



City of Winder, Georgia Annual Financial Report

For the Fiscal Year Ending June 30, 2019

CITY OF WINDER, GEORGIA

Annual Financial Report

For the fiscal year ended June 30, 2019

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CITY OF WINDER, GEORGIA
ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2019

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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, 2019, 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, 2019, 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 71 through 79, 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 combining and individual fund financial statements and schedules and the schedule of projects financed with special purpose local option sales tax 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 and the schedule of projects financed with special purpose local option sales tax are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2019, on our consideration of 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 City of Winder's internal control over financial reporting and compliance.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
December 5, 2019

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 current fiscal year by \$105.3 million. Of this amount, \$16.9 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's unrestricted cash and cash equivalents at the end of FY 2019 were approximately \$19 million, an increase of \$2.8 million from FY 2018. The increase is primarily the result of additional revenues from an increase in gas sales and proceeds from the acquisition of debt.

The primary government's total net position increased by \$7.1 million during FY 2019, as revenues of \$43.6 million exceeds expenses of \$36.5 million. Governmental activities contributed \$0.6 million and business-type activities contributed \$6.5 million of the overall increase in net position.

At June 30, 2019, the governmental funds reported combined ending fund balances of \$8.9 million, an increase of over \$4.0 million from the prior year. The increase is primarily due to the acquisition of debt and corresponding cash for the construction of projects during the current fiscal year. Approximately \$1.3 million or 14.4% 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, 2019, was approximately \$1.3 million, or 8.6% of total fund expenditures.

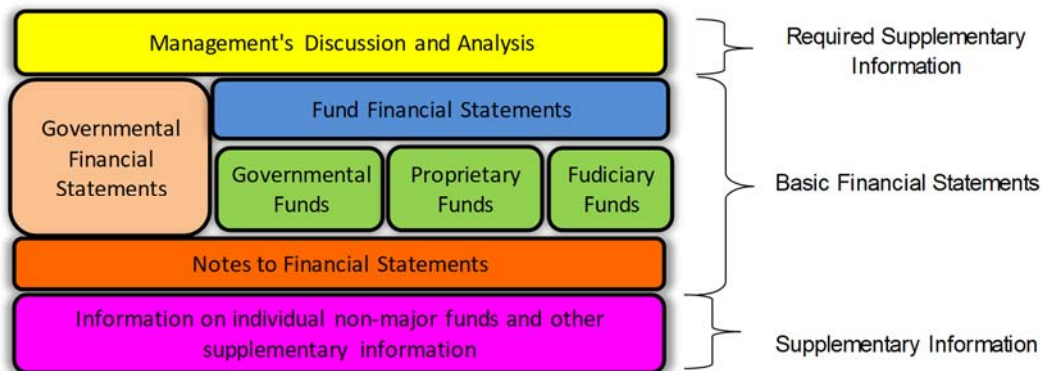
Enterprise (business-type) fund unrestricted net position at June 30, 2019 was \$17.9 million, or 81.4% of total enterprise fund expenses.

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 2019, premiums paid by the City were \$1.7 million, which was approximately the same as in FY 2018.

The City had approximately \$32.6 million in revenue bonds, notes, and capital leases at the end of the current fiscal year, which is an increase of about \$5.3 million from the prior year. The City's net pension liability increased by approximately \$411,000 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.** In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information about the City's defined benefit pension plan and other post-employment benefits plan.
- **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 \$105.3 million at the close of Fiscal Year 2019.

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 \$16.9 million or 16.1%. 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 \$86.8 million or 82.5%. 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, \$1.5 million or 1.4% represents resources that are subject to external restrictions on how they may be used and debt service.

Statement of Net Position at June 30, 2019 and 2018

	Net Position at Year-End					
	(in thousands of dollars)					
	Governmental Activities		Business-Type Activities		Total Government	
	2019	2018	2019	2018	2019	2018
Cash and Investments	\$ 9,116	\$ 4,299	\$ 18,104	\$ 15,745	\$ 27,220	\$ 20,044
Current Assets	1,378	1,455	3,158	5,522	4,536	6,977
Capital Assets	22,295	19,190	94,063	89,085	116,358	108,275
Total Assets	<u>32,789</u>	<u>24,944</u>	<u>115,325</u>	<u>110,352</u>	<u>148,114</u>	<u>135,296</u>
Deferred Outflows of Resources	978	1,008	304	336	1,282	1,344
Current Liabilities	2,515	1,156	3,318	6,430	5,833	7,586
Other Liabilities	-	-	1,319	2,582	1,319	2,582
Long-Term Debt Outstanding	10,185	4,438	25,792	22,923	35,977	27,361
Total Liabilities	<u>12,700</u>	<u>5,594</u>	<u>30,429</u>	<u>31,935</u>	<u>43,129</u>	<u>37,529</u>
Deferred Inflow of Resources	773	695	235	213	1,008	908
Net Position:						
Net Investment in Capital Assets	20,376	18,681	66,473	61,015	86,849	79,696
Restricted	954	2,475	539	1,554	1,493	4,029
Unrestricted	(1,037)	(1,492)	17,953	15,934	16,916	14,442
Total Net Position	<u>\$ 20,293</u>	<u>\$ 19,664</u>	<u>\$ 84,965</u>	<u>\$ 78,503</u>	<u>\$ 105,258</u>	<u>\$ 98,167</u>

Statement of Activities for the Fiscal Year Ended June 30, 2019 and 2018

Governmental and Proprietary Activities For Fiscal Year Ending June 30, 2019 & 2018 (in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total Government	
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenue						
Charges for Services	\$ 1,185	\$ 1,032	\$ 31,177	\$ 30,209	\$ 32,362	\$ 31,241
Operating Grants and Contributions	15	55	-	-	15	55
Capital Grants and Contributions	1,069	2,618	1,839	3,195	2,908	5,813
General Revenues						
Taxes	7,871	6,862	-	-	7,871	6,862
Other	374	295	98	96	472	391
Total Revenues	<u>10,514</u>	<u>10,862</u>	<u>33,114</u>	<u>33,500</u>	<u>43,628</u>	<u>44,362</u>
Expenses (Including Indirect Cost)						
Governmental Activities						
General Government	1,337	1,535	-	-	1,337	1,535
Judicial	286	234	-	-	286	234
Public Safety	7,891	6,803	-	-	7,891	6,803
Public Works	4,234	4,844	-	-	4,234	4,844
Recreation	11	37	-	-	11	37
Housing and Development	713	594	-	-	713	594
Business-Type Activities	-	-	22,065	21,158	22,065	21,158
Total Expenses	<u>14,472</u>	<u>14,047</u>	<u>22,065</u>	<u>21,158</u>	<u>36,537</u>	<u>35,205</u>
Excess (Deficiencies) Before						
Transfers	<u>(3,958)</u>	<u>(3,185)</u>	<u>11,049</u>	<u>12,342</u>	<u>7,091</u>	<u>9,157</u>
Transfers	4,587	5,653	(4,587)	(5,653)	-	-
Change in Net Position	629	2,468	6,462	6,689	7,091	9,157
Beginning Net Position	18,091	18,091	71,833	71,833	89,924	89,924
Prior Period Adjustments	-	(895.0)	-	(19.0)	-	-
Beginning Net Position (restated)	19,664	17,196	78,503	71,814	98,167	89,010
Ending Net Position	<u>\$ 20,293</u>	<u>\$ 19,664</u>	<u>\$ 84,965</u>	<u>\$ 78,503</u>	<u>\$ 105,258</u>	<u>\$ 98,167</u>

Governmental Activities

Governmental activities increased the City of Winder's net position by approximately \$0.6 million. The City's transfers into governmental activities from business-type activities decreased by approximately \$1.1 million from FY 2018 due to a large increase in tax revenue. A comparison of the prior year income and expenses before transfers to the FY 2019 income and expenses before transfers reveals a decrease of \$2.1 million. Fire District taxes, sales taxes, business taxes, and other taxes provided 74.9% of the total governmental revenues and covered 54.4% of governmental expenses. Program revenues provided 21.6% of total governmental revenues and covered 15.6% of governmental expenses. Transfers from other funds covered more than the other 31.7% 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.

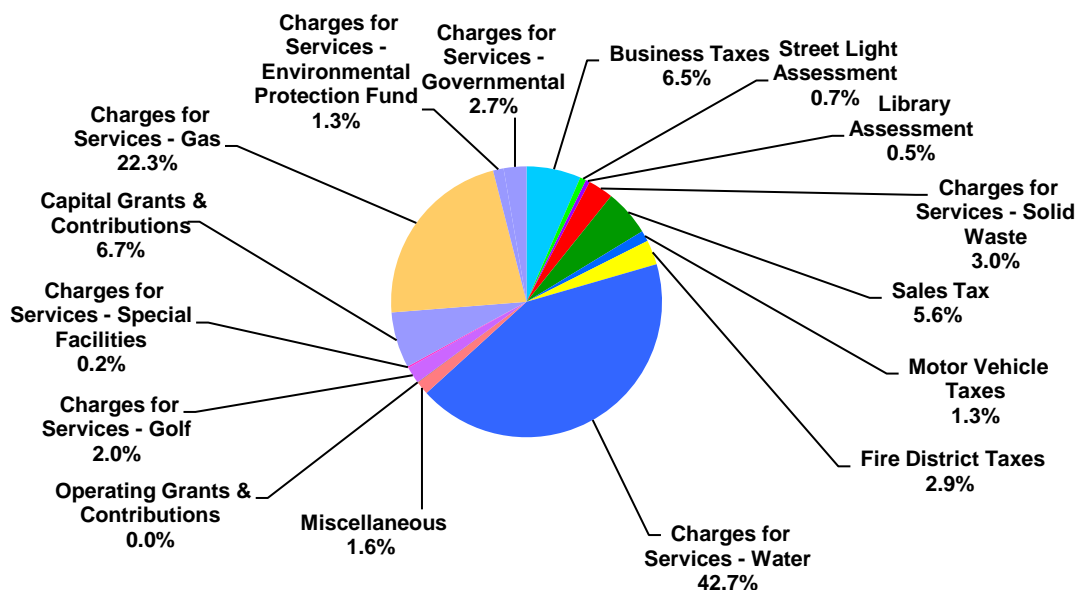
The most significant governmental expense for the City is providing Public Safety services, such as Fire and Police protection, which comprised 54.5% of the total governmental expenses. Revenues collected from a variety of sources offset public safety expenses, with the largest being the Fire District Tax. The second largest cost for the City is Public Works, totaling 29.2% of governmental expenses.

Business-type Activities

Business-type activities increased the City of Winder's net position by approximately \$6.5 million. The amounts paid by the users of the systems were approximately \$31.2 million while the cost of all business-type activities was \$22.1 million. Additionally, idle cash earned approximately \$98,000.

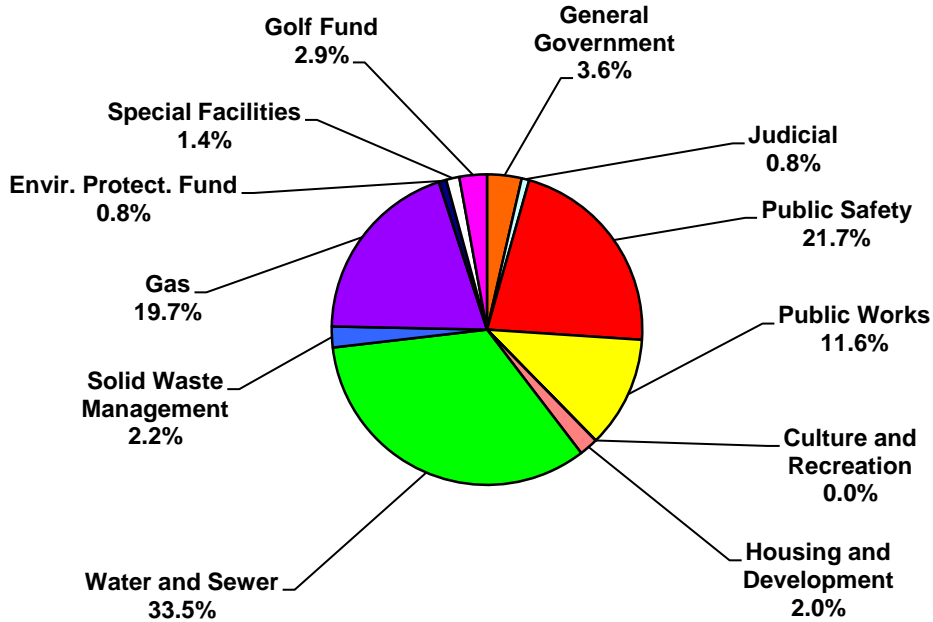
- The charges for services in the Water Fund increased by approximately \$191,596, which was due in part to additional gallons of water consumed by our citizens. Tap-on fees decreased by approximately \$463,000 due to fewer taps from the prior year being sold. Water expenses increased by approximately \$623,600. Water Fund net position increased \$5.1 million.
- In the Gas Fund, charges for services increased by approximately \$479,000 and tap-on fees decreased by approximately \$20,000. Gas expenses increased by approximately \$355,000. The most significant increase in gas expense is the cost of supplies of \$512,300. Gas Fund net position increased approximately \$138,000.
- In the Solid Waste Fund charges for services increased approximately \$51,000 and expenses increased by approximately \$40,000. The transfer to the Governmental Funds decreased by 100% compared to the prior year, as the fund did not transfer out to any other funds in the current year. The net position decreased by approximately \$526,000.
- The Environmental Protection Fund revenues increased by approximately \$519,000 due to the stormwater assessment in the current year. Expenses decreased by approximately \$339,000, primarily due to capital outlay costs in the prior year. Transfers from the Governmental Funds increased by approximately \$80,000. Net position increased by approximately \$768,000.
- Special Facilities Fund revenues decreased by approximately \$13,000 and expenses decreased by approximately \$38,000. Transfers from the Governmental Funds remained relatively the same. The fund also incurred a loss on the disposal of capital assets in the amount of \$141,000. The fund reported a decrease of approximately \$117,000 in net position.
- Fiscal year 2019 was the fifth full year of City ownership for the Chimneys Golf Course. The Golf Fund's net position increased by approximately \$38,000 after transfers of \$210,000. 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

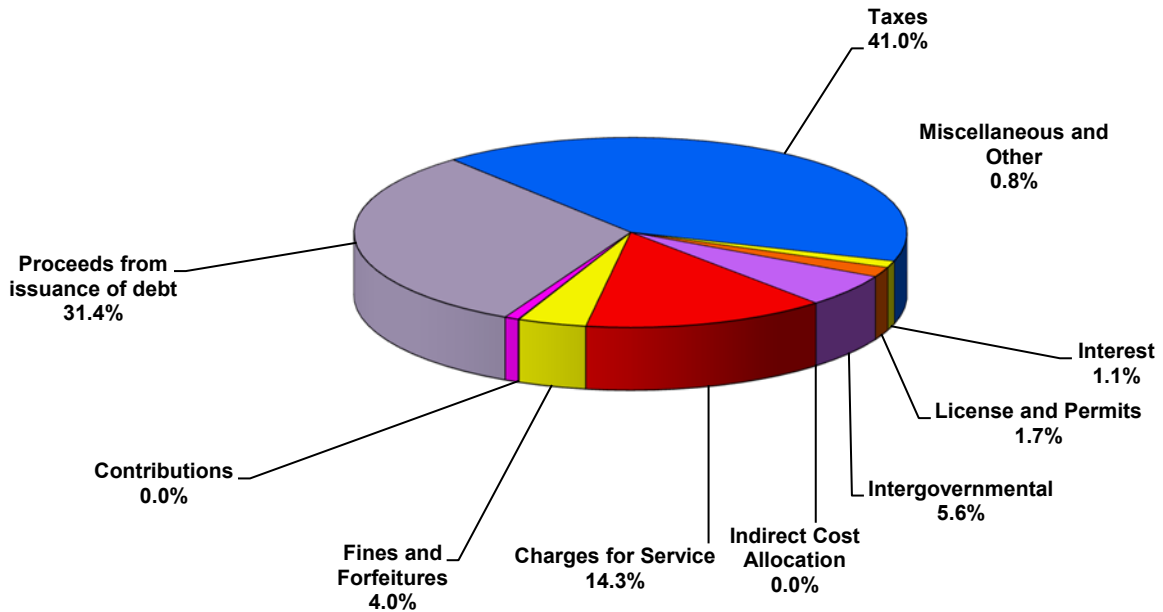
As noted earlier, the City of Winder employs fund accounting to ensure and demonstrate compliance with finance-related legal requirements and financial reporting requirements.

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 2019, the City's governmental funds reported combined ending fund balances of approximately \$8.9 million, an increase of approximately \$4 million. The City reported approximately \$1.3 million in unassigned fund balance and \$1.3 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 \$5.6 million.

REVENUES BY SOURCE-GOVERNMENTAL FUNDS

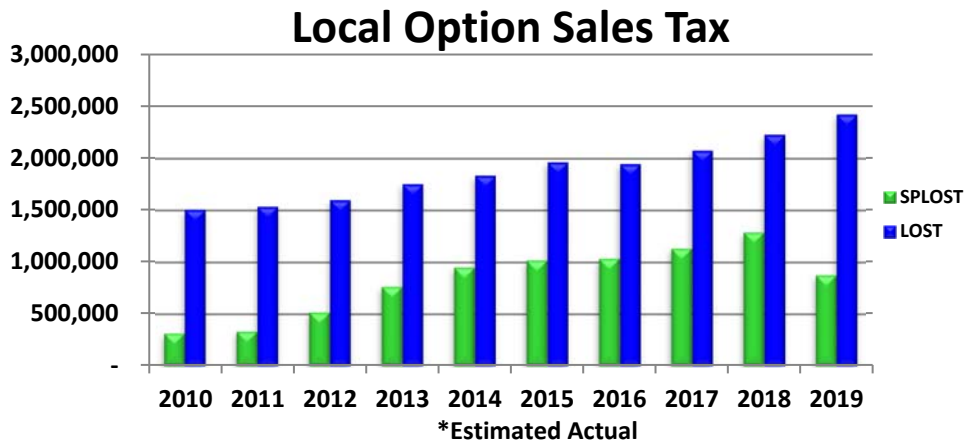


Note: Graph may not equal 100% due to rounding

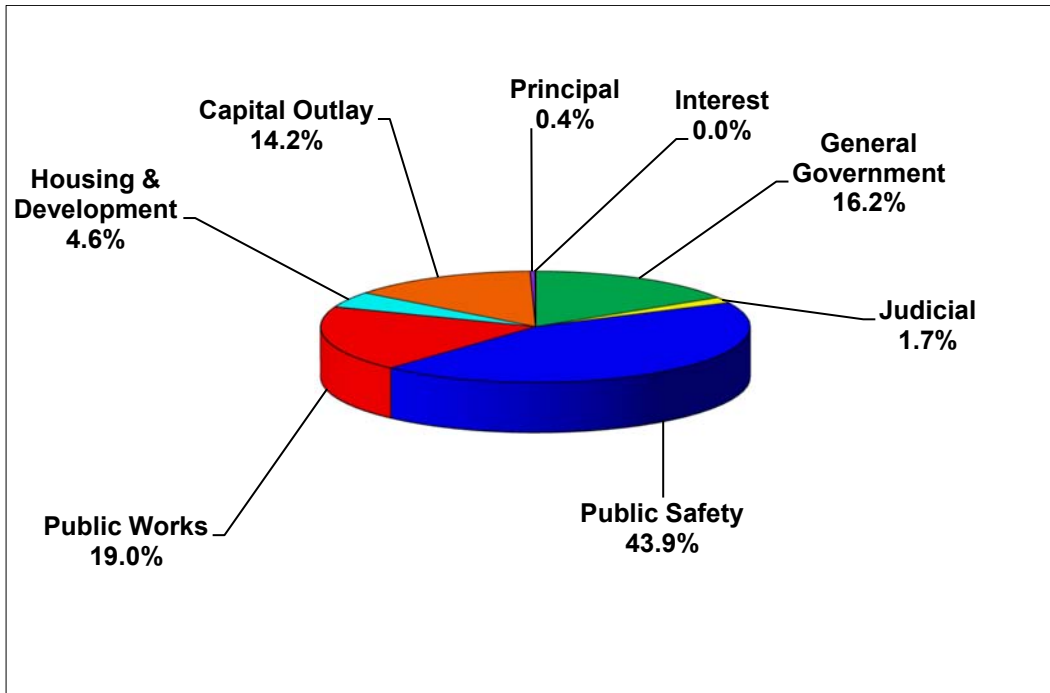
The City's governmental funds operating revenues (excluding indirect cost allocation) increased approximately \$1,490,000 from the prior year. Tax collections increased by approximately \$994,000 or 14%. However, intergovernmental revenue decreased by approximately \$438,000 or 29%.

The Capital Projects Fund accounts for the Special Purpose Local Option Sales Taxes received by the City which is authorized by voter referendum. During FY 2019, the City began receiving proceeds of approximately \$870,000 from the 2018 SPLOST.

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 \$17.3 million, a 10% increase over the prior year. The City recognized \$2.5 million for capital outlay expenditures. Operating expenditures of the City governmental funds were \$14.8 million, a 1.4% 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. Operating revenues increased by approximately \$968,000. The increase is primarily attributable to the natural gas fees in the gas fund and the stormwater assessment in the environmental protection fund, as the other proprietary funds revenues remained stable. Total proprietary funds operating expenses increased by approximately \$657,000 in FY 2019.

Budgetary Highlights

General Fund operating revenues (excluding indirect cost allocation) were approximately \$550,000 more than budgeted. Tax revenues came in over budget by approximately \$825,000. Combined taxes were over budget primarily due to increases in motor vehicles taxes and sales taxes. Miscellaneous revenues were over budget by approximately \$72,000 which was primarily attributable to reimbursement for damaged property.

General Fund expenditures were \$3.1 million less than budgeted. Personnel costs were under budget by approximately \$668,000 contract services expenditures were under budget by approximately \$490,000, supplies expenditures were approximately \$326,000 under budget, and capital outlay was approximately \$1.3 million under budget.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2019, the City has invested \$116 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	
	2019	2018	2019	2018	2019	2018
Land	\$ 2,931	\$ 2,644	\$ 6,720	\$ 6,795	\$ 9,651	\$ 9,439
Buildings & Improvements	2,703	2,903	10,161	3,097	12,864	6,000
Plant & System	-	-	70,774	59,694	70,774	59,694
Infrastructure	11,702	11,395	-	-	11,702	11,395
Furniture & Equipment	690	571	711	503	1,401	1,074
Vehicles	1,036	1,257	307	213	1,343	1,470
Intangibles	10	-	-	-	10	-
Work In Progress	3,223	420	5,390	18,783	8,613	19,203
	<u>\$ 22,295</u>	<u>\$ 19,190</u>	<u>\$ 94,063</u>	<u>\$ 89,085</u>	<u>\$ 116,358</u>	<u>\$ 108,275</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	\$ 19,190	\$ 89,085	\$ 108,275
Additions	4,750	28,982	33,732
Reductions	(477)	(20,702)	(21,179)
Depreciation	(1,168)	(3,302)	(4,470)
Ending Balance	<u>\$ 22,295</u>	<u>\$ 94,063</u>	<u>\$ 116,358</u>

Capital asset additions to governmental activities amounted to over \$4 million, which included streets donated by private contracts from subdivision development, new sidewalks and road improvements, and equipment, and significant additions to new construction in progress. Depreciation decreased total capital assets by about \$1.1 million.

Business-type additions to capital assets amounted to almost \$29 million. The Water Fund finished 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 finished constructing a five million gallon water tank on Rockwell Church Road. The Water Fund continues the relocation and upgrade of water and sewer lines for Ed Hogan Road. The Water Fund also finished construction of the new Utilities Complex building. The Water Fund purchased backup pumps for two pump stations, and two trucks for maintenance crews, as well as water and sewer lines donated by developers. The Gas Fund has construction in progress installing infrastructure along the Winder Bypass Phase I & II. The Gas Fund also purchased two trucks. The Golf Fund purchased a new tractor and two new mowers. Depreciation decreased business-type capital assets by \$3.3 million.

Note 8 to the financial statements include more detailed information on capital asset activities.

Debt Outstanding

As of year-end, the City had \$32.9 million in debt outstanding compared to \$27.5 million last year. This includes \$2.6 million due within one year. The following table presents a comparison of debts outstanding:

Debt Outstanding At Year End		
<i>(in thousands of dollars)</i>		
	Totals	
	<u>2019</u>	<u>2018</u>
Governmental:		
Capital Leases	\$ 6,241	\$ 303
Compensated Absences	231	112
Sub-total	<u>6,472</u>	<u>415</u>
Business-type:		
Capital Leases	\$ 4,784	\$ 2,671
Notes	10,803	11,441
Water and Sewer Bonds	10,821	12,912
Compensated Absences	72	38
Sub-total	<u>26,480</u>	<u>27,062</u>
Total	<u>\$ 32,952</u>	<u>\$ 27,477</u>

The large increase in debt was from the City's acquisition of a new capital lease in the governmental activities and continued draws on the on existing capital lease for the utilities facility in the Water Sewer fund.

Notes 9, 10, and 11 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; however, the City stays 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 2019-2020 operating budget increased by \$1,981,500, or 4.8%, from the FY 2018-2019 operating budget; and increased by \$4,045,900, or 10.2%, over the FY 2017-2018 operating budget.
- To fund the Winder Library, the City will assess each single residential and standard commercial parcel in the City of Winder a \$32 charge per parcel. The City will also assess all multifamily parcels a charge of \$32 per Equivalent Residential Unit (ERU). These assessments will be billed and collected by the Barrow County Tax Commissioner as part of the Barrow County property tax bills. As the funds are received from the 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 \$8,000, which will be accounted for by the City of Winder.

- The General Fund will see an increase partially due to adding several new positions plus funding several administrative Full Time Equivalents (FTE) that were not previously funded. The new positions include an additional Code Enforcement Officer, Building Inspector, and a Fire Inspector/Prevention Officer.
- The Hotel Motel Fund revenues are expected to increase in FY 2020 due to additional revenue from the Holiday Inn Express which opened for business during FY 2018 and a new hotel that has plans to build in 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 2019-2020 budget, the overall number of Full Time Equivalents (FTE's) increased by 5.75.

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, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Current assets				
Cash and cash equivalents	\$ 3,800,226	\$ 15,031,663	\$ 18,831,889	\$ 352
Investments	0	2,050,683	2,050,683	0
Restricted assets				
Cash and cash equivalents	5,315,823	1,021,254	6,337,077	0
Receivables (net)				
Accounts	26,056	2,845,181	2,871,237	0
Taxes	363,934	0	363,934	0
Intergovernmental	437,097	0	437,097	0
Prepaid items	3,420	85,686	89,106	0
Inventories	0	774,501	774,501	0
Internal balances	547,481	(547,481)	0	0
Total current assets	<u>10,494,037</u>	<u>21,261,487</u>	<u>31,755,524</u>	<u>352</u>
Noncurrent assets				
Capital assets				
Non-depreciable	6,153,289	12,109,639	18,262,928	0
Depreciable (net)	16,141,259	81,953,749	98,095,008	0
Total noncurrent assets	<u>22,294,548</u>	<u>94,063,388</u>	<u>116,357,936</u>	<u>0</u>
Total assets	<u>32,788,585</u>	<u>115,324,875</u>	<u>148,113,460</u>	<u>352</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	869,565	257,649	1,127,214	0
Deferred outflows related to other post employment benefits	108,060	46,578	154,638	0
Total deferred outflows of resources	<u>977,625</u>	<u>304,227</u>	<u>1,281,852</u>	<u>0</u>
LIABILITIES				
Current liabilities				
Payables				
Accounts	1,053,768	1,519,390	2,573,158	0
Retainages	283,224	399,147	682,371	0
Sales tax	0	13,126	13,126	0
Interest	14,281	0	14,281	0
Accrued salaries and payroll liabilities	256,530	105,410	361,940	0
Compensated absences	207,824	64,583	272,407	0
Unearned revenue	0	50,969	50,969	0
Due to others	74,137	0	74,137	0
Other current liabilities	50,980	0	50,980	0
Notes payable	0	712,694	712,694	0
Capital lease payable	574,714	451,771	1,026,485	0
Liabilities payable from restricted assets				
Customer deposits payable	0	440,921	440,921	0
Interest payable	0	42,922	42,922	0
Bonds payable	0	835,949	835,949	0
Total current liabilities	<u>2,515,458</u>	<u>4,636,882</u>	<u>7,152,340</u>	<u>0</u>

CITY OF WINDER, GEORGIA
STATEMENT OF NET POSITION
June 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
Noncurrent liabilities				
Compensated absences	\$ 23,092	\$ 7,175	\$ 30,267	\$ 0
Notes payable	0	10,089,986	10,089,986	0
Capital lease payable	5,665,381	4,332,318	9,997,699	0
Bonds payable	0	9,985,183	9,985,183	0
Net OPEB liability	336,190	144,910	481,100	0
Net pension liability	4,160,012	1,232,923	5,392,935	0
	<hr/>	<hr/>	<hr/>	<hr/>
Total noncurrent liabilities	10,184,675	25,792,495	35,977,170	0
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	12,700,133	30,429,377	43,129,510	0
	<hr/>	<hr/>	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	727,091	215,435	942,526	0
Deferred inflows related to other post employment benefits	45,773	19,728	65,501	0
	<hr/>	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	772,864	235,163	1,008,027	0
	<hr/>	<hr/>	<hr/>	<hr/>
NET POSITION				
Net investment in capital assets	20,376,006	66,473,414	86,849,420	0
Restricted for:				
Public Safety	92,243	0	92,243	0
Culture and Recreation	14,696	0	14,696	0
Capital projects	847,260	0	847,260	0
Debt service	0	537,411	537,411	0
Unrestricted	(1,036,992)	17,953,737	16,916,745	352
	<hr/>	<hr/>	<hr/>	<hr/>
Total net position	<u>\$ 20,293,213</u>	<u>\$ 84,964,562</u>	<u>\$ 105,257,775</u>	<u>\$ 352</u>

CITY OF WINDER, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2019

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	\$ 3,007,875	\$ (1,693,684)	\$ 190,165	\$ 6,374	\$ 0	\$ (1,117,652)
Judicial	286,098	0	0	0	0	(286,098)
Public Safety	7,891,108	0	782,989	4,491	0	(7,103,628)
Public Works	4,233,785	0	14,376	0	1,069,238	(3,150,171)
Culture and Recreation	10,836	0	5,530	3,755	0	(1,551)
Housing and Development	713,057	0	192,073	0	0	(520,984)
Interest on long-term debt	22,585	0	0	0	0	(22,585)
Total governmental activities	16,165,344	(1,693,684)	1,185,133	14,620	1,069,238	(12,202,669)
Business-type activities						
Water and Sewer	11,311,593	936,613	18,630,872	0	1,838,805	8,221,471
Gas	6,615,476	562,463	9,716,135	0	0	2,538,196
Solid Waste Management	731,460	62,804	1,320,053	0	0	525,789
Environmental Protection	264,896	21,845	549,659	0	0	262,918
Special Facilities	471,741	28,448	85,694	0	0	(414,495)
Golf	964,504	81,511	874,146	0	0	(171,869)
Total business-type activities	20,359,670	1,693,684	31,176,559	0	1,838,805	10,962,010
Total primary government	36,525,014	0	32,361,692	14,620	2,908,043	(1,240,659)
Component Unit						
Downtown Development Authority						
	1,275	0	0	0	0	(1,275)
			Governmental Activities	Business-Type Activities	Total	Component Unit
Change in net position						
Net (expense) revenue			\$ (12,202,669)	\$ 10,962,010	\$ (1,240,659)	\$ (1,275)
General revenues						
Taxes						
Fire district			1,284,160	0	1,284,160	0
Motor vehicle			558,586	0	558,586	0
Street light assessment			322,021	0	322,021	0
Library assessment			208,291	0	208,291	0
Sales			2,422,412	0	2,422,412	0
Franchise			906,753	0	906,753	0
Occupational			236,984	0	236,984	0
Insurance premium			1,032,693	0	1,032,693	0
Alcoholic beverage			395,886	0	395,886	0
Hotel/Motel			261,840	0	261,840	0
Other			240,824	0	240,824	0
Interest			214,057	98,168	312,225	0
Net increase (decrease) in the fair value of investments			0	(14,381)	(14,381)	0
Gain on sale of capital assets			0	3,241	3,241	0
Miscellaneous			159,749	0	159,749	0
Transfers			4,587,415	(4,587,415)	0	0
Total general revenues and transfers			12,831,671	(4,500,387)	8,331,284	0
Change in net position			629,002	6,461,623	7,090,625	(1,275)
Net position - beginning			19,664,211	78,502,939	98,167,150	1,627
Net position - ending			\$ 20,293,213	\$ 84,964,562	\$ 105,257,775	\$ 352

CITY OF WINDER, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	General	Nonmajor Governmental Funds	Totals
ASSETS			
Cash and cash equivalents	\$ 824,579	\$ 2,382,208	\$ 3,206,787
Restricted cash and cash equivalents	0	5,315,823	5,315,823
Receivables (net)			
Accounts	26,056	0	26,056
Taxes	340,720	23,214	363,934
Intergovernmental	16,919	420,178	437,097
Due from other funds	727,311	0	727,311
Prepaid items	3,420	0	3,420
Advances to other funds	1,295,910	0	1,295,910
	<u>3,234,915</u>	<u>8,141,423</u>	<u>11,376,338</u>
Total assets	\$ 3,234,915	\$ 8,141,423	\$ 11,376,338
LIABILITIES			
Accounts payable	\$ 266,429	\$ 779,467	\$ 1,045,896
Retainage payable	0	283,224	283,224
Accrued salaries and payroll liabilities	256,530	0	256,530
Due to others	0	74,137	74,137
Due to other funds	0	727,311	727,311
Other liabilities	50,980	0	50,980
	<u>573,939</u>	<u>1,864,139</u>	<u>2,438,078</u>
Total liabilities	573,939	1,864,139	2,438,078
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - taxes	87,098	0	87,098
	<u>87,098</u>	<u>0</u>	<u>87,098</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	3,420	0	3,420
Advances to other funds	1,295,910	0	1,295,910
Restricted	0	6,270,022	6,270,022
Assigned	0	7,262	7,262
Unassigned	1,274,548	0	1,274,548
	<u>2,573,878</u>	<u>6,277,284</u>	<u>8,851,162</u>
Total fund balances	2,573,878	6,277,284	8,851,162
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,234,915	\$ 8,141,423	\$ 11,376,338

CITY OF WINDER, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
June 30, 2019

Total fund balance - total governmental funds	\$	8,851,162
Some assets are not financial resources and, therefore, are not reported in the funds.		
These are:		
Capital assets, net of accumulated depreciation		22,294,548
Long-term assets (receivables) are not available to pay current period expenditures and; therefore, are unavailable in the funds.		
		87,098
Long-term liabilities are not due and payable in the current period and are not reported in the funds.		
These are:		
Compensated absences	\$ (230,916)	
Interest payable	(14,281)	
Capital leases payable	(6,240,095)	
Net pension liability	(4,160,012)	
Net OPEB liability	<u>(336,190)</u>	(10,981,494)
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	\$ 869,565	
Deferred outflows related to other post employment benefits	108,060	
Deferred inflows of resources:		
Deferred inflows related to pensions	(727,091)	
Deferred inflows related to other post employment benefits	<u>(45,773)</u>	204,761
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	\$ 4,699,350	
Less capital assets included above	<u>(4,862,212)</u>	<u>(162,862)</u>
Net position of governmental activities		<u><u>\$ 20,293,213</u></u>

CITY OF WINDER, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2019

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
REVENUES			
Taxes	\$ 7,577,383	\$ 261,840	\$ 7,839,223
Licenses and permits	322,626	0	322,626
Fines, fees and forfeitures	684,077	83,024	767,101
Charges for services	2,719,516	5,530	2,725,046
Intergovernmental	6,374	1,064,553	1,070,927
Interest	214,057	4,686	218,743
Contributions	4,491	3,754	8,245
Other	159,749	0	159,749
Total revenues	<u>11,688,273</u>	<u>1,423,387</u>	<u>13,111,660</u>
EXPENDITURES			
Current			
General Government	2,799,645	0	2,799,645
Judicial	291,892	0	291,892
Public Safety	7,578,789	8,017	7,586,806
Public Works	3,293,028	0	3,293,028
Culture and Recreation	0	10,836	10,836
Housing and Development	717,173	77,104	794,277
Capital outlay	0	2,451,501	2,451,501
Debt service	71,652	0	71,652
Total expenditures	<u>14,752,179</u>	<u>2,547,458</u>	<u>17,299,637</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,063,906)</u>	<u>(1,124,071)</u>	<u>(4,187,977)</u>
Other financing sources (uses)			
Transfers in	5,600,038	1,700,047	7,300,085
Transfers out	(2,405,047)	(2,805,841)	(5,210,888)
Proceeds from capital lease	0	6,000,000	6,000,000
Sale of capital assets	2,183	0	2,183
Total other financing sources (uses)	<u>3,197,174</u>	<u>4,894,206</u>	<u>8,091,380</u>
Net change in fund balance	133,268	3,770,135	3,903,403
Fund balances, July 1	<u>2,440,610</u>	<u>2,507,149</u>	<u>4,947,759</u>
Fund balances, June 30	<u><u>\$ 2,573,878</u></u>	<u><u>\$ 6,277,284</u></u>	<u><u>\$ 8,851,162</u></u>

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, 2019

Net change in fund balances - total governmental funds \$ 3,903,403

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	\$ 4,385,712	
Depreciation	<u>(1,168,014)</u>	3,217,698

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	\$ (1,031,071)	
Related accumulated depreciation	<u>917,063</u>	(114,008)

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. 31,228

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	\$ 748,886	
Cost of benefits earned net of employee contributions	<u>(1,191,740)</u>	(442,854)

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	\$ 86,887	
Cost of benefits earned net of employee contributions	<u>(50,991)</u>	35,896

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 liabilities in the statement of net position. In addition, interest on long-term debt is not recognized in the governmental funds until due, but is recognized in the statement of activities as it accrues.

Net change in interest payable	\$ (14,281)	
Debt proceeds	(6,000,000)	
Debt repayments	<u>63,348</u>	(5,950,933)

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.

Change in compensated absences	\$ (118,381)	(118,381)
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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	\$ 2,498,218	
Change in net position of internal service funds related to proprietary funds	0	
Subtract capital outlay included above	(2,498,218)	
Add depreciation expense included above	<u>66,953</u>	<u>66,953</u>

Change in net position for the governmental activities	<u><u>\$ 629,002</u></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, 2019

	Budget		Actual	Variance with
	Original	Final		Final Budget
REVENUES				
Taxes				
Motor vehicle	\$ 361,200	\$ 361,200	\$ 558,586	\$ 197,386
Intangible	100,000	100,000	177,137	77,137
Franchise	848,400	848,400	906,753	58,353
Local option	2,170,000	2,170,000	2,422,412	252,412
Fire district	1,123,200	1,123,200	1,257,128	133,928
Street lighting assessment	326,700	326,700	325,174	(1,526)
Library assessment	200,000	200,000	200,942	942
Excise	432,400	432,400	459,573	27,173
Occupational	240,000	240,000	236,984	(3,016)
Insurance premium	950,000	950,000	1,032,694	82,694
Total taxes	<u>6,751,900</u>	<u>6,751,900</u>	<u>7,577,383</u>	<u>825,483</u>
Licenses and permits				
Alcohol licenses	100,000	100,000	110,153	10,153
Building permits	199,000	199,000	192,073	(6,927)
Other permits	16,600	16,600	20,400	3,800
Total licenses and permits	<u>315,600</u>	<u>315,600</u>	<u>322,626</u>	<u>7,026</u>
Fines, fees and forfeitures	<u>589,400</u>	<u>589,400</u>	<u>684,077</u>	<u>94,677</u>
Charges for services				
Indirect cost allocation	3,233,800	3,233,800	2,629,639	(604,161)
Other	60,700	60,700	89,877	29,177
Total charges for services	<u>3,294,500</u>	<u>3,294,500</u>	<u>2,719,516</u>	<u>(574,984)</u>
Intergovernmental	<u>0</u>	<u>0</u>	<u>6,374</u>	<u>6,374</u>
Interest	<u>100,000</u>	<u>100,000</u>	<u>214,057</u>	<u>114,057</u>
Contributions	<u>0</u>	<u>0</u>	<u>4,491</u>	<u>4,491</u>
Other				
Rents	87,600	87,600	91,140	3,540
Other	0	0	68,609	68,609
Total other	<u>87,600</u>	<u>87,600</u>	<u>159,749</u>	<u>72,149</u>
Total revenues	<u>11,139,000</u>	<u>11,139,000</u>	<u>11,688,273</u>	<u>549,273</u>
EXPENDITURES				
Current				
General Government				
Legislative	653,800	653,800	524,872	128,928
General Administration	1,189,500	1,184,500	958,326	226,174
Finance	683,100	683,100	639,135	43,965
Information Technology	836,400	836,400	552,467	283,933
Human Resources	139,300	139,300	107,512	31,788
General Administrative Fees	13,800	18,800	17,333	1,467
Total General Government	<u>3,515,900</u>	<u>3,515,900</u>	<u>2,799,645</u>	<u>716,255</u>
Judicial				
Municipal Court	215,000	215,000	193,210	21,790
Probation	99,000	99,000	98,682	318
Total Judicial	<u>314,000</u>	<u>314,000</u>	<u>291,892</u>	<u>22,108</u>
Public Safety				
Police	5,198,700	5,198,700	4,408,193	790,507
Fire	3,573,000	3,573,000	3,170,596	402,404
Total Public Safety	<u>8,771,700</u>	<u>8,771,700</u>	<u>7,578,789</u>	<u>1,192,911</u>
Public Works	<u>4,202,300</u>	<u>4,202,300</u>	<u>3,293,028</u>	<u>909,272</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, 2019

	Budget		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
Housing and Development				
Planning and Zoning	\$ 786,400	\$ 786,400	\$ 588,352	\$ 198,048
GIS	207,000	207,000	128,821	78,179
Total Housing and Development	<u>993,400</u>	<u>993,400</u>	<u>717,173</u>	<u>276,227</u>
Debt Service				
Principal	63,400	63,400	63,348	52
Interest	8,400	8,400	8,304	96
Total Debt Service	<u>71,800</u>	<u>71,800</u>	<u>71,652</u>	<u>148</u>
Total expenditures	<u>17,869,100</u>	<u>17,869,100</u>	<u>14,752,179</u>	<u>3,116,921</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,730,100)</u>	<u>(6,730,100)</u>	<u>(3,063,906)</u>	<u>3,666,194</u>
Other financing sources (uses)				
Transfers in (out)				
Transfers in	6,043,400	5,600,040	5,600,038	(2)
Transfers out	(1,089,300)	(2,405,048)	(2,405,047)	1
Proceeds from issuance of long term debt	1,776,000	1,776,000	0	(1,776,000)
Sale of capital assets	0	0	2,183	2,183
Total other financing sources (uses)	<u>6,730,100</u>	<u>4,970,992</u>	<u>3,197,174</u>	<u>(1,773,818)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(1,759,108)	133,268	1,892,376
Fund balances, July 1	<u>0</u>	<u>1,759,108</u>	<u>2,440,610</u>	<u>681,502</u>
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,573,878</u>	<u>\$ 2,573,878</u>

CITY OF WINDER, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2019

	Business-Type Activities			Totals	Nonmajor Internal Service Funds
	Water and Sewer	Gas	Nonmajor Enterprise Funds		
ASSETS					
Current assets					
Cash and cash equivalents	\$ 13,322,735	\$ 815,978	\$ 758,457	\$ 14,897,170	\$ 727,932
Investments	2,050,683	0	0	2,050,683	0
Restricted assets					
Cash and cash equivalents	874,194	147,060	0	1,021,254	0
Accounts receivable (net)	2,107,591	529,224	208,366	2,845,181	0
Advances to other funds	20,000	0	0	20,000	0
Inventories	438,569	296,565	39,367	774,501	0
Prepaid items	69,354	7,932	0	77,286	8,400
Total current assets	<u>18,883,126</u>	<u>1,796,759</u>	<u>1,006,190</u>	<u>21,686,075</u>	<u>736,332</u>
Noncurrent assets					
Advances to other funds	460,000	0	0	460,000	0
Capital assets					
Non-depreciable	9,417,968	899,156	1,792,515	12,109,639	2,705,179
Depreciable (net)	73,708,121	2,673,193	5,562,468	81,943,782	2,167,000
Total noncurrent assets	<u>83,586,089</u>	<u>3,572,349</u>	<u>7,354,983</u>	<u>94,513,421</u>	<u>4,872,179</u>
Total assets	<u>102,469,215</u>	<u>5,369,108</u>	<u>8,361,173</u>	<u>116,199,496</u>	<u>5,608,511</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	152,979	80,515	8,052	241,546	16,103
Deferred outflows related to other post employment benefits	23,289	10,247	4,658	38,194	8,384
Total deferred outflows of resources	<u>176,268</u>	<u>90,762</u>	<u>12,710</u>	<u>279,740</u>	<u>24,487</u>
LIABILITIES					
Current liabilities					
Payables					
Accounts	786,345	590,040	112,706	1,489,091	38,171
Retainages	399,147	0	0	399,147	0
Sales tax	0	13,126	0	13,126	0
Accrued salaries	36,405	19,881	31,513	87,799	17,611
Compensated absences	24,014	19,136	13,082	56,232	8,351
Unearned revenue	0	0	50,969	50,969	0
Advances from other funds	0	0	156,870	156,870	22,887
Capital leases payable	451,771	0	0	451,771	0
Notes payable	712,694	0	0	712,694	0
Liabilities payable from restricted assets:					
Interest	42,922	0	0	42,922	0
Customer deposits payable	293,861	147,060	0	440,921	0
Bonds payable	835,949	0	0	835,949	0
Total current liabilities	<u>3,583,108</u>	<u>789,243</u>	<u>365,140</u>	<u>4,737,491</u>	<u>87,020</u>

CITY OF WINDER, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2019

	Business-Type Activities			Totals	Nonmajor Internal Service Funds
	Water and Sewer	Gas	Nonmajor Enterprise Funds		
Noncurrent liabilities					
Net pension liability	\$ 732,048	\$ 385,288	\$ 38,529	\$ 1,155,865	\$ 77,058
Net OPEB liability	72,455	31,880	14,491	118,826	26,084
Compensated absences	2,668	2,126	1,453	6,247	928
Advances from other funds	0	0	870,611	870,611	725,542
Capital leases payable	4,332,318	0	0	4,332,318	0
Notes payable	10,089,986	0	0	10,089,986	0
Bonds payable	9,985,183	0	0	9,985,183	0
Total noncurrent liabilities	<u>25,214,658</u>	<u>419,294</u>	<u>925,084</u>	<u>26,559,036</u>	<u>829,612</u>
Total liabilities	<u>28,797,766</u>	<u>1,208,537</u>	<u>1,290,224</u>	<u>31,296,527</u>	<u>916,632</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	127,914	67,323	6,733	201,970	13,465
Deferred inflows related to other post employment benefits	9,864	4,340	1,973	16,177	3,551
Total deferred inflows of resources	<u>137,778</u>	<u>71,663</u>	<u>8,706</u>	<u>218,147</u>	<u>17,016</u>
NET POSITION					
Net investment in capital assets	55,828,107	3,280,868	7,354,472	66,463,447	4,872,179
Restricted for debt service	537,411	0	0	537,411	0
Unrestricted	17,344,421	898,802	(279,519)	17,963,704	(172,829)
Total net position	<u>\$ 73,709,939</u>	<u>\$ 4,179,670</u>	<u>\$ 7,074,953</u>	<u>\$ 84,964,562</u>	<u>\$ 4,699,350</u>

CITY OF WINDER, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2019

	Business-Type Activities			Totals	Nonmajor Internal Service Funds
	Water and Sewer	Gas	Nonmajor Enterprise Funds		
OPERATING REVENUES					
Charges for sales and services	\$ 18,602,400	\$ 9,714,624	\$ 2,813,182	\$ 31,130,206	\$ 1,366,155
Other	28,472	1,511	16,370	46,353	0
Total operating revenues	18,630,872	9,716,135	2,829,552	31,176,559	1,366,155
OPERATING EXPENSES					
Costs of sales and services	7,343,104	6,301,450	1,633,580	15,278,134	716,258
Personal services	1,416,826	700,860	580,307	2,697,993	578,344
Depreciation	2,849,978	175,629	272,266	3,297,873	71,553
Total operating expenses	11,609,908	7,177,939	2,486,153	21,274,000	1,366,155
Operating income (loss)	7,020,964	2,538,196	343,399	9,902,559	0
Non-operating revenues (expenses)					
Interest revenue	98,132	36	0	98,168	0
Interest expense	(638,298)	0	0	(638,298)	0
Net increase (decrease) in the fair value of investments	(14,381)	0	0	(14,381)	0
Gain (loss) on the sale of capital assets	3,241	0	(141,056)	(137,815)	0
Total non-operating revenues (expenses)	(551,306)	36	(141,056)	(692,326)	0
Net income (loss) before capital contributions and transfers	6,469,658	2,538,232	202,343	9,210,233	0
Capital contributions	1,838,805	0	0	1,838,805	0
Net income (loss) before transfers	8,308,463	2,538,232	202,343	11,049,038	0
Transfers in (out)					
Transfers in	0	0	1,012,585	1,012,585	2,498,218
Transfers out	(3,200,000)	(2,400,000)	0	(5,600,000)	0
Total transfers in (out)	(3,200,000)	(2,400,000)	1,012,585	(4,587,415)	2,498,218
Change in net position	5,108,463	138,232	1,214,928	6,461,623	2,498,218
Net position, July 1	68,601,476	4,041,438	5,860,025	78,502,939	2,201,132
Net position, June 30	\$ 73,709,939	\$ 4,179,670	\$ 7,074,953	\$ 84,964,562	\$ 4,699,350

CITY OF WINDER, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2019

	Business-Type Activities				Nonmajor Internal Service Funds
	Water and Sewer	Gas	Nonmajor Enterprise Funds	Totals	
Cash flows from operating activities:					
Receipts from customers	\$ 21,101,819	\$ 9,664,939	\$ 2,758,446	\$ 33,525,204	\$ 0
Receipts from interfund services provided	0	0	0	0	1,366,155
Payments to suppliers	(8,374,855)	(6,333,685)	(2,076,510)	(16,785,050)	(729,031)
Payments to employees	(1,338,454)	(652,900)	(558,684)	(2,550,038)	(569,423)
Other receipts	28,472	1,511	16,370	46,353	0
	<u>11,416,982</u>	<u>2,679,865</u>	<u>139,622</u>	<u>14,236,469</u>	<u>67,701</u>
Net cash provided (used) by operating activities					
Cash flows from non-capital financing activities:					
Receipts from other funds	20,000	0	1,012,585	1,032,585	0
Payments to other funds	(3,200,000)	(2,400,000)	(156,870)	(5,756,870)	(22,887)
	<u>(3,180,000)</u>	<u>(2,400,000)</u>	<u>855,715</u>	<u>(4,724,285)</u>	<u>(22,887)</u>
Net cash provided (used) by non-capital financing activities					
Cash flows from capital and related financing activities:					
Proceeds from the sales of capital assets	3,241	0	50,000	53,241	0
Receipts from other funds	0	0	0	0	2,498,218
Payment of capital related accounts payable	(546,577)	(66,489)	0	(613,066)	0
Acquisition of capital assets	(4,133,950)	(641,393)	(675,890)	(5,451,233)	(2,498,218)
Interest paid	(689,654)	0	0	(689,654)	0
Issuance of capital lease	2,328,914	0	0	2,328,914	0
Principal payments - bonds	(2,015,000)	0	0	(2,015,000)	0
Principal payments - capital lease payable	(215,911)	0	0	(215,911)	0
Principal payments - notes payable	(638,465)	0	0	(638,465)	0
	<u>(5,907,402)</u>	<u>(707,882)</u>	<u>(625,890)</u>	<u>(7,241,174)</u>	<u>0</u>
Net cash provided (used) by capital and related financing activities					
Cash flows from investing activities:					
Interest received	98,132	36	0	98,168	0
Purchases of investments	(19,542)	0	0	(19,542)	0
	<u>78,590</u>	<u>36</u>	<u>0</u>	<u>78,626</u>	<u>0</u>
Net cash provided (used) by investing activities					
Net increase (decrease) in cash and cash equivalents	2,408,170	(427,981)	369,447	2,349,636	44,814
Cash and cash equivalents, July 1	11,788,759	1,391,019	389,010	13,568,788	683,118
Cash and cash equivalents, June 30	<u>\$ 14,196,929</u>	<u>\$ 963,038</u>	<u>\$ 758,457</u>	<u>\$ 15,918,424</u>	<u>\$ 727,932</u>

CITY OF WINDER, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2019

	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)	\$ 7,020,964	\$ 2,538,196	\$ 343,399	\$ 9,902,559	\$ 0
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	2,849,978	175,629	272,266	3,297,873	71,553
(Increase) decrease in accounts receivable	(375,220)	(39,295)	(39,401)	(453,916)	0
(Increase) decrease in intergovernmental receivable	203,888	0	0	203,888	0
(Increase) decrease in other accounts receivable	2,670,086	0	0	2,670,086	0
(Increase) decrease in prepaids items	4,561	(1,680)	0	2,881	0
(Increase) decrease in inventories	10,875	26,491	5,716	43,082	0
(Increase) decrease in deferred outflows of resources	4,843	2,848	3,820	11,511	46
Increase (decrease) in accounts payable	(1,047,187)	(55,103)	(448,646)	(1,550,936)	(12,773)
Increase (decrease) in other unearned revenue	0	0	(15,335)	(15,335)	0
Increase (decrease) in accrued salaries	(1,863)	120	13,728	11,985	1,981
Increase (decrease) in sales tax payable	0	(1,943)	0	(1,943)	0
Increase (decrease) in net pension liability	55,989	29,468	2,947	88,404	5,894
Increase (decrease) in net OPEB liability	(4,148)	(1,825)	(6,958)	(12,931)	(3,025)
Increase (decrease) in deferred inflows of resources	13,681	7,213	(2,587)	18,307	1,186
Increase (decrease) in compensated absences payable	9,870	10,136	10,673	30,679	2,839
Increase (decrease) in customer deposits payable	665	(10,390)	0	(9,725)	0
Total adjustments	4,396,018	141,669	(203,777)	4,333,910	67,701
Net cash provided (used) by operating activities	<u>\$ 11,416,982</u>	<u>\$ 2,679,865</u>	<u>\$ 139,622</u>	<u>\$ 14,236,469</u>	<u>\$ 67,701</u>
Cash reconciliation:					
Cash and cash equivalents	\$ 13,322,735	\$ 815,978	\$ 758,457	\$ 14,897,170	\$ 727,932
Restricted assets					
Cash and cash equivalents	874,194	147,060	0	1,021,254	0
Total cash	<u>\$ 14,196,929</u>	<u>\$ 963,038</u>	<u>\$ 758,457</u>	<u>\$ 15,918,424</u>	<u>\$ 727,932</u>

Noncash investing, capital, and financing activities:

The net increase (decrease) in the fair value of investments totaled (\$14,381).

Acquisition of capital assets through accounts payable totaled \$782,930.

Acquisition of capital assets through retainage payable totaled \$399,147.

Contributions of capital assets from individuals totaled \$1,838,805.

CITY OF WINDER, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2019

	Municipal Court Agency Fund
ASSETS	
Cash and cash equivalents	\$ 65,717
Accounts receivable (net)	272,694
Total assets	\$ 338,411
LIABILITIES	
Due to others	\$ 338,411

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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, 2019

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, 2019

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, 2019

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, 2019

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, 2019

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, 2019

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, 2019

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, in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, 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, library 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, 2019

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, 2019

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 in Years	Capitalization Threshold
Buildings	10 to 40	\$25,000
Infrastructure	5 to 60	\$25,000
Intangibles	3 to 10	\$5,000
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.

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, 2019

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 to 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, 2019

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, 2019

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.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

2. Summary of Significant Accounting Policies (continued)

T. Compensation for Future Absences

It is the City's policy to allow employees to accumulate vacation time of up to 240 hours. Police and Fire Department employees are allowed to accrue up to 288 and 432 hours, respectively. 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.

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.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

2. Summary of Significant Accounting Policies (continued)

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).

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.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

3. Deposit and Investment Risk (continued)

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.

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 AAAf 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 AAAf by Standard & Poor's. The weighted average maturity at the end of the current fiscal year was 39 days. At the end of the current fiscal year, the City's balance in Georgia Fund 1 was \$4,832,218.

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, 2019

4. Property Tax

Property tax rates are set by the City Council each year and are limited by statutory or constitutional provision. Property values are assessed as of January 1st each year. Property taxes for fiscal year 2019, based upon the assessments of January 1, 2018, were levied June 28, 2018, billed on September 15, 2018, and due on November 15, 2018. Taxes are billed and collected by Barrow County and remitted to the City.

5. Accounts Receivable

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

Major Funds		
General	\$ 26,499	
Less: Allowance for Uncollectible	<u>(443)</u>	\$ 26,056
Water & Sewer	2,107,591	
Gas	<u>529,224</u>	2,636,815
Nonmajor Funds		
Solid Waste Management	163,220	
Environmental Protection	30,514	
Special Facilities	7,715	
Golf	<u>6,917</u>	<u>208,366</u>
		2,871,237
Municipal Court Agency Fund		<u>272,694</u>
Total primary government		<u><u>\$ 3,143,931</u></u>

6. Intergovernmental Receivables

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

Major Funds	
General	\$ 16,919
Nonmajor Funds	
SPLOST 2018	<u>420,178</u>
Total primary government	<u><u>\$ 437,097</u></u>

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

7. 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	\$ 547,481
	Internal Service	748,429
	Nonmajor Governmental	727,311
Water and Sewer	Nonmajor Enterprise	<u>480,000</u>
Subtotal		<u><u>\$ 2,503,221</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 \$547,481.

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 \$748,429.

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 \$480,000.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

7. 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	\$ 1,700,047
	Nonmajor Enterprise	705,000
Water and Sewer	General	3,200,000
Gas	General	2,400,000
Nonmajor Governmental	General	38
	Nonmajor Enterprise	307,585
	Internal Service	2,498,218
		<u>\$ 10,810,888</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, 2019

8. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Non-depreciable assets				
Land	\$ 2,644,383	\$ 286,251	\$ 0	\$ 2,930,634
Construction in progress	420,249	3,166,762	(364,356)	3,222,655
Total non-depreciable assets	<u>3,064,632</u>	<u>3,453,013</u>	<u>(364,356)</u>	<u>6,153,289</u>
Depreciable assets				
Intangibles	0	10,920	0	10,920
Buildings	4,267,245	0	(172,693)	4,094,552
Vehicles	5,557,349	127,294	(360,670)	5,323,973
Furniture and equipment	4,122,816	394,142	(477,759)	4,039,199
Infrastructure	33,103,194	764,699	(19,949)	33,847,944
Total depreciable assets	<u>47,050,604</u>	<u>1,297,055</u>	<u>(1,031,071)</u>	<u>47,316,588</u>
Accumulated depreciation				
Intangibles	0	(364)	0	(364)
Buildings	(1,364,826)	(108,271)	81,064	(1,392,033)
Vehicles	(4,300,359)	(344,622)	357,074	(4,287,907)
Furniture and equipment	(3,551,132)	(263,826)	465,571	(3,349,387)
Infrastructure	(21,708,061)	(450,931)	13,354	(22,145,638)
Total accumulated depreciation	<u>(30,924,378)</u>	<u>(1,168,014)</u>	<u>917,063</u>	<u>(31,175,329)</u>
Total depreciable assets, net	<u>16,126,226</u>	<u>129,041</u>	<u>(114,008)</u>	<u>16,141,259</u>
Governmental activities capital assets, net	<u>\$ 19,190,858</u>	<u>\$ 3,582,054</u>	<u>\$ (478,364)</u>	<u>\$ 22,294,548</u>
Business-type activities				
Non-depreciable assets				
Land	\$ 6,795,665	\$ 10,002	\$ (85,928)	\$ 6,719,739
Construction in progress	18,782,809	7,116,602	(20,509,511)	5,389,900
Total non-depreciable assets	<u>25,578,474</u>	<u>7,126,604</u>	<u>(20,595,439)</u>	<u>12,109,639</u>
Depreciable assets				
Buildings	5,203,242	7,315,172	(131,237)	12,387,177
Vehicles	1,229,490	169,284	(29,545)	1,369,229
Distribution system	115,078,923	14,026,148	0	129,105,071
Furniture and equipment	2,558,950	344,418	0	2,903,368
Total depreciable assets	<u>124,070,605</u>	<u>21,855,022</u>	<u>(160,782)</u>	<u>145,764,845</u>
Accumulated depreciation				
Buildings	(2,106,439)	(145,913)	26,109	(2,226,243)
Vehicles	(1,016,528)	(75,070)	29,544	(1,062,054)
Distribution system	(55,385,179)	(2,945,592)	0	(58,330,771)
Furniture and equipment	(2,056,130)	(135,898)	0	(2,192,028)
Total accumulated depreciation	<u>(60,564,276)</u>	<u>(3,302,473)</u>	<u>55,653</u>	<u>(63,811,096)</u>
Total depreciable assets, net	<u>63,506,329</u>	<u>18,552,549</u>	<u>(105,129)</u>	<u>81,953,749</u>
Business-type activities capital assets, net	<u>\$ 89,084,803</u>	<u>\$ 25,679,153</u>	<u>\$ (20,700,568)</u>	<u>\$ 94,063,388</u>

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

8. Capital Assets (continued)

Depreciation expense was charged to functions/programs as follows:

Primary Government

Governmental activities

General Government	\$ 122,600
Public Safety	440,798
Public Works	530,694
Housing and Development	6,969
Internal Service	66,953
Total depreciation expense for governmental activities	\$ 1,168,014

Business-type activities

Water & Sewer	\$ 2,849,978
Gas	175,629
Environmental Protection	71,087
Solid Waste	123
Special Facilities	137,082
Golf	63,974
Internal Service	4,600
Total depreciation expense for business-type activities	\$ 3,302,473

9. 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 \$6,240,095 and \$4,784,089 for governmental and business-type activities, respectively.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

9. Capital Lease Agreements (continued)

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	Business-type Activities
2020	\$ 734,694	\$ 562,080
2021	734,694	562,080
2022	734,694	562,080
2023	734,694	562,080
2024	708,322	562,080
2025-2029	3,390,211	2,547,914
2030	56,487	0
Total minimum lease payments	7,093,796	5,358,314
Less amounts representing interest	(853,701)	(574,225)
Present value of minimum lease payments	<u>\$ 6,240,095</u>	<u>\$ 4,784,089</u>

Below is a schedule of assets held under capital lease:

	Governmental Activities		Business-type Activities	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Construction in progress	\$ 618,402	\$ 0	\$ 135,135	\$ 0
Buildings	0	0	7,090,962	0
Vehicles and equipment	484,464	123,097	0	0
Total assets under capital leases	<u>\$ 1,102,866</u>	<u>\$ 123,097</u>	<u>\$ 7,226,097</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, 2019

10. 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. The Series 2009 Bonds will be payable from and secured by a pledge of the net revenue derived by the City from ownership and operation of the City's existing water and sewerage system. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable. These bonds were paid off by the City during the current fiscal year.

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. The Series 2012 Bonds are secured by a pledge of the City's full faith and credit and taxing powers and will not expire as long as the Series 2012 Bonds remain outstanding and unpaid. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable. The outstanding balance at the end of the current fiscal year is \$10,030,000.

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

Year Ending June 30,	Principal	Interest	Total
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	880,000	280,000	1,160,000
2025-2029	5,020,000	799,750	5,819,750
2030	930,000	23,250	953,250
Total	\$ 10,030,000	\$ 2,586,600	\$ 12,616,600

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

10. Long-Term Debt (continued)

Notes from Direct Borrowings

Business-type Activities

Notes from Direct Borrowings 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. Collateral for this obligation is the City's full faith and credit and revenue-raising power (including its taxing power). 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 (\$2,146,579 outstanding). In the event of default on this obligation or any other outstanding debt obligation greater than \$100,000, the timing of repayment of outstanding principal and accrued interest may be declared immediately due and payable.

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. Collateral for this obligation is the City's full faith and credit and revenue-raising power (including its taxing power). 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 0.89%. Monthly installments began on September 1, 2018 (\$8,656,101 outstanding). In the event of default on this obligation or any other outstanding debt obligation greater than \$100,000, the timing of repayment of outstanding principal and accrued interest may be declared immediately due and payable.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

10. Long-Term Debt (continued)

Notes from Direct Borrowings, continued

Business-type Activities (continued)

Annual debt service requirements to maturity for notes from direct borrowings are as follows:

Year Ending June 30,	Principal	Interest	Total
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	736,187	65,927	802,114
2025-2029	2,856,573	247,759	3,104,332
2030-2034	2,314,861	142,159	2,457,020
2035-2039	2,009,285	38,231	2,047,516
Total	<u>\$ 10,802,680</u>	<u>\$ 816,758</u>	<u>\$ 11,619,438</u>

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

11. Long-Term Liabilities

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities of the City for the current fiscal year:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities					
Capital lease obligations	\$ 303,443	\$ 6,000,000	\$ (63,348)	\$ 6,240,095	\$ 574,714
Compensated absences	112,535	363,668	(245,287)	230,916	207,824
Total Governmental Activities	\$ 415,978	\$ 6,363,668	\$ (308,635)	\$ 6,471,011	\$ 782,538
Business-type Activities					
Revenue bonds	\$ 12,045,000	\$ 0	\$ (2,015,000)	\$ 10,030,000	\$ 760,000
Premium on bonds	867,080	0	(75,948)	791,132	75,949
Capital lease obligations	2,671,086	2,328,914	(215,911)	4,784,089	451,771
Notes from direct borrowings	11,441,145	0	(638,465)	10,802,680	712,694
Compensated absences	38,240	144,456	(110,938)	71,758	64,583
Total Business-type Activities	\$ 27,062,551	\$ 2,473,370	\$ (3,056,262)	\$ 26,479,659	\$ 2,064,997

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 \$22,585 for governmental activities and \$638,298 for business-type activities.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

12. 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:

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:			
Prepaid items	\$ 3,420	\$ 0	\$ 3,420
Advances to other funds	1,295,910	0	1,295,910
	<u>1,299,330</u>	<u>0</u>	<u>1,299,330</u>
Restricted for:			
Law enforcement	0	92,243	92,243
City festivals	0	14,696	14,696
Capital projects	0	6,163,083	6,163,083
	<u>0</u>	<u>6,270,022</u>	<u>6,270,022</u>
Assigned for:			
Promoting trade and tourism	0	7,262	7,262

13. 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, 2019

13. 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, 2019, the date of the most recent actuarial valuation, there were 248 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	114
Terminated vested participants entitled to but not yet receiving benefits	68
Active participants	66
Total number of participants	248

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, 2019

13. 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 \$970,814 or 26.53% 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 \$5,392,935. The net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. During the current fiscal year, the City recognized pension expense of \$1,546,308. 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	\$ 264,855	\$ 0
Changes of assumptions	134,248	0
Net difference between projected and actual earnings on pension plan investments	0	(942,526)
City contributions subsequent to the measurement date	728,111	0
Totals	<u>\$ 1,127,214</u>	<u>\$ (942,526)</u>

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

13. Pension Plan (continued)

The \$728,111 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	
2020	\$ 196,192
2021	(375,648)
2022	(285,783)
2023	(78,184)
Totals	<u>\$ (543,423)</u>

Actuarial Assumptions. The total pension liability in the January 1, 2019 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	0.00%
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 one 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, 2019 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, 2019

13. 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, 2018 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%	6.40%
International equity	20%	7.40%
Real estate	10%	5.10%
Global fixed income	5%	3.03%
Domestic fixed income	<u>20%</u>	1.75%
Total	<u><u>100%</u></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, 2019

13. Pension Plan (continued)

Changes in Net Pension Liability (Asset)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 9/30/17	\$ 21,146,272	\$ 16,164,787	\$ 4,981,485
Changes for the year:			
Service cost	148,204	0	148,204
Interest	1,549,264	0	1,549,264
Differences between expected and actual experience	350,657	0	350,657
Contributions—employer	0	961,342	(961,342)
Contributions—employee	0	12,084	(12,084)
Net investment income	0	1,590,479	(1,590,479)
Benefit payments, including refunds of employee contributions	(1,275,242)	(1,275,242)	0
Administrative expense	0	(39,142)	39,142
Other	888,088	0	888,088
Net changes	1,660,971	1,249,521	411,450
Balances at 9/30/18	\$ 22,807,243	\$ 17,414,308	\$ 5,392,935

Plan fiduciary net position as a percentage of the total pension liability	76.35%
Covered payroll	\$ 3,505,675
Employer's net pension liability as percentage of covered payroll	153.83%

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:

	Discount Rate	Net Pension Liability (Asset)
1% decrease	6.50%	\$ 8,230,699
Current discount rate	7.50%	5,392,935
1% increase	8.50%	3,033,980

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, 2019

13. 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.

14. 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). Since its inception, the Plan has been administered by the Security Benefit Life Insurance Plan, an independent third party. The City began participation in the plan during fiscal year 2004. During the current fiscal year, the city changed the administrator of the Plan to The Retirement Advantage, Inc. 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 a maximum of 6% of an employee's compensation per year. 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 \$177,935 to the plan based on covered salaries of \$3,027,586. Plan members made voluntary contributions of \$209,718 to the plan. Total payroll was \$7,228,982.

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

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

15. Post-Employment Benefits Other Than Pensions

Plan Description. The City of Winder Other Post-Employment 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, 2018, 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 paid in full by the City for employees that retire from active employment and is not included in the valuation. 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 \$59,300 or 0.85% of covered employee payroll. The city made contributions to the plan in the amount of \$134,300, or 1.93% of covered employee payroll. The City’s covered employee payroll for employees participating in the current year was \$6,952,819. Net OPEB liability for governmental activities is liquidated by the General Fund.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

15. 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 \$481,100. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined from actuarial valuations using data as of July 1, 2017 and measured by an actuarial valuation as of July 1, 2018. During the current fiscal year, the City recognized OPEB expense of \$73,300.

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 6/30/2017	<u>\$ 1,047,900</u>	<u>\$ 531,600</u>	<u>\$ 516,300</u>
Changes for the year:			
Service cost	40,300	0	40,300
Interest	79,400	0	79,400
Differences between expected and actual experience	35,100	0	35,100
Contributions-employer	0	134,300	(134,300)
Net investment income	0	55,000	(55,000)
Benefit payments, including refunds of member contributions	(59,300)	(59,300)	0
Administrative expenses	0	(600)	600
Assumption changes	(1,300)	0	(1,300)
Net changes	<u>94,200</u>	<u>129,400</u>	<u>(35,200)</u>
Balances at 6/30/2018	<u><u>\$ 1,142,100</u></u>	<u><u>\$ 661,000</u></u>	<u><u>\$ 481,100</u></u>

Plan fiduciary net position as a percentage of the total OPEB liability	57.88%
Covered employee payroll	\$ 6,952,800
Plan net OPEB liability as a percentage of covered employee payroll	6.92%

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

15. 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	\$ (36,900)
Differences between expected and actual experience	30,300	
Differences between projected and actual earnings on OPEB plan investments		(28,601)
Contributions subsequent to the measurement date	124,338	0
Totals	\$ 154,638	\$ (65,501)

The \$124,338 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		
2020	\$	(10,800)
2021		(10,800)
2022		(10,800)
2023		(4,200)
2024		(2,000)
Thereafter		3,399
Totals	\$	(35,201)

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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

Actuarial Assumptions. The total OPEB liability in the July 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	2.50%
Actuarial cost method	Entry age normal
Discount rate	7.50%
Healthcare Cost Trend Rate	10.56% for fiscal year 2018 (to reflect actual experience), then 6.50% for fiscal year end 2019, decreasing 0.50% per year to an ultimate rate of 5.00%
Mortality rates	Healthy mortality rates were based on RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2018
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, 2018 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, 2019

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

The target allocation and projected arithmetic real rates of return for each major asset class included in the OPEB plan's derivation of the long-term expected investment rate of return assumption as of July 1, 2018 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%	6.40%
International equity	20%	7.40%
Global fixed income	5%	3.03%
Domestic fixed income	20%	1.75%
Real estate	10%	5.10%
Total	<u>100%</u>	

Discount Rate. The discount rate used to measure the Total OPEB liability was 7.50%. The projection of cash flows used to determine the discount rate assume that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to cover all projected benefit payments of current plan members.

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 on percentage point lower or on percentage point higher than the current healthcare trend rates:

<u>Discount Rate</u>		<u>Net OPEB Liability</u>
1% decrease	6.50%	\$ 496,800
Current discount rate	7.50%	481,100
1% increase	8.50%	290,100
<u>Healthcare Cost Trend Rates</u>		<u>Net OPEB Liability</u>
1% decrease		\$ 258,100
Current discount rate		481,100
1% increase		537,000

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.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
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16. 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.

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 and Cigna for health care coverage. The contract is a fully insured plan.

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.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

17. 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	\$ 261,840
Disbursements to Chamber of Commerce, Festivals, and other tourism and visitor programs	\$164,051 62.65% of tax receipts

18. 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.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

19. 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

20. 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 \$1,061,908 pertaining to this project since its inception.

21. New Accounting Standards

The City implemented GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective for the City's current fiscal year.

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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, 2019
(Unaudited)

	<u>Fiscal Year End</u>	
	<u>2019</u>	<u>2018</u>
Total pension liability		
Service cost	\$ 148,204	\$ 173,051
Interest	1,549,264	1,506,920
Differences between expected and actual experience	350,657	268,580
Changes of assumptions	888,088	402,748
Benefit payments, including refunds of employee contributions	<u>(1,275,242)</u>	<u>(1,298,321)</u>
Net change in total pension liability	1,660,971	1,052,978
Total pension liability - beginning	<u>21,146,272</u>	<u>20,093,294</u>
Total pension liability - ending (a)	<u>\$ 22,807,243</u>	<u>\$ 21,146,272</u>
Plan fiduciary net position		
Contributions - employer	\$ 961,342	\$ 988,953
Contributions - employee	12,084	0
Net investment income	1,590,479	2,138,768
Benefit payments, including refunds of employee contributions	<u>(1,275,242)</u>	<u>(1,298,321)</u>
Administrative expense	<u>(39,142)</u>	<u>(45,297)</u>
Net change in plan fiduciary net position	1,249,521	1,784,103
Plan fiduciary net position - beginning	<u>16,164,787</u>	<u>14,380,684</u>
Plan fiduciary net position - ending (b)	<u>\$ 17,414,308</u>	<u>\$ 16,164,787</u>
Net pension liability (asset) - ending : (a) - (b)	<u>\$ 5,392,935</u>	<u>\$ 4,981,485</u>
Plan's fiduciary net position as a percentage of the total pension liability	76.35%	76.44%
Covered payroll	\$ 3,505,675	\$ 3,730,435
Net pension liability as a percentage of covered payroll	153.83%	133.54%

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

Fiscal Year End

2017	2016	2015
\$ 179,037	\$ 236,833	\$ 328,917
1,474,422	1,412,604	1,443,234
67,694	463,073	(652,819)
0	0	(240,685)
<u>(1,305,321)</u>	<u>(1,324,394)</u>	<u>(1,223,348)</u>
415,832	788,116	(344,701)
<u>19,677,462</u>	<u>18,889,346</u>	<u>19,234,047</u>
<u><u>\$ 20,093,294</u></u>	<u><u>\$ 19,677,462</u></u>	<u><u>\$ 18,889,346</u></u>

\$ 1,032,165	\$ 1,228,670	\$ 1,409,342
26,847	0	59,823
1,461,014	151,347	1,334,881
(1,305,321)	(1,324,394)	(1,223,348)
<u>(22,393)</u>	<u>(24,301)</u>	<u>(19,349)</u>
1,192,312	31,322	1,561,349
<u>13,188,372</u>	<u>13,157,050</u>	<u>11,595,701</u>
<u><u>\$ 14,380,684</u></u>	<u><u>\$ 13,188,372</u></u>	<u><u>\$ 13,157,050</u></u>

<u><u>\$ 5,712,610</u></u>	<u><u>\$ 6,489,090</u></u>	<u><u>\$ 5,732,296</u></u>
71.57%	67.02%	69.65%
\$ 3,845,923	\$ 4,034,416	\$ 4,658,538
148.54%	160.84%	123.05%

CITY OF WINDER, GEORGIA
SCHEDULE OF PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS
June 30, 2019
(Unaudited)

	Fiscal Year End	
	2019	2018
Actuarially determined contribution	\$ 970,814	\$ 956,718
Contributions in relation to the actuarially determined contribution	(970,814)	(957,818)
Contribution deficiency (excess)	\$ 0	\$ (1,100)
Covered payroll	\$ 3,658,954	\$ 3,844,876
Contributions as a percentage of covered payroll	26.53%	24.88%

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

Fiscal Year End		
2017	2016	2015
\$ 997,298 (999,098)	\$ 1,042,387 (1,042,387)	\$ 1,292,164 (1,469,165)
<u>\$ (1,800)</u>	<u>\$ 0</u>	<u>\$ (177,001)</u>
\$ 3,871,009	\$ 3,880,640	\$ 4,188,210
25.76%	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, 2019
(Unaudited)

	Fiscal Year End	
	2019	2018
Total OPEB liability		
Service cost	\$ 40,300	\$ 44,900
Interest	79,400	68,700
Differences between expected and actual experience	35,100	0
Changes in assumptions	(1,300)	(49,000)
Benefit payments, including refunds of member contributions	(59,300)	(57,800)
Net change in total OPEB liability	94,200	6,800
Total OPEB liability - beginning	1,047,900	1,041,100
Total OPEB liability - ending (a)	\$ 1,142,100	\$ 1,047,900
Plan fiduciary net position		
Contributions - employer	\$ 134,300	\$ 132,800
Net investment income	55,000	64,300
Benefit payments, including refunds of member contributions	(59,300)	(57,800)
Administrative expenses	(600)	(900)
Net change in plan fiduciary net position	129,400	138,400
Plan fiduciary net position - beginning	531,600	393,200
Plan fiduciary net position - ending (b)	\$ 661,000	\$ 531,600
Net OPEB liability (asset) - ending : (a) - (b)	\$ 481,100	\$ 516,300
Plan's fiduciary net position as a percentage of the total OPEB liability	57.88%	50.73%
Covered employee payroll	\$ 6,952,800	\$ 6,489,900
Plan net OPEB liability as a percentage of covered employee payroll	6.92%	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, 2019
(Unaudited)

	Fiscal Year End	
	2019	2018
Actuarially determined contribution	\$ 59,300	\$ 57,800
Contributions in relation to the actuarially determined contribution	(134,300)	(132,800)
Contribution deficiency (excess)	\$ (75,000)	\$ (75,000)
Covered employee payroll	\$ 6,952,819	\$ 6,950,672
Contributions as a percentage of covered employee payroll	1.93%	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, 2019

Pension Plan

1. Valuation Date

The actuarially determined contribution rate was determined as of January 1, 2019, 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, 2020.

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 = Remaining amortization period varies for the bases, with a net effective amortization period of 10 years.

Asset valuation method = Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at 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 = 0.00%

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 one 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, 2019

Pension Plan (continued)

3. Changes in Benefits

Effective October 1, 2017, Employees and Officials who terminate on or after January 1, 2018, qualify for alternative normal retirement eligibility at age 55 with ten years of service.

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 July 1, 2018 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 normal

Amortization method = Open 30 years, level percent of payroll

Remaining amortization period = 30 years

Asset valuation method = Market value

Projected salary increases = 2.50%

CITY OF WINDER, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019

OPEB Plan (continued)

2. Methods and Assumptions Used to Determine Contribution Rates, continued

Inflation = 2.75%

Discount rate = 7.50%

Healthcare cost trend rates = Medical per capita costs, retiree contributions, and premiums are assumed to increase 10.56% for fiscal year 2018 (to reflect actual experience), then 6.50% for fiscal year 2019, decreasing 0.50% per year to an ultimate rate of 5.00%.

Mortality = Healthy mortality rates were based on the RP-2014 Combined Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2018

3. Changes in Benefits

There have been no benefit changes since GASB 75 implementation.

4. Changes of Assumptions

There have been no assumption 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.

2018 Special Purpose Local Option Sales Tax Fund – This fund is used to account for the expenditures of the 2018 SPLOST.

CITY OF WINDER, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2019

	Special Revenue			
	Community TV Station	Hotel/ Motel Tax	Police Escrow	City Festivals
ASSETS				
Cash and cash equivalents	\$ 0	\$ 2,995	\$ 170,197	\$ 17,876
Restricted cash and cash equivalents	0	0	0	0
Receivables				
Taxes	0	23,214	0	0
Intergovernmental	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total assets	<u>\$ 0</u>	<u>\$ 26,209</u>	<u>\$ 170,197</u>	<u>\$ 17,876</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 0	\$ 18,947	\$ 3,817	\$ 3,180
Retainage payable	0	0	0	0
Due to others	0	0	74,137	0
Due to other funds	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total liabilities	<u>0</u>	<u>18,947</u>	<u>77,954</u>	<u>3,180</u>
Fund balances				
Restricted for:				
Public Safety	0	0	92,243	0
Culture and Recreation	0	0	0	14,696
Capital Outlay	0	0	0	0
Assigned for Housing and Development	0	7,262	0	0
	<u>0</u>	<u>7,262</u>	<u>92,243</u>	<u>14,696</u>
Total fund balances	<u>0</u>	<u>7,262</u>	<u>92,243</u>	<u>14,696</u>
Total liabilities and fund balances	<u>\$ 0</u>	<u>\$ 26,209</u>	<u>\$ 170,197</u>	<u>\$ 17,876</u>

<u>LMIG</u>	<u>Capital Projects</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>SPLOST 2012</u>	<u>SPLOST 2018</u>	
\$ 304,021	\$ 1,714,307	\$ 172,812	\$ 2,382,208
0	0	5,315,823	5,315,823
0	0	0	23,214
0	0	420,178	420,178
<u>\$ 304,021</u>	<u>\$ 1,714,307</u>	<u>\$ 5,908,813</u>	<u>\$ 8,141,423</u>
\$ 250,161	\$ 42,477	\$ 460,885	\$ 779,467
53,544	0	229,680	283,224
0	0	0	74,137
0	0	727,311	727,311
<u>303,705</u>	<u>42,477</u>	<u>1,417,876</u>	<u>1,864,139</u>
0	0	0	92,243
0	0	0	14,696
316	1,671,830	4,490,937	6,163,083
0	0	0	7,262
<u>316</u>	<u>1,671,830</u>	<u>4,490,937</u>	<u>6,277,284</u>
<u>\$ 304,021</u>	<u>\$ 1,714,307</u>	<u>\$ 5,908,813</u>	<u>\$ 8,141,423</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, 2019

	Special Revenue			
	Community TV Station	Hotel/ Motel Tax	Police Escrow	City Festivals
REVENUES				
Taxes	\$ 0	\$ 261,840	\$ 0	\$ 0
Fines, fees, and forfeitures	0	0	83,024	0
Charges for services	0	0	0	5,530
Intergovernmental	0	0	0	0
Contributions	0	0	0	3,754
Interest	0	0	0	0
Total revenues	<u>0</u>	<u>261,840</u>	<u>83,024</u>	<u>9,284</u>
EXPENDITURES				
Current				
Public Safety	0	0	8,017	0
Culture and Recreation	0	0	0	10,836
Housing and Development	0	77,104	0	0
Capital Outlay	0	0	0	0
Total expenditures	<u>0</u>	<u>77,104</u>	<u>8,017</u>	<u>10,836</u>
Excess (deficiency) of revenues over (under) expenditures	<u>0</u>	<u>184,736</u>	<u>75,007</u>	<u>(1,552)</u>
Other financing sources (uses)				
Transfers in	0	0	0	0
Transfers out	(38)	(210,000)	0	0
Proceeds from capital lease	0	0	0	0
Total other financing sources (uses)	<u>(38)</u>	<u>(210,000)</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over (under) other financing sources over (under) expenditures and other financing uses	<u>(38)</u>	<u>(25,264)</u>	<u>75,007</u>	<u>(1,552)</u>
Fund balances, July 1	<u>38</u>	<u>32,526</u>	<u>17,236</u>	<u>16,248</u>
Fund balances, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 7,262</u></u>	<u><u>\$ 92,243</u></u>	<u><u>\$ 14,696</u></u>

LMIG	Capital Projects		Total Nonmajor Governmental Funds
	SPLOST 2012	SPLOST 2018	
\$ 0	\$ 0	\$ 0	\$ 261,840
0	0	0	83,024
0	0	0	5,530
194,061	0	870,492	1,064,553
0	0	0	3,754
0	4,452	234	4,686
<u>194,061</u>	<u>4,452</u>	<u>870,726</u>	<u>1,423,387</u>
0	0	0	8,017
0	0	0	10,836
0	0	0	77,104
<u>1,172,593</u>	<u>555,875</u>	<u>723,033</u>	<u>2,451,501</u>
<u>1,172,593</u>	<u>555,875</u>	<u>723,033</u>	<u>2,547,458</u>
<u>(978,532)</u>	<u>(551,423)</u>	<u>147,693</u>	<u>(1,124,071)</u>
761,000	0	939,047	1,700,047
0	0	(2,595,803)	(2,805,841)
0	0	6,000,000	6,000,000
<u>761,000</u>	<u>0</u>	<u>4,343,244</u>	<u>4,894,206</u>
(217,532)	(551,423)	4,490,937	3,770,135
<u>217,848</u>	<u>2,223,253</u>	<u>0</u>	<u>2,507,149</u>
<u>\$ 316</u>	<u>\$ 1,671,830</u>	<u>\$ 4,490,937</u>	<u>\$ 6,277,284</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, 2019

	Final Budget	Actual	Variance
REVENUES	\$ 0	\$ 0	\$ 0
EXPENDITURES	0	0	0
Excess (deficiency) of revenues over (under) expenditures	0	0	0
Other financing sources (uses) Transfers out	(40)	(38)	2
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(40)	(38)	2
Fund balances, July 1	40	38	(2)
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</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, 2019

	Final Budget	Actual	Variance
REVENUES			
Hotel/motel taxes	\$ 211,300	\$ 261,840	\$ 50,540
EXPENDITURES			
Current			
Housing and Development	77,200	77,104	96
Excess (deficiency) of revenues over (under) expenditures	134,100	184,736	50,636
Other financing sources (uses)			
Transfers out	(210,000)	(210,000)	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(75,900)	(25,264)	50,636
Fund balances, July 1	75,900	32,526	(43,374)
Fund balances, June 30	\$ 0	\$ 7,262	\$ 7,262

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, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Fines and forfeitures	<u>\$ 8,500</u>	<u>\$ 83,024</u>	<u>\$ 74,524</u>
EXPENDITURES			
Current			
Public Safety	<u>8,500</u>	<u>8,017</u>	<u>483</u>
Excess (deficiency) of revenues over (under) expenditures	0	75,007	75,007
Fund balances, July 1	<u>0</u>	<u>17,236</u>	<u>17,236</u>
Fund balances, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 92,243</u></u>	<u><u>\$ 92,243</u></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, 2019

	Final Budget	Actual	Variance
REVENUES			
Charges for services	\$ 5,700	\$ 5,530	\$ (170)
Contributions	5,200	3,754	(1,446)
Total revenues	<u>10,900</u>	<u>9,284</u>	<u>(1,616)</u>
EXPENDITURES			
Current			
Culture and Recreation	10,900	10,836	64
Excess (deficiency) of revenues over (under) expenditures	0	(1,552)	(1,552)
Fund balances, July 1	0	16,248	16,248
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 14,696</u>	<u>\$ 14,696</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, 2019

	<u>Solid Waste Management</u>	<u>Enviromental Protection</u>	<u>Special Facilities</u>	<u>Golf</u>	<u>Total Nonmajor Enterprise Funds</u>
ASSETS					
Current assets					
Cash and cash equivalents	\$ 346,345	\$ 2,522	\$ 399,923	\$ 9,667	\$ 758,457
Accounts receivable (net)	163,220	30,514	7,715	6,917	208,366
Inventories	0	0	0	39,367	39,367
Total current assets	<u>509,565</u>	<u>33,036</u>	<u>407,638</u>	<u>55,951</u>	<u>1,006,190</u>
Noncurrent assets					
Capital assets					
Non-depreciable	0	703,376	593,593	495,546	1,792,515
Depreciable (net)	224,088	2,420,518	2,637,731	280,131	5,562,468
Total noncurrent assets	<u>224,088</u>	<u>3,123,894</u>	<u>3,231,324</u>	<u>775,677</u>	<u>7,354,983</u>
Total assets	<u>733,653</u>	<u>3,156,930</u>	<u>3,638,962</u>	<u>831,628</u>	<u>8,361,173</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	0	8,052	0	0	8,052
Deferred outflows related to other post employment benefits	0	0	0	4,658	4,658
Total deferred outflows of resources	<u>0</u>	<u>8,052</u>	<u>0</u>	<u>4,658</u>	<u>12,710</u>
LIABILITIES					
Current liabilities					
Accounts payable	63,095	7,422	720	41,469	112,706
Accrued salaries	0	6,955	73	24,485	31,513
Compensated absences	0	1,974	0	11,108	13,082
Unearned revenue	0	0	38,035	12,934	50,969
Advances from other funds	0	136,870	0	20,000	156,870
Total current liabilities	<u>63,095</u>	<u>153,221</u>	<u>38,828</u>	<u>109,996</u>	<u>365,140</u>
Noncurrent liabilities					
Advances from other funds	0	410,611	0	460,000	870,611
Compensated absences	0	219	0	1,234	1,453
Net pension liability	0	38,529	0	0	38,529
Net OPEB liability	0	0	0	14,491	14,491
Total noncurrent liabilities	<u>0</u>	<u>449,359</u>	<u>0</u>	<u>475,725</u>	<u>925,084</u>
Total liabilities	<u>63,095</u>	<u>602,580</u>	<u>38,828</u>	<u>585,721</u>	<u>1,290,224</u>

CITY OF WINDER, GEORGIA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2019

	<u>Solid Waste Management</u>	<u>Enviromental Protection</u>	<u>Special Facilities</u>	<u>Golf</u>	<u>Total Nonmajor Enterprise Funds</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	\$ 0	\$ 6,733	\$ 0	\$ 0	\$ 6,733
Deferred inflows related to other post employment benefits	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,973</u>	<u>1,973</u>
Total deferred inflows of resources	<u>0</u>	<u>6,733</u>	<u>0</u>	<u>1,973</u>	<u>8,706</u>
NET POSITION					
Net investment in capital assets	223,577	3,123,894	3,231,324	775,677	7,354,472
Unrestricted	<u>446,981</u>	<u>(568,225)</u>	<u>368,810</u>	<u>(527,085)</u>	<u>(279,519)</u>
Total net position	<u>\$ 670,558</u>	<u>\$ 2,555,669</u>	<u>\$ 3,600,134</u>	<u>\$ 248,592</u>	<u>\$ 7,074,953</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, 2019

	Solid Waste Management	Enviromental Protection	Special Facilities	Golf	Total Nonmajor Enterprise Funds
OPERATING REVENUES					
Charges for sales and services	\$ 1,320,053	\$ 549,659	\$ 85,694	\$ 857,776	\$ 2,813,182
Other	0	0	0	16,370	16,370
Total operating revenues	1,320,053	549,659	85,694	874,146	2,829,552
OPERATING EXPENSES					
Costs of sales and services	794,141	103,094	209,352	526,993	1,633,580
Personal services	0	112,560	12,699	455,048	580,307
Depreciation	123	71,087	137,082	63,974	272,266
Total operating expenses	794,264	286,741	359,133	1,046,015	2,486,153
Operating income (loss)	525,789	262,918	(273,439)	(171,869)	343,399
Gain (loss) on sale of capital assets	0	0	(141,056)	0	(141,056)
Net income (loss) before transfers	525,789	262,918	(414,495)	(171,869)	202,343
Transfers in (out)					
Transfers in	0	505,000	297,585	210,000	1,012,585
Change in net position	525,789	767,918	(116,910)	38,131	1,214,928
Net position, July 1	144,769	1,787,751	3,717,044	210,461	5,860,025
Net position, June 30	\$ 670,558	\$ 2,555,669	\$ 3,600,134	\$ 248,592	\$ 7,074,953

CITY OF WINDER, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the fiscal year ended June 30, 2019

	Solid Waste Management	Enviromental Protection	Special Facilities	Golf	Total Nonmajor Enterprise Funds
Cash flows from operating activities:					
Receipts from customers	\$ 1,308,873	\$ 520,250	\$ 77,299	\$ 852,024	\$ 2,758,446
Payments to suppliers	(789,443)	(555,292)	(211,142)	(520,633)	(2,076,510)
Payments to employees	0	(100,405)	(12,848)	(445,431)	(558,684)
Other receipts	0	0	0	16,370	16,370
Net cash provided (used) by operating activities	<u>519,430</u>	<u>(135,447)</u>	<u>(146,691)</u>	<u>(97,670)</u>	<u>139,622</u>
Cash flows from non-capital financing activities:					
Receipts from other funds	0	505,000	297,585	210,000	1,012,585
Payments to other funds	0	(136,870)	0	(20,000)	(156,870)
Net cash provided (used) by non-capital and related financing activities	<u>0</u>	<u>368,130</u>	<u>297,585</u>	<u>190,000</u>	<u>855,715</u>
Cash flows from capital and related financing activities:					
Proceeds from sale of capital assets	0	0	50,000	0	50,000
Acquisition of capital assets	(223,699)	(232,091)	(132,885)	(87,215)	(675,890)
Net cash provided (used) by capital financing activities	<u>(223,699)</u>	<u>(232,091)</u>	<u>(82,885)</u>	<u>(87,215)</u>	<u>(625,890)</u>
Net increase (decrease) in cash and cash equivalents	295,731	592	68,009	5,115	369,447
Cash and cash equivalents, July 1	<u>50,614</u>	<u>1,930</u>	<u>331,914</u>	<u>4,552</u>	<u>389,010</u>
Cash and cash equivalents, June 30	<u><u>\$ 346,345</u></u>	<u><u>\$ 2,522</u></u>	<u><u>\$ 399,923</u></u>	<u><u>\$ 9,667</u></u>	<u><u>\$ 758,457</u></u>

DER, GEORGIA
MENT OF CASH FLOWS
TERPRISE FUNDS
ended June 30, 2019

	<u>Solid Waste Management</u>	<u>Enviromental Protection</u>	<u>Special Facilities</u>	<u>Golf</u>	<u>Total Nonmajor Enterprise Funds</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 525,789	\$ 262,918	\$ (273,439)	\$ (171,869)	\$ 343,399
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	123	71,087	137,082	63,974	272,266
(Increase) decrease in accounts receivable	(11,180)	(29,409)	8,105	(6,917)	(39,401)
(Increase) decrease in inventories	0	0	0	5,716	5,716
(Increase) decrease in deferred outflows of resources	0	2,899	0	921	3,820
Increase (decrease) in accounts payable	4,698	(452,198)	(1,790)	644	(448,646)
Increase (decrease) in unearned revenue	0	0	(16,500)	1,165	(15,335)
Increase (decrease) in accrued salaries	0	5,851	(149)	8,026	13,728
Increase (decrease) in compensated absences payable	0	2,193	0	8,480	10,673
Increase (decrease) in net pension liability	0	2,947	0	0	2,947
Increase (decrease) in net OPEB liability	0	0	0	(6,958)	(6,958)
Increase (decrease) in deferred inflows of resources	0	(1,735)	0	(852)	(2,587)
Total adjustments	(6,359)	(398,365)	126,748	74,199	(203,777)
Net cash provided (used) by operating activities	<u>\$ 519,430</u>	<u>\$ (135,447)</u>	<u>\$ (146,691)</u>	<u>\$ (97,670)</u>	<u>\$ 139,622</u>

Noncash investing, capital, and financing activities:

Acquisition of capital assets through accounts payable totaled \$511.

CITY OF WINDER, GEORGIA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2019

ASSETS	Utility Service	Buildings	Totals
Current assets			
Cash	\$ 134,493	\$ 593,439	\$ 727,932
Prepaid items	8,400	0	8,400
Total current assets	<u>142,893</u>	<u>593,439</u>	<u>736,332</u>
Noncurrent assets			
Capital Assets			
Nondepreciable	0	2,705,179	2,705,179
Depreciable (net)	9,967	2,157,033	2,167,000
Total noncurrent assets	<u>9,967</u>	<u>4,862,212</u>	<u>4,872,179</u>
Total assets	<u>152,860</u>	<u>5,455,651</u>	<u>5,608,511</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	16,103	0	16,103
Deferred outflows related to other post employment benefits	8,384	0	8,384
Total deferred outflows of resources	<u>24,487</u>	<u>0</u>	<u>24,487</u>
LIABILITIES			
Current liabilities			
Accounts payable	30,299	7,872	38,171
Accrued salaries	17,611	0	17,611
Compensated absences	8,351	0	8,351
Advances from other funds	0	22,887	22,887
Total current liabilities	<u>56,261</u>	<u>30,759</u>	<u>87,020</u>
Noncurrent liabilities			
Compensated absences	928	0	928
Advances from other funds	0	725,542	725,542
Net OPEB liability	26,084	0	26,084
Net pension liability	77,058	0	77,058
Total noncurrent liabilities	<u>104,070</u>	<u>725,542</u>	<u>829,612</u>
Total liabilities	<u>160,331</u>	<u>756,301</u>	<u>916,632</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	13,465	0	13,465
Deferred inflows related to other post employment benefits	3,551	0	3,551
Total deferred inflows of resources	<u>17,016</u>	<u>0</u>	<u>17,016</u>
NET POSITION			
Investment in capital assets	9,967	4,862,212	4,872,179
Unrestricted	(9,967)	(162,862)	(172,829)
Total net position	<u>\$ 0</u>	<u>\$ 4,699,350</u>	<u>\$ 4,699,350</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, 2019

	<u>Utility Service</u>	<u>Buildings</u>	<u>Totals</u>
OPERATING REVENUES			
Charges for sales and services	\$ 888,003	\$ 478,152	\$ 1,366,155
Total operating revenues	<u>888,003</u>	<u>478,152</u>	<u>1,366,155</u>
OPERATING EXPENSES			
Costs of sales and services	305,059	411,199	716,258
Personal services	578,344	0	578,344
Depreciation	4,600	66,953	71,553
Total operating expenses	<u>888,003</u>	<u>478,152</u>	<u>1,366,155</u>
Operating income (loss) before transfers	0	0	0
Transfers in (out)			
Transfers in	<u>0</u>	<u>2,498,218</u>	<u>2,498,218</u>
Change in net position	0	2,498,218	2,498,218
Net position	<u>0</u>	<u>2,201,132</u>	<u>2,201,132</u>
Net position, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 4,699,350</u></u>	<u><u>\$ 4,699,350</u></u>

CITY OF WINDER, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the fiscal year ended June 30, 2019

	<u>Utility Service</u>	<u>Buildings</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from interfund services provided	\$ 888,003	\$ 478,152	\$ 1,366,155
Payments to suppliers	(313,913)	(415,118)	(729,031)
Payments to employees	(569,423)	0	(569,423)
	<u>4,667</u>	<u>63,034</u>	<u>67,701</u>
Net cash provided (used) by operating activities			
Cash flows from non-capital financing activities:			
Payments to other funds	<u>0</u>	<u>(22,887)</u>	<u>(22,887)</u>
Cash flows from capital and related financing activities:			
Receipts from other funds	0	2,498,218	2,498,218
Acquisition of capital assets	<u>0</u>	<u>(2,498,218)</u>	<u>(2,498,218)</u>
Net cash provided (used) by capital financing activities:	<u>0</u>	<u>0</u>	<u>0</u>
Net increase (decrease) in cash and cash equivalents	4,667	40,147	44,814
Cash and cash equivalents, July 1	<u>129,826</u>	<u>553,292</u>	<u>683,118</u>
Cash and cash equivalents, June 30	<u>\$ 134,493</u>	<u>\$ 593,439</u>	<u>\$ 727,932</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation expense	4,600	66,953	71,553
(Increase) decrease in deferred outflows of resources	46	0	46
Increase (decrease) in accounts payable	(8,854)	(3,919)	(12,773)
Increase (decrease) in accrued salaries	1,981	0	1,981
Increase (decrease) in compensated absences payable	2,839	0	2,839
Increase (decrease) in net pension liability	5,894	0	5,894
Increase (decrease) in net OPEB liability	(3,025)	0	(3,025)
Increase (decrease) in deferred inflows of resources	<u>1,186</u>	<u>0</u>	<u>1,186</u>
Total adjustments	<u>4,667</u>	<u>63,034</u>	<u>67,701</u>
Net cash provided (used) by operating activities	<u>\$ 4,667</u>	<u>\$ 63,034</u>	<u>\$ 67,701</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, 2019

	<u>Balance July 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30</u>
ASSETS				
Cash and cash equivalents	\$ 57,623	\$ 382,384	\$ 374,290	\$ 65,717
Accounts receivable (net)	200,151	454,927	382,384	272,694
Total assets	<u>\$ 257,774</u>	<u>\$ 837,311</u>	<u>\$ 756,674</u>	<u>\$ 338,411</u>
LIABILITIES				
Due to others	<u>\$ 257,774</u>	<u>\$ 702,143</u>	<u>\$ 621,506</u>	<u>\$ 338,411</u>

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

Honorable Mayor and
Members of 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 City of Winder, Georgia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise City of Winder, Georgia's basic financial statements and have issued our report thereon dated December 5, 2019.

Internal Control over Financial Reporting

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

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

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

2019-001

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.

2019-001, continued

Cause: The duties of taking receipts, recording receipts, and depositing receipts are being performed by the same employee.

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

Management Response: Management has provided a copy of this finding to the Golf Course's Department Head. They concur with this finding. Action was taken immediately upon receipt of this comment from our auditors.

City of Winder, Georgia's Responses to Findings

City of Winder, Georgia's responses to the findings identified in our audit are described above. 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 City of Winder, Georgia's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the 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 5, 2019

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, 2019

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
	2012 SPLOST				
Local Street Projects	\$ 2,451,259	\$ 2,451,259	\$ 1,957,010	\$ 442,210	\$ 2,399,220
Water and Sewer Infrastructure, Improvements, Facilities and Equipment	4,357,793	4,357,793	2,002,165	113,665	2,115,830
Total	\$ 6,809,052	\$ 6,809,052	\$ 3,959,175	\$ 555,875	\$ 4,515,050

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
	2018 SPLOST				
Roads/Sidewalks/Parking Areas/ Stormwater Projects	\$ 5,004,274	\$ 5,004,274	\$ 0	\$ 580,954	\$ 580,954
Police Department Facilities and Equipment	1,501,282	1,501,282	0	95,900	95,900
Fire Department Facilities and Equipment	1,501,282	1,501,282	0	1,501,903	1,501,903
Recreation/Parks/Greenspace Projects	1,510,282	1,510,282	0	121,876	121,876
Administrative Facilities and Equipment	500,428	500,428	0	79,156	79,156
Total	\$ 10,017,548	\$ 10,017,548	\$ 0	\$ 2,379,789	\$ 2,379,789

Current year expenditures \$ 2,379,789
Expenditures financed through other revenues, financing sources, and transfers from other funds 939,047
\$ 3,318,836

* 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, 2019**