

City of Winder



WINDER, GEORGIA

Annual Financial Report

Fiscal Year Ending June 30, 2016

CITY OF WINDER, GEORGIA

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

CITY OF WINDER, GEORGIA

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of 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, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the City of Winder, Georgia as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the City of Winder, Georgia as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows, and the respective budgetary comparison for the General Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15, the schedule of changes in the net pension liability and related ratios on page 69, schedule of contributions on page 70, the schedule of funding progress on page 71, and the notes to the requires supplementary information on pages 72 – 73 to 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

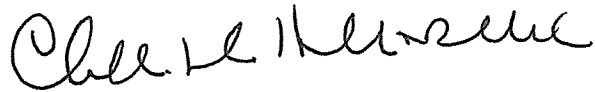
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Winder, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, budgetary comparison schedules, and the schedules of projects constructed with special sales tax proceeds, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2017, on our consideration of the City of Winder, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Winder, Georgia's internal control over financial reporting and compliance.

Macon, Georgia
June 20, 2017

A handwritten signature in black ink, appearing to read "Charles H. Henslee". The signature is written in a cursive, flowing style.

MANAGEMENT'S DISCUSSION & ANALYSIS

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Management's Discussion and Analysis

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

Financial Highlights

The assets and deferred outflows of resources of the City of Winder's governmental activities and business-type activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$85.3 million. Of this amount, \$16.6 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's cash and cash equivalents at the end of FY 2016 were \$23 million, an increase of \$3.9 million from FY 2015.

The primary government's total net position increased by \$6.3 million during FY 2016, as revenues of \$37.9 million exceeded expenses of \$31.6 million. Governmental activities contributed \$3.6 million and business-type activities contributed \$2.7 million of the overall increase in net position.

At June 30, 2016, the governmental funds reported combined ending fund balances of \$3.7 million, a decrease of over \$350,000 from the prior year. The decrease is primarily due to the increase in public works expenditures for street maintenance and SPLOST capital outlay expenditures for water and sewer infrastructure and recreational facilities. Approximately \$300,000 or 8.6% 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, 2016, was approximately \$315,000, or 2% of total fund expenditures.

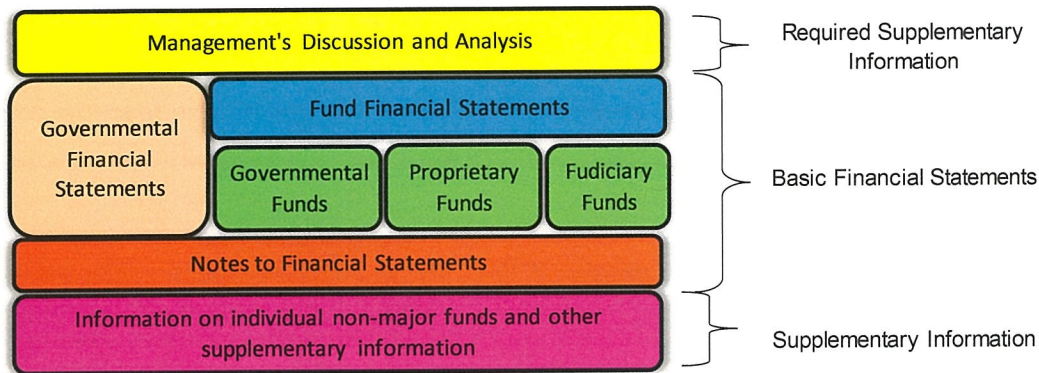
Enterprise (business-type) fund unrestricted net position for the FY 2016 was \$19.3 million, or 100% of total enterprise fund expenses.

The City pays up to 90% of health insurance for the City of Winder's fulltime employees. In FY 2016, the health insurance premiums paid by the City were \$1.5 million which was an increase of approximately \$113,000 over FY 2015.

The City had approximately \$20.4 million in revenue bonds, notes, and capital leases at the end of June 30, 2016, which is a decrease of about \$2 million from the prior year. The City also had an increase of approximately \$750,000 in net pension liability.

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 seven remaining funds are combined into a column titled "Nonmajor Governmental Funds." Statements for the City's proprietary funds follow the governmental funds and include net position, revenues, expenses and changes in net position, and cash flows. There are two major enterprise funds (Water and Sewer Fund and Gas Fund) and four nonmajor enterprise funds which are combined into a column titled "Nonmajor Enterprise Funds".
 - The City had two internal service funds to account for the cost of administration of the solid waste, gas and water utility operations, and City buildings. Costs of the internal service funds are charged to the applicable funds. The combined internal service funds' net position, revenues, expenses, and changes in net position are presented in the proprietary fund statements.
 - *Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial

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

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

Government-Wide Financial Analysis

The government-wide statements report information about the City of Winder as a whole using accounting methods similar to those used by private sector companies. Net position may serve over time as a useful indicator of the City's financial position. In the case of the City of Winder, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$85.3 million at the close of Fiscal Year 2016.

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 \$16.6 million or 19%. 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 \$66.8 million or 78.3%. 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 2.2% represents resources that are subject to external restrictions on how they may be used and debt service.

Statement of Net Position at June 30, 2016 and 2015

	Net Position at Year-End					
	(in millions of dollars)					
	Governmental		Business-Type		Total	
	Activities		Activities		Government	
	2016	2015	2016	2015	2016	2015
Cash and Investments	\$ 2.5	\$ 2.0	\$ 20.5	\$ 17.2	\$ 23.0	\$ 19.2
Current Assets	1.7	1.9	2.1	2.2	3.8	4.1
Other Non-Current Assets	-	-	-	2.7	-	2.7
Capital Assets	16.5	12.6	70.9	70.9	87.4	83.5
Total Assets	20.7	16.5	93.5	93.0	114.2	109.5
Deferred Outflows of Resources	1.3	0.7	0.5	0.5	1.8	1.2
Current Liabilities	1.6	0.9	1.5	1.3	3.1	2.2
Other Liabilities	-	-	2.4	2.4	2.4	2.4
Long-Term Debt Outstanding	5.4	4.6	19.1	21.4	24.5	26.0
Total Liabilities	7.0	5.5	23.0	25.1	30.0	30.6
Deferred Inflow of Resources	0.5	0.7	0.2	0.3	0.7	1.0
Net Position:						
Net Investment in Capital Assets	15.9	12.0	50.9	49.1	66.8	61.1
Restricted	1.4	1.6	0.5	0.7	1.9	2.3
Unrestricted	(2.7)	(2.6)	19.3	18.3	16.6	15.7
Total Net Position	\$ 14.5	\$ 11.0	\$ 70.7	\$ 68.1	\$ 85.3	\$ 79.1

Statement of Activities for the Fiscal Year Ended June 30, 2016 and 2015

Governmental and Proprietary Activities For Fiscal Year Ending June 30, 2016 & 2015 <i>(in millions of dollars)</i>						
	Governmental Activities		Business-Type Activities		Total Government	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenue						
Charges for Services	\$ 0.9	\$ 0.8	\$ 26.5	\$ 27.6	\$ 27.4	\$ 28.4
Operating Grants and Contributions	1.9	1.3	-	-	1.9	1.3
Capital Grants and Contributions	1.1	0.1	1.0	-	2.1	0.1
General Revenues						
Taxes	6.1	5.8	-	-	6.1	5.8
Other	0.1	0.2	0.3	0.2	0.4	0.4
Total Revenues	10.1	8.2	27.8	27.8	37.9	36.0
Expenses (Including Indirect Cost)						
Governmental Activities						
General Government	-	0.2	-	-	-	0.2
Judicial	0.3	0.2	-	-	0.3	0.2
Public Safety	7.0	6.0	-	-	7.0	6.0
Public Works	4.4	4.4	-	-	4.4	4.4
Recreation	0.2	-	-	-	0.2	-
Housing and Development	-	(0.1)	-	-	-	(0.1)
Business-Type Activities	-	-	19.7	20.3	19.7	20.3
Total Expenses	11.9	10.7	19.7	20.3	31.6	31.0
Excess (Deficiencies) Before Transfers	(1.8)	(2.5)	8.1	7.5	6.3	5.0
Transfers	5.4	4.8	(5.4)	(4.8)	-	-
Change in Net Position	3.6	2.3	2.7	2.7	6.3	5.0
Beginning Net Position - Restated	10.9	8.6	68.1	65.4	79.0	74.0
Ending Net Position	\$ 14.5	\$ 10.9	\$ 70.8	\$ 68.1	\$ 85.3	\$ 79.0

Governmental Activities

Governmental activities increased the City of Winder's net position by approximately \$3,600,000. The City's transfers into governmental funds from business-type funds increased by approximately \$625,000 from FY 2015 due to an increase in Public Works expenditures for infrastructure improvements. A comparison of the prior year income and expenses before transfers to the FY 2016 income and expenses before transfers reveals a slight decrease in the net loss. Fire District taxes, sales taxes, business taxes, and other taxes provided 62% of the total governmental revenues and covered 52.6% of governmental expenses. Program revenues provided 38% of total governmental revenues and covered 32.2% of governmental expenses. Transfers from other funds covered more than the other 15.2% of governmental expenses resulting in an increase in net position. The City's revenues from governmental activities are impacted by the general economy and local businesses.

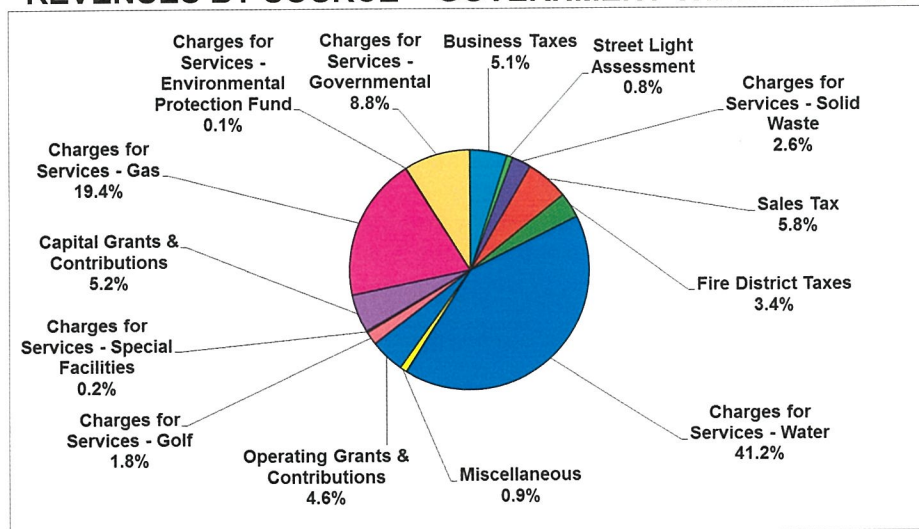
The most significant governmental expense for the City is providing Public Safety services, such as Fire and Police protection, which comprised 59.4% of the total governmental expenses. Revenues collected from a variety of sources offset public safety expenses, with the largest being the Fire District Tax. The second largest cost for the City is Public Works, totaling \$4.4 million, or 36.9% of governmental expenses.

Business-type Activities

Business-type activities increased the City of Winder's net position by approximately \$2.7 million. The amounts paid by the users of the systems were approximately \$26.5 million while the cost of all business-type activities was \$19.7 million. Additionally, idle cash earned approximately \$275,000.

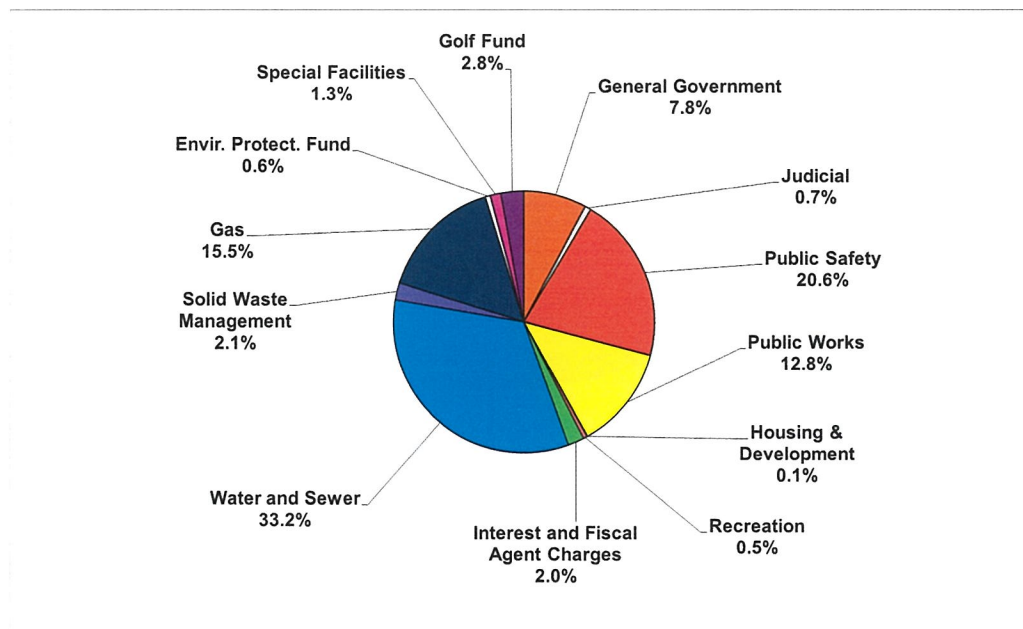
- The charges for services in the Water Fund increased by approximately \$217,000, which was due to partially to additional gallons of water consumed by our citizens and additional taps sold. Water expenses increased by nearly \$1 million. The increase is primarily attributable to increases in personnel services and supplies providing for a meter upgrade from the drive by reading system to smart points which allow meters to be read by radio towers.
- In the Gas Fund charges for services decreased by approximately \$1.2 million while expenses decreased by approximately \$1.8 million, resulting in a decrease in net position of approximately \$377,000 after transfers. These decreases are due to the reduction in the cost of natural gas due to warmer temperatures.
- Solid Waste Fund revenues remained relatively the stable; however expenses increased approximately \$60,000 and the transfer to the Governmental Funds decreased by approximately \$70,000 compared to FY 2015. The net position decreased by approximately \$57,000.
- The Environmental Protection Fund revenues remained nearly the same while expenses increased by approximately \$72,000. Transfers from the Governmental Funds increased by \$444,000 resulting in an increase in net position of approximately \$1 million.
- Special Facilities Fund revenues and expenses decreased by approximately \$22,000 and \$214,000, respectively. Transfers from the Governmental Funds decreased by \$222,500. The fund reported a decrease of about \$66,000 in net position.
- Fiscal year 2016 was the second full year of City ownership for the Chimneys Golf Course. The Golf Fund's net position decreased by approximately \$13,000 after transfers of approximately \$215,000. The decrease is primarily attributable to increases in personnel services and purchased property services.

REVENUES BY SOURCE – GOVERNMENT-WIDE ACTIVITY



Note: Graph may not equal 100% due to rounding

EXPENSES BY FUNCTION – GOVERNMENT-WIDE ACTIVITY



Note: Graph may not equal 100% due to rounding

Financial Analysis of the Government's Funds

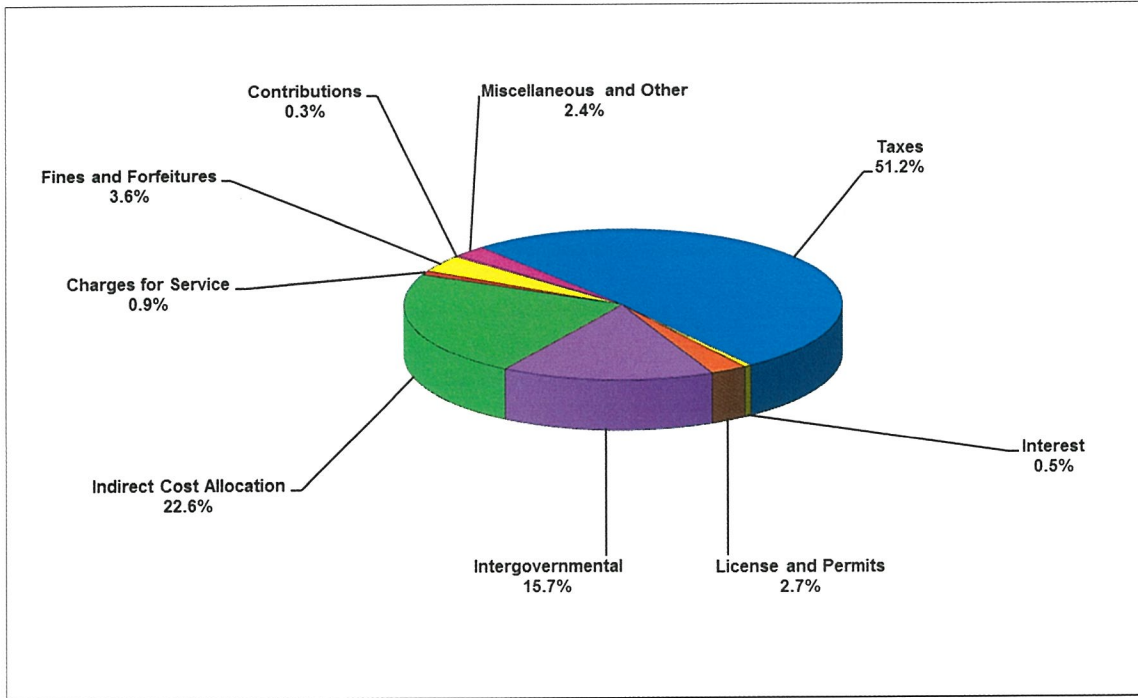
As noted earlier, the City of Winder employs fund accounting to ensure and demonstrate compliance with finance-related legal requirements and financial reporting requirements.

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

As of the end of FY 2016, the City's governmental funds reported combined ending fund balances of approximately \$3.7 million, a decrease of \$350,000. The City reported \$315,000 in unassigned fund balance. The City reported \$1.9 million in nonspendable fund balance. This amount is mainly attributable to the General Fund loaning money, through an advance, to the Environmental Protection Fund and the Buildings Fund. The City believes that those funds will repay the General Fund within the next 10 to 20 years. The remainder of fund balance is restricted or committed to indicate that it is not available for new spending because it has already been obligated for other restricted purposes.

As in previous years, the City of Winder levied no property tax (except for fire services) to finance current operations. Therefore, the City's General Fund relied on transfers from the proprietary funds (or business-type activities) to supplement the governmental activities of the City, such as public safety and public works. The transfers from the combined public utility enterprise funds were \$5.4 million.

REVENUES BY SOURCE-GOVERNMENTAL FUNDS

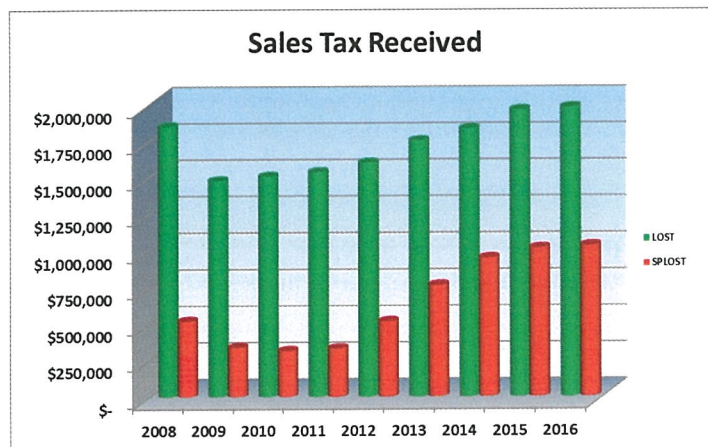


Note: Graph may not equal 100% due to rounding

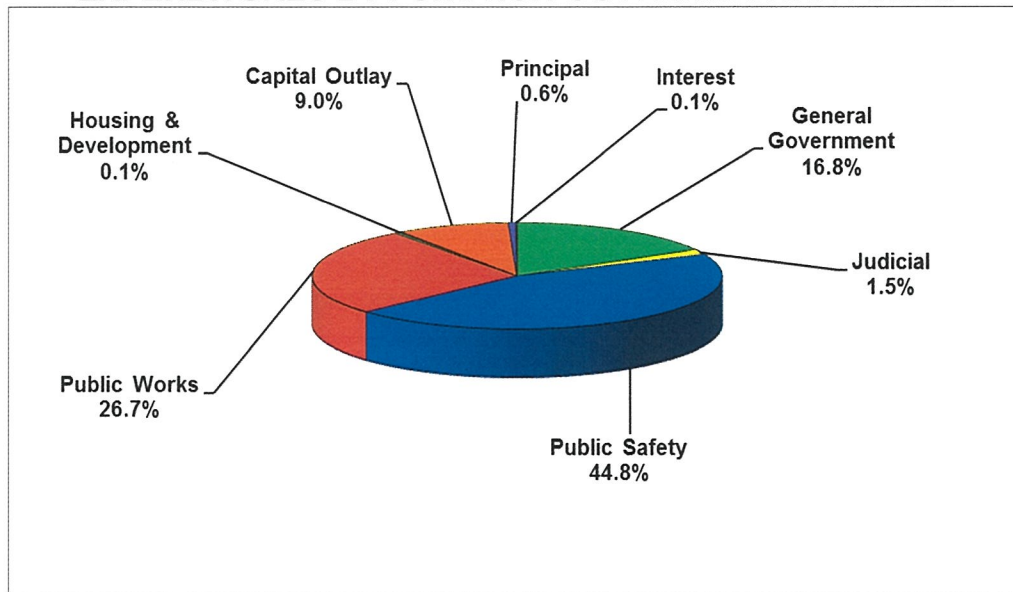
The City's governmental funds operating revenues (excluding indirect cost allocation) were up \$1.2 million from the prior year which was primarily due to an increase in taxes received and grants received including reimbursement for the state road project at North Broad Street and East Broad Street. The fire district tax collections increased by approximately \$211,000 or 28% and franchise taxes increased by approximately \$90,000 or 12%. However, fines and forfeitures decreased by approximately \$86,000 or 17% while building permits increased by approximately \$117,000 or 113%.

The Capital Projects Fund accounts for the Special Purpose Local Option Sales Taxes received by the City which is authorized by voter referendum. The City received about \$17,000 more in SPLOST proceeds than in FY 2015.

Shown here is a graph of sales tax revenues received in the past 9 years:



EXPENDITURES BY FUNCTION-GOVERNMENTAL FUNDS



Note: Graph may not equal 100% due to rounding

Expenditures in the governmental funds were \$16.8 million, a 9.4% increase from the prior year. The City recognized \$1.5 million for capital outlay expenditures. Operating expenditures of the City governmental funds were \$15.3 million, an 8.2% increase over the prior year.

Proprietary Funds The City's proprietary funds provide the same type of information found in the government-wide financial statements, however in more detail. Overall revenues decreased by approximately \$1.1 million, of which gas revenues decreased by approximately \$1.2 million due to the reduced cost of natural gas. Total expenses of the proprietary funds decreased by more than \$715,000 in FY 2016 over the prior year.

Budgetary Highlights

General Fund operating revenues (excluding indirect cost allocation) were approximately \$1.5 million more than budgeted. Fines and forfeitures came in \$252,000 below budget. Combined taxes were \$562,000 over budget primarily due to increase in motor vehicles taxes, sales taxes, and occupation taxes. State grant funding in the amount of \$718,000 and public safety contributions in the amount of \$21,000 came in that was not budgeted. Investment earnings were more than budgeted by 135%, while license and permits, charges for services and miscellaneous revenues were over budget by almost \$392,000.

General Fund expenditures were \$1.1 million less than budgeted. Personnel costs were under budget by \$546,451, Purchased Services were under budget by \$335,442, supplies expenditures were \$435,437 under budget, and capital outlay was \$13,899 under budget.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2016, the City has invested \$87.2 million (net of depreciation) in capital assets reflected in the following table.

Capital Assets At Year-End (Net of Depreciation) (in millions of dollars)						
	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land	\$ 2.5	\$ 1.7	\$ 6.5	\$ 6.1	\$ 9.0	\$ 7.8
Buildings & Improvements	2.1	2.1	3.3	3.5	5.4	5.6
Plant & System	-	-	57.4	59.3	57.4	59.3
Infrastructure	6.5	6.3	-	-	6.5	6.3
Furniture & Equipment	0.7	0.8	0.3	0.5	1.0	1.3
Vehicles	1.6	1.3	0.1	0.2	1.7	1.5
Work In Progress	3.0	0.4	3.2	1.3	6.2	1.7
	<u>\$ 16.4</u>	<u>\$ 12.6</u>	<u>\$ 70.8</u>	<u>\$ 70.9</u>	<u>\$ 87.2</u>	<u>\$ 83.5</u>

The following table reconciles the change in capital assets.

Change In Capital Assets (in millions of dollars)			
	Governmental Activities	Business- Type Activities	Totals
Beginning Balance	\$ 12.6	\$ 70.9	\$ 83.5
Additions	4.8	3.1	7.9
Reductions	(0.1)	(0.1)	(0.2)
Depreciation	(0.9)	(3.1)	(4.0)
Ending Balance	<u>\$ 16.4</u>	<u>\$ 70.8</u>	<u>\$ 87.2</u>

Capital asset additions to governmental activities amounted to over \$4.8 million, which included a land purchase that will be used in a transaction for a new fire station in addition to land purchased for the construction of Hal Jackson Park. Additional capital asset additions include a Kubota RTV, turf roller, Brazos ticket writers, and eight Chevy Tahoes, as well as realignment of East Broad at North Broad in conjunction with GDOT. The City also made improvements to City Pond Park using SPLOST funds and purchased an inflatable safety smoke house using funds donated by Firehouse Subs. Depreciation decreased total capital assets by nearly \$990,000.

Business-type additions to capital assets amounted to \$3.1 million. The Water Fund purchased land for a five million gallon water tank on Rockwell Church Road, relocated and upgraded water and sewer lines for the East Broad realignment project and the McNeal Road project, and began the engineering and design for the Rockwell Church Road water tank. The Sewer department purchased a B-52 cutter and began the design and engineering for the Auburn-Barrow sewer line. The Gas Fund installed gas lines in Hidden Creek Subdivision and in Oconee County and purchased land for the relocation of a regulator station. The Environmental Protection Fund purchased land and continued work on storm water projects. The Golf Fund purchased a utility cart. Depreciation decreased business-type capital assets by \$3.1 million.

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

Debt Outstanding

As of year-end, the City had \$27 million in debt outstanding compared to \$28.3 million last year. This included \$2.4 million due within one year. The following table presents a comparison of debts outstanding:

Debt Outstanding At Year End			
<i>(in millions of dollars)</i>			
		Totals	
		2016	2015
Governmental:			
Capital Leases	\$	0.5	\$ 0.7
Net Pension Liability		5.0	4.0
Compensated Absences		0.1	0.1
Sub-total		5.6	4.8
Business-type:			
Notes	\$	3.0	\$ 3.0
Water and Sewer Bonds		16.9	18.8
Net Pension Liability		1.5	1.6
Sub-total		21.4	23.4
Total	\$	27.0	\$ 28.2

The overall increase in debt is primarily due to an increase in net pension liability and the final draw down on the 2012 GEFA loan which added \$3 million to outstanding debt. The City's payments throughout the year decreased existing debt.

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

Economic Factors

Funding for the operations of the City comes primarily from: sales taxes, fines and forfeitures, licensing and permitting activities, and utility profits. The City is experiencing increased growth and seeing definite signs of recovery from the recession, however, continues to remain 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 2017 budget was developed and adopted to reflect conservative revenue figures, and the following indicators were taken into account:

- The City's FY 2016-2017 operating budget increased by \$1.9 million, or 6.3%, over the FY 2015-2016 operating budget; and increased by \$3.4 million, or 11.8%, over the FY 2014-2015 operating budget.
- The General Fund has the largest increase in budgeted expenses due to the following:
 - Budgeting a full year for the additional personnel in the Fire Department that was approved in last year's budget.
 - Increase in Technology Services Department due to replacing outdated equipment.
 - Increase in the Planning, License and Permitting Department for possible condemnations of blighted property in the City.
 - The Police Department's increase is mostly due to the increase in its portion of the indirect costs.
- The Environmental Protection Services Fund's budget more than doubled due to additional costs associated with additional repairs and maintenance on the City's stormwater infrastructure.

- The City's total cost of personnel services is approximately 28.4% of the total operating budget. The FY 2017 budget reflects a 5% increase in insurance costs and 3% possible merit raises for the employees.
- The City will fund the Winder Library with \$150,000 which is the same as was funded in FY 2016.
- The Winder Downtown Development Authority will receive \$30,000 in funding from the City of Winder. This is the same as was received in FY 2016.
- The City of Winder assumes that all capital purchases will be acquired with proceeds from debt or revenues that exceed expenditures.

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

Financial Contact

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

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

BASIC FINANCIAL STATEMENTS

CITY OF WINDER, GEORGIA

STATEMENT OF NET POSITION

JUNE 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
<u>ASSETS</u>				
Cash and cash equivalents	\$ 2,307,525	\$ 17,524,364	\$19,831,889	\$ 2,612
Taxes Receivable - Net	85,224	-	85,224	-
Accounts Receivable	132,530	2,509,928	2,642,458	-
Intergovernmental Receivable	349,562	-	349,562	-
Internal Balances	958,091	(958,091)	-	-
Supply Inventory	-	439,464	439,464	-
Prepaid Items	174,797	99,404	274,201	-
Restricted Assets:				
Restricted Cash	216,466	316,024	532,490	-
Cash - Bond Sinking Accounts	-	2,660,179	2,660,179	-
Non-Current Assets:				
Capital Assets:				
Nondepreciable Assets	5,572,036	9,696,255	15,268,291	-
Depreciable Assets	10,811,029	61,145,183	71,956,212	-
OPEB Asset	106,519	46,281	152,800	-
Total Assets	20,713,779	93,478,991	114,192,770	2,612
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Outflows of Resources Related to Pensions	1,377,059	404,387	1,781,446	-
Deferred Charge on Refunding of Bonds	-	129,139	129,139	-
Total Deferred Outflows of Resources	1,377,059	533,526	1,910,585	-

The accompanying notes are an integral part of these financial statements.

CITY OF WINDER, GEORGIA

STATEMENT OF NET POSITION
JUNE 30, 2016
(CONTINUED)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
<u>LIABILITIES</u>				
Accounts Payable and Accrued Liabilities	1,330,484	1,161,967	2,492,451	50
Accrued Interest	-	54,181	54,181	-
Unearned Revenue	34,654	-	34,654	-
Liabilities Payable From Restricted Assets:				
Revenues Bonds Payable - Net, Cur Portion	-	1,967,949	1,967,949	-
Customer Deposits	-	441,620	441,620	-
Non-Current Liabilities				
Due Within One Year				
Compensated Absences	103,495	33,379	136,874	-
Notes & Capital Leases Payable	103,934	270,259	374,193	-
Due In More Than One Year				
Leases, Notes and Bonds Payable	410,400	17,666,686	18,077,086	-
Net Pension Liability	5,016,067	1,473,023	6,489,090	-
Total Liabilities	6,999,034	23,069,064	30,068,098	50
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Inflows of Resources Related to Pensions	543,586	159,630	703,216	-
Total Deferred Inflows of Resources	543,586	159,630	703,216	-
<u>NET POSITION</u>				
Net Investment in Capital Assets	15,868,731	50,936,544	66,805,275	-
Restricted For:				
Law Enforcement	19,848	-	19,848	-
Debt Service	-	527,054	527,054	-
Capital Outlay	1,353,234	-	1,353,234	-
Unrestricted	(2,693,595)	19,320,225	16,626,630	2,562
Total Net Position	\$ 14,548,218	\$ 70,783,823	\$ 85,332,041	\$ 2,562

The accompanying notes are an integral part of these financial statements.

CITY OF WINDER, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

			Program Revenues		
Function/Program	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities					
General Government	\$ 2,678,704	\$(2,685,093)	\$ 400,690	\$ 1,883,145	\$ 1,057,826
Judicial	229,663	25,636	-	-	-
Public Safety	6,371,449	683,173	435,617	-	-
Public Works	3,756,777	275,721	-	-	17,086
Recreation	161,459	-	32,306	-	-
Housing & Development	379,168	(17,827)	-	-	-
Interest	15,789	-	-	-	-
Total Governmental Activities	13,593,009	(1,718,390)	868,613	1,883,145	1,074,912
Business Type Activities					
Water and Sewer	11,108,128	963,460	16,726,850	-	1,034,410
Gas	4,763,350	544,590	7,890,596	-	-
Solid Waste Management	650,193	73,367	1,066,253	-	-
Environmental Protection Fund	194,555	12,217	29,951	-	-
Special Facilities	418,747	31,024	91,081	-	-
Golf	872,719	93,732	738,423	-	-
Total Business-Type Activities	18,007,692	1,718,390	26,543,154	-	1,034,410
Total Primary Government	\$31,600,701	\$ -	\$ 27,411,767	\$ 1,883,145	\$ 2,109,322
Component Unit					
Downtown Development Authority	\$ 805,074	\$ -	\$ -	\$ 16,809	\$ -
Total Component Unit	\$ 805,074	\$ -	\$ -	\$ 16,809	\$ -

General Revenues:
 Fire District Taxes
 Intangible/Transfer Tax
 Street Light Assessment
 General Sales Tax
 Selective Sales Tax
 Business Tax
 Motor Vehicle Tax
 Franchise Taxes
 Other Taxes
 Interest Earnings
 Miscellaneous
 Transfers
 Total General Revenues
 and Transfers
 Change in Net Position
 Beginning Net Position
 Ending Net Position

The accompanying notes are an integral part of these financial statements.

CITY OF WINDER, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(CONTINUED)

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
\$ 3,348,050	\$ -	\$ 3,348,050	
(255,299)	-	(255,299)	
(6,619,005)	-	(6,619,005)	
(4,015,412)	-	(4,015,412)	
(129,153)	-	(129,153)	
(361,341)	-	(361,341)	
(15,789)	-	(15,789)	
(8,047,949)	-	(8,047,949)	
-	5,689,672	5,689,672	
-	2,582,656	2,582,656	
-	342,693	342,693	
-	(176,821)	(176,821)	
-	(358,690)	(358,690)	
-	(228,028)	(228,028)	
-	7,851,482	7,851,482	
(8,047,949)	7,851,482	(196,467)	
			\$ (788,265)
			\$ (788,265)
974,856	-	974,856	-
35,872	-	35,872	-
315,439	-	315,439	-
1,944,420	-	1,944,420	-
413,579	-	413,579	-
1,039,716	-	1,039,716	-
389,226	-	389,226	-
814,817	-	814,817	-
204,200	-	204,200	-
58,870	275,372	334,242	-
51,100	-	51,100	-
5,415,624	(5,415,624)	-	-
11,657,719	(5,140,252)	6,517,467	-
3,609,770	2,711,230	6,321,000	(788,265)
10,938,448	68,072,593	79,011,041	790,827
\$ 14,548,218	\$ 70,783,823	\$ 85,332,041	\$ 2,562

The accompanying notes are an integral part of these financial statements.

CITY OF WINDER, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>			
Cash and Cash Equivalents	\$ 736,980	\$ 1,569,871	\$ 2,306,851
Restricted Cash	216,466	-	216,466
Taxes Receivable - Net	77,967	7,257	85,224
Accounts Receivable	132,530	-	132,530
Intergovernmental Receivable	172,821	176,741	349,562
Prepaid Items	161,328	13,469	174,797
Advances To Other Funds	1,775,181	-	1,775,181
Total Assets	<u>\$ 3,273,273</u>	<u>\$ 1,767,338</u>	<u>\$ 5,040,611</u>
<u>Liabilities</u>			
Accounts Payable and Accrued Liabilities	\$ 959,420	\$ 319,962	\$ 1,279,382
Unearned Revenues	26,674	7,980	34,654
Total Liabilities	<u>986,094</u>	<u>327,942</u>	<u>1,314,036</u>
<u>Deferred Inflows of Resources</u>			
Unavailable Revenue-Taxes	<u>34,893</u>	<u>-</u>	<u>34,893</u>
<u>Fund Balances</u>			
Nonspendable	1,936,509	13,469	1,949,978
Restricted	-	1,373,082	1,373,082
Committed	-	20,979	20,979
Assigned	-	31,866	31,866
Unassigned	315,777	-	315,777
Total Fund Balances	<u>2,252,286</u>	<u>1,439,396</u>	<u>3,691,682</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,273,273</u>	<u>\$ 1,767,338</u>	<u>\$ 5,040,611</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WINDER, GEORGIA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

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

Total Fund Balances - Governmental Funds	\$ 3,691,682
Capital Assets	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	
Cost of Assets	43,033,467
Accumulated Depreciation	(29,216,051)
Internal Service Fund - Building is used by management to charge cost of City Buildings to individual funds. The capital assets of the Internal Service Fund Fund- Buildings is included in governmental activities in the Statement Net Position.	
Cost of Assets	2,773,608
Accumulated Depreciation	(207,959)
OPEB Asset	
OPEB asset is not available during the current period and therefore, is not reported in the funds.	106,519
Deferred outflows of resources	
Pension Contributions	1,377,059
Revenues	
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	34,893
Long-term Liabilities	
Long-term liabilities, including compensated absences and capital leases, are not due and payable in the current period and, therefore, are not reported in the funds.	
Capital Leases	(514,334)
Compensated Absences	(103,495)
Net Pension Liability	(5,016,067)
Deferred inflows of resources	
Net difference between projected and actual investment earnings on pension plan investments.	(543,586)
Internal Service Fund - Building is used by management to charge cost of City buildings to individual funds. The assets and liabilities of the Internal Service Fund- Buildings is included in governmental activities in the Statement of Net Position.	(867,518)
Total Net Position of Governmental Activities	<u>\$14,548,218</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WINDER, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>Revenues</u>			
Taxes	\$ 5,927,431	\$ 204,200	\$ 6,131,631
License and Permits	324,292	-	324,292
Intergovernmental	718,095	1,165,050	1,883,145
Charges for Service	76,398	32,306	108,704
Fines and Forfeitures	413,185	22,432	435,617
Interest	58,870	3,281	62,151
Contributions	21,080	13,805	34,885
Miscellaneous and Other	291,723	-	291,723
Indirect Cost Allocation	2,714,219	-	2,714,219
Total Revenues	10,545,293	1,441,074	11,986,367
<u>Expenditures</u>			
Current:			
General Government	2,714,219	112,399	2,826,618
Judicial	255,020	-	255,020
Public Safety	7,505,223	18,109	7,523,332
Public Works	4,134,705	-	4,134,705
Recreation	-	64,037	64,037
Housing & Development	350,543	23,863	374,406
Debt Service:			
Principal	95,946	-	95,946
Interest	15,789	-	15,789
Capital Outlay	-	1,511,537	1,511,537
Total Expenditures	15,071,445	1,729,945	16,801,390
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,526,152)	(288,871)	(4,815,023)
Other Financing Sources (Uses):			
Transfers In	7,184,266	151,100	7,335,366
Transfers Out	(2,734,492)	(146,250)	(2,880,742)
Insurance recoveries	7,518	-	7,518
Total Other Financing Sources (Uses)	4,457,292	4,850	4,462,142
Net Change In Fund Balances	(68,860)	(284,021)	(352,881)
Fund Balance, Beginning of Year	2,321,146	1,723,417	4,044,563
Fund Balance, End of Year	\$ 2,252,286	\$ 1,439,396	\$ 3,691,682

The accompanying notes are an integral part of these financial statements.

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, 2016

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

Net Change In Fund Balance - Total Governmental Funds \$ (352,881)

Capital Assets

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Total Capital Outlays	4,014,977
Total Depreciation Expense	(981,076)

The net effect of various transactions involving capital assets (i.e., sales disposals, donations, transfers from business-type activities funds) is to increase net position.

Donated capital assets from DDA	768,551
Transfer of Asset from Business-type fund	20,054

Internal Service Fund - Building is used by management to charge cost of City buildings to individual funds. The acquisition of capital assets and depreciation expense is included in the Statement of Activities.

Total Capital Outlays	(992,132)
Total Depreciation Expense	33,168

OPEB Assets

OPEB asset is not available during the current period and therefore, is not reported in the funds.

Increase in OPEB Asset	87,355
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Deferred outflows of resources related to pensions is not available during the current period and therefore, is not reported in the funds.

Change in deferred outflows of resources related to pensions	683,887
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Long-term Debt

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. The adjustments for these items are as follows:

Compensated Absences	239
Capital Leases	95,946
Net Pension Liability	(910,942)

Revenues

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Fire District Taxes	494
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Deferred inflows of resources related to pensions do not consume current financial resources and are not reported as expenditures in the funds.

Change in deferred outflows of resources related to pensions	181,130
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Internal Service Fund - Building is used by management to charge cost of City Buildings to individual funds. The income and expenses of the Internal Service Fund- Buildings is included in governmental activities in the Statement of Activities.

961,000

Change in Net Position of Governmental Activities

\$ 3,609,770

The accompanying notes are an integral part of these financial statements.

CITY OF WINDER, GEORGIA

GENERAL FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET TO ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes:				
Fire District Taxes	\$ 710,774	\$ 710,774	\$ 974,362	\$ 263,588
Intangible/Transfer Tax	12,000	12,000	35,872	23,872
Street Light Assessment	317,100	317,100	315,439	(1,661)
General Sales Tax	1,900,000	1,900,000	1,944,420	44,420
Selective Sales Tax	381,600	381,600	413,579	31,979
Business Taxes	932,500	932,500	1,039,716	107,216
Motor Vehicle Tax	389,226	389,226	389,226	-
Franchise Taxes	722,700	722,700	814,817	92,117
Total Taxes	5,365,900	5,365,900	5,927,431	561,531
License and Permits:				
Business Licenses	105,000	105,000	103,171	(1,829)
Building Permits	99,000	99,000	221,121	122,121
Total License and Permits	204,000	204,000	324,292	120,292
Intergovernmental:				
State Grants	-	-	718,095	718,095
Total Intergovernmental	-	-	718,095	718,095
Charges for Service:				
General Government	26,800	26,800	27,792	992
Public Safety	11,000	11,000	14,256	3,256
Public Works	32,000	32,000	34,350	2,350
Total Charges for Service	69,800	69,800	76,398	6,598
Fines and Forfeitures	665,000	665,000	413,185	(251,815)
Interest	25,000	25,000	58,870	33,870
Contributions				
Public Safety	-	-	21,080	21,080
Miscellaneous:				
Rents	27,000	27,000	27,376	376
Other	-	-	264,347	264,347
Total Miscellaneous	27,000	27,000	291,723	264,723
Indirect Cost Allocation	3,218,300	3,218,300	2,714,219	(504,081)
Total Revenues	9,575,000	9,575,000	10,545,293	970,293

The accompanying notes are an integral part of these financial statements.

CITY OF WINDER, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(CONTINUED)

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Expenditures:				
Current:				
General Government:				
Legislative	615,500	590,500	545,270	45,230
Administration	2,602,800	2,627,800	2,168,949	458,851
Total General Government	3,218,300	3,218,300	2,714,219	504,081
Judicial	270,600	270,600	255,020	15,580
Public Safety:				
Police Department	4,890,300	4,890,300	4,505,627	384,673
Fire Department	2,990,300	2,990,300	2,999,596	(9,296)
Total Public Safety	7,880,600	7,880,600	7,505,223	375,377
Public Works	3,099,800	4,235,800	4,134,705	101,095
Housing and Development	461,100	461,100	350,543	110,557
Debt Service:				
Principal	100,800	100,800	95,946	4,854
Interest	16,300	16,300	15,789	511
Total Debt Service	117,100	117,100	111,735	5,365
Total Expenditures	15,047,500	16,183,500	15,071,445	1,112,055
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(5,472,500)	(6,608,500)	(4,526,152)	(141,762)
Other Financing Sources (Uses):				
Transfers In	4,751,200	4,751,200	7,184,266	2,433,066
Transfers Out	(541,300)	(541,300)	(2,734,492)	(2,193,192)
Insurance recoveries	-	-	7,518	7,518
Capital Lease Proceeds	1,262,600	1,262,600	-	(1,262,600)
Total Other Financing Sources (Uses):	5,472,500	5,472,500	4,457,292	(1,015,208)
Net Change In Fund Balance	-	(1,136,000)	(68,860)	(1,156,970)
Beginning Fund Balance	2,321,146	2,321,146	2,321,146	-
Ending Fund Balance	\$ 2,321,146	\$ 1,185,146	\$ 2,252,286	\$ (1,156,970)

The accompanying notes are an integral part of these financial statements.

CITY OF WINDER, GEORGIA

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2016

	Business-type Activities - Enterprise Funds				
	Water and Sewer		Nonmajor Enterprise		Nonmajor Internal Service
	Fund	Gas Fund	Funds	Totals	Funds
<u>Assets</u>					
Current Assets					
Cash and Cash Equivalents	\$ 13,841,714	\$3,354,525	\$ 225,385	\$17,421,624	\$ 103,414
Accounts Receivable	1,852,312	505,019	152,597	2,509,928	-
Supply Inventory	282,384	144,619	12,461	439,464	-
Prepays	83,035	6,650	1,319	91,004	8,400
Restricted Assets:					
Restricted Cash	135,628	180,396	-	316,024	-
Cash - Bond Sinking Accounts	2,660,179	-	-	2,660,179	-
Total Current Assets	18,855,252	4,191,209	391,762	23,438,223	111,814
Non-Current Assets					
Capital Assets					
Nondepreciable Assets	7,863,296	77,062	1,755,897	9,696,255	1,170,045
Depreciable Assets	54,455,472	2,294,245	4,395,466	61,145,183	1,395,604
Other Post-Employment Benefits Asset	30,959	9,864	540	41,363	4,918
Other Assets:					
Advances to other funds	540,000	-	-	540,000	-
Total Non-current Assets	62,889,727	2,381,171	6,151,903	71,422,801	2,570,567
Total Assets	81,744,979	6,572,380	6,543,665	94,861,024	2,682,381
<u>Deferred Outflows of Resources</u>					
Deferred Outflows of					
Resources Related to Pensions	276,124	85,509	21,377	383,010	21,377
Deferred Charge on Refunding of Bonds	129,139	-	-	129,139	-
Total Deferred Outflows of Resources	405,263	85,509	21,377	512,149	21,377

The accompanying notes are an integral part of these financial statements.

CITY OF WINDER, GEORGIA

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2016
(CONTINUED)

	Business-type Activities - Enterprise Funds				
	Water and Sewer		Nonmajor Enterprise		Nonmajor Internal Service
	Fund	Gas Fund	Funds	Totals	Funds
<u>Liabilities</u>					
Current Liabilities					
Accounts Payable and Accrued Liabilities	572,662	297,816	251,404	1,121,882	91,187
Accrued Interest	54,181	-	-	54,181	-
Compensated Absences	19,416	4,400	4,409	28,225	5,154
Notes & Capital Leases Payable	266,343	-	3,916	270,259	-
Liabilities Payable From Restricted Assets:					
Revenue Bonds Payable - Net	1,967,949	-	-	1,967,949	-
Customer Deposits	300,804	140,816	-	441,620	-
Total Current Liabilities	3,181,355	443,032	259,729	3,884,116	96,341
Long -Term Liabilities					
Advances from Other Funds	-	-	1,498,091	1,498,091	817,090
Notes and Capital Leases Payable	2,733,657	-	-	2,733,657	-
Revenue Bonds Payable - Net	14,933,029	-	-	14,933,029	-
Net Pension Liability	1,005,809	311,476	77,869	1,395,154	77,869
Total Long-Term Liabilities	18,672,495	311,476	1,575,960	20,559,931	894,959
Total Liabilities	21,853,850	754,508	1,835,689	24,444,047	991,300
<u>Deferred Inflows of Resources</u>					
Deferred Inflows of Resources Related					
to Pensions	108,998	33,754	8,439	151,191	8,439
Total Deferred Inflows of Resources	108,998	33,754	8,439	151,191	8,439
<u>Net Position</u>					
Net Investment in Capital Assets	42,417,790	2,371,307	6,147,447	50,936,544	2,565,649
Restricted:					
Debt Service	527,054	-	-	527,054	-
Unrestricted (Deficit)	17,242,550	3,498,320	(1,426,533)	19,314,337	(861,630)
Total Net Position	\$ 60,187,394	\$5,869,627	\$4,720,914	70,777,935	\$ 1,704,019

Some amounts reported for *business-type activities* in the statement of net position are different because certain internal service fund assets and liabilities are included with business-type activities.

	5,888
Net position of business-type activities	<u>\$70,783,823</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WINDER, GEORGIA

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Business-type Activities - Enterprise Funds				Nonmajor Internal Service Funds
	Water and Sewer Fund	Gas Fund	Nonmajor Enterprise Funds	Totals	
<u>Operating Revenues</u>					
Charges For Services	\$ 15,010,438	\$7,781,306	\$1,905,377	\$24,697,121	\$ 1,076,452
Tap-On Fees	1,516,859	56,100	-	1,572,959	-
Penalties and Interest	186,661	53,031	19,985	259,677	-
Miscellaneous and Other	12,892	159	346	13,397	-
Total Revenues	16,726,850	7,890,596	1,925,708	26,543,154	1,076,452
<u>Operating Expenses</u>					
Personnel Services	1,289,120	358,400	498,443	2,145,963	217,599
Professional and Technical	2,687,879	238,049	657,190	3,583,118	723,928
Purchased Property Services	513,814	294,389	545,737	1,353,940	64,113
Supplies	3,083,040	3,701,972	224,903	7,009,915	17,590
Depreciation	2,795,806	170,540	209,941	3,176,287	33,168
Amortization	57,997	-	-	57,997	-
Indirect Costs Allocation	963,460	544,590	210,340	1,718,390	-
Total Expenses	11,391,116	5,307,940	2,346,554	19,045,610	1,056,398
Net Operating Revenues (Expenses)	5,335,734	2,582,656	(420,846)	7,497,544	20,054
<u>Non-Operating Revenues (Expenses)</u>					
Interest Income	275,336	36	-	275,372	-
Interest Expense and Fiscal Agent Charges	(675,021)	-	-	(675,021)	-
Loss on disposal of assets	-	-	-	-	(20,054)
Contributions	(5,451)	-	-	(5,451)	-
Total Non-Operating Revenues (Expenses)	(405,136)	36	-	(405,100)	(20,054)
Net Revenues (Expenses) Before Transfers and Contributions	4,930,598	2,582,692	(420,846)	7,092,444	-
<u>Capital Contribution</u>	1,034,410	-	-	1,034,410	-
<u>Transfers</u>					
Transfers Out	(3,797,874)	(2,959,975)	(400,167)	(7,158,016)	-
Transfers In	-	-	1,742,392	1,742,392	961,000
Net Transfers	(3,797,874)	(2,959,975)	1,342,225	(5,415,624)	961,000
Change in Net Position	2,167,134	(377,283)	921,379	\$ 2,711,230	961,000
Net Position Beginning of the Year	58,020,260	6,246,910	3,799,535		743,019
Net Position End of the Year	\$ 60,187,394	\$5,869,627	\$4,720,914		\$ 1,704,019

The accompanying notes are an integral part of these financial statements.

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CITY OF WINDER, GEORGIA

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Business-type Activities - Enterprise Funds				Nonmajor Internal Service Funds
	Water and Sewer Fund	Gas Fund	Nonmajor Enterprise Funds	Totals	
<u>Cash Flows from (to) Operating Activities:</u>					
Receipts from Customers	\$ 16,688,206	\$ 7,995,490	\$ 1,942,247	\$ 26,625,943	\$ -
Receipts from Interfund Services Provided	-	-	-	-	1,076,452
Payments to Employees	(1,295,658)	(516,753)	(455,648)	(2,268,059)	(507,172)
Internal Activity	(963,460)	(544,590)	(210,340)	(1,718,390)	-
Payments to Suppliers	(6,171,157)	(4,411,444)	(1,334,702)	(11,917,303)	(789,145)
Net Cash Provided (Used) by Operating Activities	8,257,931	2,522,703	(58,443)	10,722,191	(219,865)
<u>Cash Flows From (to) Noncapital Financing Activities</u>					
Transfers to Other Funds	(3,797,874)	(2,959,975)	(400,167)	(7,158,016)	-
Transfers from Other Funds	-	-	1,742,392	1,742,392	961,000
Receipts from Other Funds	20,000	-	-	20,000	-
Payments to Other Funds	-	-	(156,870)	(156,870)	(22,887)
Net Cash from (to) Noncapital Financing Activities	(3,777,874)	(2,959,975)	1,185,355	(5,552,494)	938,113
<u>Cash Flows from (to) Capital and Related Financing Activities</u>					
Acquisition and Construction of Capital Assets	(867,218)	(161,465)	(1,087,330)	(2,116,013)	(992,132)
Receipts from Intergovernmental	2,827,498	-	-	2,827,498	-
Interest and Fiscal Charges on Notes & Capital Leases	(755,582)	-	-	(755,582)	-
Principal Payments on Bonds	(1,833,000)	-	-	(1,833,000)	-
Principal Payments on Notes & Capital Leases	(992,075)	-	(8,211)	(1,000,286)	-
Proceeds from the Sale of Capital Assets	-	-	-	-	5,110
Proceeds from Issuance of Long-Term Debt (Notes)	1,053,436	-	-	1,053,436	-
Contributions	(5,451)	-	-	(5,451)	-
Net Cash from (to) Capital and Related Financing Activities	(572,392)	(161,465)	(1,095,541)	(1,829,398)	(987,022)
<u>Cash Flows from Investing Activities:</u>					
Interest on Investments	275,336	36	-	275,372	-
Net Increase (Decrease) in Cash	4,183,001	(598,701)	31,371	3,615,671	(268,774)
Cash and Cash Equivalents, Beginning of the Year	12,454,520	4,133,622	194,014	16,782,156	372,188
Cash and Cash Equivalents, End of the Year	\$ 16,637,521	\$ 3,534,921	\$ 225,385	\$ 20,397,827	\$ 103,414
<u>Reconciliation of Cash Equivalents:</u>					
Cash	\$ 13,841,714	\$ 3,354,525	\$ 225,385	\$ 17,421,624	\$ 103,414
Restricted Cash	2,795,807	180,396	-	2,976,203	-
Total Cash and Cash Equivalents	\$ 16,637,521	\$ 3,534,921	\$ 225,385	\$ 20,397,827	\$ 103,414

The accompanying notes are an integral part of these financial statements.

CITY OF WINDER, GEORGIA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016
 (CONTINUED)

	Business-type Activities - Enterprise Funds				Nonmajor Internal Service Funds
	Water and Sewer Fund	Gas Fund	Nonmajor Enterprise Funds	Totals	
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>					
Operating Income (Loss)	\$ 5,335,734	\$2,582,656	\$ (420,846)	\$ 7,497,544	\$ 20,054
Adjustments to Reconcile Net Operating Income to Net Cash Provided (used) by Operating Activities					
Depreciation and Amortization	2,853,803	170,540	209,941	3,234,284	33,168
Changes in Current Assets and Liabilities					
(Increase) Decrease in Deferred Outflows - Pensions	(131,754)	(14,929)	(18,167)	(164,850)	36,414
(Increase) Decrease in Accounts Receivables	7,634	123,499	16,539	147,672	-
(Increase) Decrease in Inventories	(28,706)	6,785	(2,758)	(24,679)	-
(Increase) Decrease in Prepaids	-	2,760	2,457	5,217	-
(Increase) Decrease in OPEB Asset	(19,156)	(8,428)	(540)	(28,124)	(4,918)
Increase (Decrease) in Accounts Payables	161,438	(178,151)	93,969	77,256	21,404
Increase (Decrease) in Customer Deposits	(46,278)	(18,605)	-	(64,883)	-
Increase (Decrease) in OPEB Liability	-	-	(2,525)	(2,525)	(1,978)
Increase (Decrease) in Compensated Absences	6,244	(2,109)	(75)	4,060	(908)
Increase (Decrease) in Net Pension Liability	159,508	(102,006)	58,532	116,034	(270,182)
Increase (Decrease) in Deferred Inflows - Pensions	(40,536)	(39,309)	5,030	(74,815)	(52,919)
Net Cash Provided (used) by Operating Activities	<u>\$ 8,257,931</u>	<u>\$2,522,703</u>	<u>\$ (58,443)</u>	<u>\$10,722,191</u>	<u>\$ (219,865)</u>

Noncash Capital Financing Activities:

Capital Assets of \$1,034,410 were acquired through contributions from the SPLOST 2012 fund.

The accompanying notes are an integral part of these financial statements.

CITY OF WINDER, GEORGIA

FIDUCIARY STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2016

	<u>Agency Funds</u>
<u>Assets</u>	
Cash and Cash Equivalents	\$ 43,995
Accounts Receivable, Net	<u>142,092</u>
Total Assets	<u><u>\$ 186,087</u></u>
 <u>Liabilities</u>	
Due to Others	<u>\$ 186,087</u>
Total Liabilities	<u><u>\$ 186,087</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of the City of Winder's more significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies are an integral part of the accompanying financial statements.

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

The accompanying financial statements report on the financial activity for the City of Winder, Georgia for the fiscal year ended June 30, 2016. The statements include all the funds controlled by the Mayor and Council of the City of Winder, Georgia. The financial statements have been prepared in conformance with generally accepted accounting principles (GAAP) as applied to governmental units. The more significant accounting policies established in GAAP, and used by the City, are discussed below.

A. Reporting Entity

As required by generally accepted accounting 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 operational and financial relationship with the City. In conformity with generally accepted accounting principles, as set forth in Statement of Governmental Accounting Standards Board (GASB) No. 61 "The Financial Reporting Entity: Omnibus, an amendment of GASB Statement No. 14 and 34," the City's relationships with other governments and agencies have 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 June 30, 2016, 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 reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

Downtown Development Authority

The Downtown Development Authority ("Authority") is a nonmajor component unit of the City of Winder. The 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 Downtown Development Authority does not issue separate financial statements.

B. Government-wide and Fund Financial Statement

The government-wide financial statements (Statement of Net Position and Statement of Change in Net Position) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Where internal activity is representative of an interfund service provided and used, no elimination has been made. Internal activities have not been eliminated from the fund financial statements. Exceptions to this general rule include charges between the City's business-type activities/proprietary funds, as well as some special revenue funds, and the General Fund. The City allocates charges as reimbursement for services provided by the General Fund in support of those functions based on levels of service provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. These allocated amounts charged through the City's indirect cost allocation plan are reported in a separate column on the Statement of Activities.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided; 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Under 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 County 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 services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, local option sales taxes, other taxes, intergovernmental revenues, interest, and charges for services associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the County's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The fund financial statements provide more detailed information about the government's most significant funds, not the government as a whole. The activities of the government are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets,

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016
(CONTINUED)

liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Basis of Presentation

The financial transactions of the City are recorded in individual funds. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

GAAP sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and proprietary combined) for the determination of major funds. Nonmajor funds are combined in a column in the fund financial statements and detailed in the combining section.

The City reports the following major governmental funds:

General Fund - The General Fund is the principal fund of City and is used to account for and report all financial resources not accounted for and reported in another fund. The General Fund accounts for the normal recurring activities of the City (i.e., police, fire, public works, general government, etc.).

The City reports the following major proprietary funds:

Water and Sewer Fund - The Water and Sewer Fund is the largest of the eight proprietary funds operated by the City. The Water and Sewer Fund accounts for the operations of the water and sewer systems of the City. The system supplies water and sewer service to area residents and to industrial and commercial users in the City and County.

Gas Fund- The Gas Fund is the second largest of the eight proprietary funds and accounts for the distribution and sale of natural gas in the City of Winder and the counties of Barrow, Walton, and Oconee.

Additionally, the City reports the following nonmajor fund types:

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted legally to expenditures for specified purposes. The City utilizes five funds of this type, which are the Hotel/Motel Tax Fund, Community TV Station Fund, City Festivals Fund, Police Escrow Fund, and Grant Fund.

Capital Project Funds - The Capital Project Funds account for financial resources to be used for the acquisition or construction of major capital projects.

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

Agency Funds – Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Proprietary Funds – Proprietary Funds are often called “income determination”, “non-expendable”, or “commercial-type” funds and are used to account for the ongoing activities of the City that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the City’s business and quasi-business activities are accounted for through proprietary funds. The measurement focus is upon flow of economic resources.

Internal Service Funds - Internal Service Funds account for goods and services provided by one department to other departments or funds on a cost-reimbursement basis.

D. Deposits and Investments

Deposits

The City considers currency on hand; demand deposits with banks, amounts included in pooled cash and investment accounts to be cash and cash equivalents. Cash and cash equivalents that mature in three months or less are readily convertible to known amounts of cash. Cash deposits are reported at carrying amount, which is fair value.

Investments

The City’s investments are stated at fair value, which is determined using selected basis. Short-term investments are reported at cost, which approximates fair value. Investments that do not have an established market are reported at estimated fair value. The City’s policies do not establish a minimum credit rating for investments. Investments are reported at fair value.

E. Receivables and Payables

Residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “Internal Balances”.

Receivables of the proprietary funds are recognized as revenue when earned, including services provided but not billed. Receivables in governmental and proprietary funds are stated net of an allowance for uncollectibles.

F. Inventories

Inventories of materials and supplies in the proprietary funds are stated at cost on a first-in, first-out basis and charged to expense as used.

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the balance sheet date are recorded as prepaid assets. The cost of the related payment is recorded as expenditure over the time the related services are provided (consumption method).

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. The first item is the deferred outflow of resources relative to the pension plans change in assumptions. This amount is deferred and will be recognized as a reduction of the net pension liability in future years. The second item is the loss related to a bond refunding. This amount will be amortized to interest expense in future years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items, which arises under a modified accrual basis of accounting that qualifies for reporting in this category. This first item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from fire taxes. This amount is deferred and recognized as inflows of resources in the period that the amounts become available. The second item is the deferred inflow of resources relative to the differences between expected and actual experience and the net difference between projected and actual earnings on the pension plan investments. This amount is deferred and will be recognized as a reduction of the net pension liability in future years.

I. 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.

J. Bond Insurance

In the Water and Sewer Fund, bond insurance costs are deferred and amortized, using the bonds outstanding method, over the lives of the related issues. The original amount of the bond insurance costs on the 2012 series bonds were \$100,322. As of June 30, 2016, accumulated amortization was \$17,287, for a balance of \$83,035.

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

K. Restricted Assets

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 sinking fund accounts are used to segregate resources accumulated for 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 the restricted net position first.

L. Capital Assets

Property, plant, and equipment have been recorded at cost, if purchased, and if donated, at fair market value on the date of donation. The City maintains a capital threshold of \$5,000 for vehicles, equipment, and land, and \$25,000 for infrastructure and buildings. Interest expense of the proprietary funds is capitalized during construction when assets are constructed with borrowed monies. The amount of interest capitalized depends on the specific circumstances. No interest was capitalized relative to construction projects during the year. The City incurred interest expense of \$690,810 during the year. Capital assets are reported in both the applicable governmental or business-type activities columns in the government-wide statements. Capital assets are charged to expenditures when purchased in the governmental fund statements, and capitalized in the proprietary fund statements.

Depreciation is calculated on the straight-line basis. Depreciation is based on the following estimated useful lives:

Depreciation Schedules

	Buildings	Infrastructure Plant/System	Vehicles and Equipment
Governmental Funds	10-40	30-60	1-20
Water and Sewer	10-40	10-50	3-10
Gas	10-40	5-50	3-10
Special Facilities	10-40	N/A	3-10
Golf Fund	10-40	5-50	3-10
Internal Service Funds	10-40	N/A	3-10
Component Unit - DDA	N/A	30	N/A

Infrastructure is depreciated over 60 years straight-line. Beginning with Fiscal Year 2006, the City has reported all infrastructure assets in accordance with GASB Statement #34.

Gains or losses from sale or retirement of assets are included in current operations in the government-wide statements and individual proprietary fund financials.

Major improvements that extend the life of an asset are capitalized. Normal maintenance and repairs are charged to expense as incurred.

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

M. Compensated Absences

Vacation pay is accrued when earned. Vacation leave must be used within a year of earning. Sick leave benefits are not accrued because the payment of the benefits is contingent upon the future illness of an employee. Sick leave is generally earned and accumulated at the rate of 6 hours per month. Employees in the Defined Benefit Plan may elect to apply accumulated sick leave to time of service at their retirement. Upon termination of employment, individuals are not paid for unused sick leave.

N. Long-term Obligations

In the government-wide financial statements, long-term debt and other liabilities are reported as liabilities of governmental activities or business-type activities. They are also reported as liabilities in the proprietary fund financial statements. Bond insurance costs are accounted for as prepayments and are amortized over the life of the bonds. Bond premiums and discounts are reported in the net carrying value of the debt 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 governmental fund financial statements, long-term debt is not reported as a liability. Instead, the face amount of debt issued is reported as other financing sources, and payment of principal and interest are reported as expenditures. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

O. Fund Equity

In the financial statements, governmental funds report the following classifications of fund balance in accordance with *Governmental Accountings Standards Board* Statement No. 54:

- **Nonspendable Fund Balance** – Amounts that are not in a spendable form, such as inventory, or will not be converted to cash in the next operating cycle, such as long-term notes receivable. Also, amounts that are legally or contractually required to remain intact, such as the corpus of a permanent fund.
- **Restricted Fund Balance** – Amounts on which constraints have been placed by an external party, such as grantor, creditor, or laws or regulations of other governments. Also, amounts on which constraints have been placed by law through constitutional provisions or by enabling legislation and are legally enforceable by external parties. Restrictions may be changed or lifted only with the consent of the resource providers.

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

- **Committed Fund Balance** – Amounts on which constraints have been placed by the City Council, the City’s highest level decision-making authority, through the adoption of a resolution which includes the verbiage “committed for the purpose of”. Commitments may only be changed or rescinded through the adoption of a subsequent resolution; the subsequent resolution shall refer to the original resolution by number.

Resolutions committing amounts must be adopted prior to the end of the fiscal year. However, the amount to commit must be determined within 60 days of the fiscal year-end.

- **Assigned Fund Balance** – Amounts on which constraints have been placed by the City to use for a special purpose. The City Council may assign amounts through the adoption of a motion made during a public meeting of the Council. The City Council also authorizes the City Manager to assign amounts through a written memorandum.

Transfers to special revenue, capital projects, debt service, or permanent funds shall constitute assignments and shall be documented through the adoption of the City’s operating budgets or subsequent budget amendments.

Assignments must be adopted prior to the end of the fiscal year; the amount assigned must also be determined prior to fiscal year-end.

Amounts appropriated to eliminate a projected deficit in the subsequent fiscal year’s budget shall constitute assignments and be documented by adoption of the City’s operating budgets. Equity amounts reported in special revenue, capital projects, debt service, or permanent funds not otherwise classified as nonspendable, restricted, or committed should constitute assignments.

- **Unassigned Fund Balance** – Equity amounts reported in the General Fund not otherwise classified as nonspendable, restricted, committed, or assigned. Unassigned amounts are the portion of fund balance that is available for any purpose. Governmental funds other than the General Fund shall not report positive unassigned fund balance.

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016
(CONTINUED)

Flow Assumptions - For the purpose of fund balance classification, the City considers restricted amounts spent first when expenditure is incurred for which both restricted and unrestricted fund balance is available. Furthermore, the City considers the following spending order when expenditures are incurred for purposes of which the following unrestricted fund balance classifications are available:

1. Committed
2. Assigned
3. Unassigned

	General Fund	Nonmajor Governmental	Total
Fund Balances:			
Nonspendable:			
Prepays	\$ 161,328	\$ 13,469	\$ 174,797
Advances to Other Funds	1,775,181	-	1,775,181
Restricted:			
Law Enforcement		19,848	19,848
Capital Outlay	-	1,353,234	1,353,234
Committed:			
General Government	-	20,979	20,979
Assigned:			
Housing and Development	-	25,127	25,127
Community and Development		6,739	6,739
Unassigned	315,777	-	315,777
Total Fund Balances	\$ 2,252,286	\$ 1,439,396	\$ 3,691,682

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. GASB Statement No. 54 requires that special revenue funds have restricted or committed proceeds of specific revenue sources that are expected to continue to comprise a substantial portion of the inflows reported in the fund. For this purpose, the City defines proceeds from significant revenue sources as a single or combination of restricted or committed inflows which are expected to comprise 35% of the total revenue and other financing sources of the special revenue fund.

The Finance Director shall be charged with maintaining a listing of all special revenue funds reported by the City. This listing shall include the purpose of the fund and the significant restricted or committed revenue stream(s) this is (are) the basis for the fund.

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

Compliance

Compliance with the provisions of this policy shall be reviewed as part of the annual budget process and the amounts of nonspendable, restricted, committed, assigned, and minimum General Fund unassigned amounts shall be determined during this process. Fund balance for all governmental funds shall be reported in accordance to GASB statement No. 54.

P. 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. Any other assets donated to the City are recorded in the same manner.

Q. 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

R. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds (business-type activities). For the City of Winder, these revenues are charges for services for water, sewer, natural gas, solid waste, golf, and building rentals. Operating expenses are necessary costs incurred to provide goods or services that are the primary activity of each fund.

S. 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, 2016

(CONTINUED)

NOTE 2 – BUDGETARY INFORMATION

A. Budget Process

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. During May, the Mayor submits to the City Council a proposed operating budget, in a separate budget document, for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means to finance them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to July 1, the final budget is presented to the City Council by the Mayor and is legally enacted through passage of a budget resolution.
4. Budgetary control is maintained at the department level.
5. Formal budgetary integration is employed as a management control device during the year for all funds except the Agency Funds.
6. The annual budgetary data reported for the General Fund and the annually-budgeted Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles and represent the original appropriation ordinance and other budget amendments as adopted by the City Council. Appropriations lapse at the end of each fiscal year for these funds.

The Budget Officer is permitted to transfer appropriations within a department. City Council must approve transfers between functions and subsequent budgetary amendments. Expenditures may not legally exceed budgeted appropriations at the department level within the fund.

Significant departures must be in excess of \$75,000 and more than 4.0% of the budgeted amount, within each department.

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

B. Excess of Expenditures over Appropriations

Expenditures exceeded appropriations in the following departments:

General Fund:	<u>Amount</u>
Fire Department	\$ 9,296
Transfers Out	2,193,192
Hotel/Motel Tax Fund:	
Transfers Out	65,300
Police Escrow:	
Law Enforcement	13,109
City Festivals:	
Recreation	17,000
Community TV Station:	
Transfers Out	26,250

NOTE 3 – DEPOSITS AND INVESTMENTS

Total deposits and cash investments as of June 30, 2016, are summarized as follows:

Balances per statement of net position:	
Cash - Primary Government	\$ 19,831,889
Cash - CU - Downtown Development Authority	2,612
Restricted assets:	
Bond Sinking Accounts	2,660,179
Cash for Health Reimbursement Accounts	216,466
Cash for Customer Deposits	316,024
Balances per statement of fiduciary net position:	
Cash - Agency Funds	<u>43,995</u>
Total	<u>\$ 23,071,165</u>
Cash deposited with financial institutions	\$ 14,452,362
Cash deposited with Georgia Fund 1	2,430,420
Cash deposited with Regions Investment Solutions	3,523,670
Brand Bank - Bond Sinking Fund	2,660,179
Petty Cash	<u>4,534</u>
Total	<u>\$ 23,071,165</u>

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

A. Custodial Credit Risk – Deposits

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

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

As of June 30, 2016, deposit accounts held with First American Bank were under collateralized by \$379,186.

At June 30, 2016, the Downtown Development Authority, a discretely presented component unit's bank balances were entirely insured or collateralized with securities held by the Authority's agent in the Authority's name.

B. Investments

At June 30, 2016, the City had the following investments reported as cash:

Investments	Maturities	Rating	Value
Investment Reported in Cash:			
Georgia Fund 1	62 day weighted average	AAAf	\$2,430,420

Custodial Credit Risk

For an investment, the custodial credit risk is the risk that in the event of the failure of the counter-party to a transaction, an entity will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Office of State Treasurer is not required to disclose custodial credit risk. The City has no such investments with such risks as of June 30, 2016.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The City's investment policies authorize investment in the following securities approved by the State of Georgia for local governments. Georgia law allows investments in obligations of the U.S. Treasury, other repurchase agreements, other political subdivisions of Georgia and the Office of State Treasurer. The office of State Treasurer is not registered with the SEC. Shares sold and redeemed are based on \$1.00 per share. The reported value of the pool is the same as the fair

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

value of the poll shares. The Office of State Treasurer is a stable net asset value investment pool that follows Standard & Poor's criteria for AAAf rated money market funds.

Fair Value Measurements

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

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

As of June 30, 2016, the City has investments in Georgia Fund 1, which are not subject to level disclosure.

NOTE 4 – ACCOUNTS RECEIVABLE

Receivables as of year-end for the City's individual, major, and non-major governmental funds in the aggregate are as follows:

	Major		Nonmajor	
			Special	Capital
	General	Revenue	Projects	Total
Receivables:				
Intergovernmental				
State of Georgia Sales Tax	\$ 172,821	\$ -	\$ -	\$ 172,821
Barrow County Board of Commissioners	-	1,000	175,741	176,741
Total Intergovernmental	172,821	1,000	175,741	349,562
Taxes				
Barrow County Tax Commissioner - Net	77,967	-	-	77,967
Hotel/Motel	-	7,257	-	7,257
Total Taxes	77,967	7,257	-	85,224
Accounts	132,530	-	-	132,530
Total Receivables	\$ 383,318	\$ 8,257	\$ 175,741	\$ 567,316

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

Receivables as of year-end for the City's individual, major, and non-major proprietary funds in the aggregate are as follows:

	Major		Nonmajor	
	Water & Sewer	Gas	Business- Type	Total
Receivables:				
Accounts	\$ 1,852,312	\$ 505,019	\$ 152,597	\$ 2,509,928
Total Receivables	<u>\$ 1,852,312</u>	<u>\$ 505,019</u>	<u>\$ 152,597</u>	<u>\$ 2,509,928</u>

The City does not maintain an allowance for bad debts on accounts. Annually, accounts that are determined to be uncollectible are written off.

NOTE 5 – RESTRICTED ASSETS

The City's restricted assets include the following:

Governmental Activities	
Cash for Employee HRA/FSA Accounts	\$ 90,023
Cash for Health Insurance Premiums	<u>126,443</u>
Total Restricted	<u>\$ 216,466</u>
Business-type Activities	
Cash for Customer Deposits	\$ 316,024
Bond Sinking Accounts Cash	<u>2,660,179</u>
Total Business-Type Restricted Assets	<u>\$ 2,976,203</u>

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances at June 30, 2016, consisted of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. Excluding advances, the City expects to repay all interfund balances within one year.

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

The advances to/from other funds as of June 30, 2016, are as follows:

	<u>Advances From</u>	<u>Advances To</u>
Major Governmental Fund:		
General	\$ 1,775,181	\$ -
Major Proprietary Fund:		
Water & Sewer	540,000	-
Nonmajor Proprietary Fund:		
Environmental Protection	-	958,091
Golf	-	540,000
Internal Service Fund:		
Building	-	817,090
Total	<u>\$ 2,315,181</u>	<u>\$ 2,315,181</u>

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 June 30, 2016, is \$540,000.

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 June 30, 2016 is \$958,091.

The General Fund advanced the Building Fund \$885,144 for the purchase and renovations 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 buildings. The balance at June 30, 2016 is \$817,090.

Interfund transfers in (out) for the fiscal year ended June 30, 2016, are as follows:

	<u>Transfers In:</u>				<u>Total</u>
	<u>Nonmajor</u>			<u>Internal</u>	
	<u>General</u>	<u>Governmental</u>	<u>Business-Type</u>	<u>Service</u>	
	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>	<u>Funds</u>	
Transfers Out:					
General Fund	\$ -	\$ 121,100	\$ 1,652,392	\$ 961,000	\$ 2,734,492
Water & Sewer Fund	3,797,874	-	-	-	3,797,874
Gas Fund	2,959,975	-	-	-	2,959,975
Nonmajor Funds:					
Governmental	26,250	30,000	90,000	-	146,250
Business-Type	400,167	-	-	-	400,167
Total	<u>\$ 7,184,266</u>	<u>\$ 151,100</u>	<u>\$ 1,742,392</u>	<u>\$ 961,000</u>	<u>\$ 10,038,758</u>

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016
(CONTINUED)

Transfers are used to reclassify revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary operations.

NOTE 7 – CAPITAL ASSETS

Capital asset activity for governmental activities for the fiscal year ended June 30, 2016 was as follows:

	Balance 6/30/2015	Increases	Decreases	Transfers	Balance 6/30/2016
Nondepreciable Capital Assets:					
Land	\$ 1,677,289	\$ 848,094	\$ -	\$ -	\$ 2,525,383
Construction in Progress	358,412	2,699,670	-	(11,429)	3,046,653
Total Nondepreciable Capital Assets	2,035,701	3,547,764	-	(11,429)	5,572,036
Depreciable Capital Assets:					
Buildings	3,190,237	-	-	-	3,190,237
Vehicles	5,096,601	630,396	(35,734)	-	5,691,263
Furniture and Equipment	3,772,760	164,969	(36,564)	-	3,901,165
Infrastructure	26,980,492	460,453	-	11,429	27,452,374
Total Depreciable Capital Assets	39,040,090	1,255,818	(72,298)	11,429	40,235,039
Less Accumulated Depreciation for:					
Buildings	(1,052,292)	(89,493)	-	-	(1,141,785)
Vehicles	(3,808,192)	(305,756)	35,734	-	(4,078,214)
Furniture and Equipment	(2,998,218)	(267,420)	36,564	-	(3,229,074)
Infrastructure	(20,656,530)	(318,407)	-	-	(20,974,937)
Total Accumulated Depreciation	(28,515,232)	(981,076)	72,298	-	(29,424,010)
Total Depreciable, Net	10,524,858	274,742	-	11,429	10,811,029
Governmental Activities Capital Assets, Net	<u>\$ 12,560,559</u>	<u>\$ 3,822,506</u>	<u>\$ -</u>	<u>\$ -</u>	<u>16,383,065</u>
Less Related Long-Term Debt Outstanding:					<u>(514,334)</u>
Net Investment in Capital Assets					<u>\$ 15,868,731</u>

Depreciation expense for governmental activities is charged to functions as follows:

General Government	\$ 181,048
Public Safety	350,209
Public Works	411,610
Judicial	279
Housing and Development	4,762
Internal Service Fund	33,168
Total Depreciation	<u>\$ 981,076</u>

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

Capital asset activity for business-type activities for the fiscal year ended June 30, 2016 was as follows:

	Balance 6/30/2015	Additions	Decreases	Transfers	Balance 6/30/2016
Non-Depreciable:					
Land	6,120,912	394,594	-	-	6,515,506
Construction in Progress	1,355,869	2,625,677	-	(800,797)	3,180,749
Total Non-Depreciable Capital Assets	7,476,781	3,020,271	-	(800,797)	9,696,255
Depreciable:					
Plant and System	107,228,323	102,053	-	800,797	108,131,173
Buildings	5,139,586	-	-	-	5,139,586
Vehicles	1,103,816	-	(33,921)	-	1,069,895
Furniture and Equipment	2,201,598	22,987	(62,847)	-	2,161,738
Total Depreciable Capital Assets	115,673,323	125,040	(96,768)	800,797	116,502,392
Accumulated Depreciation:					
Plant and System	(47,924,854)	(2,831,638)	-	-	(50,756,492)
Buildings	(1,658,221)	(149,280)	-	-	(1,807,501)
Vehicles	(948,892)	(44,469)	33,921	-	(959,440)
Furniture and Equipment	(1,725,669)	(150,900)	42,793	-	(1,833,776)
Total Accumulated Depreciation	(52,257,636)	(3,176,287)	76,714	-	(55,357,209)
Total Depreciable Capital Assets, net	63,415,687	(3,051,247)	(20,054)	800,797	61,145,183
Business-type Activities					
Capital Assets, net	70,892,468	(30,976)	(20,054)	-	70,841,438
Less: Related Long-term Debt					
Outstanding					(19,904,894)
Net Investment in Capital Assets					50,936,544

Depreciation expense for business-type activities is charged to functions as follows:

Water & Sewer Fund	\$ 2,795,806
Gas Fund	170,540
Environmental Protection Fund	19,142
Special Facilities Fund	141,170
Golf Fund	49,629
Total Depreciation	<u>\$ 3,176,287</u>

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

Commitments-Quarry/Reservoir Project

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

In 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 cities may withdraw raw water from the Mulberry River, Little Mulberry River and Rock Creek, store the raw water in the reservoir and transmit the water to the water treatment plants of each city. Key provisions of the agreement include the following:

- The City of Winder will construct raw water pipeline from intake points to the reservoir.
- Each City will construct pumps/facilities for removal of water from reservoir.
- The costs of acquisition and construction of the reservoir will be shared 67% for City of Winder and 33% for City of Auburn.
- After construction, parties will share the costs of operation and maintenance of the raw water supply lines to the reservoir.
- The City of Auburn will hold title to the quarry/reservoir and the City of Winder will hold an easement for its share of storage capacity.
- Each city will operate and maintain its pumps and pipeline to its water treatment facilities.

The City of Winder's portion of the project is currently estimated to cost \$20.8 million. As of June 30, 2016, the City had spent \$726,972 pertaining to this project since its inception. The costs are presented as construction in progress in the Water and Sewer Fund.

Capital asset activity for the Component Unit, Downtown Development Authority, for the fiscal year ended June 30, 2016 was as follows:

	Balance 6/30/2015	Additions	Decreases	Transfers	Balance 6/30/2016
Non-Depreciable:					
Land	\$ 571,609	\$ -	\$ (571,609)	\$ -	\$ -
Construction in Progress	18,162	-	(18,162)	-	-
Total Non-Depreciable	589,771	-	(589,771)	-	-
Depreciable:					
Plant and System	249,268	-	(249,268)	-	-
Total Depreciable	249,268	-	(249,268)	-	-
Accumulated Depreciation:					
Plant and System	(51,335)	(19,153)	70,488	-	-
Total Accumulated Depr.	(51,335)	(19,153)	70,488	-	-
Total Depreciable, net	197,933	(19,153)	(178,780)	-	-
Government Activities, Capital Assets, Net	\$ 787,704	\$ (19,153)	\$ (768,551)	\$ -	\$ -

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

Depreciation expense for Downtown Development Authority activities is as follows:

Downtown Development Authority	<u>\$ 19,153</u>
Total Depreciation	<u>\$ 19,153</u>

During 2016, the DDA transferred capital assets with a net book value of \$768,551 to the City.

NOTE 8 – LONG-TERM DEBT

Long-term debt information is presented separately for governmental and business-type activities. The table below presents current year changes in long-term debt and the current portions due for each issue.

	Balance 6/30/2015	Increase	Decrease	Balance 6/30/2016	Amounts Due Within One Year
Governmental Activities					
Compensated Absences Payable	\$ 103,734	\$ 281,788	\$ (282,027)	\$ 103,495	\$ 103,495
Net Pension Liability	4,105,125	1,860,704	(949,762)	5,016,067	-
Capital Leases	610,280	-	(95,946)	514,334	103,934
Total Governmental Activities	\$ 4,819,139	\$2,142,492	\$(1,327,735)	\$ 5,633,896	\$ 207,429
Business-Type Activities					
Compensated Absences Payable	\$ 30,227	\$ 74,197	\$ (71,045)	\$ 33,379	\$ 33,379
Net Pension Liability	1,627,171	124,760	(278,908)	1,473,023	-
Capital Leases	12,128	-	(8,212)	3,916	3,916
Notes Payable:					
2012 GEFA Fixed Network	1,946,565	1,053,435	-	3,000,000	266,343
2011 GEFA Embassy Walk	992,075	-	(992,075)	-	-
Bonds Payable:					
2005 Series	1,894,000	-	(929,000)	965,000	965,000
2009 Series	2,951,000	-	(219,000)	2,732,000	227,000
2012 Series	12,870,000	-	(685,000)	12,185,000	700,000
Premium on Bonds	1,094,925	-	(75,947)	1,018,978	75,949
Total Business-Type Activities	\$23,418,091	\$1,252,392	\$(3,259,187)	\$21,411,296	\$ 2,271,587

*Compensated absences do not carry over from year to year; therefore they are all current obligations.

In the Governmental Activities, compensated absences and net pension liability will be liquidated by the General Fund.

In the Business-type Activities, compensated absences and net pension liability will be liquidated by the applicable fund.

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016
(CONTINUED)

A. **Governmental Activities**

Capital Leases

In FY 2009 the City entered into a ten year lease at 3.76% for a ladder fire truck. The fire truck, initially costing \$519,387, accumulated depreciation as of June 30, 2016 is \$398,197, for a net book value of \$121,190. Current year amortization for the asset totaled \$51,939 and is included as a component of depreciation expense.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 were as follows:

Year Ending June 30,	Principal	Interest
2017	\$ 57,664	\$ 3,996
2018	59,683	1,797
2019	15,094	96
Total	<u>\$ 132,441</u>	<u>\$ 5,889</u>

In FY 2014 the City entered into a ten year lease at 2.53% for a fire truck. The fire truck, initially costing \$484,464, accumulated depreciation as of June 30, 2016, is \$50,421, for a net book value of \$434,043. Current year amortization for the asset totaled \$24,226 and is included as a component of depreciation expense.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 were as follows:

Year Ending June 30,	Principal	Interest
2017	\$ 46,270	\$ 9,128
2018	47,454	7,944
2019	48,669	6,729
2020	49,915	5,483
2021	51,192	4,206
2022-2024	138,393	4,456
Total	<u>\$ 381,893</u>	<u>\$ 37,946</u>

The City's obligation to pay such lease payments is conditional on the annual appropriation of funds by the City Council.

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016
(CONTINUED)

B. Business-type Activities

Capital Leases

The City assumed two capital leases during the purchase of the golf course in FY 2014. The first lease with PNC Equipment Finance, LLC was for an airifier. The airifier cost \$18,275, accumulated depreciation as of June 30, 2016 is \$10,356 for a net book value of \$7,919. Current year amortization for the asset totaled \$3,655 and is included as a component of depreciation expense. The lease is for 41 months with \$1 buyout at the end of the lease.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 were as follows:

Fiscal Year				Total
Ending June 30,	Principal	Interest	Debt Service	
2017	\$ 3,916	\$ -	\$ 3,916	
Totals	\$ 3,916	\$ -	\$ 3,916	

The second lease is with TCF Equipment Finance for a Greens Mower at a cost of \$12,844, accumulated depreciation as of June 30, 2016, is \$7,278 for a net book value of \$5,566. Current year amortization for the asset totaled \$2,569 and is included as a component of depreciation expense. This lease is for 27 months with \$1 buyout at the end of the lease.

The TCF Equipment lease was paid off during February 2016.

Notes Payable

GEFA Loan 2011L12WQ

The City's Water and Sewer Fund has entered into loan agreements in the original amount of \$4,393,775 with the Georgia Environmental Facilities Authority (GEFA), a State agency. The GEFA makes low interest long-term loans to fund improvements to publicly owned water and sewer systems. Once the loan commitment has been made, loan proceeds are drawn down as costs are incurred. Payback of the loan principal does not begin until after the funded project has been completed. Interest is paid on all outstanding amounts. The City's current GEFA loan outstanding has interest rate of 2.44%.

The City paid off the remaining balance of the GEFA 2011L12WQ loan in April 2016.

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

GEFA 2012L27WS – Fixed Network Loan

The City's Water and Sewer Fund has entered into loan agreements in the original amount of \$3,000,000 with the Georgia Environmental Facilities Authority (GEFA), a State agency. The GEFA makes low interest long-term loans to fund improvements to publicly owned water and sewer systems. Once the loan commitment has been made, loan proceeds are drawn down as costs are incurred. Payback of the loan principal does not begin until after the funded project has been completed. Interest is paid on all outstanding amounts. The City's current GEFA loan outstanding has interest rate of 0.70%.

During FY 2016, the City drew down the remaining balance of \$1,053,436. As of June 30, 2016 the GEFA- Fixed Network project was completed.

Fiscal Year	Total		
Ending June 30	Principal	Interest	Debt Service
2017	\$ 266,343	\$ 18,500	\$ 284,843
2018	292,510	18,200	310,710
2019	294,564	16,146	310,710
2020	296,614	14,096	310,710
2021	298,733	11,977	310,710
2022-2026	1,525,339	28,211	1,553,550
2027	25,897	-	25,897
Totals	\$ 3,000,000	\$ 107,130	\$ 3,081,233

Water and Sewer Revenue Bonds

The Water and Sewer Fund has issued Water and Sewer Revenue Bonds (Series 2005, and Series 2009) and Winder-Barrow Industrial Building Authority Revenue Refunding Bonds, Series 2012. These revenue bonds constitute special obligations of the City solely secured by a lien on and pledge of the net revenues of the water and sewer system.

On February 1, 2005, the City issued Water and Sewerage Revenue Refunding Bonds, Series 2005, with an interest rate of 3.71% and payments due on June 1 and December 1, ending December 1, 2016. Water and Sewerage Revenue bonds of 1993 and 1996 were defeased amounting to \$290,000 and \$5,045,000 respectively.

The annual requirement to amortize outstanding debt of the 2005 Water and Sewerage Revenue Bonds is as follows:

Fiscal Year	Total		
Ending June 30,	Principal	Interest	Debt Service
2017	\$ 965,000	\$ 17,901	\$ 982,901

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)

On February 10, 2009 the City issued Water and Sewerage Revenue Refunding Bonds, series 2009 due at various dates ending December 1, 2018 with a yield of 3.295%. A portion of the Water and Sewerage Revenue bonds of 1998 were defeased amounting to \$4,325,000.

The annual requirements to amortize outstanding debt of the 2009 Water and Sewerage Revenue Bonds are as follows:

Fiscal Year			Total
Ending June 30	Principal	Interest	Debt Service
2017	\$ 227,000	\$ 86,149	\$ 313,149
2018	1,230,000	62,181	1,292,181
2019	1,275,000	20,974	1,295,974
Totals	<u>\$ 2,732,000</u>	<u>\$ 169,304</u>	<u>\$ 2,901,304</u>

On February 21, 2012, the City issued Winder-Barrow Industrial Building Authority Revenue Refunding Bonds, Series 2012 due at various dates ending December 1, 2029 and with various yields ranging from 2% to 5%. The proceeds from this refunding were to pay off a GEFA note in the amount of \$15,711,640.

The annual requirements to amortize outstanding debt of the 2012 Winder-Barrow Industrial Building Authority Revenue Refunding Bonds are as follows:

Fiscal Year			Total
Ending June 30	Principal	Interest	Debt Service
2017	\$ 700,000	\$ 477,150	\$ 1,177,150
2018	715,000	455,925	1,170,925
2019	740,000	434,100	1,174,100
2020	760,000	411,600	1,171,600
2021	785,000	388,425	1,173,425
2022-2026	4,435,000	1,395,575	5,830,575
2027-2030	4,050,000	391,000	4,441,000
Totals	<u>\$ 12,185,000</u>	<u>\$ 3,953,775</u>	<u>\$ 16,138,775</u>

The City is in compliance with all significant provisions of the bond indentures, series 2005, 2009 and 2012.

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

NOTE 9 – ADVANCE BOND REFUNDING

In FY 2009, a portion of the 1998 Water and Sewerage Revenue Bonds were defeased into the Series 2009 Water and Sewerage Revenue Bonds. In connection with this defeasement, the City recognized a book loss in the amount of \$525,461. This loss is being amortized over a 9 year 10 month period (the life of the defeased Series 1998 Bonds) using the straight line method. As of June 30, 2016, accumulated amortization was \$396,322 with a net book value of \$129,139.

In FY 2012, the City paid off the 2007 GEFA note with Winder-Barrow Industrial Building Authority Revenue Refunding Bonds, Series 2012. In connection with this refinance, the City recognized a book premium in the amount of \$1,348,088. This premium is being amortized over a 17 year 9 month period (the life of the Series 2012 bonds) using the straight line method. As of June 30, 2016, accumulated amortization was \$329,111 with a net book value of \$1,018,978.

NOTE 10 – WATER FUND INTERGOVERNMENTAL RECEIVABLE

On June 29, 2006, the City of Winder entered into an intergovernmental agreement with Barrow County, Georgia (“County”) to sell 1,000,000 gallons per day of sewage treatment capacity rights at the City’s Cedar Creek Wastewater Reclamation Facility for a total of \$10,416,000. The contract states that \$5,832,000 of the total is for immediate transfer and assignment of capacity to Barrow County from the City; therefore, the City has set up an intergovernmental receivable for this amount. This portion of the contract is to help fund the construction cost of the facility so the City is recognizing revenue. In FY 2007, the City recognized revenue of 20% (\$1,166,400) as a special item because the City provided the right for 200,000 gallons per day of the County’s wastewater to enter the City’s current wastewater treatment facility. In FY 2008, the City recognized the remaining \$4,665,600 as a special item due to the additional 800,000 gallons per day being available. The remaining balance of the contract (\$4,584,000) is a shared capacity charge and will be paid as the County collects tap fees of \$1,500 for each household equivalent. As the County collects and submits tap fees, the City will recognize this remaining revenue.

As of June 30, 2016, the balance due to the City on the shared capacity charge is \$4,452,000.

The City received the remaining balance of the intergovernmental receivable due from Barrow County during February 2016.

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

NOTE 11 – RETIREMENT BENEFITS

A. Defined Benefit Pension Plan

Plan Description

For employees hired prior to October 1, 2014, the City maintains a defined benefit pension plan (the City of Winder Retirement Plan) to provide retirement and disability benefits for all full-time general and uniformed personnel of the City. The Plan is a participating member of the Georgia Municipal Employees Benefit System (The Plan) (GMEBS), an agent multiple-employer pension employee retirement system (PERS) that acts as a common investment and administrative agent for Cities in the State of Georgia. An annual report that includes financial statements and required supplemental information is issued by GMEBS. A copy of the report may be obtained by writing to Georgia Municipal Association, 201 Pryor Street SW, Atlanta, Georgia 30303. The authority to participate in this plan rests with the City Council. The plan is closed to new entrants.

Participation

All full-time City employees are eligible to participate in the plan after one year of service.

Retirement Benefits

Under the Plan, pension benefits vest after ten years of service. Benefits are based on the five highest year's average salary. Participants may retire at the earlier of age 65 with 5 years of service or age 55 with 30 years of service to receive normal benefit. Alternative early retirement is age 55 with 10 years of service. Benefits are payable for life and calculated using a formula equal to 2.00 percent of annual salary for employees with retirement dates before August 1, 2000 and after April 2, 2009 or 3.00 percent of annual salary for employees with retirements dates after August 1, 2000 and before April 1, 2009 which is then multiplied by the final average earnings (5 highest years average) and then multiplied by the amount of credited service. The plan also provides death benefits. These benefit provisions and all other requirements are established by the GMEBS Board of Trustees and the adoption agreement executed by the City.

Plan Membership

As of January 1, 2016, the date of the most recent actuarial valuation date, pension plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	104
Terminated vested participants	68
Active vested employees	54
Active nonvested employees	45
Total Membership in the plan	<u>271</u>

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

Contributions

Plan members are not required to contribute to the Plan. The City is required to contribute at an actuarially determined rate; the current rate is 24.33% of annual covered payroll. The contribution requirements of the City are established and may be amended by the GMEBS Board of Trustees.

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

At June 30, 2016, the City reported a net pension liability. The net pension liability was measured as of September 30, 2015. The total pension liability used to calculate the net pension liability as based on an actuarial valuation as of January 1, 2016. An expected total pension liability as of June 30, 2015 was determined using standard roll-forward techniques.

For the year ended June 30, 2016, the City recognized pension expense relative to GMEBS in the amount of \$676,944. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to the Pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 308,716	\$ 326,410
Changes of assumptions	-	120,342
Net difference between projected and actual earnings on pension plan investments	690,940	256,464
Employer contributions subsequent to the measurement date	<u>781,790</u>	<u>-</u>
	<u><u>\$ 1,781,446</u></u>	<u><u>\$ 703,216</u></u>

City contributions subsequent to the measurement date of \$781,790 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2017	\$ 18,229
2018	18,229
2019	87,247
2020	172,735

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

Actuarial Assumptions: The total pension liability as of June 30, 2015 was determined by an actuarial valuation as of January 1, 2015 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increase	3.25% plus service based merit increases
Cost of living adjustments	0.0%
Investment rate of return	7.75%, On-going basis, based on long-term expected rate of return on pension plan investments

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

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

Net Pension Liability:

Changes in Net Pension Liability:	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2015	\$ 18,889,346	\$ 13,157,050	\$ 5,732,296
Changes for the year:			
Service cost	236,833	-	236,833
Interest	1,412,604	-	1,412,604
Differences between expected and actual experience	463,073	-	463,073
Contributions - employer	-	1,228,670	(1,228,670)
Net investment income	-	151,347	(151,347)
Benefit payments	(1,324,394)	(1,324,394)	-
Administrative expense	-	(24,301)	24,301
Changes of assumptions	-	-	-
Net changes	788,116	31,322	756,794
Balances at June 30, 2016	\$ 19,677,462	\$ 13,188,372	\$ 6,489,090

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016
(CONTINUED)

The City's net pension liability is recorded in the Government-Wide, Statement of Net Position and in the following Business-Type Funds', Statement of Net Position in the following amounts:

Governmental Activities:	<u>\$ 5,016,067</u>
Business-Type Activities:	
Water & Sewer Fund	1,005,809
Gas Fund	311,476
Nonmajor Enterprise Funds	77,869
ISF - Utilities Service Fund	<u>77,869</u>
Total Business-Type Activities	<u>1,473,023</u>
Total Net Pension Liability	<u><u>\$ 6,489,090</u></u>

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, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Nominal Real Rate of Return
Domestic equity	50%	5.95%	9.20%
International equity	15%	6.45%	9.70%
Fixed income	25%	1.55%	4.80%
Real estate	10%	3.75%	7.00%
Cash	0%		
	<u>100%</u>		

Discount Rate: The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the actuarially determined contribution rates. Based on those assumptions, the pensions plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the City's net pension liability calculated using the discount rate of 7.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Sensitivity of the Net Pension Liability to Changes in the Discount Rate	\$ 8,969,888	\$ 6,489,090	\$ 4,440,555

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued GMEBS financial report which is publically available at www.gmanet.com.

B. Defined Contribution Plans

401 (a)

The 401(a) plan is a defined contribution plan administered by Security Benefit Life Insurance Company for all full-time employees not participating in the Defined Benefit Pension Plan. City Council has the authority to establish and amend the plan provisions as well as the contribution for the plan. The City contributes 3% of each employee's compensation each pay period and will match up to 3% of the employee's contribution to the 457 plan. Employees are eligible to participate on the first day of the month following ninety days of employment. Vesting for the initial 3% is graded as follows: 33% after one year, 66% after two years and fully vested after three years of service. The 3% the City plays towards matching is vested immediately. At June 30, 2016, there were 59 employees participating in the plan with total contributions of \$76,821.

457 Plan

The City offers a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all full time City employees (who work more than thirty hours per week) after the first ninety days of employment. The plan is funded through payroll deductions with the maximum contribution being 25% and a ceiling dollar amount of \$17,000 per year. The plan assets are invested, and administrated by public organizations unrelated to the City.

NOTE 12 – SPECIAL FUNDING DEFINED BENEFIT PENSION PLANS

A. Georgia Firefighters' Pension Fund

The City's Volunteer Firemen are eligible to participate in the Georgia Firefighters' Pension Fund, a voluntary pension system. The City makes no contributions to this plan. Contributions are made through monthly dues by eligible firefighters electing to participate in the plan and non-employer contributions which consist of insurance premium taxes collected and remitted by

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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insurers directly to the pension fund in accordance with the law. The plan is administered by the Georgia Firefighters' Pension fund located at 2171 Eastview Parkway NE in Conyers, Georgia where separate financial statements may be obtained. This plan is considered immaterial to the City of Winder, Georgia's financial statements.

B. Peace Officers' Annuity and Benefit Fund of Georgia

The City's Deputies are covered by the State of Georgia Peace Officers' Annuity and Benefit Fund. The City makes no contribution to this plan. Contributions are collected by the City as the agent for this fund through its court systems. This plan is administered through the Peace Officers' Annuity and Benefit Fund of Georgia located at 1210 Greenbelt Parkway in Griffin, Georgia where separate financial statements may be obtained. This plan is considered immaterial to the City of Winder, Georgia's financial statements.

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description

The City of Winder provides postemployment health care benefits to retirees through the City of Winder OPEB Plan, a defined benefit, single employer other postemployment benefit plan. This plan was established in accordance with the City Charter and State statutes. The City contributes into a trust fund with Georgia Municipal Employees Benefit System (GMEBS), which is a service of Georgia Municipal Association (GMA), who administers the Plan.

City employees who have attained the age of 60 who are vested in the city's retirement plan are eligible to participate in the plan.

Health care coverage will continue for the employee at a cost of 50% of the billed premium until the employee is eligible for Medicare. Dependent coverage, if applicable, continues until the dependent or employee (whichever comes first) is eligible for Medicare or voluntarily coverage. All retirement benefits are reviewed and evaluated annually.

Current Membership is as follows:

Retirees and beneficiaries currently receiving benefits	17
Active Participants	<u>141</u>
	<u><u>158</u></u>

B. Funding Policy

The City pays part of the health insurance premiums for all retirees from City employment receiving a pension annuity earned through City services and participating in the City's health insurance coverage on a pay-as-you-go basis. The City paid approximately \$92,343 and was reimbursed by the retirees \$41,966 under this program for the fiscal year ended June 30, 2016. An additional \$87,900 represents the actuary's estimate of the City's indirect subsidy toward retiree coverage during FY 2016. Projections of benefits for financial reporting purposes are based on

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

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the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The City Council provides for the benefits and funding policy through City ordinance and maintains the authority to change the policy. The projection of benefits does not incorporate the potential effect of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

C. Annual OPEB Cost (AOC) and Net OPEB Obligation

The City implemented GASB 45 in Fiscal Year 2009 and elected to report a zero net OPEB obligation at the beginning of the transition year. The City's annual postemployment benefit cost and net OPEB obligation for the plan as of and for the fiscal year ended June 30, 2016 using a 6.50% interest rate scenario were as follows:

Annual Required Contribution (ARC)	\$ 85,200
Interest on Net OPEB Obligation	(1,800)
Adjustment to ARC	1,500
Annual OPEB Cost	84,900
Contributions Made	(209,800)
Increase (Decrease) in Net OPEB Obligation	(124,900)
Net OPEB Obligation - Beginning of Year	(27,900)
Net OPEB Obligation/(Asset) - End of Year	<u>\$ (152,800)</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed during the fiscal year, and the net OPEB obligation at the end of the transition year for the City's post-retirement benefits plan were as follows:

Fiscal Year	Annual OPEB Cost (AOC)	Actual City Contribution	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
2009	\$ 150,800	48,800	32.36%	\$ 102,000
2010	164,600	74,700	45.38%	191,900
2011	174,000	108,300	62.24%	257,600
2012	124,400	138,900	111.66%	243,100
2013	125,600	148,600	118.31%	220,100
2014	126,500	268,200	212.02%	78,400
2015	88,900	195,200	219.57%	(27,900)
2016	84,900	209,800	247.11%	(152,800)

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NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)

D. Funded Status and Funding Progress

As of June 30, 2016, the most recent actuarial valuation date, the plan was 19.27% funded. The actuarial accrued liability for benefits was \$1,090,900 and the value of the actuarial assets was \$210,200, resulting in an unfunded actuarial accrued liability (UAAL) of \$880,700.

Valuation Date July 1	Actuarial			Funded Ratio (a/b)	Covered Payroll (c)	Unfunded (Deficit) as a Percentage of ((a-b)/c)
	Value of Assets (a)	Accrued Liability (AAL) (b)	Liability (UAAL) (a-b)			
2009	\$ -	\$ 1,345,700	\$ (1,345,700)	0.00%	\$ 6,905,104	-19.49%
2010	-	1,792,000	(1,792,000)	0.00%	5,810,000	-30.84%
2011	-	1,675,900	(1,675,900)	0.00%	6,603,500	-25.38%
2012	-	1,675,900	(1,675,900)	0.00%	6,387,021	-26.24%
2013	-	1,669,500	(1,669,500)	0.00%	6,475,732	-25.78%
2014	-	1,654,500	(1,654,500)	0.00%	6,363,095	-26.00%
2015	114,800	1,092,400	(977,600)	10.51%	5,570,800	-17.55%
2016	210,200	1,090,900	(880,700)	19.27%	5,570,800	-15.81%

E. Actuarial Methods and Assumptions for OPEB Plans

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The more significant actuarial methods and assumptions used in the calculations of the annual OPEB cost, the annual required contribution, and the funded status and funding progress for the fiscal year ended June 30, 2016 are as follows:

Method/Assumptions	Retirement Program
Valuation Date	June 30, 2016
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar, Closed
Average Remaining Period	30 Years
Asset Valuation Method	Market Value of Assets
Interest Rate	6.5%
Inflation Rate	3.25%
Medial Trend Rate	Medical Per Capita costs, Average costs and premiums are assumed to increase 8.5% for Pre-Medicare coverage. This rate decreases at a rate of .5% per year until an ultimate rate of 5.00% is reached.

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

(CONTINUED)

NOTE 14 – CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City attorney the resolution of these matters will not have a material adverse effect on the financial condition of the City. There were no known contingent liabilities that would materially affect the financial statements.

NOTE 15 – RELATED ORGANIZATIONS

The City Council 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 the 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

NOTE 16 – JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the area, are members of the Northeast Georgia Regional Commission (RC) and is required to pay annual dues. During its year ended June 30, 2016, 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 for their pro-rata share of the dues. Membership in an RC is required by the official Code of Georgia Annotated (OCGA) Section 50-8-34 that provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from the following location:

- Northeast Georgia Regional Commission
- 305 Research Drive
- Athens, Georgia 30605

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016
(CONTINUED)

NOTE 17 – HOTEL/MOTEL TAX

The City levied and collects a 7% hotel/motel tax in accordance with OCGA 48-13-51 a 4.4. Collections for the fiscal year ended June 30, 2016, were \$79,614. The City expended all amounts required for the purpose of promoting tourism, conventions, and trade shows. The total amount of the tax expended for the purposes listed above for the fiscal year ended June 30, 2016, was \$143,683, or 180%. Of this amount \$23,863 was directly paid out to the Barrow County Chamber of Commerce. The City transferred \$90,000 to the Special Facilities Fund and \$30,000 Festivals Fund for operations and advertising.

NOTE 18 – RISK MANAGEMENT

A. 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 the 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 the laws of Georgia. The Insurer is to pay all cost taxed against the City in any legal proceeding being defended, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

B. Health Insurance

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

C. 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 in the past three years have not exceeded the coverage.

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016
(CONTINUED)

NOTE 19 – INDIRECT COST ALLOCATIONS

Indirect expenses of general government and administrative support are fully allocated to the City's operational departments and funds. The purpose of the indirect costs allocations is to charge the operating departments and funds for administrative support services. Costs are allocated based on actual expenditure by functional activity. The following table presents the costs allocated:

Indirect Cost Allocations
For the Year Ended June 30, 2016

Costs for Allocation	
Administrative	\$ 2,696,392
Housing and Development	17,827
Total	<u>\$ 2,714,219</u>
Distribution of Indirect Costs	
Water and Sewer Fund	\$ 963,460
Gas Fund	544,590
Solid Waste Management Fund	73,367
Environmental Protection Fund	12,217
Special Facilities Fund	31,024
Golf Fund	93,732
TV Station Fund	11,299
General Fund:	
Judicial	25,636
Public Safety	683,173
Public Works	275,721
Total	<u>\$ 2,714,219</u>

NOTE 20 – EVALUATION OF SUBSEQUENT EVENTS

The City has evaluated subsequent events through June 20, 2017, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WINDER, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
 GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	2016	2015
<i>Total Pension Liability</i>		
Service cost	\$ 236,833	\$ 328,917
Interest	1,412,604	1,443,234
Differences between expected and actual experience	463,073	(652,819)
Changes in benefit terms	-	-
Changes in assumptions	-	(240,685)
Benefit payments, including refunds of employee contributions	(1,324,394)	(1,223,348)
Net change in total pension liability	788,116	(344,701)
Total pension liability - beginning	18,889,346	19,234,047
Total pension liability - ending	\$ 19,677,462	\$ 18,889,346
<i>Plan Fiduciary Net Position</i>		
Contributions - employer	\$ 1,228,670	\$ 1,409,342
Contributions - employee	-	59,823
Net investment income	151,347	1,334,881
Benefit payments, including refunds of employee contributions	(1,324,394)	(1,223,348)
Administrative expense	(24,301)	(19,349)
Other	-	-
Net change in fiduciary net position	31,322	1,561,349
Plan fiduciary net position - beginning	13,157,050	11,595,701
Plan fiduciary net position - ending	\$ 13,188,372	\$ 13,157,050
<i>Net Pension Liability</i>		
Net pension liability - ending	\$ 6,489,090	\$ 5,732,296
Plan's fiduciary net position as a percentage of the total pension liability	67.02%	69.65%
Covered-employee payroll	\$ 4,034,416	\$ 4,658,538
Net pension liability as a percentage of covered-employee payroll	160.84%	123.05%

Note: Schedule is intended to show information for the last 10 fiscal years.
 Additional years will be displayed as they become available.

CITY OF WINDER, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SCHEDULE OF CONTRIBUTIONS

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 1,042,387	\$ 1,292,164
Contributions in relation to the actuarially determined contribution	<u>1,042,387</u>	<u>1,469,165</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (177,001)</u>
City's covered-employee payroll	\$ 4,034,416	\$ 4,658,538
Contributions as a percentage of covered-employee payroll	25.84%	27.74%

Note: Schedule is intended to show information for the last 10 fiscal years.
Additional years will be displayed as they become available.

CITY OF WINDER, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
POSTRETIREMENT BENEFITS PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Plan Assets (a)	Actuarial Liability (b)	Unfunded Liability (UAL) (b-a)	Funded Ratio (a)/(b)	Covered Payroll (d)	UAL % of Payroll ((b-a)/d)
July 1, 2009	\$ -	\$ 1,792,000	\$ 1,792,000	0.00%	\$ 5,810,000	30.84%
July 1, 2011	-	1,675,900	1,675,900	0.00%	6,603,500	25.38%
July 1, 2014	114,800	1,092,400	977,600	10.50%	5,570,800	17.55%

CITY OF WINDER, GEORGIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Georgia Municipal Employee Benefit System

Changes of assumptions:

As a result of the new administrative fee structure approved by the Board, the administrative expense assumption was updated for fiscal years beginning in 2016.

Amounts reported for the fiscal year ending in 2015, and later reflect the following assumption changes approved by the Board in December 2014, based on the results of an actuarial experience study covering the period January 1, 2010 to June 30, 2014:

- The mortality table for disabled participants was changed to remove the two-year set forward for males and the one-year set forward for females.
- The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 15% and to assume no turnover on and after age 55. The select period rates were further constrained to not be less than the ultimate rates.
- The retirement rates where normal retirement is only available on or after age 65 were changed from the prior assumption of 100% at age 65 to the new assumption of 60% at age 65 to 69 and 100% at age 70. Where normal retirement is available prior to age 65, the rates were changed from the prior assumption of 100% at earliest unreduced age, but not below age 60, to the new assumption of 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.
- The inflation assumption was decreased from 3.50% to 3.25%.
- The salary increase assumption was changed from select period rates during the first five years of service, followed by age-related rates to an assumption based on new service-related rates. Under the prior assumption, the salary increases ranged from 4.00% to 11.00% and included an inflation assumption of 3.50%. Under the new assumption, the salary increases range from 3.75% to 8.00% and include an inflation assumption of 3.25%.

Benefit Changes

Effective October 1, 2013, participation is closed to Employees and officials initially employed or re-employed on or after October 1, 2013.

Valuation date

The actuarially determined contribution rate was determined as of January 1, 2016, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the year ending June 30, 2017.

CITY OF WINDER, GEORGIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(CONTINUED)

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Closed level dollar for the remaining unfunded liability
Remaining amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of 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 the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Actuarial Assumptions:	
Net Investment Rate of Return	7.75%
Projected Salary Increases	3.25% plus service based merit increases
Cost of Living Adjustments	0.0%
Retirement Age	Ages 55-59 rate of 10%, age 60 rate of 20%, age 61 rate of 25%, age 62 rate of 35%, age 63 rate of 40%, age 64 rate of 45%, ages 65-69 rate of 50% and age 70 and over rate of 100%
Mortality	RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

Hotel/Motel Fund - This fund is used to account for the hotel/motel taxes collected and expenditures relative 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 projects funds account for financial resources to be used for the acquisition or construction of major capital projects.

2005 Special Purpose Local Option Sales Tax Fund - This fund is used to account for the receipt and use of Special Purpose Local Options Sales Tax (SPLOST) proceeds for road and sidewalk improvement projects, recreation facilities, downtown redevelopment projects, streetscape, and sewer facilities.

2012 Special Purpose Local Option Sales Tax Fund - This fund is used to account for the receipt and use of Special Purpose Local Options Sales Tax (SPLOST) proceeds for road and sidewalk improvement projects, water and sewer infrastructure, improvements, facilities and equipment.

GDOT-LMIG - This fund is used to account for the cost of DOT (Department of Transportation) paving projects.

CITY OF WINDER, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Special Revenue				Capital Project			
	Community TV Station	Hotel/Motel Tax	Police Escrow	City Festivals	LMIG	SPLOST 2012	SPLOST 2005	Total
<u>Assets</u>								
Cash and Cash Equivalents	\$ 27,521	\$ 17,870	\$ 60,125	\$ 14,719	\$ 124	\$ 1,422,955	\$ 26,557	\$1,569,871
Taxes Receivable-Net	-	7,257	-	-	-	-	-	7,257
Prepaid Items	-	-	-	13,469	-	-	-	13,469
Intergovernmental Receivable	1,000	-	-	-	-	175,741	-	176,741
Total Assets	<u>\$ 28,521</u>	<u>\$ 25,127</u>	<u>\$ 60,125</u>	<u>\$ 28,188</u>	<u>\$ 124</u>	<u>\$ 1,598,696</u>	<u>\$ 26,557</u>	<u>\$1,767,338</u>
<u>Liabilities</u>								
Accounts Payable and Accrued Liabilities	\$ 7,542	\$ -	\$ 40,277	\$ -	\$ 60	\$ 272,083	\$ -	\$ 319,962
Unearned Revenues	-	-	-	7,980	-	-	-	7,980
Total Liabilities	<u>7,542</u>	<u>-</u>	<u>40,277</u>	<u>7,980</u>	<u>60</u>	<u>272,083</u>	<u>-</u>	<u>327,942</u>
<u>Fund Balance</u>								
Nonspendable Fund Balance								
Prepaid Items	-	-	-	13,469	-	-	-	13,469
Restricted Fund Balance								
Law Enforcement	-	-	19,848	-	-	-	-	19,848
Capital Outlay	-	-	-	-	64	1,326,613	26,557	1,353,234
Committed Fund Balance								
General Government	20,979	-	-	-	-	-	-	20,979
Assigned Fund Balance								
Housing and Development	-	25,127	-	-	-	-	-	25,127
Community and Development	-	-	-	6,739	-	-	-	6,739
Total Fund Balance	<u>20,979</u>	<u>25,127</u>	<u>19,848</u>	<u>20,208</u>	<u>64</u>	<u>1,326,613</u>	<u>26,557</u>	<u>1,439,396</u>
Total Liabilities and Fund Balance	<u>\$ 28,521</u>	<u>\$ 25,127</u>	<u>\$ 60,125</u>	<u>\$ 28,188</u>	<u>\$ 124</u>	<u>\$ 1,598,696</u>	<u>\$ 26,557</u>	<u>\$1,767,338</u>

CITY OF WINDER, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Special Revenue				Capital Project			
	Community TV Station	Hotel/Motel Tax	Police Escrow	City Festivals	LMIG	SPLOST 2012	SPLOST 2005	Total
<u>Revenues:</u>								
Taxes	\$ 124,586	\$ 79,614	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 204,200
Intergovernmental	-	-	-	-	133,600	1,031,450	-	1,165,050
Charges for Services	12,000	-	-	20,306	-	-	-	32,306
Fines and Forfeitures	-	-	22,432	-	-	-	-	22,432
Interest	-	-	-	-	-	3,083	198	3,281
Contributions	-	-	-	13,805	-	-	-	13,805
Total Revenues	136,586	79,614	22,432	34,111	133,600	1,034,533	198	1,441,074
<u>Expenditures:</u>								
Current								
General Government	112,399	-	-	-	-	-	-	112,399
Public Safety	-	-	18,109	-	-	-	-	18,109
Recreation	-	-	-	64,037	-	-	-	64,037
Housing and Development	-	23,863	-	-	-	-	-	23,863
Capital Outlay	-	-	-	-	379,705	1,034,410	97,422	1,511,537
Total Expenditures	112,399	23,863	18,109	64,037	379,705	1,034,410	97,422	1,729,945
Excess Revenues Over (Under)								
Expenditures	24,187	55,751	4,323	(29,926)	(246,105)	123	(97,224)	(288,871)
<u>Other Financing Sources (Uses):</u>								
Transfers In:	-	-	-	30,000	121,100	-	-	151,100
Transfers Out:	(26,250)	(120,000)	-	-	-	-	-	(146,250)
Total Other Sources (Uses)	(26,250)	(120,000)	-	30,000	121,100	-	-	4,850
Net Change Increase (Decrease) In								
Fund Balance	(2,063)	(64,249)	4,323	74	(125,005)	123	(97,224)	(284,021)
Beginning Fund Balance	23,042	89,376	15,525	20,134	125,069	1,326,490	123,781	1,723,417
Ending Fund Balance	\$ 20,979	\$ 25,127	\$ 19,848	\$ 20,208	\$ 64	\$ 1,326,613	\$ 26,557	\$1,439,396

CITY OF WINDER, GEORGIA

SPECIAL REVENUE FUND (COMMUNITY TV STATION)
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Cable Franchise Tax	\$ 115,000	\$ 124,586	\$ 9,586
Charges for Services	14,400	12,000	(2,400)
Total Revenues	129,400	136,586	7,186
Expenditures:			
General Government	144,400	112,399	32,001
Total Expenditures	144,400	112,399	32,001
Excess Revenues Over (Under) Expenditures	(15,000)	24,187	(24,815)
Other Financing Sources (Uses):			
Transfers In (Out)			
Transfers from General Fund	15,000	-	(15,000)
Transfers to General Fund	-	(26,250)	(26,250)
Total Other Financing Sources (Uses)	15,000	(26,250)	(41,250)
Net Change Increase (Decrease) in Fund Balance	<u>\$ -</u>	(2,063)	<u>\$ (66,065)</u>
Beginning Fund Balance		<u>23,042</u>	
Ending Fund Balance		<u>\$ 20,979</u>	

CITY OF WINDER, GEORGIA

SPECIAL REVENUE FUND (HOTEL/MOTEL TAX)
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Final Budget	Actual	Final Budget
Revenues:			
Taxes			
Hotel Motel Tax (2%)	\$ -	23,393	\$ 23,393
Hotel Motel Tax (5 %)	-	56,221	56,221
Total Revenues	-	79,614	79,614
Expenditures:			
Housing & Development	19,500	23,863	4,363
Total Expenditures	19,500	23,863	4,363
Excess Revenues Over (Under) Expenditures	(19,500)	55,751	75,251
Other Financing Sources (Uses):			
Transfers In (Out)			
Special Facilities Fund	(54,700)	(90,000)	(35,300)
Festival Fund	-	(30,000)	(30,000)
Total Other Financing Sources (Uses)	(54,700)	(120,000)	(65,300)
Total Expenditures and Transfers Out	74,200	143,863	69,663
Net Change Increase (Decrease) in Fund Balance	<u>\$ 74,200</u>	(64,249)	<u>\$ 149,277</u>
Beginning Fund Balance		<u>89,376</u>	
Ending Fund Balance		<u>\$ 25,127</u>	

CITY OF WINDER, GEORGIA

SPECIAL REVENUE FUND (POLICE ESCROW)
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Fines and Forfeitures	\$ 5,000	\$ 22,432	\$ 17,432
Total Revenues	<u>5,000</u>	<u>22,432</u>	<u>17,432</u>
Expenditures:			
Law Enforcement	<u>5,000</u>	<u>18,109</u>	<u>(13,109)</u>
Total Expenditures	<u>5,000</u>	<u>18,109</u>	<u>(13,109)</u>
Net Change Increase (Decrease) in Fund Balance	<u>\$ -</u>	<u>4,323</u>	<u>\$ 30,541</u>
Beginning Fund Balance		<u>15,525</u>	
Ending Fund Balance		<u>\$ 19,848</u>	

CITY OF WINDER, GEORGIA

SPECIAL REVENUE FUND (CITY FESTIVALS)
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Charges for Services	\$ 31,100	\$ 20,306	\$ (10,794)
Contributions	20,000	13,805	(6,195)
Total Revenues	51,100	34,111	(16,989)
Expenditures:			
Recreation	64,100	64,037	63
Total Expenditures	64,100	64,037	63
Excess Revenues Over (Under) Expenditures	(13,000)	(29,926)	(17,052)
Other Financing Sources (Uses):			
Transfers In (Out)			
Hotel/Motel Fund	13,000	30,000	(17,000)
Total Other Financing Sources (Uses)	13,000	30,000	(17,000)
Net Change Increase (Decrease) in Fund Balance	\$ -	74	\$ (34,052)
Beginning Fund Balance		20,134	
Ending Fund Balance		\$ 20,208	

CITY OF WINDER, GEORGIA

AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Municipal Court			
	Balance			Balance
<u>Assets</u>	6/30/2015	Additions	Deductions	6/30/2016
Cash and Cash Equivalents	\$ 56,949	\$ 234,642	\$ (247,596)	\$ 43,995
Accounts Receivable, Net	191,979	-	(49,887)	142,092
Total Assets	<u>\$ 248,928</u>	<u>\$ 234,642</u>	<u>\$ (297,483)</u>	<u>\$ 186,087</u>
<u>Liabilities</u>				
Due To Others	\$ 248,928	\$ 234,642	\$ (297,483)	\$ 186,087
Total Liabilities	<u>\$ 248,928</u>	<u>\$ 234,642</u>	<u>\$ (297,483)</u>	<u>\$ 186,087</u>

NONMAJOR PROPRIETARY FUNDS

ENTERPRISE FUNDS

Solid Waste Fund - This fund accounts the contract costs of solid waste collection, disposal, and recycling. During FY 2012, the City entered into a contract with Waste Management to collect and dispose of the business and residence solid waste.

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, the Cultural Arts Center, and other City-owned income producing buildings.

Chimneys Golf Course Fund - This is the newest of the proprietary funds and accounts for the operations and maintenance associated with management of the Chimneys Golf Course which is located at 338 Monroe Highway, Winder, Georgia.

INTERNAL SERVICE FUNDS

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 Governmental Buildings. The Building Fund then receives rental income from the departments that use these buildings.

CITY OF WINDER, GEORGIA

NONMAJOR ENTERPRISE FUNDS
 COMBINING STATEMENT OF NET POSITION
 JUNE 30, 2016

	Solid Waste Management Fund	Environmental Protection Fund	Special Facilities Fund	Golf Fund	Totals
<u>Assets</u>					
Current Assets					
Cash and Cash Equivalents	\$ 6,966	\$ 71	\$ 217,403	\$ 945	\$ 225,385
Accounts Receivable	137,520	2,221	12,856	-	152,597
Inventory	-	-	-	12,461	12,461
Prepays	-	-	-	1,319	1,319
Total Current Assets	144,486	2,292	230,259	14,725	391,762
Non-Current Assets					
Capital Assets					
Nondepreciable Assets	-	715,965	544,386	495,546	1,755,897
Depreciable Assets	-	1,022,320	3,161,598	211,548	4,395,466
Other Post-Employment Benefits Asset	-	-	-	540	540
Total Non-Current Assets	-	1,738,285	3,705,984	707,634	6,151,903
Total Assets	144,486	1,740,577	3,936,243	722,359	6,543,665
<u>Deferred Outflows of Resources</u>					
Deferred Outflows of Resources Related to Pensions	-	21,377	-	-	21,377
Total Deferred Outflows of Resources	-	21,377	-	-	21,377
<u>Liabilities</u>					
Current Liabilities					
Accounts Payable	54,120	131,906	10,902	54,476	251,404
Compensated Absences	-	-	-	4,409	4,409
Capital Leases Payable	-	-	-	3,916	3,916
Total Current Liabilities	54,120	131,906	10,902	62,801	259,729
Long-term Liabilities					
Advances From Other Funds	-	958,091	-	540,000	1,498,091
Net Pension Liability	-	77,869	-	-	77,869
Total Long-Term Liabilities	-	1,035,960	-	540,000	1,575,960
Total Liabilities	54,120	1,167,866	10,902	602,801	1,835,689
<u>Deferred Inflows of Resources</u>					
Deferred Inflows of Resources Related to Pensions	-	8,439	-	-	8,439
Total Deferred Inflows of Resources	-	8,439	-	-	8,439
<u>Net Position</u>					
Net Investment in Capital Assets	-	1,738,285	3,705,984	703,178	6,147,447
Unrestricted	90,366	(1,152,636)	219,357	(583,620)	(1,426,533)
Total Net Position	\$ 90,366	\$ 585,649	\$ 3,925,341	\$ 119,558	\$ 4,720,914

CITY OF WINDER, GEORGIA

NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Solid Waste Management Fund	Environmental Protection Fund	Special Facilities Fund	Golf Fund	Totals
Operating Revenues					
Charges For Services	\$ 1,046,268	\$ 29,951	\$ 91,081	\$ 738,077	\$1,905,377
Penalties and Interest	19,985	-	-	-	19,985
Other Revenue	-	-	-	346	346
Total Revenues	1,066,253	29,951	91,081	738,423	1,925,708
Expenses					
Personnel Services	-	83,913	14,969	399,561	498,443
Professional and Technical	650,193	2,700	4,297	-	657,190
Purchased Property Services	-	41,122	257,073	247,542	545,737
Supplies	-	47,678	1,238	175,987	224,903
Depreciation	-	19,142	141,170	49,629	209,941
Indirect Costs Allocation	73,367	12,217	31,024	93,732	210,340
Total Expenses	723,560	206,772	449,771	966,451	2,346,554
Net Operating Revenues (Expenses)	342,693	(176,821)	(358,690)	(228,028)	(420,846)
Nonoperating Revenue (Expenses)					
Transfers Out	(400,167)	-	-	-	(400,167)
Transfers In	-	1,235,192	292,475	214,725	1,742,392
Total Nonoperating Revenues (Expenses)	(400,167)	1,235,192	292,475	214,725	1,342,225
Change in Net Position	(57,474)	1,058,371	(66,215)	(13,303)	921,379
Net Position (Deficit), Beginning of the Year	147,840	(472,722)	3,991,556	132,861	3,799,535
Net Position, End of the Year	\$ 90,366	\$ 585,649	\$3,925,341	\$ 119,558	\$4,720,914

CITY OF WINDER, GEORGIA

NONMAJOR PROPRIETARY FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Solid Waste Management Fund	Environmental Protection Fund	Special Facilities Fund	Golf Fund	Totals
Cash Flows from (to) Operating Activities:					
Receipts from Customers	\$ 1,065,303	\$ 30,061	\$ 108,460	\$ 738,423	\$1,942,247
Payments to Employees	-	(38,518)	(16,221)	(400,909)	(455,648)
Internal Activity	(73,367)	(12,217)	(31,024)	(93,732)	(210,340)
Payments to Suppliers	(649,451)	(794)	(260,569)	(423,888)	(1,334,702)
Net Cash Provided (Used) by Operating Activities	342,485	(21,468)	(199,354)	(180,106)	(58,443)
Cash Flows from (to) Noncapital Financing Activities:					
Receipts from (Payments to) Other Funds	-	(136,870)	-	(20,000)	(156,870)
Transfers from (to) Other Funds	(400,167)	1,235,192	292,475	214,725	1,342,225
Net Cash from (to) Noncapital Financing Activities:	(400,167)	1,098,322	292,475	194,725	1,185,355
Cash Flows (to) Capital and Related Financing Activities:					
Acquisition and Construction of Capital Assets	-	(1,080,680)	-	(6,650)	(1,087,330)
Principal Payments on Notes & Capital Leases	-	-	-	(8,211)	(8,211)
Net Cash (to) Capital and Related Financing Activities:	-	(1,080,680)	-	(14,861)	(1,095,541)
Net Increase (Decrease) in Cash	(57,682)	(3,826)	93,121	(242)	31,371
Cash and Cash Equivalents, Beginning of Year	64,648	3,897	124,282	1,187	194,014
Cash and Cash Equivalents, End of the Year	\$ 6,966	\$ 71	\$ 217,403	\$ 945	\$ 225,385
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	\$ 342,693	\$ (176,821)	\$ (358,690)	\$ (228,028)	\$ (420,846)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Depreciation and Amortization	-	19,142	141,170	49,629	209,941
Changes in Current Assets and Liabilities					
(Increase) Decrease in Deferred Outflows - Pensions	-	(18,167)	-	-	(18,167)
(Increase) Decrease in Accounts Receivable	(950)	110	17,379	-	16,539
(Increase) Decrease in Inventories	-	-	-	(2,758)	(2,758)
(Increase) Decrease in Prepaids	-	-	-	2,457	2,457
(Increase) Decrease in OPEB Asset	-	-	-	(540)	(540)
Increase (Decrease) in Accounts Payable	742	90,706	2,039	482	93,969
Increase (Decrease) in OPEB Liability	-	-	-	(2,525)	(2,525)
Increase (Decrease) in Compensated Absences	-	-	(1,252)	1,177	(75)
Increase (Decrease) in Net Pension Liability	-	58,532	-	-	58,532
Increase (Decrease) in Deferred Inflows - Pensions	-	5,030	-	-	5,030
Net Cash Provided (Used) by Operating Activities	\$ 342,485	\$ (21,468)	\$ (199,354)	\$ (180,106)	\$ (58,443)

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CITY OF WINDER, GEORGIA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2016

	Utility Service	Buildings	Totals
<u>Assets</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 102,740	\$ 674	\$ 103,414
Prepays	8,400	-	8,400
Total Current Assets	111,140	674	111,814
Non-Current Assets			
Capital Assets			
Nondepreciable Assets		1,170,045	1,170,045
Depreciable Assets	-	1,395,604	1,395,604
Other Post-Employment Benefits Asset	4,918	-	4,918
Total Non-Current Assets	4,918	2,565,649	2,570,567
Total Assets	116,058	2,566,323	2,682,381
<u>Deferred Outflows of Resources</u>			
Deferred Outflows of Resources Related to Pensions	21,377	-	21,377
Total Deferred Outflows of Resources	21,377	-	21,377
<u>Liabilities</u>			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	40,085	51,102	91,187
Compensated Absences	5,154	-	5,154
Total Current Liabilities	45,239	51,102	96,341
Long-Term Liabilities:			
Advances from Other Funds	-	817,090	817,090
Net Pension Liability	77,869	-	77,869
Total Long-Term Liabilities	77,869	817,090	894,959
Total Liabilities	123,108	868,192	991,300
<u>Deferred Inflows of Resources</u>			
Deferred Inflows of Resources Related to Pensions	8,439	-	8,439
Total Deferred Inflows of Resources	8,439	-	8,439
<u>Net Position</u>			
Net Investment in Capital Assets	-	2,565,649	2,565,649
Unrestricted Net Position (Deficit)	5,888	(867,518)	(861,630)
Total Net Position	\$ 5,888	\$ 1,698,131	\$ 1,704,019

CITY OF WINDER, GEORGIA

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Utility Service	Buildings	Totals
Operating Revenues:			
Charges For Services	\$ 487,318	\$ -	\$ 487,318
Rents	-	589,134	589,134
Total Operating Revenues	487,318	589,134	1,076,452
Operating Expenses:			
Personnel Services	217,599	-	217,599
Professional and Technical	174,165	549,763	723,928
Purchased Property Services	64,113	-	64,113
Supplies	11,387	6,203	17,590
Depreciation	-	33,168	33,168
Total Operating Expenses	467,264	589,134	1,056,398
Net Operating Revenues (Expenses)	20,054	-	20,054
Non-Operating Revenues (Expenses)			
Loss on disposal of assets	(20,054)	-	(20,054)
Total Non-Operating Revenues	(20,054)	-	(20,054)
Income before contributions and transfers	-	-	-
Transfers From (To) From General Fund	-	961,000	961,000
Change in Net Position	-	961,000	961,000
Net Position , Beginning of the Year	5,888	737,131	743,019
Net Position, End of the Year	\$ 5,888	\$ 1,698,131	\$ 1,704,019

CITY OF WINDER, GEORGIA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>Cash Flows from (to) Operating Activities:</u>	Utility Service	Buildings	Totals
Receipts from Interfund Services Provided	\$ 487,318	\$ 589,134	\$ 1,076,452
Payments to Suppliers	(253,754)	(535,391)	(789,145)
Payments to Employees	(507,172)	-	(507,172)
Net Cash Provided (Used) by Operating Activities	(273,608)	53,743	(219,865)
<u>Cash Flows from (to) Noncapital Financing Activities:</u>			
Receipts from (Payments to) Other Funds	-	(22,887)	(22,887)
Transfers from Other Funds	-	961,000	961,000
Net Cash from (to) Noncapital Financing Activities	-	938,113	938,113
<u>Cash Flows from (to) Capital and Related Financing Activities:</u>			
Acquisition and Construction of Capital Assets	-	(992,132)	(992,132)
Proceeds from the Sale of Capital Assets	5,110	-	5,110
Net Cash from (to) Capital and Related Financing Activities	5,110	(992,132)	(987,022)
Net Increase (Decrease) in Cash	(268,498)	(276)	(268,774)
Cash and Cash Equivalents, Beginning of Year	371,238	950	372,188
Cash and Cash Equivalents, End of the Year	\$ 102,740	\$ 674	\$ 103,414
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$ 20,054	\$ -	\$ 20,054
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization	-	33,168	33,168
Changes in Assets and Liabilities:			
(Increase) Decrease in Deferred Outflows - Pensions	36,414	-	36,414
(Increase) OPEB Asset	(4,918)	-	(4,918)
Increase (Decrease) in Accrued Payables	829	20,575	21,404
Increase (Decrease) in OPEB Liability	(1,978)	-	(1,978)
Increase (Decrease) in Compensated Absences	(908)	-	(908)
Increase (Decrease) in Net Pension Liability	(270,182)	-	(270,182)
Increase (Decrease) in Deferred Inflows - Pensions	(52,919)	-	(52,919)
Net Cash Provided (Used) by Operating Activities	\$ (273,608)	\$ 53,743	\$ (219,865)
<u>Noncash Capital Financing Activities:</u>			
Capital Contributions to governmental activities	\$ (20,054)	\$ -	\$ (20,054)

CITY OF WINDER, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTIONS SALES TAX
JUNE 30, 2016

	Original Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
2005 Special Purpose Local Options Sales Tax				
Local Street Projects	\$4,500,736	\$2,426,750	\$ -	\$ 2,426,750
Recreation Facilities, Downtown Redevelopment Projects, and Streetscapes	925,149	13,507	97,422	110,929
Sewer Facilities	696,945	-	-	-
Total 2005 SPLOST	<u>\$6,122,830</u>	<u>\$2,440,257</u>	<u>\$ 97,422</u>	<u>\$ 2,537,679</u>

	Original Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
2012 Special Purpose Local Options Sales Tax				
Local Street Projects	\$2,451,259	\$1,398,581	\$ -	\$ 1,398,581
Water & Sewer Infrastructure, Improvements, Facilities & Equipment	4,357,793	-	1,034,410	1,034,410
Total 2012 SPLOST	<u>\$6,809,052</u>	<u>\$1,398,581</u>	<u>\$ 1,034,410</u>	<u>\$ 2,432,991</u>

Notes: This schedule discloses projects that are funded by sales tax revenues.
Projects may have additional funding sources.

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GOVERNMENTAL REPORTS

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Winder, Georgia as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the City of Winder, Georgia's basic financial statements, and have issued our report thereon dated June 20, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be a material weakness. 2016-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2016-002.

City of Winder, Georgia's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Macon, Georgia
June 20, 2017



CITY OF WINDER, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Financial Statement Findings

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

2016-001 Deferred Inflows/Outflows and Net Pension Liability

CRITERIA

An effective system of financial reporting and internal controls requires that accounting records are closed and financial reports are produced on a timely basis.

CONDITION

The City did not properly calculate the 2016 net pension liability in accordance with Statement of Governmental Accounting Standards Board (GASB) No. 68 "Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27".

CONTEXT

Audit adjustments were needed to fairly state deferred inflows, deferred outflows, net pension liability and retirement expenses in the following proprietary funds and business-type activities with net affects of:

Water and Sewer	\$ 159,911
Gas	199,144
Environmental Protection	62,188
Golf	23,170
ISF - Utility Service	<u>347,833</u>
Business-Type Activities	<u><u>\$ 792,246</u></u>

EFFECT

Net pension liabilities and deferred inflows/outflows of resources were misstated in the financial statements.

CAUSE

City personnel did not have a sufficient understanding of the calculations required by GASB No. 68 "Accounting and Financial Reporting for Pensions".

RECOMMENDATION

We recommend the City consider providing additional training to personnel in the area of calculations required by GASB No. 68 "Accounting and Financial Reporting for Pensions".

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management agrees with the finding. The City has a better understanding of the calculation for the net pension liability to ensure the proper recording of the liability in the future.

CITY OF WINDER, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(CONTINUED)

Compliance Findings

2016-002 Budgetary Control-Expenditures Exceeding Appropriations (36-81-3)

CRITERIA

In order to comply with the applicable legal requirements regarding budgets, procedures must exist to properly monitor compliance with the State law. Georgia code (36-81-3) requires an annual balanced budget for the General Fund and each special revenue fund.

CONDITION

The expenditures in the City's General Fund and various special revenue funds exceeded appropriations in various departments.

CONTEXT

Expenditures exceeded appropriations as follows:

General Fund:	
Fire Department	\$ 9,296
Transfers Out	2,193,192
Hotel/Motel:	
Transfers Out	65,300
Police Escrow:	
Public Safety	13,109
City Festivals:	
Recreation	17,000
Community TV Station:	
Transfers Out	26,250

EFFECT

The City is not in compliance with state law.

CAUSE

The City experienced significant delays in the annual closeout process with hindered its ability to monitor expenditures in relation to its approved budgets.

RECOMMENDATION

We recommend the City strive to insure timely closeouts and closely monitor expenditures in relation to budgeted amounts.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management agrees with the finding. The transfer accounts were the most affected by this finding so additional procedures have been implemented to help prevent this in the future.