expense was \$1,718,012.

Financial Analysis of the Government's Funds

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

CITY OF LOGANVILLE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

(CONTINUED)

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 \$10,833,163. Approximately 48% of this amount \$5,133,024 constitutes unassigned fund balance, which is available for spending at the government's discretion. Other fund balances in the amount of \$1,064,732 and \$173,663 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, 2018, unassigned fund balance of the general fund was \$5,133,024. 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 99% and the unassigned fund balance is 52% 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, 2018 amounted to \$7,575,983 and those of the Solid Waste Fund amounted to \$2,407,841. The total change in Water and Sewer net position was an increase of \$1,917,669 and the change in Solid Waste net position was \$273,638.

General Fund Budgetary Highlights

Differences between the original budgeted expenditures and the final amended budgeted expenditures are \$51,250 or 0.004% of the original budget.

General Fund operating revenues were \$1,261,254 less than budgeted. Tax revenues, intergovernmental revenues, and fines and forfeitures came in under budget by \$380,193, 664,877, and \$200,600, respectively.

General Fund expenditures were \$1,736,149 less than budgeted. The General government – administration, highways and streets, and fire administration departments were under budget by \$254,347, 719,391, and \$302,028, respectively. Actual road improvements expenditures in the General government-administration department were \$162,320 less than budgeted. Actual salaries and group insurance expenditures in the fire department came were less than the budgeted amounts by \$132,693 and \$64,855, respectively. Actual highway and street department road improvement expenditures were less than the budgeted amounts by \$667,928.

Capital Assets and Debt Administration

Capital Assets. The City's net investment in capital assets for its governmental and business-type activities as of June 30, 2018 amounts to \$33,989,259 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, infrastructure, building and improvements, equipment and vehicles.

CITY OF LOGANVILLE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

(CONTINUED)

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

- Police Vehicles \$64,000
- Transportation Dept Vehicles \$94,642
- Transportation Dept Dump Truck \$103,022
- City Hall Parking Lot \$99,877
- Fleet Ops Equipment \$152,402

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

	Governmental Activities	Business Type Activities	Totals
Land	\$ 2,092,701	\$ 1,000,000	\$ 3,092,701
Construction in progress	166,017	405,400	571,417
Building	6,294,204	12,787,063	19,081,267
Site Improvements	201,664	5,143,139	5,344,803
Equipment	198,392	364,019	562,411
Furniture & Fixtures	997	-	997
Vehicles	1,631,907	192,811	1,824,718
Infrastructure	3,510,945	-	3,510,945
Total	\$ 14,096,827	\$ 19,892,432	\$ 33,989,259

Long-term debt:

City of Loganville Outstanding Debt

	Governmental Activities	Business Type Activities	Totals
Revenue Bonds	\$ -	\$ 17,130,696	\$ 17,130,696
GEFA Loan	-	3,000,000	3,000,000
OPEB obligation	374,539	-	374,539
Net Pension Liability	2,207,150	594,868	2,802,018
Notes & Capital Leases	2,525,301	-	2,525,301
Compensated Absences	206,477	51,474	257,951
Total	\$ 5,313,467	\$ 20,777,038	\$ 26,090,505

During the current fiscal year, the City's governmental funds incurred long-term debt totaling \$1,889,600 and retired debt totaling \$2,270,162. The City's enterprise funds incurred long-term debt totaling \$17,860,034 and retired debt totaling \$4,107,427.

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

Economic Factors

CITY OF LOGANVILLE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

(CONTINUED)

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

Requests for Information

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

BASIC FINANCIAL STATEMENTS

CITY OF LOGANVILLE, GEORGIA

STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government			Component Unit
	Governmental	Business-Type		Loganville
	Activities	Activities	Total	Development
				Authority
<u>ASSETS</u>				
Cash and cash equivalents	\$ 10,195,298	\$ 9,312,058	\$ 19,507,356	\$ 41,952
Investments	57,554	820,601	878,155	-
Receivables, net of allowance				
Taxes	15,950	-	15,950	-
Accounts	-	949,806	949,806	-
Intergovernmental	306,534	-	306,534	-
Internal balances	27,573	(27,573)	-	-
Prepaid items	87,648	23,854	111,502	-
Assets held for resale	977,084	-	977,084	-
Restricted cash and cash equivalents	-	14,614,876	14,614,876	-
Capital assets				
Non depreciable	2,258,718	1,405,400	3,664,118	-
Depreciable, net	11,838,109	18,487,032	30,325,141	-
Total Assets	25,764,468	45,586,054	71,350,522	41,952
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred outflows of resources related to pensions	1,238,871	333,899	1,572,770	-
Deferred outflows of resources related to OPEB	65,012	-	65,012	-
Deferred charge on refunding	-	153,851	153,851	-
Total Deferred Outflows of Resources	1,303,883	487,750	1,791,633	-

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

CITY OF LOGANVILLE, GEORGIA

STATEMENT OF NET POSITION
JUNE 30, 2018
(CONTINUED)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Loganville Development Authority
LIABILITIES				
Accounts payable	161,674	415,615	577,289	-
Accrued expenses	672,080	32,801	704,881	-
Accrued interest payable	8,737	4,347	13,084	-
Customer deposits	-	783,436	783,436	-
Compensated absences	134,210	33,458	167,668	-
Capital leases payable	132,319	-	132,319	-
Note payable	100,403	286,424	386,827	-
Revenue bonds	-	417,785	417,785	-
Noncurrent liabilities				
Compensated absences	72,267	18,016	90,283	-
Capital leases payable	866,951	-	866,951	-
Note payable	1,425,628	2,713,576	4,139,204	-
Revenue bonds	-	16,712,911	16,712,911	-
Net pension liability	2,207,150	594,868	2,802,018	-
Total OPEB liability	374,539	-	374,539	-
Total Liabilities	6,155,958	22,013,237	28,169,195	-
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	516,266	139,144	655,410	-
Deferred inflows of resources related to OPEB	21,567	-	21,567	-
Total Deferred Inflows of Resources	537,833	139,144	676,977	-
NET POSITION				
Net investment in capital assets	11,571,526	13,937,599	25,509,125	-
Restricted for				
Capital outlay	4,224,349	592,864	4,817,213	-
Unrestricted	4,578,685	9,390,960	13,969,645	41,952
Total Net Position	\$ 20,374,560	\$ 23,921,423	\$ 44,295,983	\$ 41,952

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, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 2,425,024	\$ 536,771	\$ 2,861	\$ -
Judicial	391,439	-	-	-
Public safety	5,353,782	914,167	84,436	-
Public works	2,201,523	-	-	1,914,354
Culture and recreation	134,038	-	-	193,634
Housing and development	663,024	-	-	-
Interest on long-term debt	62,094	-	-	-
Total Governmental Activities	11,230,924	1,450,938	87,297	2,107,988
Business-type Activities				
Water and sewer	6,419,743	8,046,299	-	484,431
Solid Waste	1,718,012	2,184,461	-	-
Total Business-Type Activities	8,137,755	10,230,760	-	484,431
Total Primary Government	\$19,368,679	\$ 11,681,698	\$ 87,297	\$ 2,592,419
Component Units				
Loganville Development Authority	\$ -	\$ -	\$ -	\$ -
Total Component Unit	\$ -	\$ -	\$ -	\$ -

General Revenues

Property
Franchise
Sales
Hotel/motel
Alcoholic beverage
Business and occupational
Insurance premium
Investment earnings
Gain on sale of capital assets
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, 2018
(CONTINUED)

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Loganville Development Authority
\$ (1,885,392)	\$ -	\$ (1,885,392)	\$ -
(391,439)	-	(391,439)	-
(4,355,179)	-	(4,355,179)	-
(287,169)	-	(287,169)	-
59,596	-	59,596	-
(663,024)	-	(663,024)	-
(62,094)	-	(62,094)	-
(7,584,701)	-	(7,584,701)	-
-	2,110,987	2,110,987	-
-	466,449	466,449	-
-	2,577,436	2,577,436	-
(7,584,701)	2,577,436	(5,007,265)	-
			-
			-
4,989,344	-	4,989,344	-
716,040	-	716,040	-
1,109,476	-	1,109,476	-
35,114	-	35,114	-
385,815	-	385,815	-
416,961	-	416,961	-
695,800	-	695,800	-
7,800	11,948	19,748	-
15,512	-	15,512	-
233,610	-	233,610	-
398,077	(398,077)	-	-
9,003,549	(386,129)	8,617,420	-
1,418,848	2,191,307	3,610,155	-
18,955,712	21,730,116	40,685,828	41,952
\$ 20,374,560	\$ 23,921,423	\$44,295,983	\$ 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, 2018

	General	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 6,212,202	\$ 3,983,096	\$ 10,195,298
Investments	57,554	-	57,554
Receivables, net of allowance			
Taxes	3,925	12,025	15,950
Intergovernmental	145,696	160,838	306,534
Due from other funds	115,406	146,418	261,824
Prepaid items	87,648	-	87,648
Assets held for resale	977,084	-	977,084
Total Assets	<u>\$ 7,599,515</u>	<u>\$ 4,302,377</u>	<u>\$ 11,901,892</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 142,248	\$ 19,426	\$ 161,674
Accrued expenses	672,080	-	672,080
Due to other funds	218,112	16,139	234,251
Total Liabilities	<u>1,032,440</u>	<u>35,565</u>	<u>1,068,005</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue-property taxes	724	-	724
<u>FUND BALANCES</u>			
Nonspendable	1,064,732	-	1,064,732
Restricted	57,554	4,224,349	4,281,903
Committed	179,841	-	179,841
Assigned	131,200	42,463	173,663
Unassigned	5,133,024	-	5,133,024
Total Fund Balances	<u>6,566,351</u>	<u>4,266,812</u>	<u>10,833,163</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,599,515</u>	<u>\$ 4,302,377</u>	<u>\$ 11,901,892</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, 2018

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

Total fund balances per balance sheet of governmental funds	\$ 10,833,163
Capital Assets	
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.	
Cost of the assets	21,863,715
Accumulated depreciation	(7,766,888)
Deferred outflows of resources	
Pension contributions	1,238,871
OPEB contributions	65,012
Revenues	
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	724
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	(8,737)
Compensated absences	(206,477)
Capital leases	(999,270)
Note payable	(1,526,031)
Net pension liability	(2,207,150)
Total OPEB liability	(374,539)
Deferred inflows of resources	
Net difference between projected and actual investment earnings on pension plan investments	(516,266)
Changes of assumptions or other inputs	(21,567)
Total net position of governmental activities	<u>\$ 20,374,560</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, 2018

	General	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>			
Taxes			
Property	\$ 4,995,511	\$ -	\$ 4,995,511
Franchise	716,040	-	716,040
Sales	1,109,476	-	1,109,476
Hotel/motel	-	35,114	35,114
Alcoholic beverage	385,815	-	385,815
Business and occupational	416,961	-	416,961
Insurance premium	695,800	-	695,800
License and permits	376,549	-	376,549
Intergovernmental	212,343	1,448,537	1,660,880
Charges for services	160,222	531,039	691,261
Fines and forfeitures	623,400	290,767	914,167
Investment earnings	4,206	3,845	8,051
Contributions from private sources	3,115	-	3,115
Miscellaneous	230,899	-	230,899
Total Revenues	9,930,337	2,309,302	12,239,639
<u>EXPENDITURES</u>			
Current			
General government	2,080,286	-	2,080,286
Judicial	391,439	-	391,439
Public safety	4,889,421	34,084	4,923,505
Public works	1,509,781	5,169	1,514,950
Culture and recreation	133,238	-	133,238
Housing and development	632,086	26,800	658,886
Debt service			
Principal	203,035	-	203,035
Interest and other charges	87,406	-	87,406
Capital outlay	-	851,249	851,249
Total Expenditures	9,926,692	917,302	10,843,994
Excess (deficiency) of revenues over (under) expenditures	3,645	1,392,000	1,395,645
<u>OTHER FINANCING SOURCES (USES)</u>			
Proceeds from sale of assets	2,711	-	2,711
Insurance recoveries	15,512	-	15,512
Transfers in	421,026	-	421,026
Transfers out	(1,923)	(21,026)	(22,949)
Total Other Financing Sources (Uses)	437,326	(21,026)	416,300
Net Change in Fund Balances	440,971	1,370,974	1,811,945
Fund Balances - Beginning	6,125,380	2,895,838	9,021,218
Fund Balances - Ending	\$ 6,566,351	\$ 4,266,812	\$ 10,833,163

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, 2018

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

Net Change in Fund Balances - total governmental funds	\$ 1,811,945
--	--------------

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	578,319
Total depreciation	(944,354)

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	(225,629)
Changes in deferred outflows of resources related to OPEB	24,205

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	(203,778)
Changes in deferred inflows of resources related to OPEB	(21,567)

Revenues

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	(6,167)
---	---------

Long-term Debt

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

Repayment of principal	203,035
Interest on long-term debt	25,312
Net pension liability	96,248
Total OPEB liability	33,803
Compensated absences	47,476

Change in Net Position of Governmental Activities	<u>\$ 1,418,848</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
BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>				
Taxes				
Property	\$ 5,258,500	\$ 5,258,500	\$ 4,995,511	\$ (262,989)
Franchise	734,546	734,546	716,040	(18,506)
Sales	1,300,750	1,300,750	1,109,476	(191,274)
Alcoholic beverage	341,000	341,000	385,815	44,815
Business and occupational	405,000	405,000	416,961	11,961
Insurance premium	660,000	660,000	695,800	35,800
License and permits	417,300	417,300	376,549	(40,751)
Intergovernmental	877,220	877,220	212,343	(664,877)
Charges for services	178,000	178,000	160,222	(17,778)
Fines and forfeitures	824,000	824,000	623,400	(200,600)
Investment earnings	5,000	5,000	4,206	(794)
Contribution from private sources	3,700	3,700	3,115	(585)
Miscellaneous	186,575	186,575	230,899	44,324
Total Revenues	11,191,591	11,191,591	9,930,337	(1,261,254)
<u>EXPENDITURES</u>				
Current				
General government				
Council	109,972	109,047	81,948	27,099
Executive	329,465	318,516	297,141	21,375
Board of elections/registrations	4,300	7,487	4,413	3,074
Administration	781,650	816,710	562,363	254,347
Data processing (IT)	334,032	410,657	369,834	40,823
Buildings and plant	814,785	819,052	764,587	54,465
Judicial				
Municipal court	364,035	403,312	391,439	11,873
Public safety				
Police	2,773,225	2,588,290	2,557,832	30,458
Fire administration	2,690,432	2,633,647	2,331,589	302,058
Public works				
Administration	547,150	549,499	454,607	94,892
Highways and streets	1,336,828	1,325,705	606,314	719,391
Maintenance and shop	386,750	514,045	448,860	65,185
Culture and recreation				
Library	133,238	133,238	133,238	-
Housing and development				
Planning and Zoning	375,577	389,307	344,485	44,822
Tourism - City Events	315,064	329,240	287,601	41,639
Debt service				
Principal	227,620	227,620	203,035	24,585
Interest and other charges	87,468	87,469	87,406	63
Total Expenditures	11,611,591	11,662,841	9,926,692	1,736,149

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, 2018
 (CONTINUED)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Excess (deficiency) of revenue over (under) expenditure	(420,000)	(471,250)	3,645	474,895
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from sale of assets	-	-	2,711	2,711
Insurance recoveries	-	-	15,512	15,512
Transfers in	420,000	420,000	421,026	1,026
Transfers out	-	-	(1,923)	(1,923)
Total Other Financing Sources (Uses)	420,000	420,000	437,326	17,326
Net Change in Fund Balances	-	(51,250)	440,971	492,221
Fund Balances - Beginning	6,125,380	6,125,380	6,125,380	-
Fund Balances - Ending	\$ 6,125,380	\$ 6,074,130	\$ 6,566,351	\$ 492,221

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, 2018

	Business-type Activities - Enterprise Funds		
	Water and Sewer Fund	Solid Waste Fund	Total
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	\$ 7,434,884	\$ 1,877,174	\$ 9,312,058
Investments	299,435	521,166	820,601
Accounts receivable, net	694,418	255,388	949,806
Due from other funds	218,112	-	218,112
Prepaid items	23,854	-	23,854
Total current assets	8,670,703	2,653,728	11,324,431
Noncurrent assets			
Restricted cash and cash equivalents	14,614,876	-	14,614,876
Capital assets			
Nondepreciable	1,405,400	-	1,405,400
Depreciable, net	18,487,032	-	18,487,032
Total noncurrent assets	34,507,308	-	34,507,308
Total Assets	43,178,011	2,653,728	45,831,739
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows of resources related to pensions	333,899	-	333,899
Deferred charge on refunding	153,851	-	153,851
	487,750	-	487,750
<u>LIABILITIES</u>			
Current liabilities			
Accounts payable	268,995	146,620	415,615
Accrued expenses	32,801	-	32,801
Due to other funds	146,418	99,267	245,685
Accrued interest payable	4,347	-	4,347
Customer deposits payable	783,436	-	783,436
Compensated absences	33,458	-	33,458
Note payable	286,424	-	286,424
Revenue bond payable	417,785	-	417,785
Total current liabilities	1,973,664	245,887	2,219,551
Noncurrent liabilities			
Compensated absences	18,016	-	18,016
Note payable	2,713,576	-	2,713,576
Revenue bonds	16,712,911	-	16,712,911
Net pension liability	594,868	-	594,868
Total noncurrent liabilities	20,039,371	-	20,039,371
Total Liabilities	22,013,035	245,887	22,258,922
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflows of resources related to pensions	139,144	-	139,144
<u>NET POSITION</u>			
Net investment in capital assets	13,937,599	-	13,937,599
Restricted for system improvements	592,864	-	592,864
Unrestricted	6,983,119	2,407,841	9,390,960
Total Net Position	\$ 21,513,582	\$ 2,407,841	\$ 23,921,423

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, 2018

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Solid Waste	
	Fund	Fund	Total
<u>OPERATING REVENUES</u>			
Charges for sales and services	\$ 8,046,299	\$ 2,184,461	\$ 10,230,760
Total Operating Revenues	8,046,299	2,184,461	10,230,760
<u>OPERATING EXPENSES</u>			
Salaries and benefits	1,859,658	-	1,859,658
Purchased/contracted services	935,902	1,718,012	2,653,914
Supplies and materials	2,333,875	-	2,333,875
Amortization	23,318	-	23,318
Depreciation	876,443	-	876,443
Total Operating Expenses	6,029,196	1,718,012	7,747,208
Operating income (loss)	2,017,103	466,449	2,483,552
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Interest income	4,759	7,189	11,948
Interest expense	(39,571)	-	(39,571)
Fiscal agent's fees	(157,750)	-	(157,750)
Bond issuance costs	(193,226)	-	(193,226)
Total Nonoperating Revenues (Expenses)	(385,788)	7,189	(378,599)
Income before contributions and transfers	1,631,315	473,638	2,104,953
Capital contributions	484,431	-	484,431
Transfers in	1,923	-	1,923
Transfers out	(200,000)	(200,000)	(400,000)
Total Other Financing (Uses)	286,354	(200,000)	86,354
Change in Net Position	1,917,669	273,638	2,191,307
Total Net Position - Beginning	19,595,913	2,134,203	21,730,116
Total Net Position - Ending	\$ 21,513,582	\$ 2,407,841	\$ 23,921,423

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, 2018

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Solid Waste	
	Fund	Fund	Total
<u>Cash Flows from Operating Activities</u>			
Receipts from customers and users	\$ 8,039,003	\$ 2,195,927	\$ 10,234,930
Payments to vendors for goods and services	(3,493,673)	(1,762,068)	(5,255,741)
Payments to employees	(1,774,876)	-	(1,774,876)
Net Cash Provided by (Used for)			
Operating Activities	2,770,454	433,859	3,204,313
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfers from other funds	1,923	-	1,923
Transfers to other funds	(200,000)	(200,000)	(400,000)
Net Cash Provided by (Used for)			
Noncapital Financing Activities	(198,077)	(200,000)	(398,077)
<u>Cash Flows from Capital and Related Financing Activities</u>			
Acquisition and construction of capital assets	(752,563)	-	(752,563)
Interest and fiscal charges on notes and bonds	(467,840)	-	(467,840)
Principal payments on bonds	(3,580,000)	-	(3,580,000)
Proceeds from debt issuance	17,360,548	-	17,360,548
Net Cash Provided by (Used for)			
Capital and Related Financing Activities	12,560,145	-	12,560,145
<u>Cash Flows for Investing Activities</u>			
Interest received	4,759	7,189	11,948
Purchases of investments	(3,957)	(6,886)	(10,843)
Net Cash Provided (Used) in Investing Activities	802	303	1,105
Net increase (decrease) in cash and cash equivalents	15,133,324	234,162	15,367,486
Cash and cash equivalents - beginning	6,916,436	1,643,012	8,559,448
Cash and cash equivalents - ending	\$ 22,049,760	\$ 1,877,174	\$ 23,926,934
Classified as			
Current assets	\$ 7,434,884	\$ 1,877,174	\$ 9,312,058
Restricted assets	14,614,876	-	14,614,876
Total cash and cash equivalents	\$ 22,049,760	\$ 1,877,174	\$ 23,926,934

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, 2018
 (CONTINUED)

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Solid Waste	Total
	Fund	Fund	
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided by Operating Activities</u>			
Operating Income (Loss)	\$ 2,017,103	\$ 466,449	\$ 2,483,552
<u>Adjustments to reconcile Operating Income (Loss) to Net</u>			
<u>Cash provided (used) by Operating Activities</u>			
Depreciation	876,443	-	876,443
Amortization	23,318	-	23,318
Accounts receivable, net	(45,658)	11,466	(34,192)
Due from other funds	(56,817)	-	(56,817)
Prepaid items	(9,924)	-	(9,924)
Deferred outflows of resources related to pensions	60,811	-	60,811
Accounts payable	(605)	(5,820)	(6,425)
Accrued expenses	(3,010)	-	(3,010)
Due to other funds	(156,550)	(38,236)	(194,786)
Compensated absences	(2,000)	-	(2,000)
Customer deposits payable	38,362	-	38,362
Net pension liability	(25,941)	-	(25,941)
Deferred inflows of resources related to pensions	54,922	-	54,922
	753,351	(32,590)	720,761
Net cash provided (used) by operating activities	\$ 2,770,454	\$ 433,859	\$ 3,204,313
<u>Noncash Investing, Capital and Financing Activities</u>			
Capital contributions	\$ 484,431	\$ -	\$ 484,431

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

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

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, 2018. 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.

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

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

(CONTINUED)

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 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.

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

(CONTINUED)

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.

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.

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.

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

(CONTINUED)

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 \$592,864 and \$14,022,012, 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 in the amount of \$14,022,012 for unspent bond proceeds is included "in net investment in capital assets" and \$592,864 as "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.

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 2018, total interest expense incurred was \$171,748. Of this amount, \$28,615 was applicable to construction of capital assets and capitalized.

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

(CONTINUED)

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

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

J. Compensated Absences

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

Sick leave is earned by all full-time City employees and 720 hours may be accumulated. Employees leaving the City are not entitled to payment for accumulated sick leave.

K. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three 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 and proprietary fund 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 related to pensions and is reported in the government-wide statement of net position and the proprietary funds statement of net position. Deferred outflows of resources related to pensions are relative to the pension plan's differences between actual and expected experience, change in assumptions, and accumulation of contributions subsequent to the measurement date. The third is the deferred outflow of resources related to OPEB is reported in the government-wide statement of net position only. Deferred outflows of resources of the OPEB are relative to the accumulation of contributions subsequent to the measurement date. This amount is deferred and will be recognized as a reduction of the net pension liability in future years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

(CONTINUED)

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 arise under a modified accrual basis of accounting that qualifies for reporting in this category. The 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 item is the deferred inflow of resources related to pensions and is reported in the government-wide statement of net position and the proprietary fund statement of net position. Deferred inflows of resources related to pensions are 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 straight line 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, 2018
(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, 2018:

	General	Nonmajor Governmental	
	Fund	Funds	Totals
<u>Fund Balances</u>			
Nonspendable			
Prepays	\$ 87,648	\$ -	\$ 87,648
Assets held for resale	977,084	-	977,084
Restricted for			
Law enforcement	-	264,799	264,799
Capital outlay	57,554	3,959,550	4,017,104
Committed			
Retirement funding	179,841	-	179,841
Assigned			
Tourism	-	42,463	42,463
Law enforcement	3,200	-	3,200
Recreation	3,000	-	3,000
Retirement funding	125,000	-	125,000
Unassigned	5,133,024	-	5,133,024
Total fund balances	<u>\$ 6,566,351</u>	<u>\$ 4,266,812</u>	<u>\$ 10,833,163</u>

Net position flow assumption

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

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

(CONTINUED)

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. 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.

B. Excess of Expenditures over Appropriations

The following departments had expenditures over appropriations

General Fund – Transfers out	\$1,923
Hotel/Motel Tax Fund	1,726

NOTE 3 – DEPOSITS AND INVESTMENTS

A. 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, 2018, are entirely insured or collateralized with securities held by the City's agent in the City's name.

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

At June 30, 2018, the Loganville Development Authority, a discretely presented component unit's bank balances were entirely insured or collateralized with securities held by the Authority's agent in the Authority's name.

B. Investments

Investment Type	Credit Rating	Value	Maturity
Office of State Treasurer (Georgia Fund 1)	AAAF rated	\$ 878,155	31 days

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

(CONTINUED)

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.

Custodial Credit Risk

For an investment, the custodial credit risk is the risk that in the event of the failure of the counter-party to a transaction, an entity will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Office of State Treasurer is not required to disclose custodial credit risk. The City has no such investments with such risks as of June 30, 2018.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. 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, 2018, the City's investment in the Office of the State Treasurer was rated AA+ by Standard and Poor's.

Fair Value Measurements

During 2016, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. This statement establishes a hierarchy of inputs to the valuation techniques of certain assets and liabilities at fair value.

This hierarchy consists of three broad levels: Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are quoted at market process for similar assets or liabilities, or quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable. Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

As of June 30, 2018, the City has investments in Georgia Fund 1, which are not subject to level disclosure.

NOTE 4 – 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.

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

(CONTINUED)

NOTE 5 – PROPERTY TAXES

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

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

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

	Real/Personal Property (Excluding Vehicles)	Motor Vehicles
Assessment date	January 1	January 1
Levy date	September 8	January 1
Due date and collection date	November 8	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.

NOTE 6 – RECEIVABLES

	Governmental				Business-Type		
	Major	Nonmajor			Major		
Receivables:	General	Special Revenue	Capital Projects	Total	Water & Sewer	Solid Waste	Total
Taxes	\$ 24,361	\$ 12,025	\$ -	\$ 36,386	\$ -	\$ -	\$ -
Accounts	-	-	-	-	709,764	261,176	970,940
Intergovernmental	145,696	-	160,838	306,534	-	-	-
Gross receivables	170,057	12,025	160,838	342,920	709,764	261,176	970,940
Less: allowance for uncollectibles	(20,436)	-	-	(20,436)	(15,346)	(5,788)	(21,134)
Net Total Receivables	\$ 149,621	\$ 12,025	\$ 160,838	\$ 322,484	\$ 694,418	\$ 255,388	\$ 949,806

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<u>Governmental Activities</u>					
Nondepreciable Capital Assets:					
Land	\$ 2,092,701	\$ -	\$ -	\$ -	\$ 2,092,701
Construction in progress	1,681,410	157,862	-	(1,673,255)	166,017
Total nondepreciable capital assets	3,774,111	157,862	-	(1,673,255)	2,258,718
Depreciable Capital Assets:					
Infrastructure	6,710,468	99,877	-	-	6,810,345
Site improvements	358,143	-	-	-	358,143
Buildings	5,928,328	88,930	-	1,673,255	7,690,513
Machinery and equipment	680,182	-	-	-	680,182
Vehicles	3,828,722	231,650	(30,709)	-	4,029,663
Furniture and fixtures	36,151	-	-	-	36,151
Total depreciable capital assets	17,541,994	420,457	(30,709)	1,673,255	19,604,997
Less accumulated depreciation for					
Infrastructure	(2,917,949)	(381,451)	-	-	(3,299,400)
Site improvements	(135,302)	(21,177)	-	-	(156,479)
Buildings	(1,230,235)	(166,074)	-	-	(1,396,309)
Machinery and equipment	(426,370)	(55,420)	-	-	(481,790)
Vehicles	(2,108,697)	(319,768)	30,709	-	(2,397,756)
Furniture and fixtures	(34,690)	(464)	-	-	(35,154)
Total accumulated depreciation	(6,853,243)	(944,354)	30,709	-	(7,766,888)
Total depreciable capital assets, net	10,688,751	(523,897)	-	1,673,255	11,838,109
Governmental activities capital assets, net	\$ 14,462,862	\$ (366,035)	\$ -	\$ -	\$ 14,096,827
Less related long-term debt outstanding					(2,525,301)
Net investment in capital assets					\$ 11,571,526

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<u>Business-Type Activities</u>					
Nondepreciable Capital Assets:					
Land	\$ 1,000,000	\$ -	\$ -	\$ -	\$ 1,000,000
Construction in progress	150,188	405,400	-	(150,188)	405,400
Total nondepreciable capital assets	1,150,188	405,400	-	(150,188)	1,405,400
Depreciable Capital Assets:					
Site improvements and infrastructure	7,362,642	484,431	-	-	7,847,073
Buildings	19,052,252	121,830	-	150,188	19,324,270
Machinery and equipment	1,222,162	87,427	-	-	1,309,589
Vehicles	599,536	137,906	-	-	737,442
Total depreciable capital assets	28,236,592	831,594	-	150,188	29,218,374
Less: accumulated depreciation for:					
Site improvements and infrastructure	(2,430,021)	(273,913)	-	-	(2,703,934)
Buildings	(6,015,788)	(521,419)	-	-	(6,537,207)
Machinery and equipment	(885,154)	(60,416)	-	-	(945,570)
Vehicles	(523,936)	(20,695)	-	-	(544,631)
Total accumulated depreciation	(9,854,899)	(876,443)	-	-	(10,731,342)
Total capital assets, being depreciated, net	18,381,693	(44,849)	-	150,188	18,487,032
Business-type activities capital assets, net	\$ 19,531,881	\$ 360,551	\$ -	\$ -	\$ 19,892,432
					Less related long-term debt outstanding (20,130,696)
					Plus unspent bond proceeds 14,022,012
					Plus related deferred amounts from refunding 153,851
					Net investment in capital assets \$ 13,937,599

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

Governmental Activities

General government	\$ 350,588
Public safety	362,707
Public works	226,121
Culture and recreation	800
Housing and development	4,138
Total governmental activities depreciation expense	\$ 944,354

Business-Type Activities

Water and Sewer Fund	\$ 876,443
Solid Waste Fund	-
Total business-type activities depreciation expense	\$ 876,443

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

(CONTINUED)

NOTE 8 – LONG-TERM DEBT

Long-term liability activity for the fiscal year ended June 30, 2018, was as follows:

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
Compensated Absences	\$ 253,953	\$ 115,704	\$ (163,180)	\$ 206,477	\$ 134,210
Net Pension Liability	2,303,398	1,752,785	(1,849,033)	2,207,150	-
Total OPEB Liability	408,342	21,111	(54,914)	374,539	-
Capital Leases	1,128,336	-	(129,066)	999,270	132,319
Note Payable	1,600,000	-	(73,969)	1,526,031	100,403
Total Governmental Activities	<u>\$ 5,694,029</u>	<u>\$ 1,889,600</u>	<u>\$ (2,270,162)</u>	<u>\$ 5,313,467</u>	<u>\$ 366,932</u>
<u>Business-Type Activities</u>					
Compensated Absences	\$ 53,474	\$ 27,078	\$ (29,078)	\$ 51,474	\$ 33,458
Net Pension Liability	620,809	472,408	(498,349)	594,868	-
Notes Payable:					
2015 GEFA Loan	2,770,148	229,852	-	3,000,000	286,424
Bonds Payable:					
2012 Series	3,580,000	-	(3,580,000)	-	-
2018 Series	-	15,775,000	-	15,775,000	350,000
Premium on Bonds	-	1,355,696	-	1,355,696	67,785
Total Business-Type Activities	<u>\$ 7,024,431</u>	<u>\$ 17,860,034</u>	<u>\$ (4,107,427)</u>	<u>\$ 20,777,038</u>	<u>\$ 737,667</u>

The governmental activities, compensated absences, net pension liability and total OPEB liability are generally liquidated by the general fund. For business-type activities, compensated absences and net pension liability are liquidated by the applicable fund.

A. Governmental Activities**Capital Leases**

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 2018, depreciation expense and accumulated depreciation on the equipment was \$122,646 and \$408,820, respectively.

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

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

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

Fiscal Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2019	\$ 132,319	\$ 25,181	\$ 157,500
2020	135,653	21,847	157,500
2021	139,072	18,428	157,500
2022	142,576	14,924	157,500
2023	146,169	11,331	157,500
2024-2025	303,481	11,519	315,000
Total	<u>\$ 999,270</u>	<u>\$ 103,230</u>	<u>\$ 1,102,500</u>

Note Payable

In 2017, the City entered 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 July 2017, the building was completed with a total cost of \$1,673,255.

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

Fiscal Year Ending June 30,			
	Principal	Interest	Total
2019	\$ 100,403	\$ 32,599	\$ 133,002
2020	102,620	30,382	133,002
2021	104,886	28,116	133,002
2022	107,202	25,800	133,002
2023	109,569	23,433	133,002
2024-2028	585,219	79,791	665,010
2029-2032	416,132	16,124	432,256
Total	<u>\$ 1,526,031</u>	<u>\$ 236,245</u>	<u>\$ 1,762,276</u>

B. Business-type Activities**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. During 2018, only interest payments of \$28,616 were made and capitalized along with the construction costs

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

(CONTINUED)

of the project. As of June 30, 2018, the loan has been fully disbursed with an outstanding balance of \$3,000,000.

Future annual debt service payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 286,424	\$ 29,263	\$ 315,687
2020	289,359	26,328	315,687
2021	292,325	23,362	315,687
2022	295,320	20,367	315,687
2023	298,347	17,340	315,687
2024-2028	1,538,225	40,212	1,578,437
Total	<u>\$ 3,000,000</u>	<u>\$ 156,872</u>	<u>\$ 3,156,872</u>

Water and Sewer Revenue Bonds

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 and pledge of the water and sewer fund's net operating revenue. As of June 30, 2018, the City believes it was in compliance with all such significant financial limitations and restrictions.

Series 2012 Revenue Bonds

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 outstanding balance of the Series 2012 Revenue Bonds of \$2,725,000 was defeased on June 28, 2018 with the issuance of the Series 2018 revenue Bonds as discussed below.

Series 2018 Revenue Bonds

On June 28, 2018, the City issued Series 2018 Revenue Bonds in the amount of \$15,775,000. The bonds are due at various annual maturities through fiscal year 2038 with various yields ranging from 3% to 5%. The proceeds from the 2018 Bond Series were used to defease outstanding 2012 Revenue Bonds of \$2,725,000 and to fund the construction of the \$14 million wastewater treatment facility expansion project. The Series 2012 Revenue bonds are considered defeased as of

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

(CONTINUED)

June 30, 2018. The result of this transaction is an increase in future debt service payments of \$15,010,791 and an economic loss of \$153,851. As of June 30, 2018 the outstanding principal on the Series 2018 Bonds is \$15,775,000.

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 350,000	\$ 608,943	\$ 958,943
2020	395,000	649,800	1,044,800
2021	405,000	637,950	1,042,950
2022	425,000	617,700	1,042,700
2023	445,000	598,450	1,043,450
2024-2028	2,580,000	2,639,500	5,219,500
2029-2033	5,035,000	1,858,200	6,893,200
2034-2038	6,140,000	755,800	6,895,800
Total	<u>\$ 15,775,000</u>	<u>\$ 8,366,343</u>	<u>\$ 24,141,343</u>

NOTE 9 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances at June 30, 2018 consisted of the following amounts:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Special Revenue Fund	\$ 6,565
General Fund	Nonmajor Capital Project Fund	9,574
General Fund	Solid Waste Fund	99,267
Water and Sewer Fund	General Fund	218,112
Nonmajor Capital Project Fund	Water and Sewer Fund	146,418
		<u>\$ 479,936</u>

The outstanding balances between funds results mainly from the timing difference between the dates that reimbursable expenditures occur and the date payments between funds are made. The City expects to repay all interfund balances with one year.

Transfers out:	Transfers in:	
	General Fund	Water and Sewer Fund
General Fund	\$ -	\$ 1,923
Water and Sewer Fund	200,000	-
Solid Waste Fund	200,000	-
Nonmajor special revenue fund	21,026	-
	<u>\$ 421,026</u>	<u>\$ 1,923</u>

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

(CONTINUED)

The Water and Sewer Fund and the Solid Waste Fund transferred \$200,000 and \$200,000 respectively, to the General Fund to assist with general administrative costs.

The Water and Sewer Fund transferred \$1,923 to the General Fund to reimburse Water and Sewer Fund expenses paid by the General Fund.

The Hotel/Motel Tax special revenue fund transferred \$21,026 to the General Fund for amounts owed relative to hotel/motel tax revenues collected by the special revenue fund.

NOTE 10 – 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 2018, the City collected \$35,114 in hotel motel taxes and expended \$26,800 for tourism related expenditures.

The City has created a tourism department in the general fund and expended \$287,601 for tourism in 2018. Total expenditures relative to tourism for 2018 were more than the current year collection of hotel motel taxes.

NOTE 11 – PENSION PLAN

A. 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.

B. Benefits Provided

The GMEBS Plan provides retirement, disability and death benefits to plan members and beneficiaries. Effective January 1, 2016, 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.

C. Employees Covered by the Plan

Inactive employees (or their beneficiaries) currently receiving benefits	36
Inactive employees entitled to but not yet receiving benefits	64
Active Employees	121

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

(CONTINUED)

D. 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 16.08% of annual covered payroll. The contribution requirements of the City are established and may be amended by the GMEBS Board of Trustees.

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

At June 30, 2018, the City reported a net pension liability. The net pension liability was measured as of September 30, 2017. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of January 1, 2018. An expected total pension liability as of September 30, 2017 was determined using standard roll-forward techniques.

For the year ended June 30, 2018, the City recognized pension expense relative to GMEBS in the amount of \$859,186. At June 30, 2018, 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	\$ 820,471	\$ 5,343
Changes of assumptions	230,065	-
Net difference between projected & actual earnings on pension plan investments	-	650,067
Employer contributions subsequent to the measurement date	522,234	-
	<u>\$ 1,572,770</u>	<u>\$ 655,410</u>

City contributions subsequent to the measurement date of September 30, 2017 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, 2018. 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>	
2019	\$ 211,456
2020	255,284
2021	(55,260)
2022	(16,354)
2023	-

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

(CONTINUED)

Actuarial Assumptions: The total pension liability as of June 30, 2018 was determined by an actuarial valuation as of January 1, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	3.25% -8.75%, including inflation adjustment
Investment rate of return	7.50%, On-going basis, based on long-term expected rate of return of pension plan investments

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

Net Pension Liability:

Changes in the Net Pension Liability	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2017	\$ 13,827,313	\$ 10,903,106	\$ 2,924,207
Changes for the year:			
Service cost	418,665	-	418,665
Interest	1,053,906	-	1,053,906
Difference between expected & actual experience	465,087	-	465,087
Contributions - employer	-	688,149	(688,149)
Net investment income	-	1,659,233	(1,659,233)
Benefit payments	(457,050)	(457,050)	-
Administrative expense	-	(28,013)	28,013
Other	259,522	-	259,522
Net changes	1,740,130	1,862,319	(122,189)
Balances at June 30, 2018	\$ 15,567,443	\$ 12,765,425	\$ 2,802,018

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 \$2,207,150 and \$594,868, 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

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

(CONTINUED)

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 March 31, 2017 are summarized in the following table:

Asset Class	Target allocation	Long-term Expected real rate of return
Domestic Equity	45.00%	6.71%
International Equity	20.00%	7.71%
Real Estate	10.00%	5.21%
Global Fixed Income	5.00%	3.26%
Domestic Fixed Income	20.00%	2.11%
Cash	0.00%	
Total	100.00%	

Discount Rate: The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount rate: The following presents the City's net pension liability calculated using the discount rate of 7.50%, 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 (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
Sensitivity of the Net Pension Liability to Changes in the Discount Rate	\$ 5,026,289	\$ 2,802,018	\$ 961,294

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.

NOTE 12 – 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.

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

(CONTINUED)

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.

NOTE 13 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

A. Plan Description

The City of Loganville provides postemployment medical, prescription drug, and dental benefits to retirees through the City of Loganville's OPEB Plan, a defined benefit, single employer OPEB plan. This plan is established by an adoption agreement executed by City Council. The Plan is administered by the Georgia Municipal Employees Benefit System (GMEBS), a statewide, agent multiple-employer type plan that is 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.

B. Benefits Provided

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. Retirees have a premium that is blended with the active premium. For future retirees, the City will provide access to the benefits only, but the retirees will pay 100% of the premium.

C. Employees Covered by Benefits Terms

At June 30, 2018, the following employees were covered by the benefit terms:

Retired members or beneficiaries currently receiving benefits	5
Vested terminated members entitled to but not yet receiving benefits	-
Active members	115

D. Contributions

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 employer does not pre-fund benefits. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis and there is not a trust for accumulating plan assets. The City's contributed \$47,638 toward OPEB benefits in the year ended June 30, 2018.

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

(CONTINUED)

E. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the City reported a total OPEB liability. The total OPEB liability was measured as of June 30, 2017 and was based on an actuarial valuation as of January 1, 2016. An expected total pension liability as of June 30, 2018 was determined using standard roll-forward techniques.

For the year ended June 30, 2018, the City recognized OPEB expense relative to GMEBS in the amount of \$18,028. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 17,374	\$ -
Changes of assumptions or other inputs	-	21,567
Employer contributions subsequent to the measurement date	47,638	-
	<u>\$ 65,012</u>	<u>\$ 21,567</u>

City contributions subsequent to the measurement date of June 30, 2017 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2018. 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>	
2019	\$ (599)
2020	(599)
2021	(599)
2022	(599)
2023	(599)
Thereafter	(1,198)

Actuarial Assumptions: The City's total OPEB liability was measured as of June 30, 2017 and was determined by an actuarial valuation as of January 1, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increase	3.75% to 8.75%, including inflation
Discount Rate	3.58%
Healthcare Cost trend rates	Medical: 7.00% trended down to 4.50% by 2021
	Drug: 7.00% trended down to 4.50% by 2021
	Dental: 5.00%

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

(CONTINUED)

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

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

Discount rate: The discount rate was based on the Bond Buyer 20-Bond Go Index. An actuarial experience loss increased the total OPEB liability by \$19,858. This was due to actual benefit payments for the year ended June 30, 2017 being higher than expected. Valuation assumption changes decreased the total OPEB liability by the \$24,650. This was the result of a decrease due to raising the discount rate to 3.58 from 2.85%

Sensitivity of the Total OPEB Liability to Changes in the Discount rate: The following presents the City's total OPEB liability calculated using the discount rate of 3.58%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58%) or 1-percentage-point higher (4.58%) than the current rate:

	1% Decrease 2.58%	Current discount rate 3.58%	1% Increase 4.58
Sensitivity of the Total OPEB Liability to Changes in the Discount Rate	\$ 344,078	\$ 374,539	\$ 408,859

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend rates:

	1% Decrease	Current Healthcare Cost Trend rates	1% Increase
Sensitivity of the Total OPEB Liability to Changes in the Discount Rate	\$ 416,678	\$ 374,539	\$ 337,896

Total OPEB Liability:

<u>Changes in the Total OPEB Liability</u>	<u>Total OPEB Liability</u>
Balances at June 30, 2017	\$ 408,342
Changes for the year:	
Service cost	7,456
Interest	11,171
Difference between expected & actual experience	19,858
Benefit payments	(47,638)
Changes of assumptions	(24,650)
Net changes	(33,803)
Balances at June 30, 2018	<u>\$ 374,539</u>

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

(CONTINUED)

NOTE 14 – RISK MANAGEMENT

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

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

NOTE 15 – 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.

NOTE 16 – JOINT VENTURES

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

CITY OF LOGANVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

(CONTINUED)

liable for any debts or obligations of an RC. Separate financial statements may be obtained from:

Northeast Georgia Regional Commission
305 Research Drive
Athens, Georgia 30610

NOTE 17 – 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.

NOTE 18 – SUBSEQUENT EVENTS

The City has evaluated subsequent events through January 14, 2019, the date which the financial statements were available to be issued.

NOTE 19 – RESTATEMENT OF EQUITY BALANCES

Implementation of New Accounting Standards

During 2018, the City implemented new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions – an amendment of GASB Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB, as of July 1, 2017.

	Governmental Activities
Fund Balance/Net Position June 30, 2017, as previously stated	\$ 19,334,545
Implementation of GASB 75 for postemployment benefits other than pensions	
Record Total OPEB liability	(378,833)
Fund Balance/Net Position June 30, 2017, as restated	<u>\$ 18,955,712</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LOGANVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	2018	2017	2016	2015
<u>Total Pension Liability</u>				
Service cost	\$ 418,665	\$ 407,113	\$ 369,509	\$ 369,372
Interest	1,053,906	969,777	836,265	770,561
Differences between expected and actual experience	465,087	135,664	917,512	(26,714)
Changes in benefit terms		-	-	-
Changes in assumptions	259,522	-	-	112,245
Benefit payments, including refunds of employee contributions	(457,050)	(396,979)	(404,141)	(351,177)
Net change in total pension liability	1,740,130	1,115,575	1,719,145	874,287
Total pension liability - beginning	13,827,313	12,711,738	10,992,593	10,118,306
Total pension liability - ending	<u>\$ 15,567,443</u>	<u>\$ 13,827,313</u>	<u>\$ 12,711,738</u>	<u>\$ 10,992,593</u>
<u>Plan Fiduciary Net Position</u>				
Contributions - employer	\$ 688,149	\$ 571,233	\$ 527,013	\$ 508,162
Contributions - employee	-	-	-	-
Net investment income	1,659,233	1,084,978	101,507	957,563
Benefit payments, including refunds of employee contributions	(457,050)	(396,979)	(404,141)	(351,177)
Administrative expense	(28,013)	(16,227)	(17,785)	(13,904)
Other	-	-	-	-
Net change in fiduciary net position	1,862,319	1,243,005	206,594	1,100,644
Plan fiduciary net position - beginning	10,903,106	9,660,101	9,453,507	8,352,863
Plan fiduciary net position - ending	<u>\$ 12,765,425</u>	<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>\$ 2,802,018</u>	<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	82.00%	78.85%	75.99%	86.00%
Covered-employee payroll	\$ 4,967,243	\$ 4,737,027	\$ 4,579,778	\$ 3,878,226
Net pension liability as a percentage of covered-employee payroll	56.41%	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, 2018

SCHEDULE OF CONTRIBUTIONS

	2018	2017	2016	2015
Actuarially determined contribution	\$ 721,106	\$ 677,160	\$ 535,923	\$ 524,023
Contributions in relation to the actuarially determined contribution	721,106	677,160	535,923	524,023
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 4,967,243	\$ 4,737,027	\$ 4,579,778	\$ 3,878,226
Contributions as a percentage of covered-employee payroll	14.52%	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
REQUIRED SUPPLEMENTARY INFORMATION
GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

	<u>2018</u>
<u>Total OPEB Liability</u>	
Service cost	\$ 7,456
Interest	11,171
Differences between expected and actual experience	19,858
Changes in benefit terms	-
Changes in assumptions	(24,650)
Benefit payments, including refunds of employee contributions	(47,638)
Net change in total pension liability	(33,803)
Total OPEB liability - beginning	408,342
Total OPEB liability - ending	<u>\$ 374,539</u>
 Covered-employee payroll	 \$ 4,579,778
Total OPEB liability as a percentage of covered-employee payroll	 8.18%

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, 2018

NOTE 1 - PENSION PLAN

Georgia Municipal Employee Benefit System

Changes of assumptions:

Amounts report for the fiscal year ending in 2018 and later reflect the following assumption changes based on an actuarial study conducted in September 2017:

The investment return assumption was decreased from 7.75% to 7.50%
The inflation assumption was decreased from 3.25% to 2.75%.

Benefit Changes

There were no changes in benefit provisions in the last two fiscal years.

Valuation date	The actuarially determined contribution rate was determined as of January 1, 2018, 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, 2019.
----------------	--

Methods and assumptions used to determine contribution rates:

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

Actuarial Assumptions:

Net Investment Rate of Return	7.50%
Projected Salary Increases	2.75% plus service based merit increases
Cost of Living Adjustments	0.00%

CITY OF LOGANVILLE, GEORGIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)

Retirement Age	Ages 55-59 rate of 10%, age 60 rate of 20%, age 61 rate of 25%, age 62 rate of 35%, age 63 rate of 40%, age 64 rate of 45%, ages 65-69 rate of 50% and age 70 and over rate of 100%
Mortality	RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females RP-2000 Disabled Retiree Mortality Table with sex-distinct rates. 1994 Group Annuity Reserving Unisex Table for Plan termination basis (all lives)

NOTE 2 – OPEB PLAN

Georgia Municipal Employee Benefit System

Changes of assumptions:

The discount rate effective for June 30, 2016 was 2.85%, and effective for June 2017 was 3.58%.

Benefit Changes

There have been no benefit changes since GASB 75 implementation.

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

CAPITAL PROJECTS FUNDS

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

2013 Special Purpose Local Option Sales Tax Fund – This fund is used to account for the construction and improvements in accordance with the sales tax referendum.

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.

CITY OF LOGANVILLE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds			Capital Projects Funds					Total Nonmajor Governmental Funds
	Confiscated Assets	Hotel/ Motel Tax	Total	2013 SPLOST	2014 SPLOST	2017 SPLOST	Capital Recovery Impact Fee	Total	
<u>ASSETS</u>									
Cash and cash equivalents	\$ 267,067	\$ 37,653	\$ 304,720	\$ 1,948,935	\$ 444,842	\$ 395,260	\$ 889,339	\$ 3,678,376	\$ 3,983,096
Receivables, net of allowance									
Taxes	-	12,025	12,025	-	-	-	-	-	12,025
Intergovernmental	-	-	-	89,171	-	71,667	-	160,838	160,838
Due from other funds	-	-	-	-	-	-	146,418	146,418	146,418
Total Assets	<u>\$ 267,067</u>	<u>\$ 49,678</u>	<u>\$ 316,745</u>	<u>\$ 2,038,106</u>	<u>\$ 444,842</u>	<u>\$ 466,927</u>	<u>\$ 1,035,757</u>	<u>\$ 3,985,632</u>	<u>\$ 4,302,377</u>
<u>LIABILITIES</u>									
Accounts payable	\$ 2,268	\$ 650	\$ 2,918	\$ 14,830	\$ -	\$ 1,678	\$ -	\$ 16,508	\$ 19,426
Due to other funds	-	6,565	6,565	-	-	9,574	-	9,574	16,139
Total Liabilities	<u>2,268</u>	<u>7,215</u>	<u>9,483</u>	<u>14,830</u>	<u>-</u>	<u>11,252</u>	<u>-</u>	<u>26,082</u>	<u>35,565</u>
<u>FUND BALANCES</u>									
Restricted	264,799	-	264,799	2,023,276	444,842	455,675	1,035,757	3,959,550	4,224,349
Assigned	-	42,463	42,463	-	-	-	-	-	42,463
Total Fund Balances	<u>264,799</u>	<u>42,463</u>	<u>307,262</u>	<u>2,023,276</u>	<u>444,842</u>	<u>455,675</u>	<u>1,035,757</u>	<u>3,959,550</u>	<u>4,266,812</u>
Total Liabilities and Fund Balances	<u>\$ 267,067</u>	<u>\$ 49,678</u>	<u>\$ 316,745</u>	<u>\$ 2,038,106</u>	<u>\$ 444,842</u>	<u>\$ 466,927</u>	<u>\$ 1,035,757</u>	<u>\$ 3,985,632</u>	<u>\$ 4,302,377</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, 2018

	Special Revenue Funds			Capital Projects Funds					Total Nonmajor Governmental Funds
	Confiscated Assets	Hotel/ Motel Tax	Total	2013 SPLOST	2014 SPLOST	2017 SPLOST	Capital Recovery Impact Fee	Total	
REVENUES									
Hotel/motel taxes	\$ -	\$ 35,114	\$ 35,114	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,114
Intergovernmental	-	-	-	1,032,917	55	415,565	-	1,448,537	1,448,537
Charges for services	-	-	-	-	-	-	531,039	531,039	531,039
Fines and forfeitures	290,767	-	290,767	-	-	-	-	-	290,767
Investment income	-	-	-	-	-	251	3,594	3,845	3,845
Total Revenues	290,767	35,114	325,881	1,032,917	55	415,816	534,633	1,983,421	2,309,302
EXPENDITURES									
Current									
Public safety	34,084	-	34,084	-	-	-	-	-	34,084
Public works	-	-	-	5,149	-	20	-	5,169	5,169
Housing and development	-	26,800	26,800	-	-	-	-	-	26,800
Capital outlay	18,475	-	18,475	297,541	-	50,802	484,431	832,774	851,249
Total Expenditures	52,559	26,800	79,359	302,690	-	50,822	484,431	837,943	917,302
Excess (deficiency) of revenues over (under) expenditures	238,208	8,314	246,522	730,227	55	364,994	50,202	1,145,478	1,392,000
Other financing sources (uses)									
Transfer out	-	(21,026)	(21,026)	-	-	-	-	-	(21,026)
Total other financing sources (uses)	-	(21,026)	(21,026)	-	-	-	-	-	(21,026)
Net Change in Fund Balances	238,208	(12,712)	225,496	730,227	55	364,994	50,202	1,145,478	1,370,974
Fund Balances - Beginning	26,591	55,175	81,766	1,293,049	444,787	90,681	985,555	2,814,072	2,895,838
Fund Balances - Ending	\$ 264,799	\$ 42,463	\$ 307,262	\$ 2,023,276	\$ 444,842	\$ 455,675	\$ 1,035,757	\$ 3,959,550	\$ 4,266,812

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, 2018

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>			
Fines and forfeitures	\$ 75,000	\$ 290,767	\$ 215,767
Total Revenues	75,000	290,767	215,767
<u>EXPENDITURES</u>			
Current			
Public safety	41,035	34,084	6,951
Capital outlay	33,965	18,475	15,490
Total Expenditures	75,000	52,559	22,441
Net Change in Fund Balances	-	238,208	238,208
Fund Balances-Beginning	26,591	26,591	-
Fund Balances-Ending	\$ 26,591	\$ 264,799	\$ 238,208

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, 2018

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>			
Taxes	\$ 30,000	\$ 35,114	\$ 5,114
Total Revenues	30,000	35,114	5,114
<u>EXPENDITURES</u>			
Current			
Housing and development	27,800	26,800	1,000
Total Expenditures	27,800	26,800	1,000
Excess (deficiency) of revenues over (under) expenditures	2,200	8,314	6,114
Other financing sources (uses)			
Transfer out	(19,300)	(21,026)	(1,726)
Net Change in Fund Balances	(17,100)	(12,712)	4,388
Fund Balances-Beginning	55,175	55,175	-
Fund Balances-Ending	\$ 38,075	\$ 42,463	\$ 4,388

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, 2018

Project	Original Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
Transportation	\$ 1,000,000	\$ 679,795	\$ 302,690	\$ 982,485
Water and Sewer Infrastructure	4,841,679	2,266,256	-	2,266,256
	<u>\$ 5,841,679</u>	<u>\$ 2,946,051</u>	<u>\$ 302,690</u>	<u>\$ 3,248,741</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, 2018

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

* The fiscal year 2016 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-2017
PASSED THROUGH FROM GWINNETT COUNTY
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Project	Original Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
Recreational Facilities and Equipment	\$ 1,196,902	\$ 8,154	\$ 17,420	\$ 25,574
Transportation	926,471	1,420	33,402	34,822
Water and Sewer Capital Improvements	380,604	-	-	-
	<u>\$ 2,503,977</u>	<u>\$ 9,574</u>	<u>\$ 50,822</u>	<u>\$ 60,396</u>

CITY OF LOGANVILLE, GEORGIA

COMPONENT UNIT - LOGANVILLE DEVELOPMENT AUTHORITY
BALANCE SHEET
JUNE 30, 2018

ASSETS

Cash and cash equivalents	\$ 41,952
Total Assets	<u>\$ 41,952</u>

LIABILITIES AND FUND BALANCES

Accounts payable	\$ -
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, 2018

REVENUES

Intergovernmental revenues	\$ -
----------------------------	------

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

EXPENDITURES

Current

Community Development	-
-----------------------	---

Total Expenditures	<u>-</u>
--------------------	----------

Net Change in Fund Balance	-
----------------------------	---

Fund Balance - Beginning of year	<u>41,952</u>
----------------------------------	---------------

Fund Balance - End of year	<u>\$ 41,952</u>
----------------------------	------------------

GOVERNMENTAL REPORT

**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, 2018 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 January 14, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, which we consider to be material weaknesses. 2018-001, 2018-002, and 2018-003.

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

Compliance and Other Matters

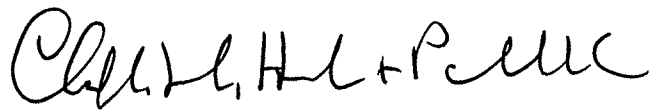
As part of obtaining reasonable assurance about whether the City of Loganville, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Charles H. Hill, CPA". The signature is fluid and cursive, with the letters "C", "H", and "P" being particularly prominent.

Macon, Georgia
January 14, 2019

CITY OF LOGANVILLE, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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*:

2018-001 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. Additionally, the City did not properly reconcile the accounts payable listing.

CONTEXT

- The General Fund's prior year accounts payable was overstated by \$53,939.
- Accrued salaries were understated by \$48,000 in the General Fund.

EFFECT

Material audit adjustments were needed to fairly state expenditures for the year ended June 30, 2018.

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 agrees with this finding. The City will focus on procedures in place for proper recording of liabilities. The City has also put in place proper procedures for reconciliation of accounts payable.

CITY OF LOGANVILLE, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)

2018-002 **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 did not properly post 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 police vehicle purchased in the General Fund was understated by \$15,512 on the governmental depreciation schedule.
- \$45,343 in equipment purchased for the fleet maintenance shop in the General Fund that was below the capitalization threshold was improperly capitalized.
- Additional procedures were required to itemize nine purchases of equipment totaling \$132,576 that were recorded in the governmental depreciation schedule as one asset.
- \$25,516 in engineering fees in the 2017 SPLOST fund for a sidewalk project were not properly capitalized.

EFFECT

Material audit adjustments were needed to fairly report capital asset information for the year ended June 30, 2018.

CAUSE

Accounting personnel lacked an understanding of identifying and accounting for capital asset activity.

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 agrees with this finding. The City will focus on preparing procedures for adequate posting of capital asset activity.

CITY OF LOGANVILLE, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)

2018-003 Assets held for Resale

CRITERIA

Assets held for resale are recorded at cost. Differences in the sale proceeds and cost of the assets are recognized as gains or losses on sale of assets in the year the sale occurs.

CONDITION

The City improperly recognized unrealized gains on assets held for resale.

CONTEXT

A material audit adjustment was required in the General Fund to reduce the assets held for resale by \$685,756 to cost.

EFFECT

Interim year-end financial reports overstated the carrying value for assets held for resale in the General Fund and correspondingly, over stated revenues.

CAUSE

Accounting personnel lacked an understanding that was necessary to determine when to recognize gains or loss on assets held for resale.

RECOMMENDATION

We recommend accounting personnel obtain additional training on accounting for assets held for resale.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management agrees with this finding. The City will give attention to have adequate training on assets held for resale and proper posting of gains.

CITY OF LOGANVILLE, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

2017-001 Accounts Receivable/Revenue and Prior Period Adjustment

CONDITION

SPLOST revenues were not recorded in the proper fiscal period.

UPDATE

Resolved.

2017-002 Accounts Receivable / Revenue

CONDITION

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

UPDATE

Resolved.

2017-003 Accounts Payable / Expenditure or Expenses

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

Unresolved. See current year finding 2018-001.

2017-004 Capital Assets

CONDITION

The City had not properly posted all capital asset activity.

UPDATE

Unresolved. See current year finding 2018-002.