

CITY OF WINDER

Georgia



ANNUAL FINANCIAL REPORT

For the Fiscal Year Ending June 30, 2020

CITY OF WINDER, GEORGIA

Annual Financial Report

For the fiscal year ended June 30, 2020

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CITY OF WINDER, GEORGIA
ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2020

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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, 2020, 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, 2020, 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 15 and 75 through 86, 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 14, 2020, 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 14, 2020

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 \$117.3 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 2020 were approximately \$18.2 million, a decrease of \$0.8 million from FY 2019. The decrease is primarily the result of purchases of capital assets.

The primary government's total net position increased by \$12 million during FY 2020, as revenues of \$47.5 million exceeds expenses of \$35.5 million. Governmental activities contributed \$1.7 million and business-type activities contributed \$10.3 million of the overall increase in net position.

At June 30, 2020, the governmental funds reported combined ending fund balances of \$4.6 million, a decrease of over \$4.3 million from the prior year. The decrease is primarily due to capital outlay expenditures for the construction of projects during the current fiscal year. Approximately \$823,000 or 17.9% 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, 2020, was approximately \$823,000, or 5.2% of total fund expenditures.

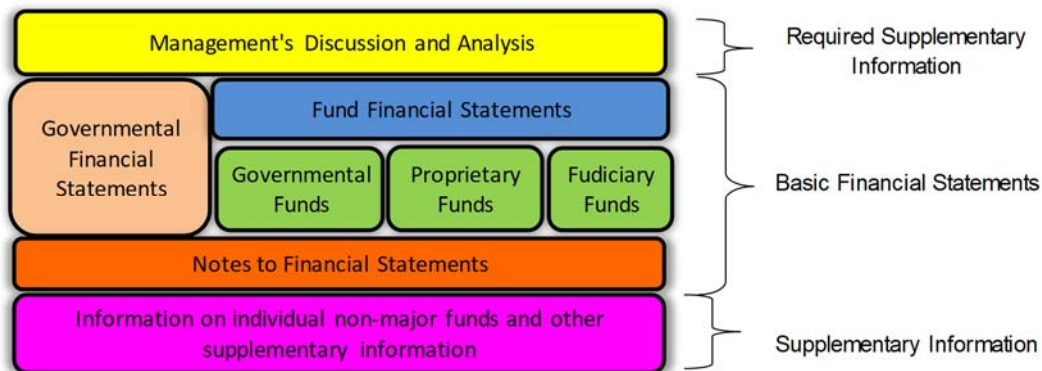
Enterprise (business-type) fund unrestricted net position at June 30, 2020 was \$18.4 million, or 86.6% of total enterprise fund expenses.

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 20, premiums paid by the City were \$1.8 million, which was an increase of approximately 6.4% over FY 2019.

The City had approximately \$30.0 million in revenue bonds, notes, and capital leases outstanding at the end of the current fiscal year, which is a decrease of about \$2.6 million from the prior year. The City's net pension liability increased by approximately \$709,000 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 has 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.
 - 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 \$117.3 million at the close of Fiscal Year 2020.

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 14.4%. 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 \$98.5 million or 84.0%. 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, \$1.9 million or 1.6% represents resources that are subject to external restrictions on how they may be used and debt service.

Statement of Net Position at June 30, 2020 and 2019

	Net Position at Year-End					
	(in thousands of dollars)					
	Governmental Activities		Business-Type Activities		Total Government	
	2020	2019	2020	2019	2020	2019
Cash and Investments	\$ 4,596	\$ 9,116	\$ 18,009	\$ 18,104	\$ 22,605	\$ 27,220
Current Assets	1,575	1,378	3,641	3,158	5,216	4,536
Capital Assets	27,354	22,295	101,217	94,063	128,571	116,358
Total Assets	<u>33,525</u>	<u>32,789</u>	<u>122,867</u>	<u>115,325</u>	<u>156,392</u>	<u>148,114</u>
Deferred Outflow s of Resources	2,023	978	826	304	2,849	1,282
Current Liabilities	2,251	2,515	2,266	3,318	4,517	5,833
Other Liabilities	-	-	1,323	1,319	1,323	1,319
Noncurrent Liabilities	9,926	10,185	24,430	25,792	34,356	35,977
Total Liabilities	<u>12,177</u>	<u>12,700</u>	<u>28,019</u>	<u>30,429</u>	<u>40,196</u>	<u>43,129</u>
Deferred Inflow s of Resources	1,316	773	434	235	1,750	1,008
Net Position:						
Net Investment in Capital Assets	22,172	20,376	76,311	66,473	98,483	86,849
Restricted	1,348	954	540	539	1,888	1,493
Unrestricted	(1,466)	(1,037)	18,388	17,953	16,922	16,916
Total Net Position	<u>\$ 22,054</u>	<u>\$ 20,293</u>	<u>\$ 95,239</u>	<u>\$ 84,965</u>	<u>\$ 117,293</u>	<u>\$ 105,258</u>

Statement of Activities for the Fiscal Year Ended June 30, 2020 and 2019

Governmental and Proprietary Activities For Fiscal Year Ending June 30, 2020 & 2019 (in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total Government	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenue						
Charges for Services	\$ 877	\$ 1,185	\$ 30,637	\$ 31,177	\$ 31,514	\$ 32,362
Operating Grants and Contributions	22	15	-	-	22	15
Capital Grants and Contributions	4,205	1,069	3,114	1,839	7,319	2,908
General Revenues						
Taxes	8,219	7,871	-	-	8,219	7,871
Other	330	374	148	98	478	472
Total Revenues	<u>13,653</u>	<u>10,514</u>	<u>33,899</u>	<u>33,114</u>	<u>47,552</u>	<u>43,628</u>
Expenses (Including Indirect Cost)						
Governmental Activities						
General Government	1,390	1,337	-	-	1,390	1,337
Judicial	276	286	-	-	276	286
Public Safety	7,813	7,891	-	-	7,813	7,891
Public Works	3,307	4,234	-	-	3,307	4,234
Recreation	9	11	-	-	9	11
Housing and Development	867	713	-	-	867	713
Business-Type Activities	-	-	21,855	22,065	21,855	22,065
Total Expenses	<u>13,662</u>	<u>14,472</u>	<u>21,855</u>	<u>22,065</u>	<u>35,517</u>	<u>36,537</u>
Excess (Deficiencies) Before						
Transfers	<u>(9)</u>	<u>(3,958)</u>	<u>12,044</u>	<u>11,049</u>	<u>12,035</u>	<u>7,091</u>
Transfers	1,770	4,587	(1,770)	(4,587)	-	-
Change in Net Position	1,761	629	10,274	6,462	12,035	7,091
Beginning Net Position (restated)	20,293	19,664	84,965	78,503	105,258	98,167
Ending Net Position	<u>\$ 22,054</u>	<u>\$ 20,293</u>	<u>\$ 95,239</u>	<u>\$ 84,965</u>	<u>\$ 117,293</u>	<u>\$ 105,258</u>

Governmental Activities

Governmental activities increased the City of Winder's net position by approximately \$1.76 million. The City's transfers into governmental activities from business-type activities decreased by approximately \$2.82 million from FY 2019 due to a large increase in tax revenue. A comparison of the prior year income and expenses before transfers to the FY 2020 income and expenses before transfers reveals an increase of \$3.5 million. Fire District taxes, sales taxes, and business taxes and other revenue provided 62.6% of the total governmental revenues and covered 62.6% of governmental expenses. Program revenues provided 37.4% of total governmental revenues and covered 37.4% of governmental expenses. Transfers from other funds covered more than the other 13% 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.

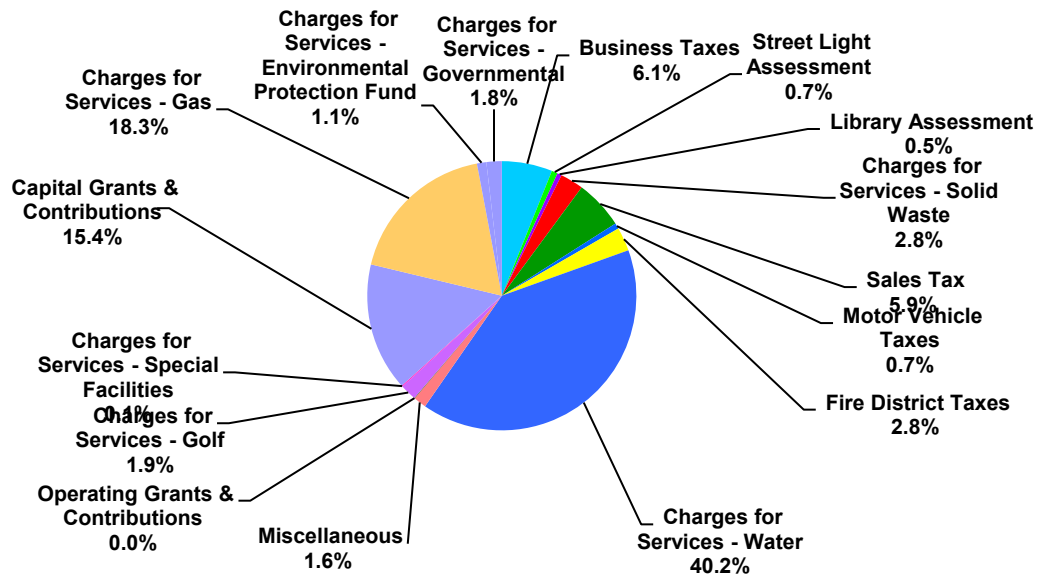
The most significant governmental expense for the City is providing Public Safety services, such as Fire and Police protection, which comprised 50.5% of the total governmental expenses. Revenues collected from a variety of sources offset public safety expenses, with the largest being the Fire District Tax. The second largest cost for the City is Public Works, totaling 21.4% of governmental expenses.

Business-type Activities

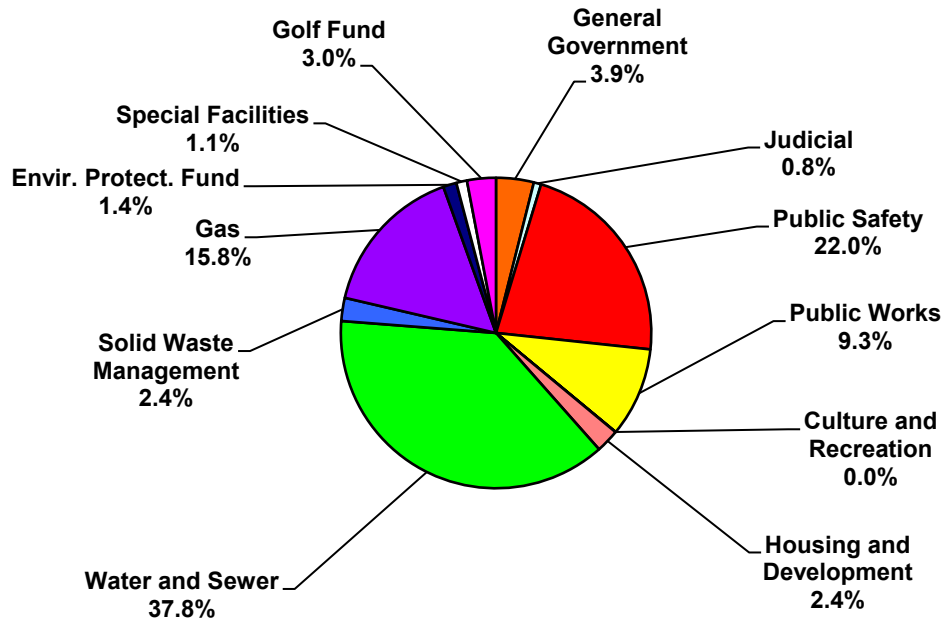
Business-type activities increased the City of Winder's net position by approximately \$10.2 million. The amounts paid by the users of the systems were approximately \$33.9 million while the cost of all business-type activities was \$21.9 million. Additionally, idle cash earned approximately \$102,000.

- The charges for services in the Water Fund increased by approximately \$461,425, which was due in part to additional gallons of water consumed by our citizens. Tap-on fees decreased by approximately \$320,000 due to fewer taps from the prior year being sold. Water expenses increased by approximately \$1.2 million. Water Fund net position increased \$5.3 million.
- In the Gas Fund, charges for services decreased by approximately \$1.0 million and tap-on fees decreased by approximately \$20,000. Gas expenses decreased by approximately \$1.55 million due mostly to a decrease in the cost of sales and service of \$1.50 million. Gas Fund net position increased approximately \$3.1 million.
- In the Solid Waste Fund, charges for services increased approximately \$6,000 and expenses increased by approximately \$61,000. The transfer to the Governmental Funds was \$470,000, an increase of 100% compared to the prior year, as the fund did not transfer out to any other funds in the prior year. The net position decreased by approximately \$1,300.
- The Environmental Protection Fund, revenues decreased by approximately \$19,000. Expenses increased by approximately \$209,000, primarily due to reallocation of salaries to this fund. Transfers from the Governmental Funds decreased by \$180,000. Net position increased by approximately \$360,000.
- Special Facilities Fund revenues decreased by approximately \$19,000 and expenses increased by approximately \$36,000. Transfers from the Governmental Funds increased by \$1.4 million due primarily to a transfer in of capital assets. The fund reported an increase in net position of \$1.38 million.
- Fiscal year 2020 was the sixth full year of City ownership for the Chimneys Golf Course. The Golf Fund's net position increased by approximately \$249,000 after transfers in of \$220,000. Charges for services at the golf course increased by approximately \$61,000. The increase in net position is primarily attributable to the transfers from the Governmental Funds.

REVENUES BY SOURCE – GOVERNMENT-WIDE ACTIVITY



EXPENSES BY FUNCTION – GOVERNMENT-WIDE ACTIVITY



Note: Graph may not equal 100% due to rounding

Financial Analysis of the Government's Funds

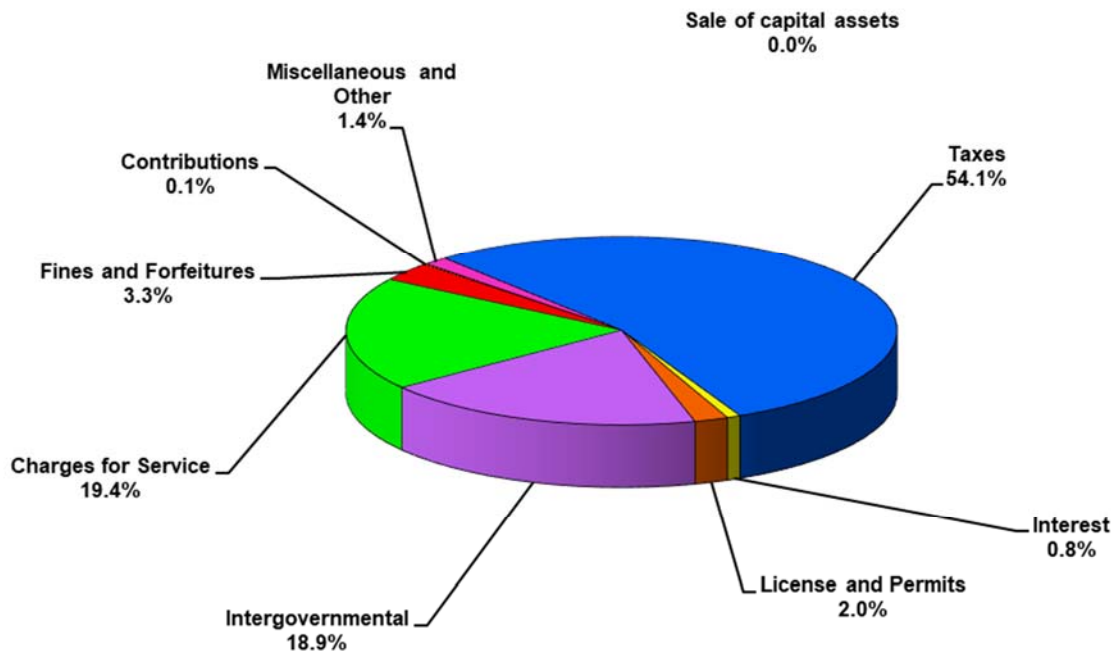
As noted earlier, the City of Winder employs fund accounting to ensure and demonstrate compliance with finance-related legal requirements and financial reporting requirements.

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 2020, the City's governmental funds reported combined ending fund balances of approximately \$4.6 million, a decrease of approximately \$4.3 million. The City reported approximately \$823,000 in unassigned fund balance and \$1.1 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 \$4.5 million.

REVENUES BY SOURCE-GOVERNMENTAL FUNDS

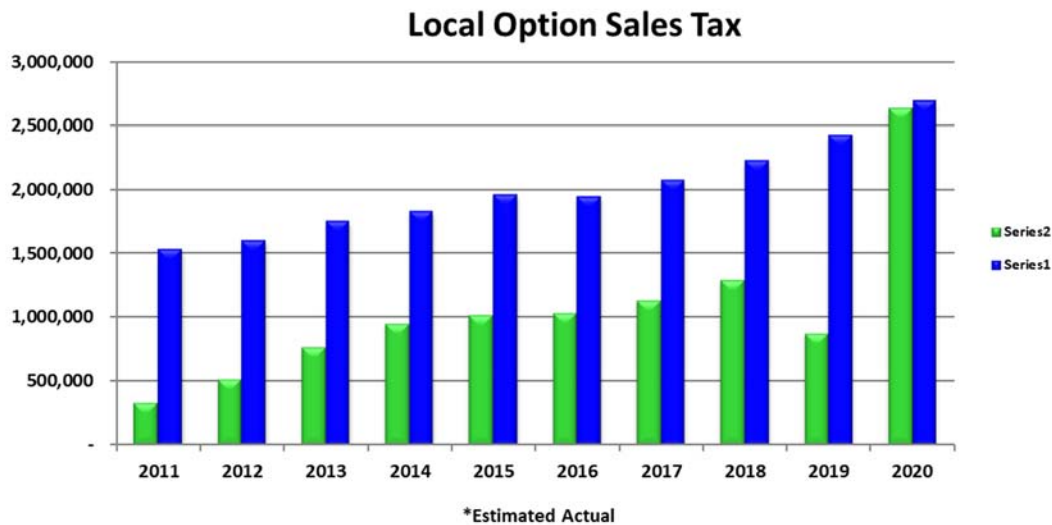


Note: Graph may not equal 100% due to rounding

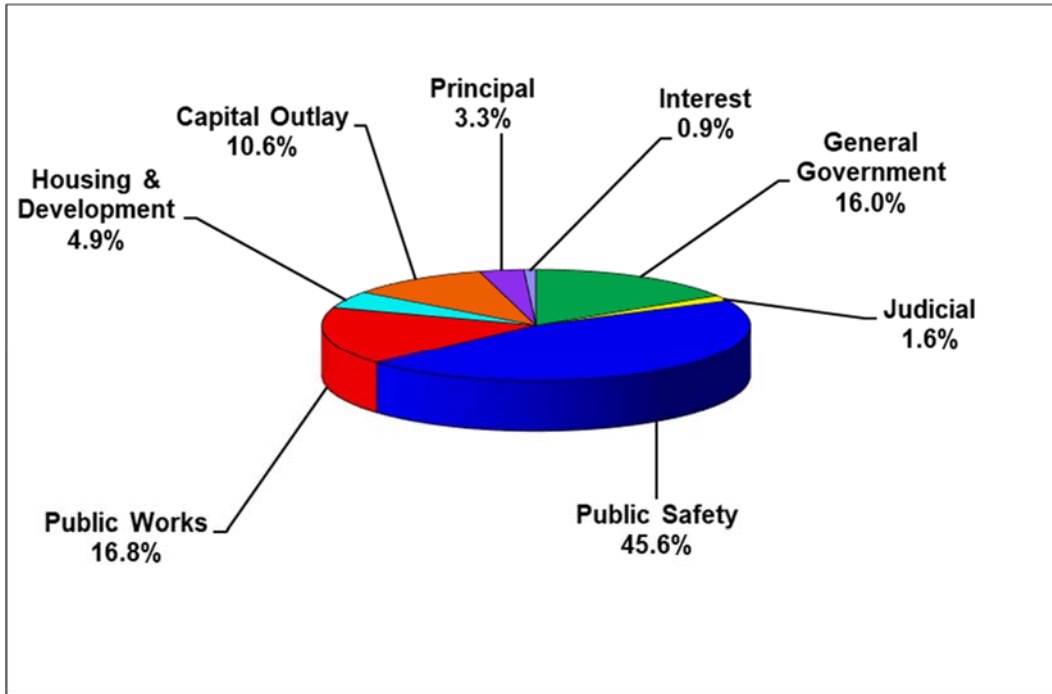
The City's governmental funds operating revenues (excluding indirect cost allocation) increased approximately \$1.9 million from the prior year. Tax collections increased by approximately \$290,000 or 4%. Intergovernmental revenue increased by approximately \$1.77 million or 166%. This large increase is primarily due to the increase in SPLOST revenue. Fiscal year 2020 was the first full year of 2018 SPLOST collections received by the City

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 2018 SPLOST revenue. Fiscal year 2020 was the first full year of 2018 SPLOST collections of approximately \$2.6 million.

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 \$18.5 million, a 7% increase over the prior year. The City recognized \$1.9 million for capital outlay expenditures and approximately \$791,000 in debt service expenditures. Operating expenditures of the City governmental funds were \$15.8 million, a 6% 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 decreased by approximately \$540,000. The decrease is primarily attributable to the decrease in sales in the gas fund. Total proprietary funds operating expenses decreased by approximately \$33,802 or 1.2% in FY 2020.

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, 2020, the City has invested \$129 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		Business-Type		Totals	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Land	\$ 3,206	\$ 2,931	\$ 6,750	\$ 6,720	\$ 9,956	\$ 9,651
Buildings & Improvements	7,154	2,703	9,849	10,161	17,003	12,864
Plant & System	-	-	76,391	70,774	76,391	70,774
Infrastructure	13,499	11,702	-	-	13,499	11,702
Furniture & Equipment	546	690	677	711	1,223	1,401
Vehicles	1,047	1,036	726	307	1,773	1,343
Intangibles	24	10	-	-	24	10
Work In Progress	1,878	3,223	6,824	5,390	8,702	8,613
	<u>\$ 27,354</u>	<u>\$ 22,295</u>	<u>\$ 101,217</u>	<u>\$ 94,063</u>	<u>\$ 128,571</u>	<u>\$ 116,358</u>

The following table reconciles the change in capital assets.

Change In Capital Assets			
<i>(in thousands of dollars)</i>			
	Governmental	Business-	Totals
	Activities	Type	
	Activities	Activities	
Beginning Balance	\$ 22,295	\$ 94,063	\$ 116,358
Additions	12,059	17,768	29,827
Reductions	(5,832)	(6,698)	(12,530)
Depreciation	(1,168)	(3,916)	(5,084)
Ending Balance	<u>\$ 27,354</u>	<u>\$ 101,217</u>	<u>\$ 128,571</u>

Capital asset additions to governmental activities amounted to over \$12 million, which included the donation of the Winder Library building & land by Barrow County, finishing the Plaza at Jackson which included additional parking for downtown, finishing the new Charlie Eberhart Fire Station, purchasing a fire rescue truck, police vehicles, and other equipment, along with additions to new construction in progress. Depreciation decreased total capital assets by about \$1.2 million.

Business-type additions to capital assets amounted to almost \$18 million. The City's Water Fund, along with Barrow County, completed the Auburn Barrow Sewer Project. The Water Fund also finished the upgrade and relocation of water lines for Phase 1 of the Winder Bypass project, continues the relocation and upgrade of water and sewer lines for GDOT projects along Highway 316. The Water Fund purchased two standard trucks and two dump trucks. The Water Fund received a sewer vacuum truck which was purchased with 2012 SPLOST funds, as well as water lines donated by developers. The Gas Fund completed the upgrade and relocation of the infrastructure along the Winder Bypass Phase I & II. The Gas Fund also installed additional gas lines in the Georgia Club and upgraded the lines on North Broad Street. The Gas Fund continues the relocation and upgrade of gas lines for GDOT projects along Highway 316 and the construction of new infrastructure along the Winder Bypass and on Smith Mill Road. SPLOST funds were used to start the construction of the Jug Tavern Park upgrades which was donated to the

Special Facilities Fund. The Golf Fund purchased four new mowers. Depreciation decreased business-type capital assets by \$3.9 million.

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

Debt Outstanding

As of year-end, the City had \$30.3 million in debt outstanding compared to \$32.9 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	
	2020	2019
Governmental:		
Capital Leases	\$ 5,620	\$ 6,241
Compensated Absences	245	231
Sub-total	<u>5,865</u>	<u>6,472</u>
Business-type:		
Capital Leases	\$ 4,332	\$ 4,784
Notes	10,090	10,803
Water and Sewer Bonds	9,985	10,821
Compensated Absences	72	72
Sub-total	<u>24,479</u>	<u>26,480</u>
Total	<u>\$ 30,344</u>	<u>\$ 32,952</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 2021 budget was developed and adopted to reflect conservative revenue figures, and the following indicators were considered:

- The City's FY 2020-2021 operating budget decreased by \$696,700, or 1.6%, from the FY 2019-2020 operating budget; and increased by \$1,474,500, or 3.5%, over the FY 2018-2019 operating budget.
- The City will assess each single residential and standard commercial parcel in the City of Winder \$32 to fund the Winder Library. The City will also assess multifamily parcels \$32 per Equivalent Residential Unit. Barrow County will bill and collect this assessment on the property tax bills and will remit the funds back to the City less the collection fee charged by the Barrow County Tax Commissioner. As the funds are received from Tax Commissioner, the City will remit up to \$200,000 to the Winder Library. Amounts received in excess of \$200,000 will be used to maintain the Winder Library building located at 189 Bellview Street.
- The Winder Downtown Development Authority will be funded with \$8,000, which will be accounted for by the City of Winder.
- The Gas Fund is expected to have a 7% decrease primarily due to an expected decrease in billed volumes and a reduction in the cost of the natural gas to be sold compared to FY 2020.
- The Water Fund is estimated to increase by approximately 2% due to increases in expected infrastructure repairs and maintenance.
- The General Fund is expected to increase by approximately 1.7% due to the newly formed Economic Development Department and the increase in contributions to the Library, which is in direct relationship to the increase from the collections of the library assessment fee.
- The Hotel Motel Fund revenues are expected to decrease in FY 2021 due to the COVID pandemic, however, not as much in larger cities that depend on tourism. Because of the major construction projects that are underway, the hotels have been utilized by the many contractors in the area.
- The City of Winder assumes that all capital purchases will be acquired with proceeds from debt or revenues that exceed expenditures.
- In the FY 2020-2021 budget, the overall number of Full Time Equivalents (FTE's) decreased by .25.
- The City's total cost of personal services is 33% of the total operating budget. The FY 2021 budget reflects a 7% increase in insurance and a 3% possible merit raise for the employees after January 1, 2021. The merit raises will only be considered if the economic conditions allow for it.
- In the FY 2021 budget, there are several unfilled positions that are frozen and unfunded. These positions include two Administrative Assistant positions, a Police Captain position, a Customer Service Representative II position, and a part-time Customer Service Representative I position.

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

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BASIC FINANCIAL STATEMENTS

CITY OF WINDER, GEORGIA
STATEMENT OF NET POSITION
June 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Current assets				
Cash and cash equivalents	\$ 3,315,527	\$ 14,883,251	\$ 18,198,778	\$ 20,352
Investments	0	2,122,772	2,122,772	0
Restricted assets				
Cash and cash equivalents	1,279,984	1,002,606	2,282,590	0
Receivables (net)				
Accounts	21,207	2,995,983	3,017,190	0
Taxes	508,153	0	508,153	0
Intergovernmental	629,006	207,094	836,100	0
Prepaid items	6,167	80,390	86,557	0
Inventories	0	768,746	768,746	0
Internal balances	410,610	(410,610)	0	0
Total current assets	<u>6,170,654</u>	<u>21,650,232</u>	<u>27,820,886</u>	<u>20,352</u>
Noncurrent assets				
Capital assets				
Non-depreciable	5,084,100	13,574,014	18,658,114	0
Depreciable (net)	22,270,228	87,642,570	109,912,798	0
Total noncurrent assets	<u>27,354,328</u>	<u>101,216,584</u>	<u>128,570,912</u>	<u>0</u>
Total assets	<u>33,524,982</u>	<u>122,866,816</u>	<u>156,391,798</u>	<u>20,352</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	1,753,772	700,686	2,454,458	0
Deferred outflows related to other post employment benefits	268,771	125,117	393,888	0
Total deferred outflows of resources	<u>2,022,543</u>	<u>825,803</u>	<u>2,848,346</u>	<u>0</u>
LIABILITIES				
Current liabilities				
Payables				
Accounts	751,926	1,017,661	1,769,587	0
Retainages	309,005	176,703	485,708	0
Sales tax	0	14,450	14,450	0
Interest	13,254	0	13,254	0
Accrued salaries and payroll liabilities	295,231	124,511	419,742	0
Compensated absences	220,804	64,736	285,540	0
Unearned revenue	0	42,760	42,760	0
Due to others	40,359	0	40,359	0
Other current liabilities	27,196	3,583	30,779	0
Notes payable	0	358,519	358,519	0
Capital lease payable	593,729	463,043	1,056,772	0
Liabilities payable from restricted assets				
Customer deposits payable	0	421,468	421,468	0
Interest payable	0	40,540	40,540	0
Bonds payable	0	860,949	860,949	0
Total current liabilities	<u>2,251,504</u>	<u>3,588,923</u>	<u>5,840,427</u>	<u>0</u>

CITY OF WINDER, GEORGIA
STATEMENT OF NET POSITION
June 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
Noncurrent liabilities				
Compensated absences	\$ 24,534	\$ 7,192	\$ 31,726	\$ 0
Notes payable	0	9,731,467	9,731,467	0
Capital lease payable	5,026,214	3,869,325	8,895,539	0
Bonds payable	0	9,124,234	9,124,234	0
Net OPEB liability	321,273	149,559	470,832	0
Net pension liability	4,553,667	1,547,991	6,101,658	0
	<hr/>	<hr/>	<hr/>	<hr/>
Total noncurrent liabilities	9,925,688	24,429,768	34,355,456	0
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	12,177,192	28,018,691	40,195,883	0
	<hr/>	<hr/>	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	1,136,962	350,978	1,487,940	0
Deferred inflows related to other post employment benefits	179,364	83,497	262,861	0
	<hr/>	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	1,316,326	434,475	1,750,801	0
	<hr/>	<hr/>	<hr/>	<hr/>
NET POSITION				
Net investment in capital assets	22,172,200	76,310,545	98,482,745	0
Restricted for:				
Public Safety	78,788	0	78,788	0
Culture and Recreation	18,254	0	18,254	0
Capital projects	1,250,318	0	1,250,318	0
Debt service	0	540,598	540,598	0
Unrestricted	(1,465,553)	18,388,310	16,922,757	20,352
	<hr/>	<hr/>	<hr/>	<hr/>
Total net position	<u>\$ 22,054,007</u>	<u>\$ 95,239,453</u>	<u>\$ 117,293,460</u>	<u>\$ 20,352</u>

CITY OF WINDER, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2020

	Program Revenues					Net (Expense) Revenue
	Expenses	Indirect Costs	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
FUNCTIONS/PROGRAMS						
Primary government						
Governmental activities						
General Government	\$ 3,037,542	\$ (1,817,358)	\$ 161,278	\$ 0	\$ 0	\$ (1,058,906)
Judicial	276,444	0	0	0	0	(276,444)
Public Safety	7,813,345	0	500,252	21,698	0	(7,291,395)
Public Works	3,307,086	0	39,353	0	2,950,660	(317,073)
Culture and Recreation	9,169	0	3,370	135	1,254,793	1,249,129
Housing and Development	867,257	0	173,076	0	0	(694,181)
Interest on long-term debt	169,402	0	0	0	0	(169,402)
Total governmental activities	<u>15,480,245</u>	<u>(1,817,358)</u>	<u>877,329</u>	<u>21,833</u>	<u>4,205,453</u>	<u>(8,558,272)</u>
Business-type activities						
Water and Sewer	12,319,031	1,093,918	19,092,297	0	3,114,187	8,793,535
Gas	5,153,672	471,902	8,699,734	0	0	3,074,160
Solid Waste Management	784,135	71,137	1,326,615	0	0	471,343
Environmental Protection	454,883	40,808	530,497	0	0	34,806
Special Facilities	362,638	32,888	67,093	0	0	(328,433)
Golf	979,602	89,958	920,627	0	0	(148,933)
Total business-type activities	<u>20,053,961</u>	<u>1,800,611</u>	<u>30,636,863</u>	<u>0</u>	<u>3,114,187</u>	<u>11,896,478</u>
Total primary government	<u>35,534,206</u>	<u>(16,747)</u>	<u>31,514,192</u>	<u>21,833</u>	<u>7,319,640</u>	<u>3,338,206</u>
Component Unit						
Downtown Development Authority						
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
			Governmental Activities	Business-Type Activities	Total	Component Unit
Change in net position						
Net (expense) revenue			<u>\$ (8,558,272)</u>	<u>\$ 11,896,478</u>	<u>\$ 3,338,206</u>	<u>\$ 0</u>
General revenues						
Taxes						
Fire district			1,349,168	0	1,349,168	0
Motor vehicle			325,119	0	325,119	0
Street light assessment			351,051	0	351,051	0
Library assessment			245,676	0	245,676	0
Sales			2,797,384	0	2,797,384	0
Franchise			917,870	0	917,870	0
Occupational			231,562	0	231,562	0
Insurance premium			1,094,742	0	1,094,742	0
Alcoholic beverage			418,695	0	418,695	0
Hotel/Motel			220,384	0	220,384	0
Other			267,719	0	267,719	20,000
Interest			113,037	102,455	215,492	0
Net increase (decrease) in the fair value of investments			0	46,026	46,026	0
Gain on sale of capital assets			3,805	0	3,805	0
Miscellaneous			212,786	0	212,786	0
Transfers			1,770,068	(1,770,068)	0	0
Total general revenues and transfers			<u>10,319,066</u>	<u>(1,621,587)</u>	<u>8,697,479</u>	<u>20,000</u>
Change in net position			1,760,794	10,274,891	12,035,685	20,000
Net position - beginning			<u>20,293,213</u>	<u>84,964,562</u>	<u>105,257,775</u>	<u>352</u>
Net position - ending			<u>\$ 22,054,007</u>	<u>\$ 95,239,453</u>	<u>\$ 117,293,460</u>	<u>\$ 20,352</u>

CITY OF WINDER, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	General	SPLOST 2018	Nonmajor Governmental Funds	Totals
ASSETS				
Cash and cash equivalents	\$ 1,011,365	270	\$ 1,697,888	\$ 2,709,523
Restricted cash and cash equivalents	0	1,279,984	0	1,279,984
Receivables (net)				
Accounts	21,207	0	0	21,207
Taxes	489,971	0	18,182	508,153
Intergovernmental	43,166	585,840	0	629,006
Advances to other funds	1,136,153	0	0	1,136,153
Total assets	\$ 2,701,862	\$ 1,866,094	\$ 1,716,070	\$ 6,284,026
LIABILITIES				
Accounts payable	\$ 227,892	481,488	\$ 31,050	\$ 740,430
Retainage payable	0	309,005	0	309,005
Accrued salaries and payroll liabilities	295,231	0	0	295,231
Due to others	0	0	40,359	40,359
Other liabilities	27,196	0	0	27,196
Total liabilities	550,319	790,493	71,409	1,412,221
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	177,516	100,437	0	277,953
FUND BALANCES				
Nonspendable:				
Advances to other funds	1,136,153	0	0	1,136,153
Restricted	15,281	975,164	1,636,899	2,627,344
Assigned	0	0	7,762	7,762
Unassigned	822,593	0	0	822,593
Total fund balances	1,974,027	975,164	1,644,661	4,593,852
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,701,862	\$ 1,866,094	\$ 1,716,070	\$ 6,284,026

CITY OF WINDER, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
June 30, 2020

Total fund balance - total governmental funds	\$	4,593,852
Some assets are not financial resources and, therefore, are not reported in the funds.		
These are:		
Capital assets, net of accumulated depreciation		27,354,328
Long-term assets (receivables) are not available to pay current period expenditures and; therefore, are unavailable in the funds.		
		277,953
Long-term liabilities are not due and payable in the current period and are not reported in the funds.		
These are:		
Compensated absences	\$ (245,338)	
Interest payable	(13,254)	
Capital leases payable	(5,619,943)	
Net pension liability	(4,553,667)	
Net OPEB liability	<u>(321,273)</u>	(10,753,475)
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	\$ 1,753,772	
Deferred outflows related to other post employment benefits	268,771	
Deferred inflows of resources:		
Deferred inflows related to pensions	(1,136,962)	
Deferred inflows related to other post employment benefits	<u>(179,364)</u>	706,217
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	\$ 8,499,606	
Less capital assets included above	<u>(8,624,474)</u>	<u>(124,868)</u>
Net position of governmental activities		<u><u>\$ 22,054,007</u></u>

CITY OF WINDER, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2020

	General	SPLOST 2018	Nonmajor Governmental Funds	Totals
REVENUES				
Taxes	\$ 7,908,568	\$ 0	\$ 220,384	\$ 8,128,952
Licenses and permits	298,680	0	0	298,680
Fines, fees and forfeitures	444,154	0	45,088	489,242
Charges for services	2,916,027	0	3,371	2,919,398
Intergovernmental	0	2,629,005	216,357	2,845,362
Interest	113,037	3,165	1,696	117,898
Contributions	21,698	0	135	21,833
Other	212,786	0	0	212,786
Total revenues	11,914,950	2,632,170	487,031	15,034,151
EXPENDITURES				
Current				
General Government	2,971,501	0	0	2,971,501
Judicial	304,020	0	0	304,020
Public Safety	8,386,661	0	58,543	8,445,204
Public Works	3,114,670	0	0	3,114,670
Culture and Recreation	0	0	15,229	15,229
Housing and Development	845,705	0	64,895	910,600
Capital outlay	0	1,837,233	130,833	1,968,066
Debt service	56,252	734,329	0	790,581
Total expenditures	15,678,809	2,571,562	269,500	18,519,871
Excess (deficiency) of revenues over (under) expenditures	(3,763,859)	60,608	217,531	(3,485,720)
Other financing sources (uses)				
Transfers in	4,562,793	609,366	188,224	5,360,383
Transfers out	(1,402,590)	(4,185,747)	(547,441)	(6,135,778)
Sale of capital assets	3,805	0	0	3,805
Total other financing sources (uses)	3,164,008	(3,576,381)	(359,217)	(771,590)
Net change in fund balance	(599,851)	(3,515,773)	(141,686)	(4,257,310)
Fund balances, July 1	2,573,878	4,490,937	1,786,347	8,851,162
Fund balances, June 30	\$ 1,974,027	\$ 975,164	\$ 1,644,661	\$ 4,593,852

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, 2020

Net change in fund balances - total governmental funds \$ (4,257,310)

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	\$ 5,018,863	
Depreciation	<u>(1,168,350)</u>	3,850,513

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	\$ (128,751)	
Related accumulated depreciation	<u>54,773</u>	(73,978)

Contributions of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources

Individual contributors		1,269,793
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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.

190,855

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	\$ 818,468	
Cost of benefits earned net of employee contributions	<u>(737,787)</u>	80,681

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	\$ 85,531	
Cost of benefits earned net of employee contributions	<u>(43,494)</u>	42,037

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	\$ 1,027	
Debt repayments	<u>620,152</u>	621,179

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		(14,422)
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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	\$ 3,800,256	
Subtract capital contribution included above	(1,254,793)	
Subtract capital outlay included above	(2,577,277)	
Add depreciation expense included above	<u>83,260</u>	<u>51,446</u>

Change in net position for the governmental activities		<u>\$ 1,760,794</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, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes				
Motor vehicle	\$ 460,800	\$ 460,800	\$ 325,119	\$ (135,681)
Intangible	140,000	140,000	209,183	69,183
Franchise	889,400	889,400	917,870	28,470
Local option	2,300,000	2,300,000	2,694,601	394,601
Fire district	1,299,900	1,299,900	1,365,750	65,850
Street lighting assessment	326,500	326,500	349,578	23,078
Library assessment	200,000	200,000	242,932	42,932
Excise	453,400	453,400	477,230	23,830
Occupational	240,000	240,000	231,562	(8,438)
Insurance premium	1,030,000	1,030,000	1,094,743	64,743
Total taxes	<u>7,340,000</u>	<u>7,340,000</u>	<u>7,908,568</u>	<u>568,568</u>
Licenses and permits				
Alcohol licenses	100,000	100,000	107,884	7,884
Building permits	181,000	181,000	173,076	(7,924)
Other permits	16,600	16,600	17,720	1,120
Total licenses and permits	<u>297,600</u>	<u>297,600</u>	<u>298,680</u>	<u>1,080</u>
Fines, fees and forfeitures	<u>620,800</u>	<u>620,800</u>	<u>444,154</u>	<u>(176,646)</u>
Charges for services				
Indirect cost allocation	3,718,900	3,718,900	2,849,711	(869,189)
Other	72,400	72,400	66,316	(6,084)
Total charges for services	<u>3,791,300</u>	<u>3,791,300</u>	<u>2,916,027</u>	<u>(875,273)</u>
Interest	<u>200,000</u>	<u>200,000</u>	<u>113,037</u>	<u>(86,963)</u>
Contributions	<u>0</u>	<u>0</u>	<u>21,698</u>	<u>21,698</u>
Other				
Rents	92,400	92,400	91,481	(919)
Other	0	0	121,305	121,305
Total other	<u>92,400</u>	<u>92,400</u>	<u>212,786</u>	<u>120,386</u>
Total revenues	<u>12,342,100</u>	<u>12,342,100</u>	<u>11,914,950</u>	<u>(427,150)</u>
EXPENDITURES				
Current				
General Government				
Legislative	630,200	630,200	584,663	45,537
General Administration	1,181,800	1,173,600	904,596	269,004
Finance	761,700	761,700	642,995	118,705
Information Technology	762,300	762,300	640,367	121,933
Human Resources	220,400	220,400	183,491	36,909
General Administrative Fees	13,800	15,400	15,389	11
Total General Government	<u>3,570,200</u>	<u>3,563,600</u>	<u>2,971,501</u>	<u>592,099</u>
Judicial				
Municipal Court	238,900	238,900	194,185	44,715
Probation	103,700	109,900	109,835	65
Total Judicial	<u>342,600</u>	<u>348,800</u>	<u>304,020</u>	<u>44,780</u>
Public Safety				
Police	5,408,400	5,402,200	4,507,324	894,876
Fire	3,915,300	3,915,300	3,879,337	35,963
Total Public Safety	<u>9,323,700</u>	<u>9,317,500</u>	<u>8,386,661</u>	<u>930,839</u>
Public Works	<u>3,108,100</u>	<u>3,114,700</u>	<u>3,114,670</u>	<u>30</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, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
Housing and Development				
Planning and Zoning	\$ 586,100	\$ 558,314	\$ 452,644	\$ 105,670
Code Enforcement	218,200	218,200	169,645	48,555
GIS	220,100	220,100	195,633	24,467
Economic Development	0	27,786	27,783	3
Total Housing and Development	<u>1,024,400</u>	<u>1,024,400</u>	<u>845,705</u>	<u>178,695</u>
Debt Service				
Principal	50,000	50,000	49,571	429
Interest	7,000	7,000	6,681	319
Total Debt Service	<u>57,000</u>	<u>57,000</u>	<u>56,252</u>	<u>748</u>
Total expenditures	<u>17,426,000</u>	<u>17,426,000</u>	<u>15,678,809</u>	<u>1,747,191</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,083,900)</u>	<u>(5,083,900)</u>	<u>(3,763,859)</u>	<u>1,320,041</u>
Other financing sources (uses)				
Transfers in (out)				
Transfers in	5,683,100	4,591,593	4,562,793	(28,800)
Transfers out	(997,800)	(1,402,591)	(1,402,590)	1
Proceeds from issuance of long term debt	398,600	398,600	0	(398,600)
Sale of capital assets	0	0	3,805	3,805
Total other financing sources (uses)	<u>5,083,900</u>	<u>3,587,602</u>	<u>3,164,008</u>	<u>(423,594)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(1,496,298)	(599,851)	896,447
Fund balances, July 1	<u>0</u>	<u>1,496,298</u>	<u>2,573,878</u>	<u>1,077,580</u>
Fund balances, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 1,974,027</u></u>	<u><u>\$ 1,974,027</u></u>

CITY OF WINDER, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2020

	Business-Type Activities			Totals	Nonmajor Internal Service Funds
	Water and Sewer	Gas	Nonmajor Enterprise Funds		
ASSETS					
Current assets					
Cash and cash equivalents	\$ 14,137,469	\$ 692	\$ 606,137	\$ 14,744,298	\$ 744,957
Investments	2,122,772	0	0	2,122,772	0
Restricted assets					
Cash and cash equivalents	863,576	139,030	0	1,002,606	0
Accounts receivable (net)	2,228,891	525,701	241,391	2,995,983	0
Intergovernmental receivable	0	207,094	0	207,094	0
Inventories	429,555	299,684	39,507	768,746	0
Prepaid items	64,794	7,196	0	71,990	14,567
Total current assets	<u>19,847,057</u>	<u>1,179,397</u>	<u>887,035</u>	<u>21,913,489</u>	<u>759,524</u>
Noncurrent assets					
Advances to other funds	460,000	0	0	460,000	0
Capital assets					
Non-depreciable	6,756,850	3,366,178	3,450,986	13,574,014	1,977,189
Depreciable (net)	77,927,393	4,001,676	5,708,134	87,637,203	6,652,652
Total noncurrent assets	<u>85,144,243</u>	<u>7,367,854</u>	<u>9,159,120</u>	<u>101,671,217</u>	<u>8,629,841</u>
Total assets	<u>104,991,300</u>	<u>8,547,251</u>	<u>10,046,155</u>	<u>123,584,706</u>	<u>9,389,365</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	455,559	188,460	19,104	663,123	37,563
Deferred outflows related to other post employment benefits	59,083	25,487	19,694	104,264	20,853
Total deferred outflows of resources	<u>514,642</u>	<u>213,947</u>	<u>38,798</u>	<u>767,387</u>	<u>58,416</u>
LIABILITIES					
Current liabilities					
Payables					
Accounts	368,069	464,144	150,605	982,818	46,339
Retainages	0	176,703	0	176,703	0
Sales tax	0	14,450	0	14,450	0
Accrued salaries	50,786	24,129	32,266	107,181	17,330
Compensated absences	26,309	17,487	13,206	57,002	7,734
Unearned revenue	0	0	42,760	42,760	0
Other current liabilities	0	3,583	0	3,583	0
Advances from other funds	0	0	156,870	156,870	22,887
Capital leases payable	463,043	0	0	463,043	0
Notes payable	358,519	0	0	358,519	0
Liabilities payable from restricted assets:					
Interest	40,540	0	0	40,540	0
Customer deposits payable	282,438	139,030	0	421,468	0
Bonds payable	860,949	0	0	860,949	0
Total current liabilities	<u>2,450,653</u>	<u>839,526</u>	<u>395,707</u>	<u>3,685,886</u>	<u>94,290</u>

CITY OF WINDER, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2020

	Business-Type Activities			Totals	Nonmajor Internal Service Funds
	Water and Sewer	Gas	Nonmajor Enterprise Funds		
Noncurrent liabilities					
Net pension liability	\$ 956,130	\$ 455,184	\$ 45,762	\$ 1,457,076	\$ 90,915
Net OPEB liability	70,625	30,466	23,542	124,633	24,926
Compensated absences	2,923	1,943	1,467	6,333	859
Advances from other funds	0	0	713,740	713,740	702,656
Capital leases payable	3,869,325	0	0	3,869,325	0
Notes payable	9,731,467	0	0	9,731,467	0
Bonds payable	9,124,234	0	0	9,124,234	0
Total noncurrent liabilities	<u>23,754,704</u>	<u>487,593</u>	<u>784,511</u>	<u>25,026,808</u>	<u>819,356</u>
Total liabilities	<u>26,205,357</u>	<u>1,327,119</u>	<u>1,180,218</u>	<u>28,712,694</u>	<u>913,646</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	216,785	103,204	10,376	330,365	20,613
Deferred inflows related to other post employment benefits	39,429	17,009	13,143	69,581	13,916
Total deferred inflows of resources	<u>256,214</u>	<u>120,213</u>	<u>23,519</u>	<u>399,946</u>	<u>34,529</u>
NET POSITION					
Net investment in capital assets	60,192,407	6,998,651	9,114,120	76,305,178	8,616,389
Restricted for debt service	540,598	0	0	540,598	0
Unrestricted	18,311,366	315,215	(232,904)	18,393,677	(116,783)
Total net position	<u>\$ 79,044,371</u>	<u>\$ 7,313,866</u>	<u>\$ 8,881,216</u>	<u>\$ 95,239,453</u>	<u>\$ 8,499,606</u>

CITY OF WINDER, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2020

	Business-Type Activities			Totals	Nonmajor Internal Service Funds
	Water and Sewer	Gas	Nonmajor Enterprise Funds		
OPERATING REVENUES					
Charges for sales and services	\$ 19,025,053	\$ 8,699,666	\$ 2,843,532	\$ 30,568,251	\$ 1,524,805
Other	67,244	68	1,300	68,612	0
Total operating revenues	19,092,297	8,699,734	2,844,832	30,636,863	1,524,805
OPERATING EXPENSES					
Costs of sales and services	7,887,519	4,751,649	1,791,263	14,430,431	896,091
Personal services	1,473,220	682,307	742,416	2,897,943	540,854
Depreciation	3,437,836	191,618	282,370	3,911,824	87,860
Total operating expenses	12,798,575	5,625,574	2,816,049	21,240,198	1,524,805
Operating income (loss)	6,293,722	3,074,160	28,783	9,396,665	0
Non-operating revenues (expenses)					
Interest revenue	102,419	36	0	102,455	0
Interest expense	(613,557)	0	0	(613,557)	0
Net increase (decrease) in the fair value of investments	46,026	0	0	46,026	0
Gain (loss) on the sale of capital assets	(817)	0	0	(817)	0
Total non-operating revenues (expenses)	(465,929)	36	0	(465,893)	0
Net income (loss) before capital contributions and transfers	5,827,793	3,074,196	28,783	8,930,772	0
Capital contributions	3,114,187	0	0	3,114,187	1,254,793
Net income (loss) before transfers	8,941,980	3,074,196	28,783	12,044,959	1,254,793
Transfers in (out)					
Transfers in	392,452	60,000	2,247,480	2,699,932	2,545,463
Transfers out	(4,000,000)	0	(470,000)	(4,470,000)	0
Total transfers in (out)	(3,607,548)	60,000	1,777,480	(1,770,068)	2,545,463
Change in net position	5,334,432	3,134,196	1,806,263	10,274,891	3,800,256
Net position, July 1	73,709,939	4,179,670	7,074,953	84,964,562	4,699,350
Net position, June 30	\$ 79,044,371	\$ 7,313,866	\$ 8,881,216	\$ 95,239,453	\$ 8,499,606

CITY OF WINDER, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2020

	Business-Type Activities			Totals	Nonmajor Internal Service Funds
	Water and Sewer	Gas	Nonmajor Enterprise Funds		
Cash flows from operating activities:					
Receipts from customers	\$ 18,892,330	\$ 8,491,648	\$ 2,802,298	\$ 30,186,276	\$ 0
Receipts from interfund services provided	0	0	0	0	1,524,805
Payments to suppliers	(7,885,583)	(4,779,623)	(1,798,504)	(14,463,710)	(907,542)
Payments to employees	(1,453,975)	(686,044)	(736,516)	(2,876,535)	(545,538)
Other receipts	67,244	68	1,300	68,612	0
Net cash provided (used) by operating activities	<u>9,620,016</u>	<u>3,026,049</u>	<u>268,578</u>	<u>12,914,643</u>	<u>71,725</u>
Cash flows from non-capital financing activities:					
Receipts from other funds	412,452	60,000	2,247,480	2,719,932	0
Payments to other funds	(4,000,000)	0	(626,871)	(4,626,871)	(22,886)
Net cash provided (used) by non-capital financing activities	<u>(3,587,548)</u>	<u>60,000</u>	<u>1,620,609</u>	<u>(1,906,939)</u>	<u>(22,886)</u>
Cash flows from capital and related financing activities:					
Proceeds from the sales of capital assets	2,781	0	0	2,781	0
Receipts from other funds	0	0	0	0	2,545,463
Payment of capital related accounts payable	(890,083)	(291,481)	0	(1,181,564)	0
Acquisition of capital assets	(1,801,104)	(3,617,920)	(2,041,507)	(7,460,531)	(2,577,277)
Interest paid	(691,887)	0	0	(691,887)	0
Principal payments - bonds	(760,000)	0	0	(760,000)	0
Principal payments - capital lease payable	(451,721)	0	0	(451,721)	0
Principal payments - notes payable	(712,694)	0	0	(712,694)	0
Net cash provided (used) by capital and related financing activities	<u>(5,304,708)</u>	<u>(3,909,401)</u>	<u>(2,041,507)</u>	<u>(11,255,616)</u>	<u>(31,814)</u>
Cash flows from investing activities:					
Interest received	102,419	36	0	102,455	0
Purchases of investments	(26,063)	0	0	(26,063)	0
Net cash provided (used) by investing activities	<u>76,356</u>	<u>36</u>	<u>0</u>	<u>76,392</u>	<u>0</u>
Net increase (decrease) in cash and cash equivalents	804,116	(823,316)	(152,320)	(171,520)	17,025
Cash and cash equivalents, July 1	<u>14,196,929</u>	<u>963,038</u>	<u>758,457</u>	<u>15,918,424</u>	<u>727,932</u>
Cash and cash equivalents, June 30	<u>\$ 15,001,045</u>	<u>\$ 139,722</u>	<u>\$ 606,137</u>	<u>\$ 15,746,904</u>	<u>\$ 744,957</u>

CITY OF WINDER, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2020

	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)	\$ 6,293,722	\$ 3,074,160	\$ 28,783	\$ 9,396,665	\$ 0
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	3,437,836	191,618	282,370	3,911,824	87,860
(Increase) decrease in accounts receivable	(121,300)	3,523	(33,025)	(150,802)	0
(Increase) decrease in intergovernmental receivable	0	(207,094)	0	(207,094)	0
(Increase) decrease in prepaids items	4,560	736	0	5,296	(6,167)
(Increase) decrease in inventories	9,014	(3,119)	(140)	5,755	0
(Increase) decrease in deferred outflows of resources	(338,374)	(123,185)	(26,088)	(487,647)	(33,929)
Increase (decrease) in accounts payable	(11,638)	(26,915)	(7,101)	(45,654)	(5,284)
Increase (decrease) in other unearned revenue	0	0	(8,209)	(8,209)	0
Increase (decrease) in accrued salaries	14,381	4,248	753	19,382	(281)
Increase (decrease) in sales tax payable	0	1,324	0	1,324	0
Increase (decrease) in other current liabilities	0	3,583	0	3,583	0
Increase (decrease) in net pension liability	224,082	69,896	7,233	301,211	13,857
Increase (decrease) in net OPEB liability	(1,830)	(1,414)	9,051	5,807	(1,158)
Increase (decrease) in deferred inflows of resources	118,436	48,550	14,813	181,799	17,513
Increase (decrease) in compensated absences	2,550	(1,832)	138	856	(686)
Increase (decrease) in customer deposits payable	(11,423)	(8,030)	0	(19,453)	0
Total adjustments	3,326,294	(48,111)	239,795	3,517,978	71,725
Net cash provided (used) by operating activities	\$ 9,620,016	\$ 3,026,049	\$ 268,578	\$ 12,914,643	\$ 71,725
Cash reconciliation:					
Cash and cash equivalents	\$ 14,137,469	\$ 692	\$ 606,137	\$ 14,744,298	\$ 744,957
Restricted assets					
Cash and cash equivalents	863,576	139,030	0	1,002,606	0
Total cash and cash equivalents	\$ 15,001,045	\$ 139,722	\$ 606,137	\$ 15,746,904	\$ 744,957

Noncash investing, capital, and financing activities:

The net increase (decrease) in the fair value of investments totaled \$46,026.
Acquisition of capital assets through accounts payable totaled \$335,249.
Acquisition of capital assets through retainage payable totaled \$176,703.
Contributions of capital assets from individuals totaled \$3,114,187.

CITY OF WINDER, GEORGIA
MUNICIPAL COURT CUSTODIAL FUND
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2020

ASSETS

Cash and cash equivalents	\$ 58,576
Accounts receivable (net)	<u>276,643</u>
 Total assets	 <u>335,219</u>

LIABILITIES

Accounts payable	<u>58,576</u>
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NET POSITION

Restricted for judicial	<u><u>\$ 276,643</u></u>
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CITY OF WINDER, GEORGIA
MUNICIPAL COURT CUSTODIAL FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the fiscal year ended June 30, 2020

ADDITIONS

Fines and forfeitures collected for other governments \$ 263,144

DEDUCTIONS

Distributions of fines and forfeitures to other governments 259,196

Change in net position 3,948

Net position, July 1 272,695

Net position, June 30 \$ 276,643

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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, 2020

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, 2020

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.

SPLOST 2018 Fund – This fund is used to account for long-term projects financed by the passage of the 2018 special purpose local option sales tax.

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:

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements, continued

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).

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

Custodial Funds – Custodial Funds are fiduciary in nature and do not have a measurement focus. Custodial Funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that are collected and disbursed by the City of behalf of parties outside the government. The City has a custodial fund to account for the activity of the Municipal Court.

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.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements, continued

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.

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.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

2. Summary of Significant Accounting Policies (continued)

E. Measurement Focus and Basis of Accounting, continued

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.

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.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

2. Summary of Significant Accounting Policies (continued)

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.

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.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

2. Summary of Significant Accounting Policies (continued)

G. Budgets and Budgetary Accounting, continued

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.

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.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

2. Summary of Significant Accounting Policies (continued)

I. Taxes Receivable

Taxes receivable represents local option sales taxes, fire taxes, street lighting assessment taxes, library assessment taxes, and hotel/motel taxes. The fire tax is the only property tax that the City levies on 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.

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.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

2. Summary of Significant Accounting Policies (continued)

M. Capital Assets, continued

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.

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

	Useful Life	Capitalization
	in Years	Threshold
Buildings	10 to 40	\$25,000
Infrastructure	5 to 60	\$25,000
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	\$1

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.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

2. Summary of Significant Accounting Policies (continued)

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.

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.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

2. Summary of Significant Accounting Policies (continued)

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.

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.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

2. Summary of Significant Accounting Policies (continued)

R. Fund Balances – Governmental Funds, continued

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.

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.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

2. Summary of Significant Accounting Policies (continued)

S. Long-Term Obligations

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

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

T. Compensation for Future Absences

It is the City's policy to 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.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

2. Summary of Significant Accounting Policies (continued)

V. Pension Plans

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

W. Use of Estimates

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

X. Interfund Activity

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

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.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

3. Deposit and Investment Risk

Custodial Credit Risk - Deposits

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

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

Foreign Currency Risk

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

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

3. Deposit and Investment Risk (continued)

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

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

Georgia Fund 1 is rated AAf by Standard & Poor's. The weighted average maturity at the end of the current fiscal year was 38 days. At the end of the current fiscal year, the City's balance in Georgia Fund 1 was \$5,551,121.

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 the City's investments are valued using level 1 inputs.

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 2020, based upon the assessments of January 1, 2019, were levied June 4, 2019, billed on September 15, 2019, and due on November 15, 2019. Taxes are billed and collected by Barrow County and remitted to the City to help fund fire services.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

5. Accounts Receivable

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

Major Funds		
General	\$ 21,903	
Less: Allowance for Uncollectible	<u>(696)</u>	\$ 21,207
Water & Sewer	2,228,891	
Gas	<u>525,701</u>	2,754,592
Nonmajor Funds		
Solid Waste Management	169,327	
Environmental Protection	55,335	
Special Facilities	13,129	
Golf	<u>3,600</u>	<u>241,391</u>
Total primary government		<u>\$ 3,017,190</u>
Municipal Court Custodial Fund		<u>\$ 276,643</u>

6. Intergovernmental Receivables

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

Major Funds		
General	\$ 43,166	
SPLOST 2018	585,840	
Gas	<u>207,094</u>	
Total primary government		<u>\$ 836,100</u>

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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	\$ 410,610
	Internal Service	725,543
Water and Sewer	Nonmajor Enterprise	<u>460,000</u>
Subtotal		<u><u>\$ 1,596,153</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 \$410,610.

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 \$725,543.

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 \$460,000.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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	SPLOST 2018	\$ 609,366
	Gas	60,000
	Nonmajor Governmental	188,224
	Nonmajor Enterprise	545,000
SPLOST 2018	Nonmajor Enterprise	1,640,284
	Internal Service	2,545,463
Water and Sewer	General	4,000,000
Nonmajor Governmental	General	92,793
	Water and Sewer	392,452
	Nonmajor Enterprise	62,196
Nonmajor Enterprise	General	470,000
		<u>\$ 10,605,778</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, 2020

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	\$ 2,930,634	\$ 275,800	\$ 0	\$ 3,206,434
Construction in progress	3,222,655	4,412,088	(5,757,077)	1,877,666
Total non-depreciable assets	<u>6,153,289</u>	<u>4,687,888</u>	<u>(5,757,077)</u>	<u>5,084,100</u>
Depreciable assets				
Buildings	4,094,552	4,573,512	0	8,668,064
Intangibles	10,920	16,381	0	27,301
Vehicles	5,323,973	411,176	(128,751)	5,606,398
Furniture and equipment	4,039,199	98,307	0	4,137,506
Infrastructure	33,847,944	2,271,921	0	36,119,865
Total depreciable assets	<u>47,316,588</u>	<u>7,371,297</u>	<u>(128,751)</u>	<u>54,559,134</u>
Accumulated depreciation				
Buildings	(1,392,033)	(122,227)	0	(1,514,260)
Intangibles	(364)	(2,518)	0	(2,882)
Vehicles	(4,287,907)	(326,269)	54,773	(4,559,403)
Furniture and equipment	(3,349,387)	(242,248)	0	(3,591,635)
Infrastructure	(22,145,638)	(475,088)	0	(22,620,726)
Total accumulated depreciation	<u>(31,175,329)</u>	<u>(1,168,350)</u>	<u>54,773</u>	<u>(32,288,906)</u>
Total depreciable assets, net	<u>16,141,259</u>	<u>6,202,947</u>	<u>(73,978)</u>	<u>22,270,228</u>
Governmental activities capital assets, net	<u>\$ 22,294,548</u>	<u>\$ 10,890,835</u>	<u>\$ (5,831,055)</u>	<u>\$ 27,354,328</u>
Business-type activities				
Non-depreciable assets				
Land	\$ 6,719,739	\$ 30,000	\$ 0	\$ 6,749,739
Construction in progress	5,389,900	8,128,584	(6,694,209)	6,824,275
Total non-depreciable assets	<u>12,109,639</u>	<u>8,158,584</u>	<u>(6,694,209)</u>	<u>13,574,014</u>
Depreciable assets				
Buildings	12,387,177	17,255	0	12,404,432
Vehicles	1,369,229	553,936	(56,150)	1,867,015
Distribution system	129,105,071	8,913,920	0	138,018,991
Furniture and equipment	2,903,368	123,732	0	3,027,100
Total depreciable assets	<u>145,764,845</u>	<u>9,608,843</u>	<u>(56,150)</u>	<u>155,317,538</u>
Accumulated depreciation				
Buildings	(2,226,243)	(328,670)	0	(2,554,913)
Vehicles	(1,062,054)	(132,168)	52,552	(1,141,670)
Distribution system	(58,330,771)	(3,297,807)	0	(61,628,578)
Furniture and equipment	(2,192,028)	(157,779)	0	(2,349,807)
Total accumulated depreciation	<u>(63,811,096)</u>	<u>(3,916,424)</u>	<u>52,552</u>	<u>(67,674,968)</u>
Total depreciable assets, net	<u>81,953,749</u>	<u>5,692,419</u>	<u>(3,598)</u>	<u>87,642,570</u>
Business-type activities capital assets, net	<u>\$ 94,063,388</u>	<u>\$ 13,851,003</u>	<u>\$ (6,697,807)</u>	<u>\$ 101,216,584</u>

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

8. Capital Assets (continued)

Depreciation expense was charged to functions/programs as follows:

Primary Government

Governmental activities

General Government	\$ 126,382
Public Safety	370,437
Public Works	580,779
Housing and Development	7,492
Internal Service	83,260
Total depreciation expense for governmental activities	\$ 1,168,350

Business-type activities

Water & Sewer	\$ 3,437,836
Gas	191,618
Solid Waste	5,605
Environmental Protection	75,116
Special Facilities	135,650
Golf	65,999
Internal Service	4,600
Total depreciation expense for business-type activities	\$ 3,916,424

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 \$5,619,943 and \$4,332,368 for governmental and business-type activities, respectively.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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
2021	\$ 734,694	\$ 562,080
2022	734,694	562,080
2023	734,694	562,080
2024	708,851	562,080
2025	677,842	562,080
2026-2030	<u>2,724,317</u>	<u>1,985,882</u>
Total minimum lease payments	6,315,092	4,796,282
Less amounts representing interest	<u>(695,149)</u>	<u>(463,914)</u>
Present value of minimum lease payments	<u><u>\$ 5,619,943</u></u>	<u><u>\$ 4,332,368</u></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	\$ 1,680,574	\$ 0	\$ 1,775,419	\$ 0
Buildings	0	0	7,108,216	177,274
Vehicles and equipment	484,464	147,323	0	0
Total assets under capital leases	<u><u>\$ 2,165,038</u></u>	<u><u>\$ 147,323</u></u>	<u><u>\$ 8,883,635</u></u>	<u><u>\$ 177,274</u></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, 2020

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 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 \$9,270,000.

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

Year Ending June 30,	Principal	Interest	Total
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	925,000	234,875	1,159,875
2026-2030	5,025,000	588,125	5,613,125
Total	<u>\$ 9,270,000</u>	<u>\$ 2,175,000</u>	<u>\$ 11,445,000</u>

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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 (\$1,849,945 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. In response to the COVID-19 pandemic, GEFA has allowed the City to defer all principal and interest payments on this note for six months beginning on July 1, 2020 through December 31, 2020 with payments resuming January 1, 2021. See Note 23 "Subsequent Events" for more information.

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 (\$8,240,041 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. In response to the COVID-19 pandemic, GEFA has allowed the City to defer all principal and interest payments on this note for six months beginning on July 1, 2020 through December 31, 2020 with payments resuming January 1, 2021. See Note 23 "Subsequent Events" for more information.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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
2021	\$ 358,519	\$ 42,538	\$ 401,057
2022	721,413	80,701	802,114
2023	727,286	74,828	802,114
2024	733,208	68,906	802,114
2025	739,178	62,936	802,114
2026-2030	2,713,115	235,862	2,948,977
2031-2035	2,325,181	131,839	2,457,020
2036-2039	1,772,086	29,729	1,801,815
Total	<u>\$ 10,089,986</u>	<u>\$ 727,339</u>	<u>\$ 10,817,325</u>

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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	\$ 6,240,095	\$ 0	\$ (620,152)	\$ 5,619,943	\$ 593,729
Compensated absences	230,916	274,131	(259,709)	245,338	220,804
Total Governmental Activities	\$ 6,471,011	\$ 274,131	\$ (879,861)	\$ 5,865,281	\$ 814,533
Business-type Activities					
Revenue bonds	\$ 10,030,000	\$ 0	\$ (760,000)	\$ 9,270,000	\$ 785,000
Premium on bonds	791,132	0	(75,949)	715,183	75,949
Revenue bonds, net	10,821,132	0	(835,949)	9,985,183	860,949
Capital lease obligations	4,784,089	0	(451,721)	4,332,368	463,043
Notes from direct borrowings	10,802,680	0	(712,694)	10,089,986	358,519
Compensated absences	71,758	88,337	(88,167)	71,928	64,736
Total Business-type Activities	\$ 26,479,659	\$ 88,337	\$ (2,088,531)	\$ 24,479,465	\$ 1,747,247

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 \$169,402 for governmental activities and \$613,557 for business-type activities.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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>2018 SPLOST</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:				
Advances to other funds	\$ 1,136,153	\$ 0	\$ 0	\$ 1,136,153
Restricted for:				
Law enforcement	0	0	78,788	78,788
City festivals	0	0	2,973	2,973
Library	15,281	0	0	15,281
Capital projects	0	975,164	1,555,138	2,530,302
	<u>15,281</u>	<u>975,164</u>	<u>1,636,899</u>	<u>2,627,344</u>
Assigned for:				
Promoting trade and tourism	0	0	7,762	7,762

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, 2020

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, 2020, the date of the most recent actuarial valuation, the plan consisting of the following:

Retirees and beneficiaries currently receiving benefits	117
Terminated vested participants entitled to but not yet receiving benefits	64
Active participants	66
Total number of participants	247

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. Active participants with five years of total service are eligible to retire at age 65 with no reduction in benefit. Active participants with ten 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. Terminated vested participants are eligible for early retirement with reduced benefits based on the early retirement reduction table at age 55 with 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, 2020

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 \$1,096,701 or 29.40% 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 \$6,101,658. The net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. During the current fiscal year, the City recognized pension expense of \$1,024,443. 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	\$ 0	\$ (643,826)
Changes of assumptions	898,828	0
Changes in participant fund allocation	733,106	(733,106)
Net difference between projected and actual earnings on pension plan investments	0	(111,008)
City contributions subsequent to the measurement date	822,524	0
Totals	<u>\$ 2,454,458</u>	<u>\$ (1,487,940)</u>

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

13. Pension Plan (continued)

The \$822,524 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 pension 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	
2021	\$ (90,996)
2022	(1,131)
2023	78,970
2024	<u>157,151</u>
Totals	<u>\$ 143,994</u>

Actuarial Assumptions. The total pension liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Projected salary increases	2.25% plus service-based merit increases
Cost of living adjustments	0.00%
Net investment rate of return	7.375%

Healthy mortality rates were based on the Sex-Distinct Pri-2012 Head-County Weighted Healthy Retiree Mortality Table with rates multiplied by 1.25. Disabled mortality rates were based on the Sex-Distinct Pri-2012 Head-County Weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.

The mortality and economic actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2019.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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, 2019 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%	6.41%
International equity	20%	6.96%
Real estate	10%	4.76%
Global fixed income	5%	3.06%
Domestic fixed income	<u>20%</u>	1.95%
Total	<u><u>100%</u></u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.375 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, 2020

13. Pension Plan (continued)

Changes in Net Pension Liability

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balances at 9/30/18	\$ 22,807,243	\$ 17,414,308	\$ 5,392,935
Changes for the year:			
Service cost	159,256	0	159,256
Interest	1,671,280	0	1,671,280
Differences between expected and actual experience	(965,738)	0	(965,738)
Contributions—employer	0	1,003,136	(1,003,136)
Contributions—employee	0	31,816	(31,816)
Net investment income	0	506,528	(506,528)
Benefit payments, including refunds of employee contributions	(1,365,515)	(1,365,515)	0
Administrative expense	0	(37,164)	37,164
Other	1,348,241	0	1,348,241
Net changes	<u>847,524</u>	<u>138,801</u>	<u>708,723</u>
Balances at 9/30/19	<u>\$ 23,654,767</u>	<u>\$ 17,553,109</u>	<u>\$ 6,101,658</u>

Plan fiduciary net position as a percentage of the total pension liability	74.21%
Covered payroll	\$ 3,482,985
Employer's net pension liability as percentage of covered payroll	175.18%

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 (6.375 percent) or one percentage-point higher (8.375 percent) than the current rate:

	<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease	6.375%	\$ 9,147,877
Current discount rate	7.375%	6,101,658
1% increase	8.375%	3,576,141

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, 2020

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, 2020

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, 2019, the date of the most recent actuarial valuation, the plan consisted of the following:

Retirees and beneficiaries currently receiving benefits	4
Vested terminated members entitled to but not yet receiving benefits	0
Active participants	143
Total number of participants	147

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 contributions for the current fiscal year totaled \$124,340, or 1.75% of covered employee payroll. Net OPEB liability for governmental activities is liquidated by the General Fund.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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 \$470,832. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined from actuarial valuations using data as of July 1, 2018 and measured by an actuarial valuation as of July 1, 2019. During the current fiscal year, the City recognized OPEB expense of \$73,181.

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 6/30/2018	<u>\$ 1,142,100</u>	<u>\$ 661,000</u>	<u>\$ 481,100</u>
Changes for the year:			
Service cost	41,301	0	41,301
Interest	87,670	0	87,670
Differences between expected and actual experience	284,951	0	284,951
Contributions-employer	0	124,338	(124,338)
Net investment income	0	46,100	(46,100)
Benefit payments, including refunds of member contributions	(28,938)	(28,938)	0
Administrative expenses	0	(1,800)	1,800
Assumption changes	(255,552)	0	(255,552)
Net changes	<u>129,432</u>	<u>139,700</u>	<u>(10,268)</u>
Balances at 6/30/2019	<u><u>\$ 1,271,532</u></u>	<u><u>\$ 800,700</u></u>	<u><u>\$ 470,832</u></u>

Plan fiduciary net position as a percentage of the total OPEB liability	62.97%
Covered employee payroll	\$ 6,952,819
Plan net OPEB liability as a percentage of covered employee payroll	6.77%

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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	\$ (243,060)
Differences between expected and actual experience	262,960	0
Differences between projected and actual earnings on OPEB plan investments	0	(14,212)
Changes of participant fund allocation	5,589	(5,589)
City contributions subsequent to the measurement date	125,339	0
Totals	\$ 393,888	\$ (262,861)

The \$125,339 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		
2021	\$	(4,503)
2022		(4,503)
2023		2,097
2024		4,297
2025		6,800
Thereafter		1,500
Totals	\$	5,688

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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

Actuarial Assumptions. The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Projected salary increases	3.00 to 8.50%, including inflation
Actuarial cost method	Entry age normal
Discount rate	7.375%
Healthcare Cost Trend Rate	7.00% trended down 0.25% per anum to 4.50% by 2029
Mortality rates	Healthy mortality rates were based on sex distinct Pri-2012 head-count weighted Mortality Table with rates multiplied by 1.25, projected generationally from 2012
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, 2019 valuation were based on the results of an actuarial experience study for the period of January 1, 2015 through July 30, 2019.

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 7.375%.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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, 2019 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%	6.41%
International equity	20%	6.96%
Global fixed income	5%	3.06%
Domestic fixed income	20%	1.96%
Real estate	10%	4.76%
Total	<u>100%</u>	

Discount Rate. The discount rate used to measure the Total OPEB liability was 7.375%. 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 (6.375%) or one percentage-point higher (8.375%) 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	6.375%	\$ 583,084
Current discount rate	7.375%	470,832
1% increase	8.375%	372,936
<u>Healthcare Cost Trend Rates</u>		<u>Net OPEB Liability</u>
1% decrease		\$ 390,093
Current discount rate		470,832
1% increase		564,423

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
June 30, 2020

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 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, 2020

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	\$ 220,384
Disbursements to Chamber of Commerce, Festivals, and other tourism and visitor programs	\$219,884 99.77% 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, 2020

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 \$1,160,199 pertaining to this project since its inception.

CITY OF WINDER, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

21. Risks and Uncertainties

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a “Public Health Emergency of International Concern,” which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the City, its performance, and its financial results.

22. New Accounting Standards

The City implemented GASB Statement No. 84, *Fiduciary Activities*, effective for the City’s current fiscal year. The requirements of this statement are effective for period beginning after December 15, 2020.

23. Subsequent Events

On July 6, 2020, the City adopted resolutions allowing modifications to the Notes from Direct Borrowings with the Georgia Environmental Finance Authority which modified the terms of the notes in the following manner: 1. Unpaid principal balance of the notes would not bear any interest during the period beginning on June 1, 2020 through November 30, 2020; 2. No principal, interest, or fees would be due or payable during the period beginning July 1, 2020 through December 31, 2020; 3. The maturity dates of the notes were delayed by 6 months. Monthly payments will resume on January 1, 2021. The repayment schedules of the above notes have been adjusted to reflect these modifications.

Subsequent to June 30, 2020, the City received \$938,960 of funding as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), which was enacted on March 27, 2020. These funds are reimbursements to the City for expenditures related to public safety and various items during the COVID-19 pandemic.

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, 2020
(Unaudited)

	Fiscal Year End		
	2020	2019	2018
Total pension liability			
Service cost	\$ 159,256	\$ 148,204	\$ 173,051
Interest	1,671,280	1,549,264	1,506,920
Differences between expected and actual experience	(965,738)	350,657	268,580
Changes of assumptions	1,348,241	888,088	402,748
Benefit payments, including refunds of employee contributions	(1,365,515)	(1,275,242)	(1,298,321)
Net change in total pension liability	847,524	1,660,971	1,052,978
Total pension liability - beginning	22,807,243	21,146,272	20,093,294
Total pension liability - ending (a)	\$ 23,654,767	\$ 22,807,243	\$ 21,146,272
Plan fiduciary net position			
Contributions - employer	\$ 1,003,136	\$ 961,342	\$ 988,953
Contributions - employee	31,816	12,084	0
Net investment income	506,528	1,590,479	2,138,768
Benefit payments, including refunds of employee contributions	(1,365,515)	(1,275,242)	(1,298,321)
Administrative expense	(37,164)	(39,142)	(45,297)
Net change in plan fiduciary net position	138,801	1,249,521	1,784,103
Plan fiduciary net position - beginning	17,414,308	16,164,787	14,380,684
Plan fiduciary net position - ending (b)	\$ 17,553,109	\$ 17,414,308	\$ 16,164,787
Net pension liability (asset) - ending : (a) - (b)	\$ 6,101,658	\$ 5,392,935	\$ 4,981,485
Plan's fiduciary net position as a percentage of the total pension liability	74.21%	76.35%	76.44%
Covered payroll	\$ 3,482,985	\$ 3,505,675	\$ 3,730,435
Net pension liability as a percentage of covered payroll	175.18%	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, 2020
(Unaudited)

	Fiscal Year End		
	2020	2019	2018
Actuarially determined contribution	\$ 1,096,701	\$ 970,814	\$ 956,718
Contributions in relation to the actuarially determined contribution	(1,096,701)	(970,814)	(957,818)
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1,100)</u>
Covered payroll	\$ 3,729,981	\$ 3,658,954	\$ 3,844,876
Contributions as a percentage of covered payroll	29.40%	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, 2020
(Unaudited)

	Fiscal Year End		
	2020	2019	2018
Total OPEB liability			
Service cost	\$ 41,301	\$ 40,300	\$ 44,900
Interest	87,670	79,400	68,700
Differences between expected and actual experience	284,951	35,100	0
Changes in assumptions	(255,552)	(1,300)	(49,000)
Benefit payments, including refunds of member contributions	(28,938)	(59,300)	(57,800)
Net change in total OPEB liability	129,432	94,200	6,800
Total OPEB liability - beginning	1,142,100	1,047,900	1,041,100
Total OPEB liability - ending (a)	\$ 1,271,532	\$ 1,142,100	\$ 1,047,900
Plan fiduciary net position			
Contributions - employer	\$ 124,338	\$ 134,300	\$ 132,800
Net investment income	46,100	55,000	64,300
Benefit payments, including refunds of member contributions	(28,938)	(59,300)	(57,800)
Administrative expenses	(1,800)	(600)	(900)
Net change in plan fiduciary net position	139,700	129,400	138,400
Plan fiduciary net position - beginning	661,000	531,600	393,200
Plan fiduciary net position - ending (b)	\$ 800,700	\$ 661,000	\$ 531,600
Net OPEB liability (asset) - ending : (a) - (b)	\$ 470,832	\$ 481,100	\$ 516,300
Plan's fiduciary net position as a percentage of the total OPEB liability	62.97%	57.88%	50.73%
Covered employee payroll	\$ 6,952,819	\$ 6,952,800	\$ 6,489,900
Plan net OPEB liability as a percentage of covered employee payroll	6.77%	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, 2020
(Unaudited)

	Fiscal Year End		
	2020	2019	2018
Actuarially determined contribution	\$ 62,929	\$ 59,300	\$ 57,800
Contributions in relation to the actuarially determined contribution	(124,340)	(134,300)	(132,800)
Contribution deficiency (excess)	<u>\$ (61,411)</u>	<u>\$ (75,000)</u>	<u>\$ (75,000)</u>
Covered employee payroll	\$ 7,109,257	\$ 6,952,819	\$ 6,950,672
Contributions as a percentage of covered employee payroll	1.75%	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, 2020

Pension Plan

1. Valuation Date

The actuarially determined contribution rate was determined as of January 1, 2020, 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, 2021.

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 = 7.375%

Projected salary increases = 2.25% 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 Sex-Distinct Pri-2012 Head-County Weighted Healthy Retiree Mortality Table with rates multiplied by 1.25. Disabled mortality rates were based on the Sex-Distinct Pri-2012 Head-County Weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.

CITY OF WINDER, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2020

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 2020 and later reflect the following assumption changes based on an actuarial study conducted in November and December of 2019:

The mortality table for healthy retirees and beneficiaries was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year for females to the sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25

The mortality table for disabled participants was changed from the sex-distinct RP-2000 Disabled Retiree Mortality Table to the sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25

The mortality table for active participants, terminated vested participants and deferred beneficiaries was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year for females to the sex-distinct Pri-2012 head-count weighted Employee Mortality Table

Future mortality improvement is based on projecting generationally from 2012 using 60% of the sex-distinct Scale SSA2019. Previously future mortality improvements were not explicitly projected.

CITY OF WINDER, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2020

Pension Plan (continued)

4. Changes of Assumptions (continued)

The prior retirement assumption was based on the Plan's Normal retirement eligibility. If normal retirement eligibility was only available on or after age 65, the prior assumption was 60% at ages 65 to 69 and 100% at age 70 or older. If normal retirement eligibility was available prior to age 65, the rates were 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70 and older as long as a participant was at least eligible for early retirement.

The new assumption relates to when a given participant is eligible for normal retirement (either regular normal retirement or alternative normal retirement). Retirement rates do not apply if a participant is not eligible for either early or normal retirement. The retirement rates when normal retirement is available on or after age 65 are 5% at ages 55 to 59, 7% at ages 60 and 61, 20% at age 62, 10% at ages 63 and 64, 35% at ages 65 to 69, 25% at ages 66 to 71, and 100% at ages 72 and older.

Where normal retirement is available to a given participant at age 62, 63, or 64, the new retirement rates are 3% when first eligible for early retirement through age 60, 10% at ages 61 to 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 30%.

Where normal retirement is available at age 60 or 61, the new retirement rates are 3% when first eligible for early retirement through age 59, 10% at ages 60 to 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 20%.

Where normal retirement is available prior to age 60, the new retirement rates are 3% when first eligible for early retirement through the year prior to normal retirement eligibility, 10% from normal retirement eligibility through age 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 10%.

CITY OF WINDER, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2020

Pension Plan (continued)

4. Changes of Assumptions (continued)

The turnover rates were changed from the greater of age-based rates and select rates for the first five years of service followed by age-based rates thereafter to service-based rates only.

The disability rates were changed to 50% of the rates in the prior age-based table.

The inflation assumption was decreased from 2.75% to 2.25%.

The salary increase assumption was changed from a service-based salary scale starting at 8.25% for the first two years of service with an ultimate rate of 3.25% at ten years of service to a service-based scale starting at 8.50% for the first two years of service with an ultimate rate of 3.00% at 15 years of service.

The investment return assumption was decreased from 7.50% to 7.375%.

OPEB Plan

1. Valuation Date

The actuarially determined contribution rates are determined as of July 1, 2019 based on the most recent valuation within 30 months of the fiscal year end.

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 = 3.00% to 8.50%, including inflation

CITY OF WINDER, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2020

OPEB Plan (continued)

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

Inflation = 2.25%

Discount rate = 7.375%

Healthcare cost trend rates = Medical per capita costs, retiree contributions, and premiums are assumed to increase 7.00% for fiscal year 2020 and then decrease 0.25% per year to an ultimate rate of 4.50%.

Mortality = Healthy mortality rates were based on the sex-distinct Pri-2012 head-count weighted Mortality Tables with rates multiplied by 1.25, projected generationally from 2012.

3. Changes in Benefits

There have been no benefit changes since GASB 75 implementation.

4. Changes of Assumptions

Amounts reported for the fiscal year ending in 2020 and later reflect the following assumption changes based on an actuarial experience study conducted in November and December of 2019:

Per capita health costs and trend rates were updated to reflect recent experience

The inflation rate changed from 2.75% to 2.25%

The mortality tables were changed from the sex-distinct RP-2014 Mortality Tables with base year 2006 to the sex-distinct Pri-2012 head-count weighted Mortality Tables with rates multiplied by 1.25.

Future mortality improvement is based on projecting generationally from 2012 using 60% of the improvement rates used in the intermediate (alternative II) assumptions for projections in the 2019 OASDI Trustees Report.

CITY OF WINDER, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2020

OPEB Plan (continued)

4. Changes of Assumptions (continued)

The retirement assumption was revised with the new rates based on expected Normal Retirement Age.

The turnover rates were changed from the greater of age-based rates and select rates for the first five years of service followed by age-based rates thereafter to service-based rates only.

Disability rates were added.

The salary increase assumption was changed from a flat rate of 2.5% for all year of service to a service- based scale starting at 8.50% for the first two years of service with an ultimate rate of 3.00% at 15 years of service.

The discount rate decreased from 7.5% to 7.375%.

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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.

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.

**CITY OF WINDER, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2020**

	Special Revenue		
	Hotel/ Motel Tax	Police Escrow	City Festivals
ASSETS			
Cash and cash equivalents	\$ 35	\$ 139,731	\$ 2,984
Taxes Receivable	18,182	0	0
Total assets	\$ 18,217	\$ 139,731	\$ 2,984
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 10,455	\$ 20,584	\$ 11
Due to others	0	40,359	0
Total liabilities	10,455	60,943	11
Fund balances			
Restricted for:			
Public Safety	0	78,788	0
Culture and Recreation	0	0	2,973
Capital Outlay	0	0	0
Assigned for Housing and Development	7,762	0	0
Total fund balances	7,762	78,788	2,973
Total liabilities and fund balances	\$ 18,217	\$ 139,731	\$ 2,984

Capital Projects		Total Nonmajor Governmental Funds
LMIG	SPLOST 2012	
\$ 403,193	\$ 1,151,945	\$ 1,697,888
0	0	18,182
<u>\$ 403,193</u>	<u>\$ 1,151,945</u>	<u>\$ 1,716,070</u>
\$ 0	\$ 0	\$ 31,050
0	0	40,359
<u>0</u>	<u>0</u>	<u>71,409</u>
0	0	78,788
0	0	2,973
403,193	1,151,945	1,555,138
0	0	7,762
<u>403,193</u>	<u>1,151,945</u>	<u>1,644,661</u>
<u>\$ 403,193</u>	<u>\$ 1,151,945</u>	<u>\$ 1,716,070</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, 2020

	Special Revenue		
	Hotel/ Motel Tax	Police Escrow	City Festivals
REVENUES			
Taxes	\$ 220,384	\$ 0	\$ 0
Fines, fees, and forfeitures	0	45,088	0
Charges for services	0	0	3,371
Intergovernmental	0	0	0
Contributions	0	0	135
Interest	0	0	0
Total revenues	<u>220,384</u>	<u>45,088</u>	<u>3,506</u>
EXPENDITURES			
Current			
Public Safety	0	58,543	0
Culture and Recreation	0	0	15,229
Housing and Development	64,895	0	0
Capital Outlay	0	0	0
Total expenditures	<u>64,895</u>	<u>58,543</u>	<u>15,229</u>
Excess (deficiency) of revenues over (under) expenditures	<u>155,489</u>	<u>(13,455)</u>	<u>(11,723)</u>
Other financing sources (uses)			
Transfers in	0	0	0
Transfers out	(154,989)	0	0
Total other financing sources (uses)	<u>(154,989)</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	500	(13,455)	(11,723)
Fund balances, July 1	<u>7,262</u>	<u>92,243</u>	<u>14,696</u>
Fund balances, June 30	<u><u>\$ 7,762</u></u>	<u><u>\$ 78,788</u></u>	<u><u>\$ 2,973</u></u>

Capital Projects		Total Nonmajor Governmental Funds
LMIG	SPLOST 2012	
\$ 0	\$ 0	\$ 220,384
0	0	45,088
0	0	3,371
216,357	0	216,357
0	0	135
0	1,696	1,696
<u>216,357</u>	<u>1,696</u>	<u>487,031</u>
0	0	58,543
0	0	15,229
0	0	64,895
<u>1,704</u>	<u>129,129</u>	<u>130,833</u>
<u>1,704</u>	<u>129,129</u>	<u>269,500</u>
<u>214,653</u>	<u>(127,433)</u>	<u>217,531</u>
188,224	0	188,224
0	(392,452)	(547,441)
<u>188,224</u>	<u>(392,452)</u>	<u>(359,217)</u>
402,877	(519,885)	(141,686)
<u>316</u>	<u>1,671,830</u>	<u>1,786,347</u>
<u>\$ 403,193</u>	<u>\$ 1,151,945</u>	<u>\$ 1,644,661</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, 2020

	Final Budget	Actual	Variance
REVENUES			
Hotel/motel taxes	\$ 249,200	\$ 220,384	\$ (28,816)
EXPENDITURES			
Current			
Housing and Development	73,400	64,895	8,505
Excess (deficiency) of revenues over (under) expenditures	175,800	155,489	(20,311)
Other financing sources (uses)			
Transfers out	(154,989)	(154,989)	0
Contingency	(20,811)	0	20,811
Total other financing sources (uses)	(175,800)	(154,989)	20,811
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	500	500
Fund balances, July 1	0	7,262	7,262
Fund balances, June 30	\$ 0	\$ 7,762	\$ 7,762

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, 2020

	Final Budget	Actual	Variance
REVENUES			
Fines and forfeitures	\$ 59,000	\$ 45,088	\$ (13,912)
EXPENDITURES			
Current			
Public Safety	59,000	58,543	457
Excess (deficiency) of revenues over (under) expenditures	0	(13,455)	(13,455)
Fund balances, July 1	0	92,243	92,243
Fund balances, June 30	\$ 0	\$ 78,788	\$ 78,788

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, 2020

	Final Budget	Actual	Variance
REVENUES			
Charges for services	\$ 6,200	\$ 3,371	\$ (2,829)
Contributions	5,000	135	(4,865)
Total revenues	<u>11,200</u>	<u>3,506</u>	<u>(7,694)</u>
EXPENDITURES			
Current			
Culture and Recreation	15,300	15,229	71
Excess (deficiency) of revenues over (under) expenditures	(4,100)	(11,723)	(7,623)
Fund balances, July 1	4,100	14,696	10,596
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 2,973</u>	<u>\$ 2,973</u>

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, 2020

	<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	\$ 348,139	\$ 3,876	\$ 253,001	\$ 1,121	\$ 606,137
Accounts receivable (net)	169,327	55,335	13,129	3,600	241,391
Inventories	0	0	0	39,507	39,507
Total current assets	<u>517,466</u>	<u>59,211</u>	<u>266,130</u>	<u>44,228</u>	<u>887,035</u>
Noncurrent assets					
Capital assets					
Non-depreciable	0	700,825	2,233,877	516,284	3,450,986
Depreciable (net)	218,483	2,678,569	2,502,081	309,001	5,708,134
Total noncurrent assets	<u>218,483</u>	<u>3,379,394</u>	<u>4,735,958</u>	<u>825,285</u>	<u>9,159,120</u>
Total assets	<u>735,949</u>	<u>3,438,605</u>	<u>5,002,088</u>	<u>869,513</u>	<u>10,046,155</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	0	19,104	0	0	19,104
Deferred outflows related to other post employment benefits	0	8,109	0	11,585	19,694
Total deferred outflows of resources	<u>0</u>	<u>27,213</u>	<u>0</u>	<u>11,585</u>	<u>38,798</u>
LIABILITIES					
Current liabilities					
Accounts payable	64,048	61,943	757	23,857	150,605
Accrued salaries	0	4,784	0	27,482	32,266
Compensated absences	0	1,586	0	11,620	13,206
Unearned revenue	0	0	27,150	15,610	42,760
Advances from other funds	0	136,870	0	20,000	156,870
Total current liabilities	<u>64,048</u>	<u>205,183</u>	<u>27,907</u>	<u>98,569</u>	<u>395,707</u>
Noncurrent liabilities					
Advances from other funds	0	273,740	0	440,000	713,740
Compensated absences	0	176	0	1,291	1,467
Net pension liability	0	45,762	0	0	45,762
Net OPEB liability	0	9,694	0	13,848	23,542
Total noncurrent liabilities	<u>0</u>	<u>329,372</u>	<u>0</u>	<u>455,139</u>	<u>784,511</u>
Total liabilities	<u>64,048</u>	<u>534,555</u>	<u>27,907</u>	<u>553,708</u>	<u>1,180,218</u>

CITY OF WINDER, GEORGIA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2020

	<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	\$ 10,376	\$ 0	\$ 0	\$ 10,376
Deferred inflows related to other post employment benefits	<u>0</u>	<u>5,412</u>	<u>0</u>	<u>7,731</u>	<u>13,143</u>
Total deferred inflows of resources	<u>0</u>	<u>15,788</u>	<u>0</u>	<u>7,731</u>	<u>23,519</u>
NET POSITION					
Net investment in capital assets	218,483	3,334,394	4,735,958	825,285	9,114,120
Unrestricted	<u>453,418</u>	<u>(418,919)</u>	<u>238,223</u>	<u>(505,626)</u>	<u>(232,904)</u>
Total net position	<u>\$ 671,901</u>	<u>\$ 2,915,475</u>	<u>\$ 4,974,181</u>	<u>\$ 319,659</u>	<u>\$ 8,881,216</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, 2020

	Solid Waste Management	Enviromental Protection	Special Facilities	Golf	Total Nonmajor Enterprise Funds
OPERATING REVENUES					
Charges for sales and services	\$ 1,326,615	\$ 530,497	\$ 67,093	\$ 919,327	\$ 2,843,532
Other	0	0	0	1,300	1,300
Total operating revenues	<u>1,326,615</u>	<u>530,497</u>	<u>67,093</u>	<u>920,627</u>	<u>2,844,832</u>
OPERATING EXPENSES					
Costs of sales and services	849,667	199,761	247,732	494,103	1,791,263
Personal services	0	220,814	12,144	509,458	742,416
Depreciation	5,605	75,116	135,650	65,999	282,370
Total operating expenses	<u>855,272</u>	<u>495,691</u>	<u>395,526</u>	<u>1,069,560</u>	<u>2,816,049</u>
Operating income (loss)	<u>471,343</u>	<u>34,806</u>	<u>(328,433)</u>	<u>(148,933)</u>	<u>28,783</u>
Transfers in (out)					
Transfers in	0	325,000	1,702,480	220,000	2,247,480
Transfers out	<u>(470,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(470,000)</u>
Total transfers in (out)	<u>(470,000)</u>	<u>325,000</u>	<u>1,702,480</u>	<u>220,000</u>	<u>1,777,480</u>
Change in net position	1,343	359,806	1,374,047	71,067	1,806,263
Net position, July 1	<u>670,558</u>	<u>2,555,669</u>	<u>3,600,134</u>	<u>248,592</u>	<u>7,074,953</u>
Net position, June 30	<u><u>\$ 671,901</u></u>	<u><u>\$ 2,915,475</u></u>	<u><u>\$ 4,974,181</u></u>	<u><u>\$ 319,659</u></u>	<u><u>\$ 8,881,216</u></u>

CITY OF WINDER, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the fiscal year ended June 30, 2020

	Solid Waste Management	Enviromental Protection	Special Facilities	Golf	Total Nonmajor Enterprise Funds
Cash flows from operating activities:					
Receipts from customers	\$ 1,320,508	\$ 505,676	\$ 50,794	\$ 925,320	\$ 2,802,298
Payments to suppliers	(848,714)	(190,240)	(247,695)	(511,855)	(1,798,504)
Payments to employees	0	(216,595)	(12,217)	(507,704)	(736,516)
Other receipts	0	0	0	1,300	1,300
Net cash provided (used) by operating activities	<u>471,794</u>	<u>98,841</u>	<u>(209,118)</u>	<u>(92,939)</u>	<u>268,578</u>
Cash flows from non-capital financing activities:					
Receipts from other funds	0	325,000	1,702,480	220,000	2,247,480
Payments to other funds	(470,000)	(136,871)	0	(20,000)	(626,871)
Net cash provided (used) by non-capital financing activities	<u>(470,000)</u>	<u>188,129</u>	<u>1,702,480</u>	<u>200,000</u>	<u>1,620,609</u>
Cash flows from capital and related financing activities:					
Acquisition of capital assets	0	(285,616)	(1,640,284)	(115,607)	(2,041,507)
Net increase (decrease) in cash and cash equivalents	1,794	1,354	(146,922)	(8,546)	(152,320)
Cash and cash equivalents, July 1	<u>346,345</u>	<u>2,522</u>	<u>399,923</u>	<u>9,667</u>	<u>758,457</u>
Cash and cash equivalents, June 30	<u><u>\$ 348,139</u></u>	<u><u>\$ 3,876</u></u>	<u><u>\$ 253,001</u></u>	<u><u>\$ 1,121</u></u>	<u><u>\$ 606,137</u></u>

CITY OF WINDER, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the fiscal year ended June 30, 2020

	<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)	\$ 471,343	\$ 34,806	\$ (328,433)	\$ (148,933)	\$ 28,783
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	5,605	75,116	135,650	65,999	282,370
(Increase) decrease in accounts receivable	(6,107)	(24,821)	(5,414)	3,317	(33,025)
(Increase) decrease in inventories	0	0	0	(140)	(140)
(Increase) decrease in deferred outflows of resources	0	(19,161)	0	(6,927)	(26,088)
Increase (decrease) in accounts payable	953	9,521	37	(17,612)	(7,101)
Increase (decrease) in unearned revenue	0	0	(10,885)	2,676	(8,209)
Increase (decrease) in accrued salaries	0	(2,171)	(73)	2,997	753
Increase (decrease) in compensated absences payable	0	(431)	0	569	138
Increase (decrease) in net pension liability	0	7,233	0	0	7,233
Increase (decrease) in net OPEB liability	0	9,694	0	(643)	9,051
Increase (decrease) in deferred inflows of resources	0	9,055	0	5,758	14,813
Total adjustments	451	64,035	119,315	55,994	239,795
Net cash provided (used) by operating activities	<u>\$ 471,794</u>	<u>\$ 98,841</u>	<u>\$ (209,118)</u>	<u>\$ (92,939)</u>	<u>\$ 268,578</u>

Noncash investing, capital, and financing activities:

Acquisition of capital assets through accounts payable totaled \$45,000.

CITY OF WINDER, GEORGIA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2020

ASSETS	Utility Service	Buildings	Totals
Current assets			
Cash and cash equivalents	\$ 138,953	\$ 606,004	\$ 744,957
Prepaid items	8,400	6,167	14,567
Total current assets	<u>147,353</u>	<u>612,171</u>	<u>759,524</u>
Noncurrent assets			
Capital Assets			
Nondepreciable	0	1,977,189	1,977,189
Depreciable (net)	5,367	6,647,285	6,652,652
Total noncurrent assets	<u>5,367</u>	<u>8,624,474</u>	<u>8,629,841</u>
Total assets	<u>152,720</u>	<u>9,236,645</u>	<u>9,389,365</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	37,563	0	37,563
Deferred outflows related to other post employment benefits	20,853	0	20,853
Total deferred outflows of resources	<u>58,416</u>	<u>0</u>	<u>58,416</u>
LIABILITIES			
Current liabilities			
Accounts payable	34,843	11,496	46,339
Accrued salaries	17,330	0	17,330
Compensated absences	7,734	0	7,734
Advances from other funds	0	22,887	22,887
Total current liabilities	<u>59,907</u>	<u>34,383</u>	<u>94,290</u>
Noncurrent liabilities			
Compensated absences	859	0	859
Advances from other funds	0	702,656	702,656
Net OPEB liability	24,926	0	24,926
Net pension liability	90,915	0	90,915
Total noncurrent liabilities	<u>116,700</u>	<u>702,656</u>	<u>819,356</u>
Total liabilities	<u>176,607</u>	<u>737,039</u>	<u>913,646</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	20,613	0	20,613
Deferred inflows related to other post employment benefits	13,916	0	13,916
Total deferred inflows of resources	<u>34,529</u>	<u>0</u>	<u>34,529</u>
NET POSITION			
Net investment in capital assets	5,367	8,611,022	8,616,389
Unrestricted	(5,367)	(111,416)	(116,783)
Total net position	<u>\$ 0</u>	<u>\$ 8,499,606</u>	<u>\$ 8,499,606</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, 2020

	<u>Utility Service</u>	<u>Buildings</u>	<u>Totals</u>
OPERATING REVENUES			
Charges for sales and services	\$ 842,446	\$ 682,359	\$ 1,524,805
Total operating revenues	<u>842,446</u>	<u>682,359</u>	<u>1,524,805</u>
OPERATING EXPENSES			
Costs of sales and services	296,992	599,099	896,091
Personal services	540,854	0	540,854
Depreciation	4,600	83,260	87,860
Total operating expenses	<u>842,446</u>	<u>682,359</u>	<u>1,524,805</u>
Operating income (loss)	0	0	0
Capital contributions			
Intergovernmental	<u>0</u>	<u>1,254,793</u>	<u>1,254,793</u>
Net income (loss) before transfers	0	1,254,793	1,254,793
Transfers in (out)			
Transfers in	<u>0</u>	<u>2,545,463</u>	<u>2,545,463</u>
Change in net position	0	3,800,256	3,800,256
Net position, July 1	<u>0</u>	<u>4,699,350</u>	<u>4,699,350</u>
Net position, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 8,499,606</u></u>	<u><u>\$ 8,499,606</u></u>

CITY OF WINDER, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the fiscal year ended June 30, 2020

	Utility Service	Buildings	Total
Cash flows from operating activities:			
Receipts from interfund services provided	\$ 842,446	\$ 682,359	\$ 1,524,805
Payments to suppliers	(292,448)	(615,094)	(907,542)
Payments to employees	(545,538)	0	(545,538)
	4,460	67,265	71,725
Net cash provided (used) by operating activities			
Cash flows from non-capital financing activities:			
Payments to other funds	0	(22,886)	(22,886)
	0	(22,886)	(22,886)
Cash flows from capital and related financing activities:			
Receipts from other funds	0	2,545,463	2,545,463
Acquisition of capital assets	0	(2,577,277)	(2,577,277)
	0	(31,814)	(31,814)
Net cash provided (used) by capital financing activities:			
Net increase (decrease) in cash and cash equivalents	4,460	12,565	17,025
Cash and cash equivalents, July 1	134,493	593,439	727,932
Cash and cash equivalents, June 30	\$ 138,953	\$ 606,004	\$ 744,957
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 0	\$ 0	\$ 0
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation expense	4,600	83,260	87,860
(Increase) decrease in deferred outflows of resources	(33,929)	0	(33,929)
(Increase) decrease in prepaid items	0	(6,167)	(6,167)
Increase (decrease) in accounts payable	4,544	(9,828)	(5,284)
Increase (decrease) in accrued salaries	(281)	0	(281)
Increase (decrease) in compensated absences payable	(686)	0	(686)
Increase (decrease) in net pension liability	13,857	0	13,857
Increase (decrease) in net OPEB liability	(1,158)	0	(1,158)
Increase (decrease) in deferred inflows of resources	17,513	0	17,513
	4,460	67,265	71,725
Total adjustments			
Net cash provided (used) by operating activities	\$ 4,460	\$ 67,265	\$ 71,725

Noncash investing, capital, and financing activities:

Acquisition of capital assets through accounts payable totaled \$13,452.

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OTHER REPORTING SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Winder, Georgia, as of and for the year ended June 30, 2020, 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 14, 2020

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) as a basis for designing 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.

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. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in internal control to be a significant deficiency:

2020-001

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, voiding 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, voiding 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.

2020-001, continued

Cause: The duties of taking receipts, recording receipts, voiding 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Winder, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of 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 14, 2020

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, 2020

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
	2012 SPLOST				
Local Street Projects	\$ 2,451,259	\$ 2,451,259	\$ 2,399,220	\$ 129,129	\$ 2,528,349
Water and Sewer Infrastructure, Improvements, Facilities and Equipment	4,357,793	4,357,793	2,115,830	392,452	2,508,282
Total	\$ 6,809,052	\$ 6,809,052	\$ 4,515,050	\$ 521,581	\$ 5,036,631

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	\$ 580,954	\$ 1,751,280	\$ 2,332,234
Police Department Facilities and Equipment	1,501,282	1,501,282	95,900	192,446	288,346
Fire Department Facilities and Equipment	1,501,282	1,501,282	1,501,903	312,790	1,814,693
Recreation/Parks/Greenspace Projects	1,510,282	1,510,282	121,876	1,671,247	1,793,123
Administrative Facilities and Equipment	500,428	500,428	79,156	1,649,598	1,728,754
Total	\$ 10,017,548	\$ 10,017,548	\$ 2,379,789	\$ 5,577,361	\$ 7,957,150

Current year expenditures	\$ 5,577,361
Fire Department Facilities and Equipment expenditures financed through other revenues, financing sources, and transfers from other funds	609,366
Principal paid on capital lease payable	570,582
Total expenditures and transfers out of the SPLOST 2018 fund	\$ 6,757,309

* 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, 2020**