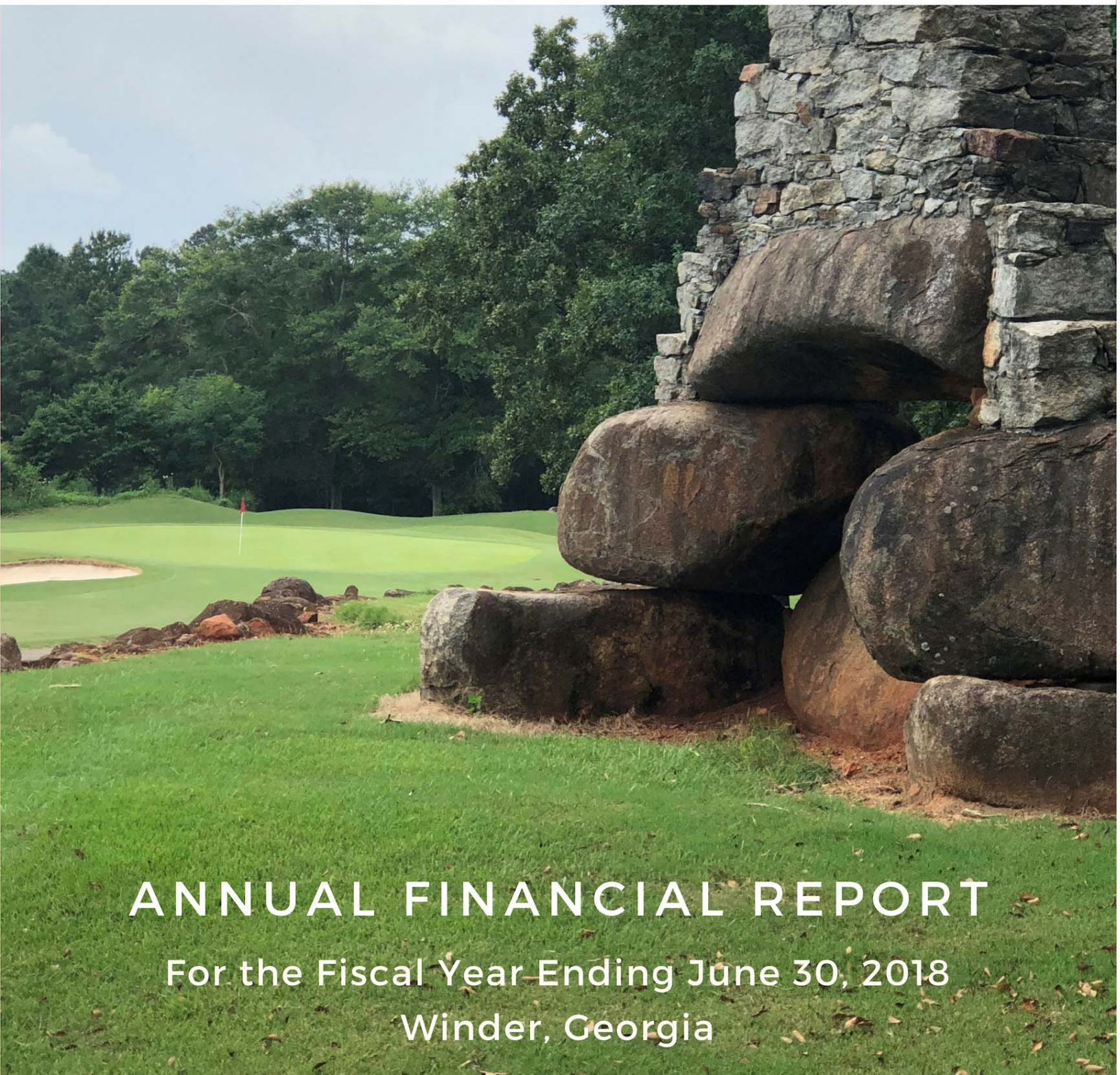




CITY OF WINDER



ANNUAL FINANCIAL REPORT

For the Fiscal Year Ending June 30, 2018

Winder, Georgia

CITY OF WINDER, GEORGIA

Annual Financial Report

For the fiscal year ended June 30, 2018

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CITY OF WINDER, GEORGIA
ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2018

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ANNUAL FINANCIAL REPORT
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Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Winder, 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 Winder, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Winder, Georgia, as of June 30, 2018, and the respective changes in the financial position and, where applicable, cash flows thereof, and the budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 3 through 14 and 72 through 80, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Winder, Georgia's basic financial statements. The combining and individual fund financial statements and schedules, and the schedule of projects financed with special purpose local option sales tax are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules, the schedule of projects financed with special purpose local option sales tax, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, the schedule of projects financed with special purpose local option sales tax, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2018, on our consideration of the City of Winder, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Winder's internal control over financial reporting.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
December 14, 2018

Management's Discussion and Analysis

This discussion and analysis presents the highlights of financial activities and financial position for the City of Winder (City). The analysis focuses on significant financial issues, major financial activities and resulting changes in financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the City. Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes. Please read it in conjunction with the Transmittal Letter and the City's financial statements.

Financial Highlights

The assets and deferred outflows of resources of the City of Winder's governmental activities and business-type activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$98.2 million. Of this amount, \$14.4 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's cash and cash equivalents at the end of FY 2018 were \$18 million, an increase of \$2 million from FY 2017. The increase is primarily the result of additional revenues from an increase in gas sales due to colder temperatures and rate increases in the water and solid waste funds during FY2018.

The primary government's total net position increased by \$9.2 million during FY 2018, as revenues of \$44.4 million exceeds expenses of \$35.2 million. Governmental activities contributed \$2.4 million and business-type activities contributed \$6.7 million of the overall increase in net position.

At June 30, 2018, the governmental funds reported combined ending fund balances of \$4.9 million, an increase of over \$1 million from the prior year. The increase is primarily due to SPLOST intergovernmental revenues exceeding capital outlay expenditures for local street projects and water and sewer infrastructure and recreational facilities. Approximately \$825,000 or 16.7% of the ending fund balance is available for spending at the government's discretion (unassigned fund balance).

General Fund unassigned fund balance at June 30, 2018, was approximately \$825,000, or 5.7% of total fund expenditures.

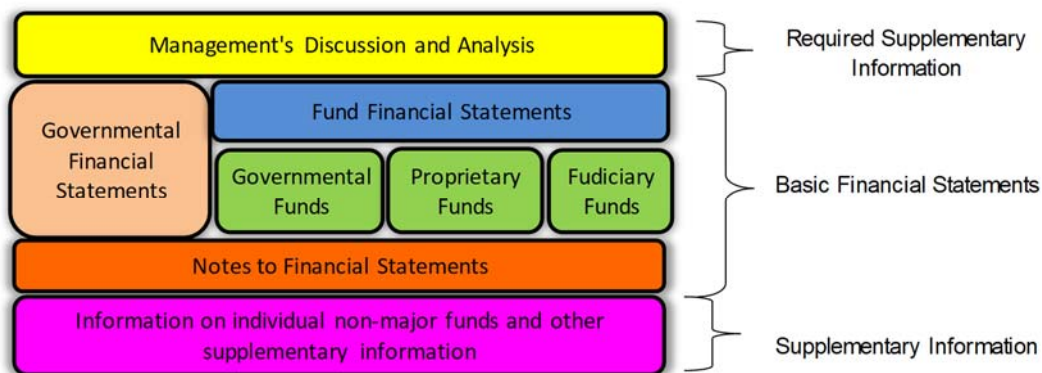
Enterprise (business-type) fund unrestricted net position for the FY 2018 was \$15.9 million, or 81.1% of total enterprise fund expenses.

The City pays up to 90% of health insurance for the City of Winder's fulltime employees in addition to dental, short term disability, long term disability, and life insurance for the employees. In FY 2018, premiums paid by the City were \$1.7 million which was an increase of approximately \$90,000 over FY 2017.

The City had approximately \$27.3 million in revenue bonds, notes, and capital leases at the end of June 30, 2018, which is an increase of about \$2.8 million from the prior year. The City's net pension liability decreased by approximately \$731,000 from prior year.

Report Layout

The following illustration is provided as a guide for the financial statements:



The Annual Financial Report consists of several sections. Taken together they provide a comprehensive financial look at the City. The components of the report include the following:

- ❑ **Independent Auditor's Report.**
- ❑ **Management's Discussion and Analysis.** This section of the report provides financial highlights, overview and economic factors affecting the City.
- ❑ **Basic Financial Statements.** Includes a Statement of Net Position, a Statement of Activities, fund financial statements and the notes to the financial statements. Statements of Net Position and Activities focus on a government-wide presentation using the accrual basis of accounting. They are designed to be more corporate-like in that all activities are consolidated in total for the City.
 - The *Statement of Net Position* focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of the assets the City owns, the liabilities it owes and the net difference. The net difference is further separated into amounts net investment in capital assets, restricted for specific purposes and unrestricted amounts.
 - The *Statement of Activities* focuses on gross and net costs of City programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
 - *Fund Financial Statements* focus separately on the major governmental fund and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The City's major governmental fund is presented in its own column and the eight remaining funds are combined into a column titled "Nonmajor Governmental Funds." Statements for the City's proprietary funds follow the governmental funds and include net position, revenues, expenses and changes in net position, and cash flows. There are two major enterprise funds (Water and Sewer Fund and Gas Fund) and four nonmajor enterprise funds which are combined into a column titled "Nonmajor Enterprise Funds".
 - The City had two internal service funds to account for the cost of administration of the solid waste, gas and water utility operations, and City buildings. Costs of the internal service funds are charged to the applicable funds. The combined internal service funds' net position, revenues, expenses, and changes in net position are presented in the proprietary fund statements.
 - *Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial

statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

- The *Notes to the Basic Financial Statements* provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the City's financial condition.
- **Required Supplementary Information.** Presents the General Fund's budget to actual comparison schedule and the notes to the required supplementary information. The General Fund is the City's only major governmental fund.
- **Other Supplementary Information.** Readers desiring additional information on nonmajor funds can find it in the Combining Statements of Nonmajor Funds and/or the Supplementary Information-Budgetary Comparison sections of this report. Components within this section include:
 - Nonmajor Governmental Funds Statements. Major funds are included within the Basic Financial Statements, whereas nonmajor funds are presented here. These statements include combining balance sheets and statements of revenues, expenditures and changes in fund balances.
 - Budgetary comparison information for nonmajor governmental funds, excluding the Capital Project Funds, and schedules of General Fund revenues and expenditures are presented here.
 - Agency Funds Changes in Assets and Liabilities represents the activities of the City of Winder's Municipal Court and Downtown Improvement Funds.
 - Nonmajor Proprietary Funds Statements. The City has six nonmajor proprietary funds, four of which are enterprise funds and are presented in the combining statements of net position, revenues, expenses, and changes in net position, and cash flows.
 - Internal Service Funds Statements. The City has two internal service funds that are presented in the combining statements of net position, revenues, expenses, and changes in net position, and cash flows.
 - Special Purpose Local Option Sales Tax reports complete the Financial Section of this report.
- **Report by Independent Certified Public Accountant.** Supplemental communication on the City's compliance, internal controls, and other matters.

Government-Wide Financial Analysis

The government-wide statements report information about the City of Winder as a whole using accounting methods similar to those used by private sector companies. Net position may serve over time as a useful indicator of the City's financial position. In the case of the City of Winder, assets exceeded liabilities by \$98.2 million at the close of Fiscal Year 2018.

The 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 \$14.4 million or 14.6%. 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 \$79.7 million or 81.2%. The City uses these capital assets to provide services to its citizens, and 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 million or 4.1% represents resources that are subject to external restrictions on how they may be used and debt service.

Statement of Net Position at June 30, 2018 and 2017

	Net Position at Year-End					
	(in thousands of dollars)					
	Governmental Activities		Business-Type Activities		Total Government	
	2018	2017	2018	2017	2018	2017
Cash and Investments	\$ 4,299	\$ 2,445	\$ 15,745	\$ 13,535	\$ 20,044	\$ 15,980
Current Assets	1,455	1,462	5,522	7,274	6,977	8,737
Capital Assets	19,190	19,524	89,085	80,020	108,275	99,544
Total Assets	<u>24,944</u>	<u>23,432</u>	<u>110,352</u>	<u>100,830</u>	<u>135,296</u>	<u>124,261</u>
Deferred Outflows of Resources	1,008	1,158	336	383	1,344	1,541
Current Liabilities	1,156	1,086	6,430	3,737	7,586	4,823
Other Liabilities	-	-	2,582	2,468	2,582	2,468
Long-Term Debt Outstanding	4,438	4,817	22,923	23,016	27,361	27,833
Total Liabilities	<u>5,594</u>	<u>5,903</u>	<u>31,935</u>	<u>29,222</u>	<u>37,529</u>	<u>35,124</u>
Deferred Inflow of Resources	695	596	213	158	908	754
Net Position:						
Net Investment in Capital Assets	18,681	18,933	61,015	55,795	79,696	74,728
Restricted	2,475	1,629	1,554	131	4,029	1,760
Unrestricted	(1,492)	(2,471)	15,934	15,907	14,442	13,436
Total Net Position	<u>\$ 19,664</u>	<u>\$ 18,091</u>	<u>\$ 78,503</u>	<u>\$ 71,833</u>	<u>\$ 98,167</u>	<u>\$ 89,924</u>

Statement of Activities for the Fiscal Year Ended June 30, 2018 and 2017

Governmental and Proprietary Activities For Fiscal Year Ending June 30, 2018 & 2017 (in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total Government	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenue						
Charges for Services	\$ 1,032	\$ 1,134	\$ 30,209	\$ 27,589	\$ 31,241	\$ 28,723
Operating Grants and Contributions	55	39	-	-	55	39
Capital Grants and Contributions	2,618	1,900	3,195	1,031	5,813	2,931
General Revenues						
Taxes	6,862	6,339	-	-	6,862	6,339
Other	295	227	96	102	391	329
Total Revenues	<u>10,862</u>	<u>9,640</u>	<u>33,500</u>	<u>28,722</u>	<u>44,362</u>	<u>38,362</u>
Expenses (Including Indirect Cost)						
Governmental Activities						
General Government	1,535	(259)	-	-	1,535	(259)
Judicial	234	281	-	-	234	281
Public Safety	6,803	7,426	-	-	6,803	7,426
Public Works	4,844	4,844	-	-	4,844	4,844
Recreation	37	63	-	-	37	63
Housing and Development	594	857	-	-	594	857
Business-Type Activities	-	-	21,158	20,557	21,158	20,557
Total Expenses	<u>14,047</u>	<u>13,212</u>	<u>21,158</u>	<u>20,557</u>	<u>35,205</u>	<u>33,770</u>
Excess (Deficiencies) Before Transfers	(3,185)	(3,572)	12,342	8,164	9,157	4,592
Transfers	5,653	7,115	(5,653)	(7,115)	-	-
Change in Net Position	2,468	3,543	6,689	1,049	9,157	4,592
Beginning Net Position	18,091	14,548	71,833	70,784	89,924	85,332
Prior Period Adjustments	(895)	-	(19)	-	(914)	-
Beginning Net Position (restated)	17,196	14,548	71,814	70,784	89,010	85,332
Ending Net Position	<u>\$ 19,664</u>	<u>\$ 18,091</u>	<u>\$ 78,503</u>	<u>\$ 71,833</u>	<u>\$ 98,167</u>	<u>\$ 89,924</u>

Governmental Activities

Governmental activities increased the City of Winder's net position by approximately \$2.5 million. The City's transfers into governmental activities from business-type activities decreased by approximately \$1.5 million from FY 2017 due to a decrease in Public Safety expenditures. A comparison of the prior year income and expenses before transfers to the FY 2018 income and expenses before transfers reveals a net income of approximately \$4.6 million. Fire District taxes, sales taxes, business taxes, and other taxes provided 61.3% of the total governmental revenues and covered 47.4% of governmental expenses. Program revenues provided 34.1% of total governmental revenues and covered 26.4% of governmental expenses. Transfers from other funds covered more than the other 26.2% of governmental expenses resulting in an increase in net position. The City's revenues from governmental activities are impacted by the general economy and local businesses.

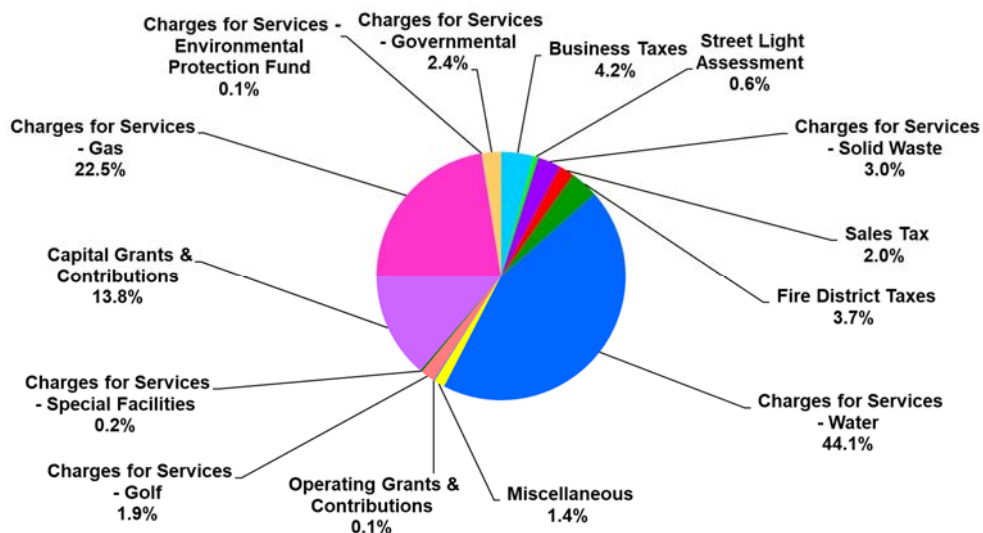
The most significant governmental expense for the City is providing Public Safety services, such as Fire and Police protection, which comprised 48.4% of the total governmental expenses. Revenues collected from a variety of sources offset public safety expenses, with the largest being the Fire District Tax. The second largest cost for the City is Public Works, totaling \$4.3 million, or 29% of governmental expenses.

Business-type Activities

Business-type activities increased the City of Winder's net position by approximately \$6.7 million. The amounts paid by the users of the systems were approximately \$30.2 million while the cost of all business-type activities was \$21.2 million. Additionally, idle cash earned approximately \$80,300.

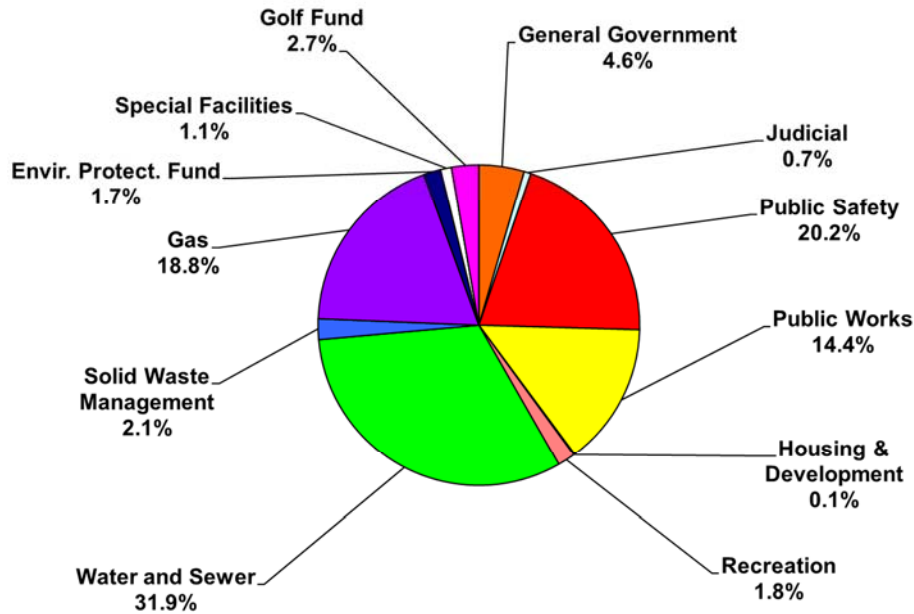
- The charges for services in the Water Fund increased by approximately \$258,000, which was due in part to additional gallons of water consumed by our citizens. Tap-on fees increased by approximately \$430,000 resulting from additional taps sold. Water expenses increased by approximately 313,000. Water Fund net position increased \$5.8 million.
- In the Gas Fund charges for services increased by approximately \$1.3 million and tap-on fees decreased by approximately \$27,000. Gas expenses increased by approximately \$338,000. The most significant increase and decrease in gas expense is the cost of marketing materials of \$191,500 and the cost of supplies of \$326,164 respectively. Gas Fund net position increased approximately \$246,000.
- In the Solid Waste Fund charges for services increased approximately \$177,000 and expenses remained relatively stable and the transfer to the Governmental Funds increased by approximately \$82,000 compared to FY 2017. The net position decreased by approximately \$65,000.
- The Environmental Protection Fund revenues remained nearly the same while expenses increased by approximately \$389,000, primarily due to capital outlay costs. Despite a decrease in transfers from the Governmental Funds of approximately \$495,000 net position increased by approximately \$516,000.
- Special Facilities Fund revenues and expenses increased by approximately \$22,000 and \$12,000, respectively. Transfers from the Governmental Funds increased by \$168,000. The fund reported an increase of \$179 in net position.
- Fiscal year 2018 was the fourth full year of City ownership for the Chimneys Golf Course. The Golf Fund's net position increased by approximately \$34,955 after transfers of \$240,000. The increase in net position is primarily attributable to the transfers from the Governmental Funds.

REVENUES BY SOURCE – GOVERNMENT-WIDE ACTIVITY



Note: Graph may not equal 100% due to rounding

EXPENSES BY FUNCTION – GOVERNMENT-WIDE ACTIVITY



Note: Graph may not equal 100% due to rounding

Financial Analysis of the Government's Funds

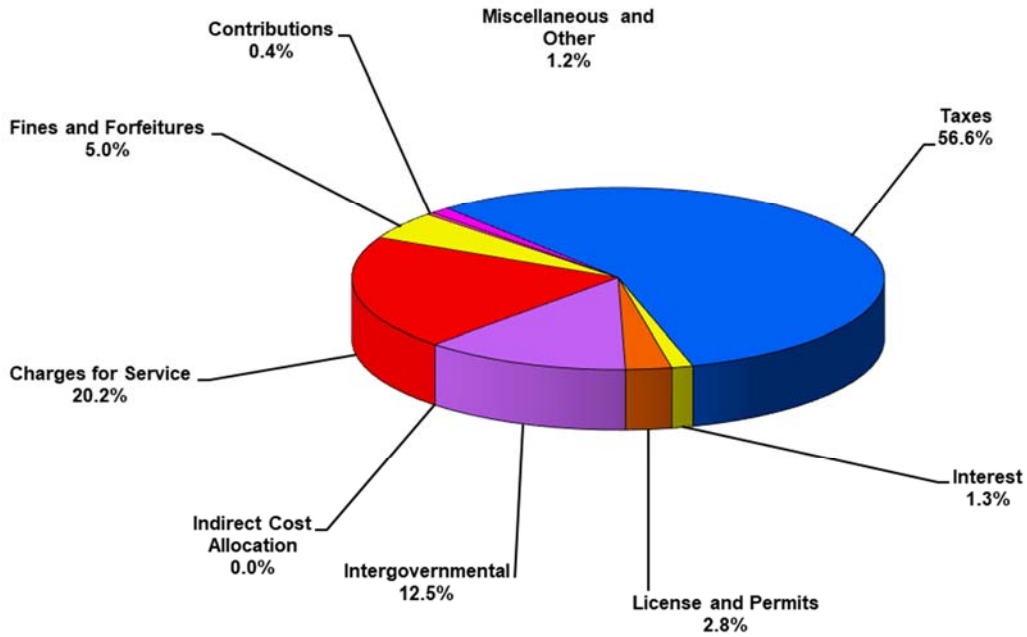
As noted earlier, the City of Winder employs fund accounting to ensure and demonstrate compliance with finance-related legal requirements and financial reporting requirements.

Governmental Funds The focus of the City of Winder's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in evaluating a government's near-term financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

As of the end of FY 2018, the City's governmental funds reported combined ending fund balances of approximately \$4.9 million, an increase of approximately \$1 million. The City reported approximately \$825,000 in unassigned fund balance and \$1.6 million in nonspendable fund balance. Nonspendable fund balance is mainly attributable to the General Fund loaning money, through an advance, to the Environmental Protection Fund and the Buildings Fund. The City believes that those funds will repay the General Fund within the next 10 to 20 years. The remainder of fund balance is restricted or committed to indicate that it is not available for new spending because it has already been obligated for other restricted purposes.

As in previous years, the City of Winder levied no property tax (except for fire services) to finance current operations. Therefore, the City's General Fund relied on transfers from the proprietary funds (or business-type activities) to supplement the governmental activities of the City, such as public safety and public works. The transfers from the combined public utility enterprise funds were \$6.8 million.

REVENUES BY SOURCE-GOVERNMENTAL FUNDS

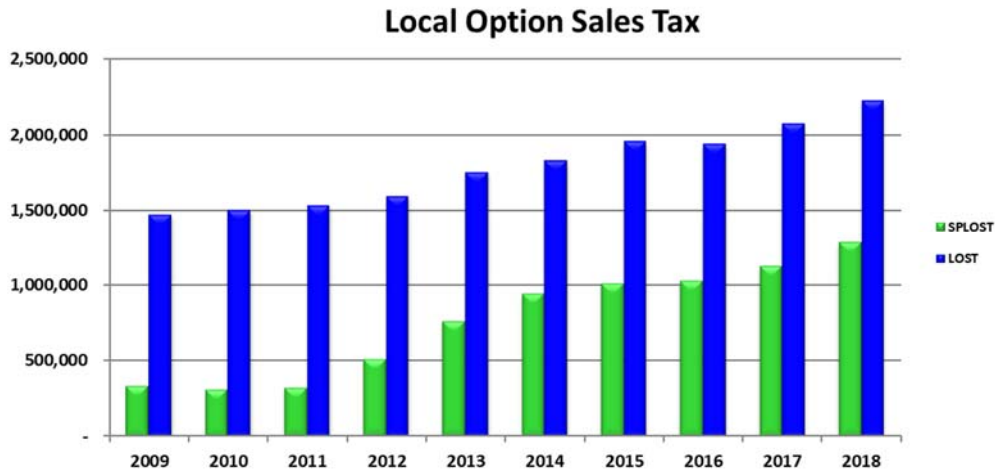


Note: Graph may not equal 100% due to rounding

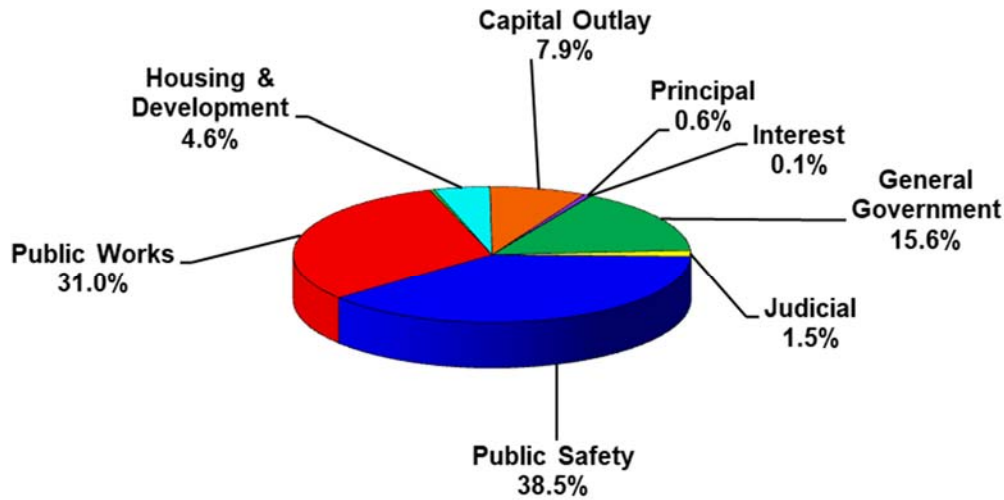
The City's governmental funds operating revenues (excluding indirect cost allocation) were down approximately \$333,000 from the prior year. Tax collections increased by approximately \$511,000 or 8%. However, intergovernmental revenue decreased by approximately \$405,000 or 21%.

The Capital Projects Fund accounts for the Special Purpose Local Option Sales Taxes received by the City which is authorized by voter referendum. The City received about \$157,000 more in SPLOST proceeds than in FY 2017.

Shown here is a graph of sales tax revenues received in the past 10 years:



EXPENDITURES BY FUNCTION-GOVERNMENTAL FUNDS



Note: Graph may not equal 100% due to rounding

Expenditures in the governmental funds were \$15.8 million, a 16% decrease over the prior year. The City recognized \$1.2 million for capital outlay expenditures. Operating expenditures of the City governmental funds were \$14.6 million, a 13.5% increase over the prior year.

Proprietary Funds The City’s proprietary funds provide the same type of information found in the government-wide financial statements, however in more detail. Overall revenues increased by approximately \$2.4 million. The increase is primarily attributable to the natural gas fees in the gas fund as the other proprietary funds revenues remained stable. Total proprietary funds expenses increased by more than \$1.1 in FY 2018.

Budgetary Highlights

General Fund operating revenues (excluding indirect cost allocation) were approximately \$760,000 more than budgeted. Intergovernmental and tax revenues came in over budget by approximately \$265,000 and \$215,000, respectively. Combined taxes were over budget primarily due to increases in motor vehicles taxes and sales taxes. Miscellaneous revenues were over budget by approximately \$86,000 which was primarily attributable to reimbursement for damaged property.

General Fund expenditures were \$1.6 million less than budgeted. Personnel costs were under budget by approximately \$433,000, supplies expenditures were approximately \$288,000 under budget, and capital outlay was approximately \$503,000 under budget.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2018, the City has invested \$108 million (net of depreciation) in capital assets reflected in the following table.

Capital Assets At Year-End						
(Net of Depreciation)						
<i>(in thousands of dollars)</i>						
	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 2,644	\$ 2,525	\$ 6,795	\$ 6,756	\$ 9,439	\$ 9,281
Buildings & Improvements	2,903	2,888	3,097	3,246	6,000	6,134
Plant & System	-	-	59,694	58,081	59,694	58,081
Infrastructure	11,395	9,125	-	-	11,395	9,125
Furniture & Equipment	571	588	503	613	1,074	1,201
Vehicles	1,257	1,546	213	158	1,470	1,704
Work In Progress	420	2,519	18,783	11,316	19,203	13,835
	<u>\$ 19,190</u>	<u>\$ 19,192</u>	<u>\$ 89,085</u>	<u>\$ 80,170</u>	<u>\$ 108,275</u>	<u>\$ 99,362</u>

The following table reconciles the change in capital assets.

Change In Capital Assets			
<i>(in thousands of dollars)</i>			
	Governmental Activities	Business-Type Activities	Totals
Beginning Balance	\$ 19,192	\$ 80,170	\$ 99,362
Additions	3,426	13,339	16,765
Reductions	(2,651)	(1,280)	(3,931)
Depreciation	(777)	(3,144)	(3,921)
Ending Balance	<u>\$ 19,190</u>	<u>\$ 89,085</u>	<u>\$ 108,275</u>

Capital asset additions to governmental activities amounted to over \$3 million, which included streets donated by private contracts from subdivision development, new sidewalks and road improvements, and equipment for public works department. Depreciation decreased total capital assets by almost \$1 million.

Business-type additions to capital assets amounted to \$13.3 million. The Water Fund continued construction of a 6.7 million gallons per day raw water intake, pump station, and transmission main that will deliver water from Fort Yargo Lake to the Highway 53 water treatment plant. The Water Fund also continued progress constructing a five million gallon water tank on Rockwell Church Road and relocation and upgrade of water and sewer lines for Ed Hogan Road. The Water Fund also continued construction of the new Utilities Complex building. The Water Fund purchased two trucks for maintenance crews, as well as water and sewer lines donated by developers. The Gas Fund purchased ditch witch equipment and a truck. The Golf Fund purchased a new tractor and a new mower. Depreciation decreased business-type capital assets by \$3.1 million.

Note 7 to the financial statements include more detailed information on capital asset activities.

Debt Outstanding

As of year-end, the City had \$27 million in debt outstanding compared to \$20 million last year. This included \$2.6 million due within one year. The following table presents a comparison of debts outstanding:

		Totals	
		2018	2017
Governmental:			
Capital Leases	\$ 303	\$ 411	
Compensated Absences	112	122	
Sub-total	415	533	
Business-type:			
Capital Leases	\$ 2,671	\$ -	
Notes	11,441	9,198	
Water and Sewer Bonds	12,912	14,933	
Compensated Absences	38	42	
Sub-total	27,062	24,172	
Total	\$ 27,477	\$ 24,705	

The decrease in debt was from the City's payments on existing debt in the amount of \$2.7 million.

Note 8 to the financial statements include more detailed information on long-term debt activities.

Economic Factors

Funding for the operations of the City comes primarily from: sales taxes, fines and forfeitures, licensing and permitting activities, and utility profits. The City continues to benefit from a strong economy continuing to recover from the recession. Despite signs of a strong recovery the City is focused on maintaining operational costs through increasing the effectiveness and efficiency of the City's operations and administration. The City remains quality driven, committed to providing excellent service in a cost-effective and efficient manner guided by and aligned with our core values.

The 2019 budget was developed and adopted to reflect conservative revenue figures, and the following indicators were taken into account:

- The City's FY 2018-2019 operating budget increased by \$2,064,400, or 5.2%, from the FY 2017-2018 operating budget; and increased by \$1,795,100, or 4.5%, over the FY 2016-2017 operating budget.
- The City will assess each property in the City of Winder \$32 to fund the Winder Library. Barrow County will bill and collect this assessment on the property tax bills and will remit the funds back to the City less the collection fee charged by the Barrow County Tax Commissioner. As the funds are received from Tax Commissioner, the City will remit up to \$200,000 to the Winder Library. Amounts received in excess of \$200,000 will be paid back to the enterprise funds to cover the transfers that were made in previous years to the General Fund for the City's contributions to the Winder Library.
- The Winder Downtown Development Authority will be funded with \$4,000, which will be accounted for by the City of Winder.
- The General Fund will see an increase due to the following:
 - Several vacant police positions that were not funded in FY 2018 are fully funded in FY 2019.
 - A position which was previously located in the Television Station Fund has been moved to the Technology Services Department.

- An increase in professional services due to professional reviews and necessary legal actions to be filed on behalf of the property owners within the city limits to avoid inequitable taxation by Barrow County and to provide for a more efficient Emergency Medical Services to our citizens.
- The Gas Fund is expected to have a decrease due to a decrease in billed volumes compared to FY 2018.
- The Hotel Motel Fund revenues are expected to increase in FY 2019 due to additional revenue from the Holiday Inn Express which opened for business during FY 2018.
- The Solid Waste Fund increase is due to the growth in new homes and businesses throughout the City.
- The City of Winder assumes that all capital purchases will be acquired with proceeds from debt or revenues that exceed expenditures.
- In the FY 2018-2019 budget, the overall number of Full Time Equivalent (FTE's) remains the same as FY 2017-2018.

The goal of the City is to maintain and improve the City's quality of services while preserving the City's financial position without putting unjust financial burdens on our citizens.

Financial Contact

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about this report or need additional financial information, please send your requests to:

Finance Director
 City of Winder
 P O Box 566
 25 East Midland Avenue
 Winder, Georgia 30680
 770-867-3106

BASIC FINANCIAL STATEMENTS

CITY OF WINDER, GEORGIA
STATEMENT OF NET POSITION
June 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Current assets				
Cash and cash equivalents	\$ 4,298,879	\$ 11,653,600	\$ 15,952,479	\$ 1,627
Investments	0	2,045,522	2,045,522	0
Restricted assets				
Cash and cash equivalents	0	2,045,015	2,045,015	0
Receivables (net)				
Accounts	11,483	2,391,265	2,402,748	0
Taxes	341,419	0	341,419	0
Intergovernmental	256,940	203,888	460,828	0
Other	0	2,670,086	2,670,086	0
Prepaid items	160,194	88,567	248,761	0
Inventories	0	817,583	817,583	0
Internal balances	684,351	(684,351)	0	0
Total current assets	<u>5,753,266</u>	<u>21,231,175</u>	<u>26,984,441</u>	<u>1,627</u>
Noncurrent assets				
Capital assets				
Non-depreciable	3,064,632	25,578,474	28,643,106	0
Depreciable (net)	16,126,226	63,506,329	79,632,555	0
Total noncurrent assets	<u>19,190,858</u>	<u>89,084,803</u>	<u>108,275,661</u>	<u>0</u>
Total assets	<u>24,944,124</u>	<u>110,315,978</u>	<u>135,260,102</u>	<u>1,627</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding of bonds	0	22,266	22,266	0
Deferred outflows related to pensions	916,167	271,489	1,187,656	0
Deferred outflows related to other post employment benefits	92,450	41,842	134,292	0
Total deferred outflows of resources	<u>1,008,617</u>	<u>335,597</u>	<u>1,344,214</u>	<u>0</u>
LIABILITIES				
Current liabilities				
Payables				
Accounts	667,063	2,556,255	3,223,318	0
Retainages	0	346,676	346,676	0
Sales tax	0	15,069	15,069	0
Accrued salaries and payroll liabilities	223,723	91,444	315,167	0
Compensated absences	112,535	38,240	150,775	0
Unearned revenue	0	66,304	66,304	0
Due to others	47,771	0	47,771	0
Other current liabilities	40,895	6,387	47,282	0
Notes payable	0	638,465	638,465	0
Capital lease payable	63,943	2,671,086	2,735,029	0
Liabilities payable from restricted assets				
Customer deposits payable	0	450,646	450,646	0
Interest payable	0	40,596	40,596	0
Bonds payable	0	2,090,949	2,090,949	0
Total current liabilities	<u>1,155,930</u>	<u>9,012,117</u>	<u>10,168,047</u>	<u>0</u>

CITY OF WINDER, GEORGIA
STATEMENT OF NET POSITION
June 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
Noncurrent liabilities				
Notes payable	\$ 0	\$ 10,802,680	\$ 10,802,680	\$ 0
Capital lease payable	239,500	0	239,500	0
Bonds payable	0	10,821,131	10,821,131	0
Net OPEB liability	355,435	160,866	516,301	0
Net pension liability	3,842,860	1,138,625	4,981,485	0
	<hr/>	<hr/>	<hr/>	<hr/>
Total noncurrent liabilities	4,437,795	22,923,302	27,361,097	0
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	5,593,725	31,935,419	37,529,144	0
	<hr/>	<hr/>	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	647,992	192,030	840,022	0
Deferred inflows related to other post employment benefits	46,813	21,187	68,000	0
	<hr/>	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	694,805	213,217	908,022	0
	<hr/>	<hr/>	<hr/>	<hr/>
NET POSITION				
Net investment in capital assets	18,681,308	61,015,070	79,696,378	0
Restricted for:				
Public Safety	17,236	0	17,236	0
Culture and Recreation	16,248	0	16,248	0
Capital projects	2,441,101	0	2,441,101	0
Debt service	0	1,553,773	1,553,773	0
Unrestricted	(1,491,682)	15,934,096	14,442,414	1,627
	<hr/>	<hr/>	<hr/>	<hr/>
Total net position	\$ 19,664,211	\$ 78,502,939	\$ 98,167,150	\$ 1,627
	<hr/>	<hr/>	<hr/>	<hr/>

CITY OF WINDER, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2018

FUNCTIONS/PROGRAMS	Expenses	Indirect Costs	Program Revenues			Net (Expense) Revenue
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government						
Governmental activities						
General Government	\$ 3,062,738	\$ (1,527,102)	\$ 160,834	\$ 5,049	\$ 0	\$ (1,369,753)
Judicial	233,663	0	0	0	0	(233,663)
Public Safety	6,793,996	0	618,835	41,920	0	(6,133,241)
Public Works	4,844,255	0	22,731	0	2,617,535	(2,203,989)
Culture and Recreation	37,367	0	9,311	8,225	0	(19,831)
Housing and Development	593,702	0	220,377	0	0	(373,325)
Interest on long-term debt	9,438	0	0	0	0	(9,438)
Total governmental activities	<u>15,575,159</u>	<u>(1,527,102)</u>	<u>1,032,088</u>	<u>55,194</u>	<u>2,617,535</u>	<u>(10,343,240)</u>
Business-type activities						
Water and Sewer	10,729,077	836,593	18,553,307	0	2,509,772	9,497,409
Gas	6,331,959	490,997	9,468,617	0	0	2,645,661
Solid Waste Management	699,290	54,383	1,268,565	0	0	514,892
Environmental Protection	581,108	45,010	30,992	0	685,803	90,677
Special Facilities	368,186	28,519	98,884	0	0	(297,821)
Golf	921,800	71,600	788,355	0	0	(205,045)
Total business-type activities	<u>19,631,420</u>	<u>1,527,102</u>	<u>30,208,720</u>	<u>0</u>	<u>3,195,575</u>	<u>12,245,773</u>
Total primary government	<u>35,206,579</u>	<u>0</u>	<u>31,240,808</u>	<u>55,194</u>	<u>5,813,110</u>	<u>1,902,533</u>
Component Unit						
Downtown Development Authority						
	<u>935</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(935)</u>
			Governmental Activities	Business-Type Activities	Total	Component Unit
Change in net position						
Net (expense) revenue			<u>\$ (10,343,240)</u>	<u>\$ 12,245,773</u>	<u>\$ 1,902,533</u>	<u>\$ (935)</u>
General revenues						
Taxes						
Fire district			1,110,044	0	1,110,044	0
Motor vehicle			429,184	0	429,184	0
Street light assessment			263,516	0	263,516	0
Sales			2,228,325	0	2,228,325	0
Franchise			853,226	0	853,226	0
Occupational			215,611	0	215,611	0
Insurance premium			956,839	0	956,839	0
Alcoholic beverage			389,707	0	389,707	0
Hotel/Motel			213,538	0	213,538	0
Other			201,897	0	201,897	0
Interest			152,798	80,398	233,196	0
Net increase (decrease) in the fair value of investments			0	12,542	12,542	0
Gain on sale of capital assets			0	3,490	3,490	0
Miscellaneous			143,348	0	143,348	0
Transfers			5,653,299	(5,653,299)	0	0
Total general revenues and transfers			<u>12,811,332</u>	<u>(5,556,869)</u>	<u>7,254,463</u>	<u>0</u>
Change in net position			<u>2,468,092</u>	<u>6,688,904</u>	<u>9,156,996</u>	<u>(935)</u>
Net position - beginning (original)			18,091,211	71,833,262	89,924,473	2,562
Prior period adjustments			(895,092)	(19,227)	(914,319)	0
Net position - beginning (restated)			<u>17,196,119</u>	<u>71,814,035</u>	<u>89,010,154</u>	<u>2,562</u>
Net position - ending			<u>\$ 19,664,211</u>	<u>\$ 78,502,939</u>	<u>\$ 98,167,150</u>	<u>\$ 1,627</u>

CITY OF WINDER, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General	Nonmajor Governmental Funds	Totals
ASSETS			
Cash and cash equivalents	\$ 1,400,780	\$ 2,344,807	\$ 3,745,587
Receivables (net)			
Accounts	11,483	0	11,483
Taxes	320,415	21,004	341,419
Intergovernmental	13,739	243,201	256,940
Prepaid items	160,194	0	160,194
Advances to other funds	1,455,667	0	1,455,667
	<u>1,455,667</u>	<u>0</u>	<u>1,455,667</u>
Total assets	\$ 3,362,278	\$ 2,609,012	\$ 5,971,290
LIABILITIES			
Accounts payable	\$ 601,180	\$ 54,092	\$ 655,272
Accrued salaries and payroll liabilities	223,723	0	223,723
Due to others	0	47,771	47,771
Other liabilities	40,895	0	40,895
	<u>865,798</u>	<u>101,863</u>	<u>967,661</u>
Total liabilities	865,798	101,863	967,661
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - taxes	55,870	0	55,870
	<u>55,870</u>	<u>0</u>	<u>55,870</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	160,194	0	160,194
Advances to other funds	1,455,667	0	1,455,667
Restricted	0	2,474,585	2,474,585
Committed	0	38	38
Assigned	0	32,526	32,526
Unassigned	824,749	0	824,749
	<u>824,749</u>	<u>0</u>	<u>824,749</u>
Total fund balances	2,440,610	2,507,149	4,947,759
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,362,278	\$ 2,609,012	\$ 5,971,290

CITY OF WINDER, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
June 30, 2018

Total fund balance - total governmental funds	\$	4,947,759
Some assets are not financial resources and, therefore, are not reported in the funds.		
These are:		
Capital assets, net of accumulated depreciation		19,190,858
Long-term assets (receivables) are not available to pay current period expenditures and; therefore, are unavailable in the funds.		
		55,870
Long-term liabilities are not due and payable in the current period and are not reported in the funds.		
These are:		
Compensated absences	\$ (112,535)	
Capital leases payable	(303,443)	
Net pension liability	(3,842,860)	
Net OPEB liability	<u>(355,435)</u>	(4,614,273)
Deferred outflows and inflows of resources related to pensions and other post employment benefits are applicable to future periods and, therefore, are not reported in the funds. These are:		
Deferred outflows of resources:		
Deferred outflows related to pensions	\$ 916,167	
Deferred outflows related to other post employment benefits	92,450	
Deferred inflows of resources:		
Deferred inflows related to pensions	(647,992)	
Deferred inflows related to other post employment benefits	<u>(46,813)</u>	313,812
Internal service funds are used by management to charge the costs of certain activities, such as building maintenance costs and other costs to individual funds. Assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		
Internal service funds net position	\$ 2,201,132	
Less capital assets included above	<u>(2,430,947)</u>	<u>(229,815)</u>
Net position of governmental activities		<u><u>\$ 19,664,211</u></u>

CITY OF WINDER, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2018

	General	Nonmajor Governmental Funds	Totals
REVENUES			
Taxes	\$ 6,489,567	\$ 356,077	\$ 6,845,644
Licenses and permits	337,422	0	337,422
Fines, fees and forfeitures	592,001	13,829	605,830
Charges for services	2,435,961	13,311	2,449,272
Intergovernmental	5,049	1,503,477	1,508,526
Interest	152,798	4,017	156,815
Contributions	41,920	8,225	50,145
Other	143,348	0	143,348
Total revenues	10,198,066	1,898,936	12,097,002
EXPENDITURES			
Current			
General Government	2,898,497	62,551	2,961,048
Judicial	268,506	0	268,506
Public Safety	7,278,000	11,700	7,289,700
Public Works	3,194,877	0	3,194,877
Culture and Recreation	0	37,367	37,367
Housing and Development	713,223	62,888	776,111
Capital outlay	0	1,175,457	1,175,457
Debt service	117,040	0	117,040
Total expenditures	14,470,143	1,349,963	15,820,106
Excess (deficiency) of revenues over (under) expenditures	(4,272,077)	548,973	(3,723,104)
Other financing sources (uses)			
Transfers in	6,822,290	556,128	7,378,418
Transfers out	(2,146,418)	(285,991)	(2,432,409)
Sale of capital assets	7,968	0	7,968
Total other financing sources (uses)	4,683,840	270,137	4,953,977
Net change in fund balance	411,763	819,110	1,230,873
Fund balances, July 1 (original)	2,236,734	1,688,039	3,924,773
Prior period adjustments	(207,887)	0	(207,887)
Fund balances, July 1 (restated)	2,028,847	1,688,039	3,716,886
Fund balances, June 30	\$ 2,440,610	\$ 2,507,149	\$ 4,947,759

CITY OF WINDER, 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

Net change in fund balances - total governmental funds \$ 1,230,873

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

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

Capital outlays	\$ 820,896	
Depreciation	<u>(1,151,780)</u>	(330,884)

Contributions of capital assets increase net position in the statement of activities, but do not appear in the governmental funds, the proceeds from the sale of capital assets increase financial resources.

Individual contributors		1,110,041
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In the statement of activities, the loss on the disposal of capital assets is reported, whereas in the governmental funds because they are not financial resources.

Cost of assets disposed	\$ (448,688)	
Related accumulated depreciation	<u>376,090</u>	(72,598)

Revenues in the statement of activities that do not provide current financial resources are not in the governmental funds because they are not financial resources.		16,245
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Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Pension contributions	\$ 762,907	
Cost of benefits earned net of employee contributions	<u>(386,778)</u>	376,129

Other post employment benefits are reported in the statement of activities, but do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

OPEB contributions	\$ 91,423	
Cost of benefits earned net of employee contributions	<u>(46,610)</u>	44,813

The proceeds of debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term

Net change in interest payable	\$ 598	
Debt repayments	<u>107,137</u>	107,735

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Compensated absences	\$ 9,905	9,905
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Internal service funds are used by management to charge the cost of certain activities, such as risk management and vehicle maintenance, to individual funds. Net revenue (expense) of internal service funds is reported with governmental activities.

Change in net position of internal service funds	\$ 44,254	
Change in net position of internal service funds related to proprietary funds	(44,254)	
Subtract capital outlay included above	(91,120)	
Add depreciation expense included above	<u>66,953</u>	<u>(24,167)</u>

Change in net position for the governmental activities		<u>\$ 2,468,092</u>
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CITY OF WINDER, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2018

	Budget		Actual	Variance with
	Original	Final		Final Budget
REVENUES				
Taxes				
Motor vehicle	\$ 0	\$ 0	\$ 429,184	\$ 429,184
Intangible	50,000	50,000	153,085	103,085
Franchise	753,500	753,500	710,689	(42,811)
Local option	1,980,000	1,980,000	2,228,325	248,325
Fire district	1,371,000	1,371,000	1,077,999	(293,001)
Street lighting assessment	320,000	320,000	239,691	(80,309)
Excise	421,600	421,600	438,519	16,919
Occupational	225,000	225,000	255,236	30,236
Insurance premium	875,000	875,000	956,839	81,839
Total taxes	<u>5,996,100</u>	<u>5,996,100</u>	<u>6,489,567</u>	<u>493,467</u>
Licenses and permits				
Alcohol licenses	100,000	100,000	100,445	445
Building permits	231,000	231,000	220,377	(10,623)
Other permits	13,400	13,400	16,600	3,200
Total licenses and permits	<u>344,400</u>	<u>344,400</u>	<u>337,422</u>	<u>(6,978)</u>
Fines, fees and forfeitures	<u>551,000</u>	<u>551,000</u>	<u>592,001</u>	<u>41,001</u>
Charges for services				
Indirect cost allocation	3,612,100	3,612,100	2,360,437	(1,251,663)
Other	53,000	53,000	75,524	22,524
Total charges for services	<u>3,665,100</u>	<u>3,665,100</u>	<u>2,435,961</u>	<u>(1,229,139)</u>
Intergovernmental	<u>0</u>	<u>0</u>	<u>5,049</u>	<u>5,049</u>
Interest	<u>75,000</u>	<u>75,000</u>	<u>152,798</u>	<u>77,798</u>
Contributions	<u>0</u>	<u>0</u>	<u>41,920</u>	<u>41,920</u>
Other				
Rents	57,600	57,600	87,376	29,776
Other	0	0	55,972	55,972
Total other	<u>57,600</u>	<u>57,600</u>	<u>143,348</u>	<u>85,748</u>
Total revenues	<u>10,689,200</u>	<u>10,689,200</u>	<u>10,198,066</u>	<u>(491,134)</u>
EXPENDITURES				
Current				
General Government				
Legislative	590,200	590,200	481,605	108,595
General Administration	1,176,500	1,176,500	946,726	229,774
Finance	763,400	763,400	696,977	66,423
Information Technology	728,600	728,600	639,759	88,841
Human Resources	135,800	135,800	124,989	10,811
General Administrative Fees	13,000	13,000	8,441	4,559
Total General Government	<u>3,407,500</u>	<u>3,407,500</u>	<u>2,898,497</u>	<u>509,003</u>
Judicial				
Municipal Court	213,500	213,500	179,781	33,719
Probation	99,900	99,900	88,725	11,175
Total Judicial	<u>313,400</u>	<u>313,400</u>	<u>268,506</u>	<u>44,894</u>
Public Safety				
Police	4,652,700	4,652,700	4,272,643	380,057
Fire	3,336,700	3,336,600	3,005,357	331,243
Total Public Safety	<u>7,989,400</u>	<u>7,989,300</u>	<u>7,278,000</u>	<u>711,300</u>
Public Works	<u>3,527,400</u>	<u>3,527,400</u>	<u>3,194,877</u>	<u>332,523</u>

CITY OF WINDER, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2018

	Budget		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
Housing and Development				
Planning and Zoning	\$ 580,100	\$ 580,100	\$ 568,011	\$ 12,089
GIS	204,600	204,600	145,212	59,388
Total Housing and Development	<u>784,700</u>	<u>784,700</u>	<u>713,223</u>	<u>71,477</u>
Debt Service				
Principal	107,200	107,200	107,004	196
Interest	9,800	9,900	10,036	(136)
Total Debt Service	<u>117,000</u>	<u>117,100</u>	<u>117,040</u>	<u>60</u>
Total expenditures	<u>16,139,400</u>	<u>16,139,400</u>	<u>14,470,143</u>	<u>1,669,257</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,450,200)</u>	<u>(5,450,200)</u>	<u>(4,272,077)</u>	<u>1,178,123</u>
Other financing sources (uses)				
Transfers in (out)				
Transfers in	5,291,200	6,027,000	6,822,290	795,290
Transfers out	(948,700)	(1,439,200)	(2,146,418)	(707,218)
Proceeds from issuance of long term debt	1,107,700	1,107,700	0	(1,107,700)
Sale of capital assets	0	0	7,968	7,968
Contingency	0	(245,300)	0	245,300
Total other financing sources (uses)	<u>5,450,200</u>	<u>5,450,200</u>	<u>4,683,840</u>	<u>(766,360)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>0</u>	<u>0</u>	<u>411,763</u>	<u>411,763</u>
Fund balances, July 1 (original)	0	0	2,236,734	2,236,734
Prior period adjustments	0	0	(207,887)	(207,887)
Fund balances, July 1 (restated)	<u>0</u>	<u>0</u>	<u>2,028,847</u>	<u>2,028,847</u>
Fund balances, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 2,440,610</u></u>	<u><u>\$ 2,440,610</u></u>

CITY OF WINDER, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018

	Business-Type Activities			Totals	Nonmajor Internal Service Funds
	Water and Sewer	Gas	Nonmajor Enterprise Funds		
ASSETS					
Current assets					
Cash and cash equivalents	\$ 9,901,195	\$ 1,233,569	\$ 389,010	\$ 11,523,774	\$ 683,118
Investments	2,045,522	0	0	2,045,522	0
Restricted assets					
Cash and cash equivalents	1,887,565	157,450	0	2,045,015	0
Receivables (net)					
Accounts	1,732,371	489,929	168,965	2,391,265	0
Intergovernmental	203,888	0	0	203,888	0
Other	2,670,086	0	0	2,670,086	0
Advances to other funds	20,000	0	0	20,000	0
Inventories	449,444	323,056	45,083	817,583	0
Prepaid items	73,915	6,252	0	80,167	8,400
Total current assets	<u>18,983,986</u>	<u>2,210,256</u>	<u>603,058</u>	<u>21,797,300</u>	<u>691,518</u>
Noncurrent assets					
Advances to other funds	480,000	0	0	480,000	0
Capital assets					
Non-depreciable	23,603,794	300,031	1,674,649	25,578,474	206,961
Depreciable (net)	55,509,435	2,515,073	5,467,254	63,491,762	2,238,553
Total noncurrent assets	<u>79,593,229</u>	<u>2,815,104</u>	<u>7,141,903</u>	<u>89,550,236</u>	<u>2,445,514</u>
Total assets	<u>98,577,215</u>	<u>5,025,360</u>	<u>7,744,961</u>	<u>111,347,536</u>	<u>3,137,032</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding of bonds	22,266	0	0	22,266	0
Deferred outflows related to pensions	161,187	84,842	8,498	254,527	16,962
Deferred outflows related to other post employment benefits	19,924	8,768	5,579	34,271	7,571
Total deferred outflows of resources	<u>203,377</u>	<u>93,610</u>	<u>14,077</u>	<u>311,064</u>	<u>24,533</u>
LIABILITIES					
Current liabilities					
Payables					
Accounts	1,542,498	413,764	560,840	2,517,102	50,944
Retainages	346,676	0	0	346,676	0
Sales tax	0	15,069	0	15,069	0
Accrued salaries	38,268	19,761	17,785	75,814	15,630
Compensated absences	16,812	11,126	3,862	31,800	6,440
Unearned revenue	0	0	66,304	66,304	0
Other current liabilities	0	6,387	0	6,387	0
Advances from other funds	0	0	156,870	156,870	22,887
Notes payable	638,465	0	0	638,465	0
Liabilities payable from restricted assets:					
Interest	40,596	0	0	40,596	0
Customer deposits payable	293,196	157,450	0	450,646	0
Bonds payable	2,090,949	0	0	2,090,949	0
Total current liabilities	<u>5,007,460</u>	<u>623,557</u>	<u>805,661</u>	<u>6,436,678</u>	<u>95,901</u>

CITY OF WINDER, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018

	<u>Business-Type Activities</u>			<u>Totals</u>	<u>Nonmajor Internal Service Funds</u>
	<u>Water and Sewer</u>	<u>Gas</u>	<u>Nonmajor Enterprise Funds</u>		
Noncurrent liabilities					
Net pension liability	\$ 676,059	\$ 355,820	\$ 35,582	\$ 1,067,461	\$ 71,164
Net OPEB liability	76,603	33,705	21,449	131,757	29,109
Advances from other funds	0	0	1,027,481	1,027,481	748,429
Capital leases payable	2,671,086	0	0	2,671,086	0
Notes payable	10,802,680	0	0	10,802,680	0
Bonds payable	10,821,131	0	0	10,821,131	0
	<u>25,047,559</u>	<u>389,525</u>	<u>1,084,512</u>	<u>26,521,596</u>	<u>848,702</u>
Total noncurrent liabilities					
	<u>25,047,559</u>	<u>389,525</u>	<u>1,084,512</u>	<u>26,521,596</u>	<u>848,702</u>
Total liabilities	<u>30,055,019</u>	<u>1,013,082</u>	<u>1,890,173</u>	<u>32,958,274</u>	<u>944,603</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	114,008	60,011	6,015	180,034	11,996
Deferred inflows related to other post employment benefits	10,089	4,439	2,825	17,353	3,834
	<u>124,097</u>	<u>64,450</u>	<u>8,840</u>	<u>197,387</u>	<u>15,830</u>
Total deferred inflows of resources					
	<u>124,097</u>	<u>64,450</u>	<u>8,840</u>	<u>197,387</u>	<u>15,830</u>
NET POSITION					
Net investment in capital assets	51,564,607	2,748,615	6,687,281	61,000,503	2,445,514
Restricted for debt service	1,553,773	0	0	1,553,773	0
Unrestricted	15,483,096	1,292,823	(827,256)	15,948,663	(244,382)
	<u>\$ 68,601,476</u>	<u>\$ 4,041,438</u>	<u>\$ 5,860,025</u>	<u>\$ 78,502,939</u>	<u>\$ 2,201,132</u>
Total net position					
	<u>\$ 68,601,476</u>	<u>\$ 4,041,438</u>	<u>\$ 5,860,025</u>	<u>\$ 78,502,939</u>	<u>\$ 2,201,132</u>

CITY OF WINDER, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2018

	Business-Type Activities			Totals	Nonmajor Internal Service Funds
	Water and Sewer	Gas	Nonmajor Enterprise Funds		
OPERATING REVENUES					
Charges for sales and services	\$ 18,410,804	\$ 9,236,070	\$ 2,186,796	\$ 29,833,670	\$ 1,423,452
Other	142,503	232,547	0	375,050	0
Total operating revenues	<u>18,553,307</u>	<u>9,468,617</u>	<u>2,186,796</u>	<u>30,208,720</u>	<u>1,423,452</u>
OPERATING EXPENSES					
Costs of sales and services	7,005,658	5,922,815	1,981,653	14,910,126	756,535
Personal services	1,201,895	723,446	515,837	2,441,178	547,277
Depreciation	2,816,300	176,695	272,406	3,265,401	75,386
Total operating expenses	<u>11,023,853</u>	<u>6,822,956</u>	<u>2,769,896</u>	<u>20,616,705</u>	<u>1,379,198</u>
Operating income (loss)	<u>7,529,454</u>	<u>2,645,661</u>	<u>(583,100)</u>	<u>9,592,015</u>	<u>44,254</u>
Non-operating revenues (expenses)					
Interest revenue	80,362	36	0	80,398	0
Interest expense	(586,071)	0	0	(586,071)	0
Net increase (decrease) in the fair value of investments	12,542	0	0	12,542	0
Gain (loss) on the sale of capital assets	3,490	0	0	3,490	0
Total non-operating revenues (expenses)	<u>(489,677)</u>	<u>36</u>	<u>0</u>	<u>(489,641)</u>	<u>0</u>
Net income (loss) before capital contributions and transfers	7,039,777	2,645,697	(583,100)	9,102,374	44,254
Capital contributions	1,802,482	0	685,803	2,488,285	0
Net income (loss) before transfers	<u>8,842,259</u>	<u>2,645,697</u>	<u>102,703</u>	<u>11,590,659</u>	<u>44,254</u>
Transfers in (out)					
Transfers in	748,281	0	963,000	1,711,281	707,290
Transfers out	(3,807,290)	(2,400,000)	(450,000)	(6,657,290)	(707,290)
Total transfers in (out)	<u>(3,059,009)</u>	<u>(2,400,000)</u>	<u>513,000</u>	<u>(4,946,009)</u>	<u>0</u>
Change in net position	<u>5,783,250</u>	<u>245,697</u>	<u>615,703</u>	<u>6,644,650</u>	<u>44,254</u>
Net position, July 1 (original)	62,675,554	3,847,962	5,309,745	71,833,261	2,201,132
Prior period adjustments	142,672	(52,221)	(65,423)	25,028	(44,254)
Net position, July 1 (restated)	<u>62,818,226</u>	<u>3,795,741</u>	<u>5,244,322</u>	<u>71,858,289</u>	<u>2,156,878</u>
Net position, June 30	<u>\$ 68,601,476</u>	<u>\$ 4,041,438</u>	<u>\$ 5,860,025</u>	<u>\$ 78,502,939</u>	<u>\$ 2,201,132</u>
Change in net position - enterprise funds				\$ 6,644,650	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				44,254	
Change in net position - business-type activities				<u>\$ 6,688,904</u>	

CITY OF WINDER, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2018

	Business-Type Activities				Nonmajor Internal Service Funds
	Water and Sewer	Gas	Nonmajor Enterprise Funds	Totals	
Cash flows from operating activities:					
Receipts from customers	\$ 20,553,766	\$ 9,252,128	\$ 2,206,454	\$ 32,012,348	\$ 0
Receipts from interfund services provided	0	0	0	0	1,423,452
Payments to suppliers	(7,953,569)	(6,063,404)	(1,609,348)	(15,626,321)	(877,614)
Payments to employees	(1,262,813)	(620,457)	(499,034)	(2,382,304)	(529,323)
Other receipts	142,503	232,547	0	375,050	0
Net cash provided (used) by operating activities	<u>11,479,887</u>	<u>2,800,814</u>	<u>98,072</u>	<u>14,378,773</u>	<u>16,515</u>
Cash flows from non-capital financing activities:					
Receipts from other funds	20,000	0	963,000	983,000	707,290
Payments to other funds	(3,807,290)	(2,400,000)	(606,870)	(6,814,160)	(22,887)
Net cash provided (used) by non-capital financing activities	<u>(3,787,290)</u>	<u>(2,400,000)</u>	<u>356,130</u>	<u>(5,831,160)</u>	<u>684,403</u>
Cash flows from capital and related financing activities:					
Proceeds from the sales of capital assets	3,490	0	0	3,490	0
Receipts from other funds	40,991	0	0	40,991	0
Payment of capital related accounts payable	(556,509)	0	0	(556,509)	0
Acquisition of capital assets	(7,710,762)	(396,362)	(222,008)	(8,329,132)	(91,120)
Interest paid	(616,813)	0	0	(616,813)	0
Issuance of notes payable	2,536,078	0	0	2,536,078	0
Issuance of capital lease	2,671,086	0	0	2,671,086	0
Principal payments - bonds	(1,945,000)	0	0	(1,945,000)	0
Principal payments - notes payable	(292,512)	0	0	(292,512)	0
Net cash provided (used) by capital and related financing activities	<u>(5,869,951)</u>	<u>(396,362)</u>	<u>(222,008)</u>	<u>(6,488,321)</u>	<u>(91,120)</u>
Cash flows from investing activities:					
Interest received	80,362	36	0	80,398	0
Proceeds from sale of investments	1,036,468	0	0	1,036,468	0
Net cash provided (used) by investing activities	<u>1,116,830</u>	<u>36</u>	<u>0</u>	<u>1,116,866</u>	<u>0</u>
Net increase (decrease) in cash and cash equivalents	2,939,476	4,488	232,194	3,176,158	609,798
Cash and cash equivalents, July 1	<u>8,849,284</u>	<u>1,386,531</u>	<u>156,816</u>	<u>10,392,631</u>	<u>73,320</u>
Cash and cash equivalents, June 30	<u><u>\$ 11,788,760</u></u>	<u><u>\$ 1,391,019</u></u>	<u><u>\$ 389,010</u></u>	<u><u>\$ 13,568,789</u></u>	<u><u>\$ 683,118</u></u>

CITY OF WINDER, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2018

	Business-Type Activities			Totals	Nonmajor Internal Service Funds
	Water and Sewer	Gas	Nonmajor Enterprise Funds		
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 7,529,454	\$ 2,645,661	\$ (583,100)	\$ 9,592,015	\$ 44,254
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	2,816,300	176,695	272,406	3,265,401	75,386
(Increase) decrease in accounts receivable	(87,028)	4,506	(25,993)	(108,515)	0
(Increase) decrease in intergovernmental receivable	4,908,174	0	0	4,908,174	0
(Increase) decrease in other accounts receivable	(2,670,086)	0	0	(2,670,086)	0
(Increase) decrease in prepaids items	4,560	224	0	4,784	0
(Increase) decrease in inventories	(19,522)	(163,027)	(27,501)	(210,050)	0
(Increase) decrease in deferred outflows of resources	46,286	(12,562)	(1,968)	31,756	(3,891)
Increase (decrease) in cash overdraft	0	0	0	0	(30,322)
Increase (decrease) in accounts payable	(932,949)	7,147	399,805	(525,997)	(90,757)
Increase (decrease) in other unearned revenue	0	0	45,652	45,652	0
Increase (decrease) in accrued salaries	38,268	19,761	17,786	75,815	17,162
Increase (decrease) in sales tax payable	0	15,069	0	15,069	0
Increase (decrease) in net pension liability	(134,991)	73,716	319	(60,956)	638
Increase (decrease) in net OPEB liability	(19,524)	(8,591)	(5,466)	(33,581)	(7,419)
Increase (decrease) in deferred inflows of resources	17,074	27,225	6,640	50,939	11,464
Increase (decrease) in compensated absences payable	(8,031)	3,438	(508)	(5,101)	0
Increase (decrease) in customer deposits payable	(8,098)	11,552	0	3,454	0
Total adjustments	3,950,433	155,153	681,172	4,786,758	(27,739)
Net cash provided (used) by operating activities	\$ 11,479,887	\$ 2,800,814	\$ 98,072	\$ 14,378,773	\$ 16,515
Cash reconciliation:					
Cash and cash equivalents	\$ 9,901,195	\$ 1,233,569	\$ 389,010	\$ 11,523,774	\$ 683,118
Restricted assets					
Cash and cash equivalents	1,887,565	157,450	0	2,045,015	0
Total cash	\$ 11,788,760	\$ 1,391,019	\$ 389,010	\$ 13,568,789	\$ 683,118

Noncash investing, capital, and financing activities:

The net increase (decrease) in the fair value of investments totaled \$12,542.
Acquisition of capital assets through accounts payable totaled \$316,904.
Acquisition of capital assets through retainage payable totaled \$346,676.
Contributions of capital assets from individuals totaled \$2,488,285.
Transfers of capital assets from other funds totaled \$707,290.

CITY OF WINDER, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2018

	<u>Municipal Court Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 57,623
Accounts receivable (net)	<u>200,151</u>
Total assets	<u>\$ 257,774</u>
LIABILITIES	
Due to others	<u>\$ 257,774</u>

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

1. Description of Government Unit

The City of Winder, incorporated in 1894, operates under a Mayor-Council form of government. The City provides a full range of services. The services include police and fire protection; natural gas; water; sanitary water; solid waste disposal; golf course; cultural and recreation activities; planning and zoning; economic development; the construction and maintenance of highways, streets, sidewalks, and stormwater infrastructure.

2. Summary of Significant Accounting Policies

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business- type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

B. Reporting Entity

As required by generally accepted account principles, the financial statements of the reporting entity include those of the City of Winder, Georgia (the primary government) and any 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 operation and financial relationship with the City. In conformity with generally accepted accounting principles, as set forth in State 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 relationships with other governments and agencies have

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

2. Summary of Significant Accounting Policies (continued)

B. Reporting Entity, continued

been examined. The financial statements of the component unit have been included as a discretely presented component unit.

The City presents in the accompanying financial statements those entities that comprise the primary government along with its component unit, an entity for which the City is considered to be financially accountable. At fiscal year end, the City's reporting entity consists of the City of Winder, Georgia and the Downtown Development Authority, Winder, Georgia (a component unit). The discretely presented component unit is reporting in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

Downtown Development Authority

The Downtown Development Authority ("Authority") solely serves the City and is controlled and managed by a board of seven members appointed by the Mayor and council of the City. The purpose of the Authority is to foster the revitalization and redevelopment of Winder's Central Business District by facilitating projects that will promote trade, commerce, industry, and employment opportunities. Upon dissolution, the assets of the Authority would revert to the City. The Authority does not issue separate financial statements.

C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. The effect of interfund activity has been eliminated from the government-wide financial statements. 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.

As discussed earlier, the government has one discretely presented component unit. While the Downtown Development Authority is not considered to be a major component unit, it is nevertheless shown in a separate column in the government-wide financial statements.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund - The general operating fund of the City is used to account for all financial resources not accounted for and reported in another fund.

The City reports the following major proprietary funds:

Water and Sewer Fund - This fund is used to account for operations of the water and sewer systems of the City. The system supplies water and sewer service to residents and commercial users in the City and County.

Gas Fund - This fund is used to account for the distribution and sale of natural gas in the City as well as the counties of Barrow, Walton, and Oconee.

Additionally, the City reports the following fund types:

Governmental Fund Types

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditures for specific purposes.

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of capital facilities (other than those financed by the proprietary funds).

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements, continued

Proprietary Fund Types

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The funds are self-supporting in nature where the costs, including depreciation, of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

Internal Service Funds – These funds are used to account for goods and services provided by one department to other departments or funds on a cost reimbursement basis. The City's internal service funds are used to account for utility services provided and building maintenance costs.

Fiduciary Fund Types

Agency Funds - Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that are held either for the City or for others. The City has the Municipal Court Agency Fund.

Component Units

The Winder Downtown Development Authority is accounted for using a current financial resources measurement focus and uses the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. Certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements, continued

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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.

The 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 within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

2. Summary of Significant Accounting Policies (continued)

E. Measurement Focus and Basis of Accounting, continued

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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

F. Revenues and Expenditures/Expenses

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. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

2. Summary of Significant Accounting Policies (continued)

F. Revenues and Expenditures/Expenses continued

Certain indirect costs have been included as part of program expenses reported for the various functional activities.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 Water and Sewer and Solid Waste Funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal services funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

G. Budgets and Budgetary Accounting

The City Council adopts an annual operating budget for all governmental fund types, prior to July 1, except for the Capital Projects Funds. The Capital Projects Funds are budgeted by the City Council when capital projects are approved. The operating budget includes proposed expenditures and the means of financing them. The budget is legally enacted by the passage of a resolution.

During May of each year, the Mayor submits a proposed operating budget to the City Council for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the resources to finance them. Public hearings are conducted during this time to obtain citizen comments. Prior to July 1, the Mayor presents the final budget to the City Council to be legally enacted through the budget resolution.

The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is the department level. The budget officer is permitted to transfer appropriations within a department. All operating budget transfers between functions and subsequent budgetary amendments must be approved by City Council. Formal budgetary integration is employed as a management control device during the year. Significant departures must be in excess of \$75,000 and 4.00% of the budgeted amount within each department.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

2. Summary of Significant Accounting Policies (continued)

G. Budgets and Budgetary Accounting, continued

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) at the legal level of budgetary control, which is the department level. Expenditures may not exceed the appropriations within a fund. Budgets, as reported in the financial statements, are as originally passed by ordinance and subsequently amended. During the year, several supplementary appropriations are made as needed. The results are increases and decreases to the appropriations within the funds. All annual appropriations lapse at year-end. The City does not use the encumbrance system of accounting.

H. Cash and Investments

Cash and cash equivalents, as reported in the statement of cash flows, includes amounts in demand deposits, amounts with fiscal agents and investments with an original maturity at three months or less. Investments are reported at fair value with accrued interest shown under a separate caption on the balance sheet.

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

I. Taxes Receivable

Taxes receivable represents local option sales taxes, fire district taxes, street lighting assessment taxes and hotel/motel taxes. The City does not currently levy taxes for real and personal property. An amount equal to the difference between year-end taxes receivable collected within sixty days after year end and the total year-end collectable taxes receivable has been recorded as deferred inflows of resources.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

2. Summary of Significant Accounting Policies (continued)

J. Intergovernmental Receivables

Receivables for state and federal grants are recorded as revenue for the period of the allocation or as earned based on expenditures made for which reimbursement is due.

K. Inventories

Inventories of the proprietary funds are valued at cost on the first-in, first-out method.

L. Prepaid Items

Payments made to vendors for services that will benefit periods beyond current fiscal year, are recorded as prepaid items. Prepaid items in the governmental funds are accounted for using the consumption method.

M. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

GASB Statement No. 34 required the City to report and depreciate new infrastructure assets effective with the fiscal year ended June 30, 2003. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. Neither their historical costs nor related depreciation has historically been reported in the financial statements. The City implemented the requirements for retroactive reporting of major general infrastructure assets during the fiscal year ended June 30, 2006.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at acquisition cost on the date donated.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

2. Summary of Significant Accounting Policies (continued)

M. Capital Assets, continued

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets ranging as follows:

	Useful Life	Capitalization
	in Years	Threshold
Buildings	10 to 40	25,000
Infrastructure	5 to 60	25,000
Equipment	3 to 10	5,000
Furniture	3 to 10	5,000
Vehicles	5 to 10	5,000
Land	N/A	5,000

The costs of normal maintenance and repairs that do not add value or materially extend the life of the asset are charged to operations as incurred. Costs of major additions and improvements are capitalized.

N. 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows of resources related to their defined benefit pension plans as well as other post-employment benefits. The City also reports deferred outflows related to a bond refunding.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

2. Summary of Significant Accounting Policies (continued)

N. Deferred Outflows/Inflows of Resources, continued

The City reports deferred inflows of resources related to their defined benefit pension plans as well as other post-employment benefits.

O. Net Position Flow Assumption

Sometimes the government 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.

P. Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Q. Restricted Assets and Restricted Net Position

Certain proceeds of proprietary fund revenue bonds are classified as restricted assets on the Statement of Net Position because their use is limited by applicable bond covenants. The Water and Sewer Fund's sinking fund accounts are used segregate resources for accumulated debt service payments. Other assets earmarked for restricted use in accordance with legal provisions or external requirements are indicated on the balance sheets. When an expense is incurred for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

2. Summary of Significant Accounting Policies (continued)

R. Fund Balances – Governmental Funds

In the fund financial statements, governmental funds report the following classifications of fund balance in accordance with GASB No. 54:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable, by the City are nonspendable in form. The City has not reported any amounts that are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the City Council, the City of Winder’s highest level of decision-making authority, which include the language “committed for the purpose of”. Commitments may be modified or rescinded only through adoption of a subsequent resolution, which shall refer to the original resolution by its number, title, and date of original adoption. A resolution committing amounts must be adopted prior to the end of the fiscal year; however, the amount to be committed may be determined within 60 days of fiscal year-end.

Assigned – includes amounts that the City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the City’s adopted policy, amounts may be assigned by the City Administrator, under the authorization of the City Council, through a written memorandum. Amounts appropriated to eliminate a projected deficit in the subsequent fiscal year’s budget shall constitute assignments and are documented by adoption of the City’s annual operating budget. The City Administrator has determined that all equity amounts reported in special revenue funds, capital project funds, debt service funds, or permanent funds not otherwise classified as nonspendable, restricted, or committed shall constitute assignments of fund balance. Assignments must be adopted prior to the end of the fiscal year.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

2. Summary of Significant Accounting Policies (continued)

R. Fund Balances – Governmental Funds, continued

Unassigned – includes amounts that do not fall into one of the above four categories. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that should report positive amounts this category of fund balance.

S. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. Bond insurance costs are accounted for as prepayments and are amortized over the life of the bonds using the straight-line method. Loss on refunding of debt is reported as a deferred outflow of resources and is amortized over the life of the refunding debt using the straight-line method.

In the fund financial statements, governmental fund types, bond premiums and discounts are recognized during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financial sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

T. Compensation for Future Absences

It is the City's policy to accumulate vacation time up to one year. Employees' vacation time must be used by their anniversary date. Accumulated unpaid vacation pay amounts are accrued when incurred by the City in the government-wide, proprietary, and fiduciary fund financial statements. The liability of the proprietary funds is recorded as an expense and a liability of those funds as the benefits are accrued. In governmental fund types, a liability is recorded only if the benefit has matured and is expected to be liquidated with expendable available financial resources.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

2. Summary of Significant Accounting Policies (continued)

U. Capital Contributions

Federal, state and local government assistance in the form of grants that are permanent in nature and restricted for the construction or acquisition of specific property and equipment is recorded as an asset and as non-operating revenue.

V. Pension Plans

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Georgia Municipal Employees Benefit System (GMEBS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by GMEBS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

W. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the City to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

X. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and in the non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

2. Summary of Significant Accounting Policies (continued)

X. Interfund Activity, continued

Transfers between governmental and business-type activities on the government-wide statement of activities are reported after general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business type activities column are also eliminated.

3. Deposit and Investment Risk

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a financial institution failure, the City's deposits may not be returned. The City investment policies require that all deposits be federally insured or fully collateralized.

Interest Rate Risk

The City's investment policies place no limits on the maximum maturity of investments as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The City's investment policies authorize investment in the following securities approved by the State of Georgia for local governments. Authorized investments include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia or other states, and pooled investment programs of the State of Georgia. The City's policies do not establish a minimum credit rating for investments. Investments are reported at fair value.

Concentration of Credit Risk

City's policies place no limits on the amount they may invest in any one issuer, but require that the investment portfolio be diversified.

Foreign Currency Risk

The City's investment policies do not allow for investments denominated in a foreign currency.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

3. Deposit and Investment Risk (continued)

The City participates in the State of Georgia Local Government Investment Pool. Assets in this pool are invested in Georgia Fund 1, created by OCGA 36-83-8, which is a stable net asset investment pool that follows Standard and Poor's criteria for AAf rated money market funds. Georgia Fund 1 is managed by the Georgia Office of the State Treasurer. The investment policies of Georgia Fund 1 are established by the Georgia State Depository Board. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company.

The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1.00 per share. Georgia Fund 1 is managed by the Georgia Office of the State Treasurer. The investment policies of Georgia Fund 1 are established by the Georgia State Depository Board.

Georgia Fund 1 is rated AAf by Standard & Poor's. The weighted average maturity at the end of the current fiscal year was 10 days. At the end of the current fiscal year, the City's balance in Georgia Fund 1 was \$2,337,928.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City's investments consist of negotiable certificates of deposits. All of the City's investments are level 1 inputs.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

4. Accounts Receivable

Net accounts receivable at the end of the current fiscal year consist of the following:

Major Funds		
General	\$ 52,554	
Less: Allowance for Uncollectible	<u>(41,071)</u>	\$ 11,483
Water & Sewer	1,732,371	
Gas	<u>489,929</u>	2,222,300
Nonmajor Funds		
Solid Waste Management	152,040	
Environmental Protection	1,105	
Special Facilities	<u>15,820</u>	<u>168,965</u>
		2,402,748
Municipal Court Agency Fund		<u>200,151</u>
Total primary government		<u><u>\$ 2,602,899</u></u>

5. Intergovernmental Receivables

Intergovernmental receivables at the end of the current fiscal year consist of the following:

Major Funds		
General		\$ 13,739
Water & Sewer		203,888
Nonmajor Funds		
SPLOST 2012		<u>243,201</u>
Total primary government		<u><u>\$ 460,828</u></u>

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

6. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables at the end of the current year is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Enterprise	\$ 684,351
	Internal Service	771,316
Water and Sewer	Nonmajor Enterprise	<u>500,000</u>
Subtotal		<u><u>\$ 1,955,667</u></u>

The balance reported as Due to/Due from represent loans between the borrower fund and the lender fund. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”.

The General Fund advanced the Environmental Protection Fund \$1,368,702 for past operating expenses. The Environmental Protection Fund will repay the General Fund \$136,870 for 10 years. The balance at the end of the current fiscal year is \$684,351.

The General Fund advanced the Building Fund \$885,144 for the purchase and renovations to the building at 25 E Midland Ave., Winder, GA to relocate the police and administrative offices. The Building Fund will repay the General Fund over 40 years which is the estimated useful life of the building. The balance at the end of the current fiscal year is \$771,316.

The Water Fund advanced the Golf Fund \$600,000 for the purchase of the Chimneys Golf Course. The Golf Fund will repay the Water Fund \$20,000 a year for 30 years. The balance at the end of the current fiscal year is \$500,000.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

6. Interfund Receivables, Payables, and Transfers (continued)

A summary of interfund transfers is as follows:

<u>Transfer out Fund</u>	<u>Transfer in Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 536,128
	Nonmajor Enterprise	903,000
	Internal Service	707,290
Water and Sewer	General	3,807,290
Gas	General	2,400,000
Nonmajor Governmental	General	165,000
	Water and Sewer	40,991
	Nonmajor Governmental	20,000
	Nonmajor Enterprise	60,000
Nonmajor Enterprise	General	<u>450,000</u>
		9,089,699
Transfer of capital asset		
Internal Service	Water and Sewer	<u>707,290</u>
		<u><u>\$ 9,796,989</u></u>

Interfund transfers were used to 1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, and 2) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business-type fund group.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

7. Capital Assets

Capital asset activity for the primary government for the current fiscal year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Non-depreciable assets				
Land	\$ 2,525,383	\$ 154,000	\$ (35,000)	\$ 2,644,383
Construction in progress	2,519,319	115,565	(2,214,635)	420,249
Total non-depreciable assets	<u>5,044,702</u>	<u>269,565</u>	<u>(2,249,635)</u>	<u>3,064,632</u>
Depreciable assets				
Buildings	4,129,054	143,191	(5,000)	4,267,245
Vehicles	5,582,942	123,623	(149,216)	5,557,349
Furniture and equipment	4,155,613	214,698	(247,495)	4,122,816
Infrastructure	30,428,233	2,675,779	(818)	33,103,194
Total depreciable assets	<u>44,295,842</u>	<u>3,157,291</u>	<u>(402,529)</u>	<u>47,050,604</u>
Accumulated depreciation				
Buildings	(1,240,675)	(124,151)	0	(1,364,826)
Vehicles	(4,036,908)	(394,667)	131,216	(4,300,359)
Furniture and equipment	(3,567,710)	(228,296)	244,874	(3,551,132)
Infrastructure	(21,303,395)	(404,666)	0	(21,708,061)
Total accumulated depreciation	<u>(30,148,688)</u>	<u>(1,151,780)</u>	<u>376,090</u>	<u>(30,924,378)</u>
Total depreciable assets, net	<u>14,147,154</u>	<u>2,005,511</u>	<u>(26,439)</u>	<u>16,126,226</u>
Governmental activities capital assets, net	<u>\$ 19,191,856</u>	<u>\$ 2,275,076</u>	<u>\$ (2,276,074)</u>	<u>\$ 19,190,858</u>
Business-type activities				
Non-depreciable assets				
Land	\$ 6,755,597	\$ 40,068	\$ 0	\$ 6,795,665
Construction in progress	11,316,365	8,616,924	(1,150,480)	18,782,809
Total non-depreciable assets	<u>18,071,962</u>	<u>8,656,992</u>	<u>(1,150,480)</u>	<u>25,578,474</u>
Depreciable assets				
Buildings	5,203,242	0	0	5,203,242
Vehicles	1,147,045	123,136	(40,691)	1,229,490
Distribution system	110,593,411	4,485,512	0	115,078,923
Furniture and equipment	2,575,577	73,127	(89,754)	2,558,950
Total depreciable assets	<u>119,519,275</u>	<u>4,681,775</u>	<u>(130,445)</u>	<u>124,070,605</u>
Accumulated depreciation				
Buildings	(1,957,367)	(149,072)	0	(2,106,439)
Vehicles	(989,806)	(67,413)	40,691	(1,016,528)
Distribution system	(52,511,716)	(2,873,463)	0	(55,385,179)
Furniture and equipment	(1,961,998)	(183,886)	89,754	(2,056,130)
Total accumulated depreciation	<u>(57,420,887)</u>	<u>(3,273,834)</u>	<u>130,445</u>	<u>(60,564,276)</u>
Total depreciable assets, net	<u>62,098,388</u>	<u>1,407,941</u>	<u>0</u>	<u>63,506,329</u>
Business-type activities capital assets, net	<u>\$ 80,170,350</u>	<u>\$ 10,064,933</u>	<u>\$ (1,150,480)</u>	<u>\$ 89,084,803</u>

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

7. Capital Assets (continued)

Governmental Activities

Decreases in construction in progress for the governmental activities consist of projects placed into service in the amount of \$1,524,947 and projects abandoned in the amount of \$689,688.

The beginning balance of capital assets were restated in the amount of \$151,743. See Note 19 for further details.

Machinery was reclassified from construction in progress in the amount of \$62,092. The reclassification had no net effect on total beginning balance of capital assets.

Business-type Activities

The beginning balance of capital assets were restated in the amount of \$244,685. See Note 19 for further details.

Depreciation expense was charged to functions/programs as follows:

Primary Government

Governmental activities

General Government	\$	137,262
Public Safety		468,917
Public Works		478,648
Internal Service		66,953
Total depreciation expense for governmental activities	\$	1,151,780

Business-type activities

Water & Sewer	\$	2,816,300
Gas		176,695
Environmental Protection		64,565
Special Facilities		140,363
Golf		67,478
Internal Service		8,433
Total depreciation expense for business-type activities	\$	3,273,834

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

8. Capital Lease Agreements

The City has entered into agreements for the lease of certain equipment. The terms of the agreements meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee. The balances of these leases at the end of the current fiscal year, are \$303,443 and \$2,671,086 for governmental and business-type activities, respectively.

The following is a schedule of the future minimum lease payments together with the present value of the net minimum lease payments at the end of the current fiscal year:

Year Ending June 30,	Governmental Activities
2019	\$ 72,222
2020	56,852
2021	56,852
2022	56,852
2023	56,852
2024-2028	29,967
Total minimum lease payments	329,597
Less amounts representing interest	(26,154)
Present value of minimum lease payments	<u>\$ 303,443</u>

The capital lease in the business-type activities is still in the drawdown phase; therefore, the paydown schedule is not yet available to be presented in the schedule above.

	Governmental Activities		Business-type Activities	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Construction in progress	\$ 0	\$ 0	\$ 4,138,151	\$ 0
Vehicles and equipment	1,003,850	600,946	0	0
Total assets under capital leases	<u>\$ 1,003,850</u>	<u>\$ 600,946</u>	<u>\$ 4,138,151</u>	<u>\$ 0</u>

Amortization of leased equipment under capital leases is included in depreciation expense.

The City's lease agreements, other than such agreements described above, are relatively minor commitments (generally for office machines) and are in compliance with state law.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

9. Long-Term Debt

Revenue Bonds

Revenue bonds issued for business-type activities are comprised of the following individual issues at the end of the current fiscal year:

On February 10, 2009, the City issued Water and Sewerage Revenue Refunding Bonds, Series 2009 due at various dates ending December 1, 2018 with a yield of 3.30%. A portion of the Water and Sewerage Revenue Bonds of 1998 were defeased amounting to \$4,325,000.

On February 21, 2012, the City issued Winder-Barrow Industrial Authority Revenue Refunding Bonds, Series 2012 due at various dates ending December 1, 2029 with various yields ranging from 2.00% to 5.00%. The proceeds from this refunding were to pay off a GEFA note in the amount of \$15,711,640.

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 2,015,000	\$ 455,074	\$ 2,470,074
2020	760,000	411,600	1,171,600
2021	785,000	388,425	1,173,425
2022	810,000	360,450	1,170,450
2023	845,000	323,125	1,168,125
2024-2028	4,815,000	1,006,125	5,821,125
2029-2030	2,015,000	96,875	2,111,875
Total	\$ 12,045,000	\$ 3,041,674	\$ 15,086,674

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

9. Long-Term Debt (continued)

Notes Payable, continued

Notes payable issued for business-type activities are comprised of the following individual issues at the end of the current fiscal year:

The City entered into an agreement with the Georgia Environmental Finance Authority (GEFA) in the amount of \$3,000,000 for improvements to the City's water and sewer system. Monthly installments of principal and interest are due beginning on the first day of the calendar month following the date that the loan is fully disbursed (the Amortization Commencement Date) for 120 months; interest at 0.70%. Monthly installments began on August 1, 2016 (\$2,441,145 outstanding).

The City entered into a second agreement with the Georgia Environmental Finance Authority (GEFA) in the amount of \$9,000,000 to finance the costs of constructing a 6.7 million gallons per day raw water intake, and transmission main that will deliver water from Fort Yargo Lake to the Highway 53 water treatment plant. This project was completed during fiscal year 2018. The City's current GEFA loan outstanding has an interest rate of 0.89%. Monthly installments will begin September 1, 2018 (\$9,000,000 outstanding).

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

Year Ending June 30,	Principal	Interest	Total
2019	\$ 638,465	\$ 81,748	\$ 720,213
2020	712,694	89,420	802,114
2021	718,495	83,619	802,114
2022	724,344	77,770	802,114
2023	730,241	71,873	802,114
2024-2028	3,142,017	273,025	3,415,042
2029-2033	2,294,357	162,662	2,457,019
2034-2038	2,398,723	58,297	2,457,020
2039	81,809	92	81,901
Total	\$ 11,441,145	\$ 898,506	\$ 12,339,651

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

9. Long-Term Debt (continued)

Changes in Long-Term Debt

The following is a summary of changes in long-term debt of the City for the current fiscal year are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Capital lease obligations	\$ 410,580	\$ 0	\$ (107,137)	\$ 303,443	\$ 63,943
Compensated absences	122,440	227,653	(237,558)	112,535	112,535
Total Governmental Activities	<u>\$ 533,020</u>	<u>\$ 227,653</u>	<u>\$ (344,695)</u>	<u>\$ 415,978</u>	<u>\$ 176,478</u>
Business-type Activities					
Revenue bonds	\$ 13,990,000	\$ 0	\$ (1,945,000)	\$ 12,045,000	\$ 2,015,000
Premium on bonds	943,029	0	(75,949)	867,080	75,949
Capital lease obligations	0	2,671,086	0	2,671,086	2,671,086
Notes payable	9,197,578	2,536,078	(292,511)	11,441,145	638,465
Compensated absences	41,809	61,634	(65,203)	38,240	38,240
Total Business-type Activities	<u>\$ 24,172,416</u>	<u>\$ 5,268,798</u>	<u>\$ (2,378,663)</u>	<u>\$ 27,062,551</u>	<u>\$ 5,438,740</u>

Revenue bond discounts/premiums are amortized over the life of the related debt using the straight-line method. Compensated absences are liquidated by those funds that have salary and wage expenditures. The total interest incurred and charged to expense during the current fiscal year was \$9,438 for governmental activities and \$586,071 for business-type activities

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

10. Nonspendable, Restricted, Committed, and Assigned Fund Balances

The following is a summary of restricted, committed, and assigned fund balances of the governmental funds for the current fiscal year are as follows:

	General	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:			
Prepaid items	\$ 160,194	\$ 0	\$ 160,194
Advances to other funds	1,455,667	0	1,455,667
	<u>1,615,861</u>	<u>0</u>	<u>1,615,861</u>
Restricted for:			
Law enforcement	0	17,236	17,236
City festivals	0	16,248	16,248
Capital projects	0	2,441,101	2,441,101
	<u>0</u>	<u>2,474,585</u>	<u>2,474,585</u>
Committed for:			
Community TV station	0	38	38
Assigned for:			
Promoting trade and tourism	0	32,526	32,526

11. Pension Plan

Plan Description. The City is a participating member of the Georgia Municipal Employees Benefit System (GMEBS), a state-wide agent, multiple-employer retirement system, administered by the Georgia Municipal Association. This is a defined benefit pension plan, which provides retirement, disability and death benefits to plan members and beneficiaries. The City has established provisions, which assign the authority to the City Council members to establish and amend the benefit provisions of the plan. The plan was closed to new employees on October 1, 2013.

Control over the operation and administration of the plan is vested with GMEBS along with custody of the plan assets. The plan provides that the City has no liability with respect to payments or benefits or otherwise under the plan except to pay over to GMEBS such actuarially determined contributions as are required to meet minimum funding standards of the Public Retirement Systems Standards Law and provide benefits thereunder. If terminated, the plan provides that if there are funds remaining after the satisfaction of all liabilities, such funds shall not revert to the City but shall be allocated to employees.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

11. Pension Plan (continued)

There are no loans to any of the City officials or other “party-in-interest,” and there are no prohibited transactions. The plan assets do not include any securities or investments in the City of Winder. The funds are managed by independent money managers.

The annual report and more detailed information regarding the plan can be obtained from the Plan Administrator, the Georgia Municipal Employees Benefit System.

At January 1, 2018, the date of the most recent actuarial valuation, there were 258 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	107
Terminated vested participants entitled to but not yet receiving benefits	72
Active participants	79
Total number of participants	258

Benefits Provided. The plan provides retirement and death benefits. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 65 with no reduction in benefit. Members with thirty years of total service are eligible to retire at age 55 with no reduction in benefit. Officials are eligible to retire at age 65 with no reduction of benefits. Officials with twenty-five years of total service are eligible to retire at age 55 with no reduction in benefit. Members are eligible for early retirement with reduced benefits based on the early retirement reduction table at age 55 after 10 years of service. The benefit formula is 2.00% after a ten-year cliff vesting period. On March 2, 2007, the Solid Waste department was privatized and those who were employed in this department with at least five years of credited service were considered vested in the plan, notwithstanding the ten-year requirement otherwise applicable under the Plan.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

11. Pension Plan (continued)

Contributions. Employees make no contributions to the plan. The City is required to contribute the remaining amounts necessary to fund the plan in compliance with the minimum funding standards of the Public Retirement Systems Standards Law. The City's actuarially determined contribution rate for the current the fiscal year was \$997,298 or 25.94% of covered payroll. The Council provides for the benefits and funding policy through City ordinance and maintains the authority to change the policy. The administrative expenses set by contract with GMEBS are in addition to the state-required annual funding requirement. This funding policy, as specified by ordinance, has been the same since the inception of the plan.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At the end of the current fiscal year, the City reported a net pension liability of \$4,981,485. The net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. During the current fiscal year, the City recognized pension expense of \$591,613. Net pension liability for governmental activities is liquidated by the General Fund.

At the end of the current fiscal year, the City reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 201,619	\$ 0
Changes of assumptions	268,498	0
Net difference between projected and actual earnings on pension plan investments	0	(840,022)
City contributions subsequent to the measurement date	717,539	0
Totals	<u>\$ 1,187,656</u>	<u>\$ (840,022)</u>

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

11. Pension Plan (continued)

The \$717,539 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net position liability in the next fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30	
2019	\$ 36,121
2020	99,044
2021	(297,467)
2022	<u>(207,603)</u>
Totals	<u><u>\$ (369,905)</u></u>

Actuarial Assumptions. The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Projected salary increases	2.75% plus service based merit increases
Cost of living adjustments	3.25%
Net investment rate of return	7.50%

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

The mortality and economic actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the period of January 1, 2010 through June 30, 2014.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

11. Pension Plan (continued)

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.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	45%	6.71%
International equity	20%	7.71%
Real estate	10%	5.21%
Global fixed income	5%	3.36%
Domestic fixed income	20%	2.11%
Total	<u>100%</u>	

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

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

11. Pension Plan (continued)

Changes in Net Pension Liability (Asset)

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balances at 9/30/16	\$ 20,093,294	\$ 14,380,684	\$ 5,712,610
Changes for the year:			
Service cost	173,051	0	173,051
Interest	1,506,920	0	1,506,920
Differences between expected and actual experience	268,580	0	268,580
Contributions—employer	0	988,953	(988,953)
Net investment income	0	2,138,768	(2,138,768)
Benefit payments, including refunds of employee contributions	(1,298,321)	(1,298,321)	0
Administrative expense	0	(45,297)	45,297
Other	402,748	0	402,748
Net changes	<u>1,052,978</u>	<u>1,784,103</u>	<u>(731,125)</u>
Balances at 9/30/17	<u>\$ 21,146,272</u>	<u>\$ 16,164,787</u>	<u>\$ 4,981,485</u>

Plan fiduciary net position as a percentage of the total pension liability	76.44%
Covered payroll	\$ 3,730,435
Employer's net pension liability as percentage of covered payroll	133.54%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.50 percent) or one percentage-point higher (8.50 percent) than the current rate:

	<u>Discount Rate</u>	<u>Net Pension Liability (Asset)</u>
1% decrease	6.50%	\$ 7,642,890
Current discount rate	7.50%	4,981,485
1% increase	8.50%	2,777,518

Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued Georgia Municipal Employees Benefit System financial report.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

11. Pension Plan (continued)

Other Plans

In addition to the plan above, various City employees are also covered under the pension plans of the Georgia Firefighters' Pension Fund and the Peace Officers' Annuity and Benefit Fund of Georgia. Further information regarding these plans can be obtained from the plans' annual reports. These plans are immaterial to the financial statements.

12. Defined Contribution Plan

The City also provides retirement benefits for its employees through a deferred compensation, defined contribution plan. The Plan was created under Internal Revenue Code Sections 457 and 401(a). The Plan is administered by the Security Benefit Life Insurance Plan, an independent third party. The City began participation in the plan during fiscal year 2004. The City Council provides for the benefits and funding policy through a City resolution and maintains the authority to change the policy.

Under the terms of the Plan, employees may defer a portion of their salary through voluntary contributions to the Plan. Employees may defer a maximum of 25% of their salary, up to the maximum allowable by federal law. After completing 90 days of service, the City will contribute 3% of an employee's compensation per year.

There is a cap of 3% of total compensation per eligible employee for City contributions. Employee and employer contributions are vested 100% at the time of contribution. Amounts held in the Plan are not available to the employees until termination, retirement, death, or unforeseeable emergency.

During the current fiscal year, the City contributed \$161,302 to the plan based on covered salaries of \$2,874,043. Plan members made voluntary contributions of \$196,335 to the plan. Total payroll was \$7,133,406.

The City has no fiduciary relationship with the plans, and plan assets are not available to the City or its general creditors. The Plans assets are held in trust by the Administrator for the exclusive benefit of the participants of the Plans.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
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13. Post-Employment Benefits Other Than Pensions

Plan Description. The City of Winder Other Post-Eemployment Benefits Plan (the “OPEB Plan”) is a defined benefit postretirement health care and prescription drug plan. The OPEB plan is administered through the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer OPEB Plan administered by the Georgia Municipal Association (GMA). The City has established provisions, which assign the authority to the City Council members to establish and amend the benefit provisions of the plan.

At July 1, 2017, the date of the most recent actuarial valuation, there were 159 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	8
Vested terminated members entitled to but not yet receiving benefits	0
Active participants	151
Total number of participants	159

Benefits Provided. City employees become eligible after 20 years of service. Benefits valued herein are for Retiree Medical and Prescription Drug. Life Insurance is optional, paid in full by retirees and is not valued here. Coverage is available to retirees who have attained age 55 with 10 years of service if retired before December 31, 2012. Employees retiring after this date must attain age 60 with ten years of service. Spousal coverage is subject to the same. As of December 31, 2012, spousal coverage is no longer available under the plan. Retirees are responsible for 50% of the billed premium for the retiree and spouse.

Contributions. The City has elected to advance fund the OPEB Plan, as well as maintain the current costs of the OPEB Plan on a “pay-as-you-go” basis, in that claims are paid as they arise. Contributions to the plan are held in an irrevocable trust. The City Council provides for the benefits and funding policy through City resolution and maintains the authority to change the policy. The City’s actuarially determined contribution rate for the current fiscal year was \$57,800 or 1.91% of covered employee payroll. The City’s covered employee payroll for employees participating in the current year was \$6,950,672. Net OPEB liability for governmental activities is liquidated by the General Fund.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

13. Post-Employment Benefits Other Than Pensions (continued)

The administrative expenses set by contract with GMEBS are in addition to the state-required annual funding requirement. This funding policy, as specified by ordinance, has been the same since the inception of the plan. The GMA issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB. At the end of the current fiscal year, the City reported a net OPEB liability of \$516,301. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined from actuarial valuations using data as of July 1, 2016 and measured by an actuarial valuation as of July 1, 2017. During the current fiscal year, the City recognized OPEB expense of \$68,300.

The components of the net OPEB liability are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at 6/30/2016	\$ 1,041,100	\$ 393,200	\$ 647,900
Changes for the year:			
Service cost	44,900		44,900
Interest	68,700		68,700
Contributions-employer		132,800	(132,800)
Net investment income		64,300	(64,300)
Benefit payments, including refunds of member contributions	(57,800)	(57,800)	-
Administrative expenses	-	(901)	901
Other changes	(49,000)		(49,000)
Net changes	<u>6,800</u>	<u>138,399</u>	<u>(131,599)</u>
Balances at 6/30/2017	<u>\$ 1,047,900</u>	<u>\$ 531,599</u>	<u>\$ 516,301</u>

Plan fiduciary net position as a percentage of the total OPEB liability	50.73%
Covered employee payroll	\$ 6,489,900
Plan net OPEB liability as a percentage of covered employee payroll	7.96%

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

13. Post-Employment Benefits Other Than Pensions (continued)

At the end of the current fiscal year, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 0	\$ (42,400)
Differences between projected and actual earnings on OPEB plan investments		(25,600)
Contributions subsequent to the measurement date	134,292	0
Totals	\$ 134,292	\$ (68,000)

The \$134,292 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ending June 30		
2019	\$	(13,000)
2020		(13,000)
2021		(13,000)
2022		(13,000)
2023		(6,600)
Thereafter		(9,400)
Totals	\$	(68,000)

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

13. Post-Employment Benefits Other Than Pensions (continued)

Actuarial Assumptions. The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Projected salary increases	2.50%
Actuarial cost method	Entry age
Discount rate	7.50%
Medical Trend Rate	Medical: 7.00% trended down to 5.00% by 2022
Mortality rates	Healthy mortality rates were based on RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females. Disabled mortality rates were based on RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.
Amortization method	Open 30 years, level percent of payroll
Remaining amortization period	30 years
Asset valuation method	Market value

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period of January 1, 2010 through June 30, 2014.

Development of Long-Term Rate. The long-term expected rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits, to the extent that (1) the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and (2) OPEB plan assets are expected to be invested using a strategy to achieve that return. Based on a projection of the plan's cash flow, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the total OPEB liability was determined using the long-term expected rate of 7.50%.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

13. Post-Employment Benefits Other Than Pensions (continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents what the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower (6.50%) or one percentage-point higher (8.50%) than the current rate. Also, shown is the Net OPEB Liability as if it were calculated using healthcare cost trend rates that were one percentage point lower or one percentage point higher than the current healthcare trend rates:

<u>Discount Rate</u>		<u>Net OPEB Liability</u>
1% decrease	6.50%	\$ 547,800
Current discount rate	7.50%	516,301
1% increase	8.50%	354,800
<u>Healthcare Cost Trend Rates</u>		<u>Net OPEB Liability</u>
1% decrease		\$ 335,100
Current discount rate		516,301
1% increase		573,200

OPEB Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued Georgia Municipal Employees Benefit System financial report.

14. Risk Management

General Insurance

The City is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has contracted with a private insurance carrier, and is subject to various deductibles that are paid from City funds.

The City allows insurance carrier's 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 contract.

The insurer is to defend and protect the City against liability or loss as prescribed in the contract and in accordance with laws of Georgia. The insurer is to pay all cost taxed against the City in any legal proceeding being defended, and all interest accruing after entry of judgement and all expenses incurred for investigation, negotiation, or defense.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

14. Risk Management (continued)

Health Insurance

The City provides health care benefits to its active and retired employees and their dependents. The City contracted with Blue Cross Blue Shield for health care coverage. The contract is a minimum premium plan, which is a fully insured plan with self-insured characteristics. Under this arrangement, the City is responsible for paying all claims up to an agreed-upon aggregate level; with the insurer responsible for the excess. The insurer is also responsible for processing claims and administrative services.

Workers Compensation

The City has obtained workers' compensation insurance from a Georgia Municipal Association Group Self Insurance Workers Compensation Fund. The limits of the coverage are \$1,000,000 for each employee claim with a \$10,000 deductible.

Settled claims for the past three years have not exceeded the coverage.

15. Hotel/Motel Lodging Tax

The City has levied a 7% lodging tax, in accordance with Official Code of Georgia Annotated (OCGA) Section 48-13-51(4.4). A summary of the transactions for the current fiscal year, follows:

Lodging tax receipts	\$ 213,538
Disbursements to Chamber of Commerce, Festivals, and other tourism and visitor programs	\$ 202,888 95.0% of tax receipts

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

16. Joint Ventures

Under Georgia law, the City, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Northeast Georgia Regional Commission and is required to pay annual dues thereto. During the fiscal year, the City's dues were paid by Barrow County, which did not request reimbursement from the City. According to the RC, all dues are billed to the County and the management of the County determines if each municipality within the County should be billed pro-rata for their share of the dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official in each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. A copy of the NEGRC financial statements can be obtained from the Northeast Georgia Regional Commission, 305 Research Drive, Athens, Georgia 30605.

17. Related Organizations

The City is responsible for appointing various members of the boards of other organizations, but the City's accountability for these organizations do not extend beyond making these appointments. In addition, City officials serve on the boards of several organizations in which the City does not have a voting majority. Organizations related to the City in one or both of these manners include the following:

- Housing Authority of the City of Winder
- Piedmont Regional Library
- Barrow County Board of Health
- Winder-Barrow Development Authority
- Winder Planning Board
- Winder-Barrow Industrial Building Authority
- Winder Tree Commission
- Historic Preservation Commission
- Public Facilities Authority

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

18. Commitments

The City has committed to planning, designing, and constructing a 1.1 billion gallon pump storage reservoir for the City. This project will be funded by loan proceeds from GEFA.

During fiscal year 2015, the City entered into an agreement with the City of Auburn, Georgia for the acquisition and construction of a reservoir and the associated infrastructure required so that the city may withdraw raw water from the Mulberry River, Little Mulberry River, and Rock Creek, and store the raw water in the reservoir and transmit the water to each City's water treatment plants. The City's portion of the project is currently estimated to cost \$20.8 million. At the end of the current fiscal year, the City has spent \$947,705 pertaining to this project since its inception.

19. Changes in Beginning Balances

Governmental Activities

A prior period adjustment has been made to correct the recording of depreciation expense for the fiscal year ended June 30, 2017. This adjustment decreased beginning net position by \$151,743.

A prior period adjustment was made to adjust the recording of the City's OPEB Liability at June 30, 2017 for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This adjustment decreased beginning net position by \$535,462.

General Fund

A prior period adjustment was made to correct the recording accounts payable at June 30, 2017. This adjustment decreased beginning fund balance by \$150,000.

A prior period adjustment was made to correct the recording of workers' compensation insurance expenditure at June 30, 2017. This adjustment decreased fund balance by \$57,887.

The net effect of these adjustments decreased beginning fund balance in the General Fund by \$207,887.

The net effect of these adjustments decreased beginning net position in the Governmental Activities by \$895,092.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

19. Changes in Beginning Balances (continued)

Business-Type Activities

Water and Sewer Fund

A prior period adjustment was made to correct the recording of sales tax expense for the fiscal year ended June 30, 2017. This adjustment decreased beginning net position by \$8,346.

A prior period adjustment was made to correct the recording of depreciation expense for the fiscal year ended June 30, 2017. This adjustment decreased beginning net position by \$4,533.

A prior period adjustment was made to correct the recording of accounts payable at June 30, 2017. This adjustment decreased beginning net position by \$36,809

A prior period adjustment was made to correct the recording of water contract billings receivable at June 30, 2017. This adjustment increased beginning net position by \$35,979.

A prior period adjustment was made to correct the recording of capital assets at June 30, 2017. This adjustment increased beginning net position by \$275,913.

A prior period adjustment was made to adjust the recording of the City's OPEB Liability at June 30, 2017 for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This adjustment decreased beginning net position by \$119,532.

The net effect of these adjustments increased beginning in the net position In the Water and Sewer Fund by \$142,672.

Gas Fund

A prior period adjustment was made to adjust the recording of the City's OPEB Liability at June 30, 2017 for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This adjustment decreased beginning net position by \$52,221.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

19. Changes in Beginning Balances (continued)

Environmental Protection Fund

A prior period adjustment was made to correct the recording of depreciation expense for the fiscal year ended June 30, 2017. This adjustment decreased beginning net position by \$26,693.

Golf Fund

A prior period adjustment was made to adjust the recording of the City's OPEB Liability at June 30, 2017 for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This adjustment decreased beginning net position by \$38,730.

Utility Service Fund

A prior period adjustment was made to adjust the recording of the City's OPEB Liability at June 30, 2017 for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This adjustment decreased beginning net position by \$44,254.

The net effect of these adjustments decreased beginning net position in the Business-type Activities by \$19,227.

20. New Accounting Standards

The City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the City's current fiscal year.

The City early implemented GASB Statement No. 89, *Accounting for Interest Cost incurred before the End of a Construction Period*, effective for the City's current fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WINDER, GEORGIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
LAST TEN FISCAL YEARS
June 30, 2018
(Unaudited)

	Fiscal Year End	
	2018	2017
Total pension liability		
Service cost	\$ 173,051	\$ 179,037
Interest	1,506,920	1,474,422
Differences between expected and actual experience	268,580	67,694
Changes of assumptions	402,748	0
Benefit payments, including refunds of employee contributions	(1,298,321)	(1,305,321)
Net change in total pension liability	1,052,978	415,832
Total pension liability - beginning	20,093,294	19,677,462
Total pension liability - ending (a)	\$ 21,146,272	\$ 20,093,294
Plan fiduciary net position		
Contributions - employer	\$ 988,953	\$ 1,032,165
Contributions - employee	0	26,847
Net investment income	2,138,768	1,461,014
Benefit payments, including refunds of employee contributions	(1,298,321)	(1,305,321)
Administrative expense	(45,297)	(22,393)
Net change in total pension liability	1,784,103	1,192,312
Plan fiduciary net position - beginning	14,380,684	13,188,372
Plan fiduciary net position - ending (b)	\$ 16,164,787	\$ 14,380,684
Net pension liability (asset) - ending : (a) - (b)	\$ 4,981,485	\$ 5,712,610
Plan's fiduciary net position as a percentage of the total pension liability	76.44%	71.57%
Covered payroll	\$ 3,730,435	\$ 3,845,923
Net pension liability as a percentage of covered payroll	133.54%	148.54%

Note: Fiscal year 2015 was the first year of implementation. Additional years' information will be displayed as it becomes available.

Fiscal Year End	
2016	2015
\$ 236,833	\$ 328,917
1,412,604	1,443,234
463,073	(652,819)
0	(240,685)
(1,324,394)	(1,223,348)
788,116	(344,701)
18,889,346	19,234,047
<u>\$ 19,677,462</u>	<u>\$ 18,889,346</u>

\$ 1,228,670	\$ 1,409,342
0	59,823
151,347	1,334,881
(1,324,394)	(1,223,348)
(24,301)	(19,349)
31,322	1,561,349
13,157,050	11,595,701
<u>\$ 13,188,372</u>	<u>\$ 13,157,050</u>

<u>\$ 6,489,090</u>	<u>\$ 5,732,296</u>
---------------------	---------------------

67.02%	69.65%
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\$ 4,034,416	\$ 4,658,538
160.84%	123.05%

CITY OF WINDER, GEORGIA
SCHEDULE OF PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS
June 30, 2018
(Unaudited)

	<u>Fiscal Year End</u>	
	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 997,298	\$ 1,042,387
Contributions in relation to the actuarially determined contribution	<u>(999,098)</u>	<u>(1,042,387)</u>
Contribution deficiency (excess)	<u>\$ (1,800)</u>	<u>\$ 0</u>
Covered payroll	\$ 3,844,876	\$ 3,871,009
Contributions as a percentage of covered payroll	25.94%	26.93%

Note: Fiscal year 2015 was the first year of implementation. Additional years' information will be displayed as it becomes available.

Fiscal Year End	
2016	2015
\$ 1,042,387	\$ 1,292,164
<u>(1,042,387)</u>	<u>(1,469,165)</u>
<u>\$ 0</u>	<u>\$ (177,001)</u>
\$ 3,880,640	\$ 4,188,210
26.86%	30.85%

CITY OF WINDER, GEORGIA
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
June 30, 2018
(Unaudited)

	Fiscal Year End
	2018
Total OPEB liability	
Service cost	\$ 44,900
Interest	68,700
Changes in assumptions	(49,000)
Benefit payments, including refunds of member contributions	(57,800)
Net change in total OPEB liability	6,800
Total OPEB liability - beginning	1,041,100
Total OPEB liability - ending (a)	\$ 1,047,900
 Plan fiduciary net position	
Contributions - employer	\$ 75,000
Net investment income	64,300
Benefit payments, including refunds of member contributions	0
Administrative expenses	(901)
Net change in plan fiduciary net position	138,399
Plan fiduciary net position - beginning	393,200
Plan fiduciary net position - ending (b)	\$ 531,599
 Net OPEB liability (asset) - ending : (a) - (b)	\$ 516,301
 Plan's fiduciary net position as a percentage of the total OPEB liability	50.73%
 Covered employee payroll	\$ 6,489,900
 Plan net OPEB liability as a percentage of covered employee payroll	7.96%

Note: Fiscal year 2018 was the first year of implementation. Therefore, years prior are not reported.

CITY OF WINDER, GEORGIA
SCHEDULE OF OPEB CONTRIBUTIONS
LAST TEN FISCAL YEARS
June 30, 2018
(Unaudited)

	Fiscal Year End
	2018
Actuarially determined contribution	\$ 57,800
Contributions in relation to the actuarially determined contribution	(132,800)
Contribution deficiency (excess)	\$ (75,000)
Covered employee payroll	\$ 6,950,672
Contributions as a percentage of covered employee payroll	1.91%

Note: Fiscal year 2018 was the first year of implementation. Therefore, years prior are not reported.

CITY OF WINDER, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2018

Pension Plan

1. 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, 2018.

2. Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method = Projected unit credit

Amortization method = Closed level dollar for remaining unfunded liability

Remaining amortization period = N/A

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 end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Net investment rate of return = 7.50%

Projected salary increases = 2.75% plus service based merit increases

Cost of living adjustments = 3.25%

Retirement age for inactive vested participants = 65

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

CITY OF WINDER, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2018

Pension Plan (continued)

3. Changes in Benefits

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

4. Changes of Assumptions

Amounts reported 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%.

OPEB Plan

1. Valuation Date

The actuarially determined contribution rates are determined as of June 30, 2017 based on the most recent valuation date, two years prior to the end of the fiscal year in which contributions are reported.

2. Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method = Entry age

Amortization method = Open 30 years, level percent of payroll

Remaining amortization period = 30 years

Asset valuation method = Market value

Projected salary increases = 2.50%

Inflation = 2.75%

Discount rate = 7.50%

CITY OF WINDER, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2018

OPEB Plan (continued)

2. Methods and Assumptions Used to Determine Contribution Rates

Healthcare cost trend rates = Medical: 7.00% trended down to 5.0% by 2022

Mortality = Healthy 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. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

3. Changes in Benefits

There have been no benefit changes since GASB 75 implementation.

4. Changes of Assumptions

There have been no benefit changes since GASB 75 implementation.

COMBINING STATEMENTS

Nonmajor Governmental Funds

Nonmajor Enterprise Funds

Nonmajor Internal Service Funds

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally or donor restricted or committed to expenditure for particular purposes.

Community TV Station Fund – This fund is used to account for cable franchise taxes collected and expenditures related to the operation and maintenance and management of Winder Television located at 105 East Athens Street, Winder, Georgia.

Hotel/Motel Tax Fund – This fund is used to account for the hotel/motel taxes collected and expenditures related to tourism.

Police Escrow Fund – This fund is used to account for cash received for condemned funds received and disbursed for law enforcement purposes.

City Festivals Fund – This fund is used to account for revenues and expenditures related to festivals and events held by the city.

CAPITAL PROJECTS FUNDS

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of specifically planned projects (other than those financed by proprietary funds).

LMIG Fund – This fund is used to account for the cost of Georgia Department of Transportation (GDOT) paving projects.

2012 Special Purpose Local Option Sales Tax Fund – This fund is used to account for the expenditures of the 2012 SPLOST.

2005 Special Purpose Local Option Sales Tax Fund – This fund is used to account for the expenditures of the 2005 SPLOST.

CITY OF WINDER, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2018

	Special Revenue			
	Community TV Station	Hotel/ Motel Tax	Police Escrow	City Festivals
ASSETS				
Cash and cash equivalents	\$ 262	\$ 28,130	\$ 65,007	\$ 16,248
Receivables				
Taxes	0	21,004	0	0
Intergovernmental	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total assets	<u>\$ 262</u>	<u>\$ 49,134</u>	<u>\$ 65,007</u>	<u>\$ 16,248</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 224	\$ 16,608	\$ 0	\$ 0
Due to others	0	0	47,771	0
	<u>0</u>	<u>0</u>	<u>47,771</u>	<u>0</u>
Total liabilities	<u>224</u>	<u>16,608</u>	<u>47,771</u>	<u>0</u>
Fund balances				
Restricted for:				
Public Safety	0	0	17,236	0
Culture and Recreation	0	0	0	16,248
Capital Outlay	0	0	0	0
Committed				
General Government	38	0	0	0
Assigned				
Housing and Development	0	32,526	0	0
Community and Development	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total fund balances	<u>38</u>	<u>32,526</u>	<u>17,236</u>	<u>16,248</u>
Total liabilities and fund balances	<u>\$ 262</u>	<u>\$ 49,134</u>	<u>\$ 65,007</u>	<u>\$ 16,248</u>

	Capital Projects		Total
LMIG	SPLOST 2012	SPLOST 2005	Nonmajor Funds
\$ 217,848	\$ 2,017,312	\$ 0	\$ 2,344,807
0	0	0	21,004
0	243,201	0	243,201
<u>\$ 217,848</u>	<u>\$ 2,260,513</u>	<u>\$ 0</u>	<u>\$ 2,609,012</u>
\$ 0	\$ 37,260	\$ 0	\$ 54,092
0	0	0	47,771
0	37,260	0	101,863
0	0	0	17,236
0	0	0	16,248
217,848	2,223,253	0	2,441,101
0	0	0	38
0	0	0	32,526
0	0	0	0
217,848	2,223,253	0	2,507,149
<u>\$ 217,848</u>	<u>\$ 2,260,513</u>	<u>\$ 0</u>	<u>\$ 2,609,012</u>

CITY OF WINDER, GEORGIA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2018

	Special Revenue			
	Community TV Station	Hotel/ Motel Tax	Police Escrow	City Festivals
REVENUES				
Taxes	\$ 142,539	\$ 213,538	\$ 0	\$ 0
Fines, fees, and forfeitures	0	0	13,829	0
Charges for services	4,000	0	0	9,311
Intergovernmental	0	0	0	0
Contributions	0	0	0	8,225
Interest	0	0	0	0
Total revenues	<u>146,539</u>	<u>213,538</u>	<u>13,829</u>	<u>17,536</u>
EXPENDITURES				
Current				
General Government	62,551	0	0	0
Public Safety	0	0	11,700	0
Culture and Recreation	0	0	0	37,367
Housing and Development	0	62,888	0	0
Capital Outlay	0	0	0	0
Total expenditures	<u>62,551</u>	<u>62,888</u>	<u>11,700</u>	<u>37,367</u>
Excess (deficiency) of revenues over (under) expenditures	<u>83,988</u>	<u>150,650</u>	<u>2,129</u>	<u>(19,831)</u>
Other financing sources (uses)				
Transfers in	0	0	0	20,000
Transfers out	(105,000)	(140,000)	0	0
Total other financing sources (uses)	<u>(105,000)</u>	<u>(140,000)</u>	<u>0</u>	<u>20,000</u>
Excess (deficiency) of revenues and other financing sources over (under) other financing sources over (under) expenditures and other financing uses	(21,012)	10,650	2,129	169
Fund balances, July 1	<u>21,050</u>	<u>21,876</u>	<u>15,107</u>	<u>16,079</u>
Fund balances, June 30	<u><u>\$ 38</u></u>	<u><u>\$ 32,526</u></u>	<u><u>\$ 17,236</u></u>	<u><u>\$ 16,248</u></u>

Capital Projects			Total
LMIG	SPLOST 2012	SPLOST 2005	Nonmajor Funds
\$ 0	\$ 0	\$ 0	\$ 356,077
0	0	0	13,829
0	0	0	13,311
217,125	1,286,352	0	1,503,477
0	0	0	8,225
0	3,980	37	4,017
<u>217,125</u>	<u>1,290,332</u>	<u>37</u>	<u>1,898,936</u>
0	0	0	62,551
0	0	0	11,700
0	0	0	37,367
0	0	0	62,888
<u>535,899</u>	<u>618,424</u>	<u>21,134</u>	<u>1,175,457</u>
<u>535,899</u>	<u>618,424</u>	<u>21,134</u>	<u>1,349,963</u>
<u>(318,774)</u>	<u>671,908</u>	<u>(21,097)</u>	<u>548,973</u>
535,900	0	228	556,128
<u>0</u>	<u>(40,991)</u>	<u>0</u>	<u>(285,991)</u>
<u>535,900</u>	<u>(40,991)</u>	<u>228</u>	<u>270,137</u>
217,126	630,917	(20,869)	819,110
<u>722</u>	<u>1,592,336</u>	<u>20,869</u>	<u>1,688,039</u>
<u>\$ 217,848</u>	<u>\$ 2,223,253</u>	<u>\$ 0</u>	<u>\$ 2,507,149</u>

CITY OF WINDER, GEORGIA
COMMUNITY TV STATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Cable franchise taxes	\$ 125,000	\$ 142,539	\$ 17,539
Charges for services	12,000	4,000	(8,000)
Total revenues	<u>137,000</u>	<u>146,539</u>	<u>9,539</u>
EXPENDITURES			
Current			
General Government	<u>144,800</u>	<u>62,551</u>	<u>82,249</u>
Excess (deficiency) of revenues over (under) expenditures	(7,800)	83,988	91,788
Other financing sources (uses)			
Transfers out	<u>(105,000)</u>	<u>(105,000)</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(112,800)	(21,012)	91,788
Fund balances, July 1	<u>112,800</u>	<u>21,050</u>	<u>(91,750)</u>
Fund balances, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 38</u></u>	<u><u>\$ 38</u></u>

CITY OF WINDER, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Hotel/motel taxes	\$ 131,400	\$ 213,538	\$ 82,138
EXPENDITURES			
Current			
Housing and Development	63,800	62,888	912
Excess (deficiency) of revenues over (under) expenditures	67,600	150,650	83,050
Other financing sources (uses)			
Transfers out	(199,800)	(140,000)	59,800
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(132,200)	10,650	142,850
Fund balances, July 1	132,200	21,876	(110,324)
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 32,526</u>	<u>\$ 32,526</u>

CITY OF WINDER, GEORGIA
POLICE ESCROW SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Fines and forfeitures	\$ 14,500	\$ 13,829	\$ (671)
EXPENDITURES			
Current			
Public Safety	14,500	11,700	2,800
Excess (deficiency) of revenues over (under) expenditures	0	2,129	2,129
Fund balances, July 1	0	15,107	15,107
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 17,236</u>	<u>\$ 17,236</u>

CITY OF WINDER, GEORGIA
CITY FESTIVALS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 38,000	\$ 9,311	\$ (28,689)
Contributions	20,000	8,225	(11,775)
Total revenues	<u>58,000</u>	<u>17,536</u>	<u>(40,464)</u>
EXPENDITURES			
Current			
Culture and Recreation	<u>63,100</u>	<u>37,367</u>	<u>25,733</u>
Excess (deficiency) of revenues over (under) expenditures	(5,100)	(19,831)	(14,731)
Other financing sources (uses)			
Transfers in	<u>5,100</u>	<u>20,000</u>	<u>14,900</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	169	169
Fund balances, July 1	<u>0</u>	<u>16,079</u>	<u>16,079</u>
Fund balances, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 16,248</u></u>	<u><u>\$ 16,248</u></u>

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NONMAJOR PROPRIETARY FUNDS

ENTERPRISE FUNDS

Solid Waste Management Fund – This fund is used to account for the contract costs of solid waste collection, disposal, and recycling.

Environmental Protection Fund – This fund is used to record revenues and expenses associated with the operation and maintenance of the City's stormwater systems and the management of the FOG program and Watershed Protection Plan.

Special Facilities Fund – This fund is used to account for the rents and other income and the related costs (including depreciation) of operating the City's Community Center, Adult Education Center, Historic Train Station, Cultural Arts Center, and other City-owned income producing buildings.

Golf Fund – This fund is used to account for the operation and maintenance associated with management of the Chimneys Golf Course which is located at 338 Monroe Highway, Winder, Georgia.

INTERNAL SERVICE FUNDS

Utility Service Fund – This fund is used to account for the City's utility billing, meter reading and Customer Service.

Buildings Fund – This fund is used to account for the purchase and capital costs of its General Government Buildings. The Building Fund then receives rental income from the departments that use these buildings.

CITY OF WINDER, GEORGIA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2018

	<u>Solid Waste Management</u>	<u>Enviromental Protection</u>	<u>Special Facilities</u>	<u>Golf</u>	<u>Total Nonmajor Funds</u>
ASSETS					
Current assets					
Cash and cash equivalents	\$ 50,614	\$ 1,930	\$ 331,914	\$ 4,552	\$ 389,010
Accounts receivable (net)	152,040	1,105	15,820	0	168,965
Inventories	0	0	0	45,083	45,083
Total current assets	<u>202,654</u>	<u>3,035</u>	<u>347,734</u>	<u>49,635</u>	<u>603,058</u>
Noncurrent assets					
Capital assets					
Non-depreciable	0	632,467	546,636	495,546	1,674,649
Depreciable (net)	0	2,330,423	2,879,941	256,890	5,467,254
Total noncurrent assets	<u>0</u>	<u>2,962,890</u>	<u>3,426,577</u>	<u>752,436</u>	<u>7,141,903</u>
Total assets	<u>202,654</u>	<u>2,965,925</u>	<u>3,774,311</u>	<u>802,071</u>	<u>7,744,961</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	0	8,498	0	0	8,498
Deferred outflows related to other post employment benefits	0	0	0	5,579	5,579
Total deferred outflows of resources	<u>0</u>	<u>8,498</u>	<u>0</u>	<u>5,579</u>	<u>14,077</u>
LIABILITIES					
Current liabilities					
Accounts payable	57,885	459,620	2,510	40,825	560,840
Accrued salaries	0	1,104	222	16,459	17,785
Compensated absences	0	0	0	3,862	3,862
Unearned revenue	0	0	54,535	11,769	66,304
Advances from other funds	0	136,870	0	20,000	156,870
Total current liabilities	<u>57,885</u>	<u>597,594</u>	<u>57,267</u>	<u>92,915</u>	<u>805,661</u>
Noncurrent liabilities					
Advances from other funds	0	547,481	0	480,000	1,027,481
Net pension liability	0	35,582	0	0	35,582
Net OPEB liability	0	0	0	21,449	21,449
Total noncurrent liabilities	<u>0</u>	<u>583,063</u>	<u>0</u>	<u>501,449</u>	<u>1,084,512</u>
Total liabilities	<u>57,885</u>	<u>1,180,657</u>	<u>57,267</u>	<u>594,364</u>	<u>1,890,173</u>

CITY OF WINDER, GEORGIA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2018

	<u>Waste Management</u>	<u>Enviromental Protection</u>	<u>Special Facilities</u>	<u>Golf</u>	<u>Total Nonmajor Proprietary Funds</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	\$ 0	\$ 6,015	\$ 0	\$ 0	\$ 6,015
Deferred inflows related to other post employment benefits	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,825</u>	<u>2,825</u>
Total deferred inflows of resources	<u>0</u>	<u>6,015</u>	<u>0</u>	<u>2,825</u>	<u>8,840</u>
NET POSITION					
Net investment in capital assets	0	2,508,268	3,426,577	752,436	6,687,281
Unrestricted	<u>144,769</u>	<u>(720,517)</u>	<u>290,467</u>	<u>(541,975)</u>	<u>(827,256)</u>
Total net position	<u>\$ 144,769</u>	<u>\$ 1,787,751</u>	<u>\$ 3,717,044</u>	<u>\$ 210,461</u>	<u>\$ 5,860,025</u>

CITY OF WINDER, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the fiscal year ended June 30, 2018

	Solid Waste Management	Enviromental Protection	Special Facilities	Golf	Total Nonmajor Funds
OPERATING REVENUES					
Charges for sales and services	\$ 1,268,565	\$ 30,992	\$ 98,884	\$ 788,355	\$ 2,186,796
Total operating revenues	1,268,565	30,992	98,884	788,355	2,186,796
OPERATING EXPENSES					
Costs of sales and services	753,673	521,172	247,153	459,655	1,981,653
Personal services	0	40,381	9,189	466,267	515,837
Depreciation	0	64,565	140,363	67,478	272,406
Total operating expenses	753,673	626,118	396,705	993,400	2,769,896
Operating income (loss)	514,892	(595,126)	(297,821)	(205,045)	(583,100)
Capital contributions	0	685,803	0	0	685,803
Net income (loss) before transfers	514,892	90,677	(297,821)	(205,045)	102,703
Transfers in (out)					
Transfers in	0	425,000	298,000	240,000	963,000
Transfers out	(450,000)	0	0	0	(450,000)
Total transfers in (out)	(450,000)	425,000	298,000	240,000	513,000
Change in net position	64,892	515,677	179	34,955	615,703
Net position, July 1 (original)	79,877	1,298,767	3,716,865	214,236	5,309,745
Prior period adjustments	0	(26,693)	0	(38,730)	(65,423)
Net position, July 1 (restated)	79,877	1,272,074	3,716,865	175,506	5,244,322
Net position, June 30	\$ 144,769	\$ 1,787,751	\$ 3,717,044	\$ 210,461	\$ 5,860,025

CITY OF WINDER, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the fiscal year ended June 30, 2018

	<u>Solid Waste Management</u>	<u>Enviromental Protection</u>	<u>Special Facilities</u>	<u>Golf</u>	<u>Total Nonmajor Funds</u>
Cash flows from operating activities:					
Receipts from customers	\$ 1,248,749	\$ 30,861	\$ 137,247	\$ 789,597	\$ 2,206,454
Payments to suppliers	(751,492)	(115,616)	(244,853)	(497,387)	(1,609,348)
Payments to employees	0	(37,048)	(8,966)	(453,020)	(499,034)
	<u>497,257</u>	<u>(121,803)</u>	<u>(116,572)</u>	<u>(160,810)</u>	<u>98,072</u>
Net cash provided (used) by operating activities					
Cash flows from non-capital financing activities:					
Receipts from other funds	0	425,000	298,000	240,000	963,000
Payments to other funds	(450,000)	(136,870)	0	(20,000)	(606,870)
	<u>(450,000)</u>	<u>288,130</u>	<u>298,000</u>	<u>220,000</u>	<u>356,130</u>
Net cash provided (used) by non-capital financing activities					
Cash flows from capital and related financing activities:					
Acquisition of capital assets	0	(164,901)	(2,250)	(54,857)	(222,008)
	<u>0</u>	<u>(164,901)</u>	<u>(2,250)</u>	<u>(54,857)</u>	<u>(222,008)</u>
Net increase (decrease) in cash and cash equivalents	47,257	1,426	179,178	4,333	232,194
Cash and cash equivalents, July 1	3,357	504	152,736	219	156,816
Cash and cash equivalents, June 30	<u>\$ 50,614</u>	<u>\$ 1,930</u>	<u>\$ 331,914</u>	<u>\$ 4,552</u>	<u>\$ 389,010</u>

CITY OF WINDER, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the fiscal year ended June 30, 2018

	<u>Solid Waste Management</u>	<u>Enviromental Protection</u>	<u>Special Facilities</u>	<u>Golf</u>	<u>Total Nonmajor Funds</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 514,892	\$ (595,126)	\$ (297,821)	\$ (205,045)	\$ (583,100)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	0	64,565	140,363	67,478	272,406
(Increase) decrease in accounts receivable	(19,815)	(131)	(6,047)	0	(25,993)
(Increase) decrease in inventories	0	0	0	(27,501)	(27,501)
(Increase) decrease in deferred outflows of resources	0	(1,905)	0	(63)	(1,968)
Increase (decrease) in accounts payable	2,180	405,556	2,300	(10,231)	399,805
Increase (decrease) in unearned revenue	0	0	44,410	1,242	45,652
Increase (decrease) in accrued salaries	0	1,104	223	16,459	17,786
Increase (decrease) in compensated absences payable	0	0	0	(508)	(508)
Increase (decrease) in net pension liability	0	319	0	0	319
Increase (decrease) in net OPEB liability	0	0	0	(5,466)	(5,466)
Increase (decrease) in deferred inflows of resources	0	3,815	0	2,825	6,640
Total adjustments	<u>(17,635)</u>	<u>473,323</u>	<u>181,249</u>	<u>44,235</u>	<u>681,172</u>
Net cash provided (used) by operating activities	<u>\$ 497,257</u>	<u>\$ (121,803)</u>	<u>\$ (116,572)</u>	<u>\$ (160,810)</u>	<u>\$ 98,072</u>

Noncash investing, capital, and financing activities:

Acquisition of capital assets through accounts payable totaled \$50,514.
Contributions of capital assets from individuals totaled \$685,803.

CITY OF WINDER, GEORGIA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2018

ASSETS	Utility Service	Buildings	Totals
Current assets			
Cash	\$ 129,826	\$ 553,292	\$ 683,118
Prepaid items	8,400	0	8,400
Total current assets	<u>138,226</u>	<u>553,292</u>	<u>691,518</u>
Noncurrent assets			
Capital Assets			
Nondepreciable	0	206,961	206,961
Depreciable (net)	14,567	2,223,986	2,238,553
Total noncurrent assets	<u>14,567</u>	<u>2,430,947</u>	<u>2,445,514</u>
Total assets	<u>152,793</u>	<u>2,984,239</u>	<u>3,137,032</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	16,962	0	16,962
Deferred outflows related to other post employment benefits	7,571	0	7,571
Total deferred outflows of resources	<u>24,533</u>	<u>0</u>	<u>24,533</u>
LIABILITIES			
Current liabilities			
Accounts payable	39,153	11,791	50,944
Accrued salaries	15,630	0	15,630
Compensated absences	6,440	0	6,440
Advances from other funds	0	22,887	22,887
Total current liabilities	<u>61,223</u>	<u>34,678</u>	<u>95,901</u>
Noncurrent liabilities			
Advances from other funds	0	748,429	748,429
Net OPEB liability	29,109	0	29,109
Net pension liability	71,164	0	71,164
Total noncurrent liabilities	<u>100,273</u>	<u>748,429</u>	<u>848,702</u>
Total liabilities	<u>161,496</u>	<u>783,107</u>	<u>944,603</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	11,996	0	11,996
Deferred inflows related to other post employment benefits	3,834	0	3,834
Total deferred inflows of resources	<u>15,830</u>	<u>0</u>	<u>15,830</u>
NET POSITION			
Investment in capital assets	14,567	2,430,947	2,445,514
Unrestricted	(14,567)	(229,815)	(244,382)
Total net position	<u>\$ 0</u>	<u>\$ 2,201,132</u>	<u>\$ 2,201,132</u>

CITY OF WINDER, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the fiscal year ended June 30, 2018

	<u>Utility Service</u>	<u>Buildings</u>	<u>Totals</u>
OPERATING REVENUES			
Charges for sales and services	\$ 855,326	\$ 568,126	\$ 1,423,452
Total operating revenues	<u>855,326</u>	<u>568,126</u>	<u>1,423,452</u>
OPERATING EXPENSES			
Costs of sales and services	255,362	501,173	756,535
Personal services	547,277	0	547,277
Depreciation	8,433	66,953	75,386
Total operating expenses	<u>811,072</u>	<u>568,126</u>	<u>1,379,198</u>
Operating income (loss) before transfers	<u>44,254</u>	<u>0</u>	<u>44,254</u>
Transfers in (out)			
Transfers in	0	707,290	707,290
Transfers out	<u>0</u>	<u>(707,290)</u>	<u>(707,290)</u>
Total transfers in (out)	<u>0</u>	<u>0</u>	<u>0</u>
Change in net position	<u>44,254</u>	<u>0</u>	<u>44,254</u>
Net position, July 1 (original)	0	2,201,132	2,201,132
Prior period adjustments	<u>(44,254)</u>	<u>0</u>	<u>(44,254)</u>
Net position, July 1 (restated)	<u>(44,254)</u>	<u>2,201,132</u>	<u>2,156,878</u>
Net position, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 2,201,132</u></u>	<u><u>\$ 2,201,132</u></u>

CITY OF WINDER, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the fiscal year ended June 30, 2018

	<u>Utility Service</u>	<u>Buildings</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from interfund services provided	\$ 855,326	\$ 568,126	\$ 1,423,452
Payments to suppliers	(269,497)	(608,117)	(877,614)
Payments to employees	(529,323)	0	(529,323)
	<u>56,506</u>	<u>(39,991)</u>	<u>16,515</u>
Net cash provided (used) by operating activities			
Cash flows from non-capital financing activities:			
Payments to other funds	0	(22,887)	(22,887)
Receipts from other funds	0	707,290	707,290
	<u>0</u>	<u>684,403</u>	<u>684,403</u>
Net cash provided (used) by non-capital financing activities:			
Cash flows from capital and related financing activities:			
Acquisition of capital assets	0	(91,120)	(91,120)
	<u>0</u>	<u>(91,120)</u>	<u>(91,120)</u>
Net increase (decrease) in cash and cash equivalents	56,506	553,292	609,798
Cash and cash equivalents, July 1	73,320	0	73,320
	<u>73,320</u>	<u>0</u>	<u>73,320</u>
Cash and cash equivalents, June 30	<u>\$ 129,826</u>	<u>\$ 553,292</u>	<u>\$ 683,118</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 44,254	\$ 0	\$ 44,254
	<u>44,254</u>	<u>0</u>	<u>44,254</u>
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation expense	8,433	66,953	75,386
(Increase) decrease in deferred outflows of resources	(3,891)	0	(3,891)
Increase (decrease) in cash overdraft	0	(30,322)	(30,322)
Increase (decrease) in accounts payable	(14,135)	(76,622)	(90,757)
Increase (decrease) in accrued salaries	17,162	0	17,162
Increase (decrease) in net pension liability	638	0	638
Increase (decrease) in net OPEB liability	(7,419)	0	(7,419)
Increase (decrease) in deferred inflows of resources	11,464	0	11,464
	<u>12,252</u>	<u>(39,991)</u>	<u>(27,739)</u>
Total adjustments			
Net cash provided (used) by operating activities	<u>\$ 56,506</u>	<u>\$ (39,991)</u>	<u>\$ 16,515</u>

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AGENCY FUND

This fund is used to account for assets held by the City as an agent to be expended in accordance with the conditions of its agency capacity.

Municipal Court - This fund is used to account, on a temporary basis, for fines collected by the Municipal Court that ultimately are transmitted to the general fund or another agency.

CITY OF WINDER, GEORGIA
MUNICIPAL COURT AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the fiscal year ended June 30, 2018

	<u>Balance July 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30</u>
ASSETS				
Cash and cash equivalents	\$ 51,147	\$ 313,991	\$ 307,515	\$ 57,623
Accounts receivable (net)	183,042	331,100	313,991	200,151
Total assets	<u>\$ 234,189</u>	<u>\$ 645,091</u>	<u>\$ 621,506</u>	<u>\$ 257,774</u>
LIABILITIES				
Due to others	<u>\$ 234,189</u>	<u>\$ 645,091</u>	<u>\$ 621,506</u>	<u>\$ 257,774</u>

SINGLE AUDIT SECTION

This section contains reports required by the Uniform Guidance and grantor agencies.

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards*

Honorable Mayor and
Members of the City Council
City of Winder, Georgia

We have audited, in accordance with the 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 Winder, 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 Winder, Georgia's basic financial statements and have issued our report thereon dated December 14, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Winder, 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 Winder, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Winder, Georgia's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a material weakness.

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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2018-002 through 2018-005, that we considered to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Winder, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 is required to be reported under *Government Auditing Standards*.

City of Winder, Georgia's Responses to Findings

City of Winder, Georgia's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. City of Winder's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

This report is intended 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 City of Winder, Georgia's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
December 14, 2018

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Honorable Mayor and Members
of the City Council
City of Winder, Georgia

Report on Compliance for Each Major Federal Program

We have audited the City of Winder, Georgia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Winder, Georgia's major federal programs for the year ended June 30, 2018. The City of Winder, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Winder, Georgia's major programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Winder, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the City of Winder, Georgia's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Winder, Georgia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of the City of Winder, Georgia, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Winder's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the

purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Winder's internal control over compliance.

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
December 14, 2018

CITY OF WINDER, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2018

<u>Federal Grant/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Number</u>	<u>Total Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
<u>Environmental Protection Agency</u>				
Passed through the Georgia Environmental Finance Authority:				
Capitalization Grant for Drinking Water				
State Revolving Funds	66.468	DWSRF 2016025	\$ 2,536,079	\$ 0
Total Expenditures of Federal Awards			\$ 2,536,079	\$ 0

See accompanying notes to the schedule of expenditures of federal awards and the schedule of findings and questioned costs.

CITY OF WINDER, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2018

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Winder, Georgia, under programs for the federal government for the current fiscal year. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The City of Winder, Georgia has elected not to use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

CITY OF WINDER, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the fiscal year ended June 30, 2018

1. Summary of the Auditor's Results

A. Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiencies identified not considered material weaknesses?	Yes
Noncompliance material to financial statements noted?	None reported

B. Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	None reported
Significant deficiencies identified not considered material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	None reported
Identification of major programs:	
66.468 Capitalization Grant for Drinking Water State Revolving Funds	
Dollar threshold used to distinguish Between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

CITY OF WINDER, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the fiscal year ended June 30, 2018

2. Financial Statement Findings

A. Current Year Audit Findings

2018-001

Condition: The 2017 financial statements were restated for errors and incorrectly reported amounts. The beginning balances were materially restated.

Criteria: Generally accepted accounting principles require that assets and liabilities be properly calculated and recorded.

Effect: Failure to properly apply generally accepted accounting principles led to financial statements that were materially misstated.

Recommendation: Management should review their year-end procedures for recording assets and liabilities.

Management Response: Management concurs with this finding. City staff will review all year-end balances to ensure they are properly calculated and recorded. This action was taken immediately upon receipt of the comment from our auditors.

2018-002

Condition: During audit procedures at the Golf Course, we noted a lack of segregation of duties. The same employee is performing the duties of processing cash receipts, recording cash receipts, and taking the deposit to the bank. These duties should be performed by different employees when possible.

Criteria: Proper segregation of duties requires that the duties of taking receipts, recording receipts, and depositing receipts be performed by different employees.

Effect: Failure to maintain adequate segregation of duties subjects the assets of the City to greater risk of misappropriation.

Recommendation: To ensure that sufficient internal controls are in place, the City should properly segregate duties.

Management Response: Management concurs with this finding. Management intends to evaluate the current policies and procedures to ensure that duties are segregated to the greatest extent possible utilizing the City's current resources. This action was taken immediately upon receipt of the comment from our auditors.

2018-003

Condition: During audit procedures at the Planning Department, we noted a lack of segregation of duties. The same employee is performing the duties of processing cash receipts, recording cash receipts, and taking the deposit to the bank. These duties should be performed by different employees when possible.

Criteria: Proper segregation of duties requires that the duties of taking receipts, recording receipts, and depositing receipts be performed by different employees.

Effect: Failure to maintain adequate segregation of duties subjects the assets of the City to greater risk of misappropriation.

CITY OF WINDER, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the fiscal year ended June 30, 2018

2. Financial Statement Findings (continued)

A. Current Year Audit Findings (continued)

2018-003, continued

Recommendation: To ensure that sufficient internal controls are in place, the City should properly segregate duties.

Management Response: Management concurs with this finding. Management intends to evaluate the current policies and procedures to ensure that duties are segregated to the greatest extent possible utilizing the City's current resources. This action was taken immediately upon receipt of the comment from our auditors.

2018-004

Condition: While performing audit procedures on alcohol license receipts, we noted instances where deposits were not made timely. Receipts were held for more than seven days before depositing in 4 of 10 (40%) receipts tested.

Criteria: Proper internal controls require that cash receipts are deposited and transactions are recorded in a timely manner.

Effect: Failure to deposit cash receipts in a timely manner exposes the City's assets to a greater risk of loss due to fraud.

Recommendation: We recommend that deposits should be made daily.

Management Response: Management concurs with this finding. Action was taken immediately to implement the recommendation of this finding.

2018-005

Condition: While performing audit procedures on cash receipts at the Golf Course, we noted instances where deposits were not made timely. Receipts were held for more than seven days before depositing in 13 of 54 (24%) receipts tested.

Criteria: Proper internal controls require that cash receipts are deposited, and transactions are recorded in a timely manner.

Effect: Failure to deposit cash receipts in a timely manner exposes the City's assets to a greater risk of loss due to fraud.

Recommendation: We recommend that deposits should be made daily.

Management Response: Management concurs with this finding. Action was taken immediately to implement the recommendation of this finding.

CITY OF WINDER, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the fiscal year ended June 30, 2018

2. Financial Statement Findings (continued)

B. Prior Year Audit Findings Follow-Ups

2017-001

Condition: The City did not record activity associated with a pass through CDBG grant.

Corrected.

2017-002

Condition: The City did not accrue construction costs which had been incurred prior to the end of the fiscal year.

Corrected.

2017-003

Condition: During 2017, the City experienced significant delays with the year-end closeout and audit preparation. As a result, the City was not ready for the audit in a timely manner to comply with submission due date requirements.

Corrected.

3. Federal Award Findings and Questioned Costs

The audit of our basic financial statements and schedule of expenditures of federal awards disclosed no audit findings or questioned costs which are required to be reported under Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

STATE REPORTING SECTION

This section contains additional reports required by the State of Georgia.

CITY OF WINDER, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL
PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended June 30, 2018

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior	Current	Total
			Years	Year	
2005 SPLOST					
Local Street Projects	\$ 4,500,736	\$ 4,500,736	\$ 2,426,750	\$ 20,906	\$ 2,447,656
Recreation Facilities, Downtown Redevelopment Projects, and Streetscapes	925,149	925,149	116,663	0	116,663
Sewer Facilities	696,945	696,945	0	0	0
Total	\$ 6,122,830	\$ 6,122,830	\$ 2,543,413	\$ 20,906	\$ 2,564,319
Current year expenditures				\$ 20,906	
Expenditures financed through other revenues, financing sources, and transfers from other funds				228	
				<u>\$ 21,134</u>	

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior	Current	Total
			Years	Year	
2012 SPLOST					
Local Street Projects	\$ 2,451,259	\$ 2,451,259	\$ 1,398,581	\$ 558,429	\$ 1,957,010
Water and Sewer Infrastructure, Improvements Facilities and Equipment	4,357,793	4,357,793	1,901,179	100,986	2,002,165
Total	\$ 6,809,052	\$ 6,809,052	\$ 3,299,760	\$ 659,415	\$ 3,959,175

* Estimated cost represents the portion of these projects to be financed with Special Purpose Option Sales Tax. Actual costs that are in excess of these amounts have been financed through alternative funds.



**City of Winder, Georgia
Annual Financial Report
June 30, 2018**