



CITY OF WINDER

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2017

CITY OF WINDER, GEORGIA
INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

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, 2017, 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, 2017, 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 required 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, other grant schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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, other grant schedules, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor

fund financial statements and schedules, the budgetary comparison schedules, the schedules of projects constructed with special sales tax proceeds, other grant schedules and schedule of expenditures of federal awards 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 April 17, 2018, 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
April 17, 2018

Chelle K. Runc

MANAGEMENT'S DISCUSSION & ANALYSIS

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 \$89.9 million. Of this amount, \$13.4 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's cash and cash equivalents at the end of FY 2017 were \$16 million, a decrease of \$7 million from FY 2016. The decrease is primarily the result of increased spending on capital projects in FY 2017. The most significant projects include the Fort Yargo Raw Water Line and Rockwell Church Tank projects in the Water Fund as well as the new downtown parking area and greenspace and the McNeal Road improvements projects in the General Fund.

The primary government's total net position increased by \$4.6 million during FY 2017, as revenues of \$38.4 million exceeds expenses of \$33.8 million. Governmental activities contributed \$3.5 million and business-type activities contributed \$1 million of the overall increase in net position.

At June 30, 2017, the governmental funds reported combined ending fund balances of \$3.9 million, an increase of over \$230,000 from the prior year. The increase is primarily due to SPLOST intergovernmental revenues exceeding capital outlay expenditures for local street projects and water and sewer infrastructure and recreational facilities. Approximately \$533,000 or 13.6% 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, 2017, was approximately \$533,000, or 3.2% of total fund expenditures.

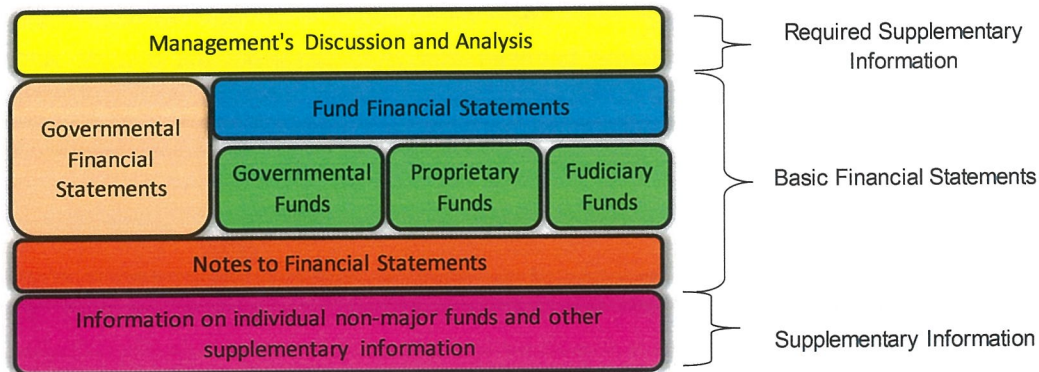
Enterprise (business-type) fund unrestricted net position for the FY 2017 was \$16 million, or 77.5% of total enterprise fund expenses.

The City pays up to 90% of health insurance for the City of Winder's fulltime employees in addition to short term disability, long term disability, and life insurance. In FY 2017, premiums paid by the City were \$1.6 million which was an increase of approximately \$143,000 over FY 2016.

The City had approximately \$24.5 million in revenue bonds, notes, and capital leases at the end of June 30, 2017, which is an increase of about \$4.1 million from the prior year. The City's net pension liability decreased by approximately \$776,000 from prior year.

Report Layout

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



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

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

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

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

Government-Wide Financial Analysis

The government-wide statements report information about the City of Winder as a whole using accounting methods similar to those used by private sector companies. Net position may serve over time as a useful indicator of the City's financial position. In the case of the City of Winder, assets exceeded liabilities by \$89.9 million at the close of Fiscal Year 2017.

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 \$13.4 million or 15%. 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 \$74.7 million or 83%. 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, \$1.8 million or 2.0% represents resources that are subject to external restrictions on how they may be used and debt service.

Statement of Net Position at June 30, 2017 and 2016

	Net Position at Year-End (in thousands of dollars)					
	Governmental Activities		Business-Type Activities		Total Government	
	2017	2016	2017	2016	2017	2016
Cash and Investments	\$ 2,445	\$ 2,524	\$ 13,535	\$ 20,501	\$ 15,980	\$ 23,025
Current Assets	1,462	1,700	7,274	2,091	8,737	3,791
Capital Assets	19,524	16,490	80,020	70,888	99,544	87,377
Total Assets	23,432	20,714	100,830	93,479	124,261	114,193
Deferred Outflows of Resources	1,158	1,377	383	534	1,541	1,911
Current Liabilities	1,086	1,573	3,737	1,520	4,823	3,092
Other Liabilities	-	-	2,468	2,410	2,468	2,410
Long-Term Debt Outstanding	4,817	5,426	23,016	19,140	27,833	24,566
Total Liabilities	5,903	6,999	29,222	23,069	35,124	30,068
Deferred Inflow of Resources	596	544	158	160	754	703
Net Position:						
Net Investment in Capital Assets	18,933	15,869	55,795	50,937	74,728	66,805
Restricted	1,629	1,373	131	527	1,760	1,900
Unrestricted	(2,471)	(2,694)	15,907	19,320	13,436	16,627
Total Net Position	\$ 18,091	\$ 14,548	\$ 71,833	\$ 70,784	\$ 89,924	\$ 85,332

Statement of Activities for the Fiscal Year Ended June 30, 2017 and 2016

Governmental and Proprietary Activities For Fiscal Year Ending June 30, 2017 & 2016 <i>(in thousands of dollars)</i>						
	Governmental Activities		Business-Type Activities		Total Government	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenue						
Charges for Services	\$ 1,134	\$ 869	\$ 27,589	\$ 26,543	\$ 28,723	\$ 27,412
Operating Grants and Contributions	39	1,883	-	-	39	1,883
Capital Grants and Contributions	1,900	1,075	1,031	1,034	2,931	2,109
General Revenues						
Taxes	6,339	6,132	-	-	6,339	6,132
Other	227	110	102	275	329	385
Total Revenues	9,640	10,069	28,722	27,853	38,362	37,922
Expenses (Including Indirect Cost)						
Governmental Activities						
General Government	(259)	(6)	-	-	(259)	(6)
Judicial	281	255	-	-	281	255
Public Safety	7,426	7,070	-	-	7,426	7,070
Public Works	4,844	4,032	-	-	4,844	4,032
Recreation	63	161	-	-	63	161
Housing and Development	857	361	-	-	857	361
Business-Type Activities	-	-	20,557	19,726	20,557	19,726
Total Expenses	13,212	11,875	20,557	19,726	33,770	31,601
Excess (Deficiencies) Before Transfers	(3,572)	(1,806)	8,164	8,127	4,592	6,321
Transfers	7,115	5,416	(7,115)	(5,416)	-	-
Change in Net Position	3,543	3,610	1,049	2,711	4,592	6,321
Beginning Net Position	14,548	10,938	70,784	68,073	85,332	79,011
Ending Net Position	\$ 18,091	\$ 14,548	\$ 71,833	\$ 70,784	\$ 89,924	\$ 85,332

Governmental Activities

Governmental activities increased the City of Winder's net position by approximately \$3.5 million. The City's transfers into governmental activities from business-type activities increased by approximately \$1.7 million from FY 2016 due to an increase in Public Safety, Public Works, and Housing and Development expenditures. A comparison of the prior year income and expenses before transfers to the FY 2017 income and expenses before transfers reveals a net loss of approximately \$3.6 million. Fire District taxes, sales taxes, business taxes, and other taxes provided 65.8% of the total governmental revenues and covered 42.7% of governmental expenses. Program revenues provided 31.9% of total governmental revenues and covered 20.7% of governmental expenses. Transfers from other funds covered more than the other 47.9% 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.

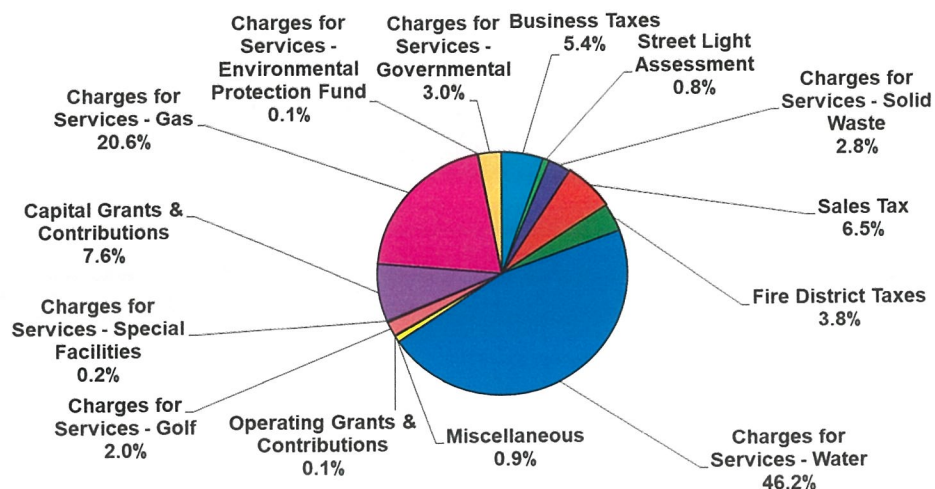
The most significant governmental expense for the City is providing Public Safety services, such as Fire and Police protection, which comprised 45.8% of the total governmental expenses. Revenues collected from a variety of sources offset public safety expenses, with the largest being the Fire District Tax. The second largest cost for the City is Public Works, totaling \$4.3 million, or 29% of governmental expenses.

Business-type Activities

Business-type activities increased the City of Winder's net position by approximately \$1 million. The amounts paid by the users of the systems were approximately \$27.6 million while the cost of all business-type activities was \$18.9 million. Additionally, idle cash earned approximately \$82,000.

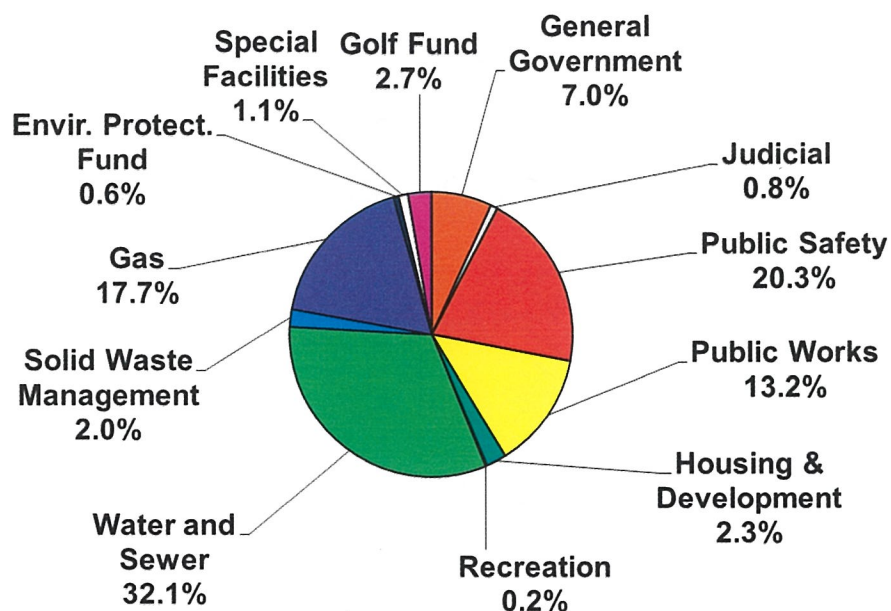
- The charges for services in the Water Fund increased by approximately \$420,000, which was due in part to additional gallons of water consumed by our citizens. Tap-on fees increased by approximately \$587,000 resulting from additional taps sold. Water expenses decreased by approximately \$680,000. The decrease is primarily attributable to expenses incurred in the prior year for a meter upgrade that were not incurred in FY 2017.
- In the Gas Fund charges for services decreased by approximately \$50,000 and tap-on fees increased by approximately \$66,000. Gas expenses increased by approximately \$1.2 million, resulting in a decrease in net position of approximately \$2 million after transfers. The most significant increases in gas expenses were supplies for a meter upgrade and gas supply purchased for resale representing approximately \$275,000 and \$545,000, respectively, of the increase.
- Solid Waste Fund revenues and expenses remained relatively stable and the transfer to the Governmental Funds decreased by approximately \$32,000 compared to FY 2016. The net position decreased by approximately \$10,000.
- The Environmental Protection Fund revenues remained nearly the same while expenses increased by approximately \$30,000. Despite a decrease in transfers from the Governmental Funds of approximately \$315,000 net position increased by approximately \$713,000.
- Special Facilities Fund revenues and expenses decreased by approximately \$14,000 and \$65,000, respectively. Transfers from the Governmental Funds decreased by \$192,000. The fund reported a decrease of about \$208,000 in net position.
- Fiscal year 2017 was the third full year of City ownership for the Chimneys Golf Course. The Golf Fund's net position increased by approximately \$95,000 after transfers of \$308,000. The increase in net position is primarily attributable to the increase in transfers from the Governmental Funds.

REVENUES BY SOURCE – GOVERNMENT-WIDE ACTIVITY



Note: Graph may not equal 100% due to rounding

EXPENSES BY FUNCTION – GOVERNMENT-WIDE ACTIVITY



Note: Graph may not equal 100% due to rounding

Financial Analysis of the Government's Funds

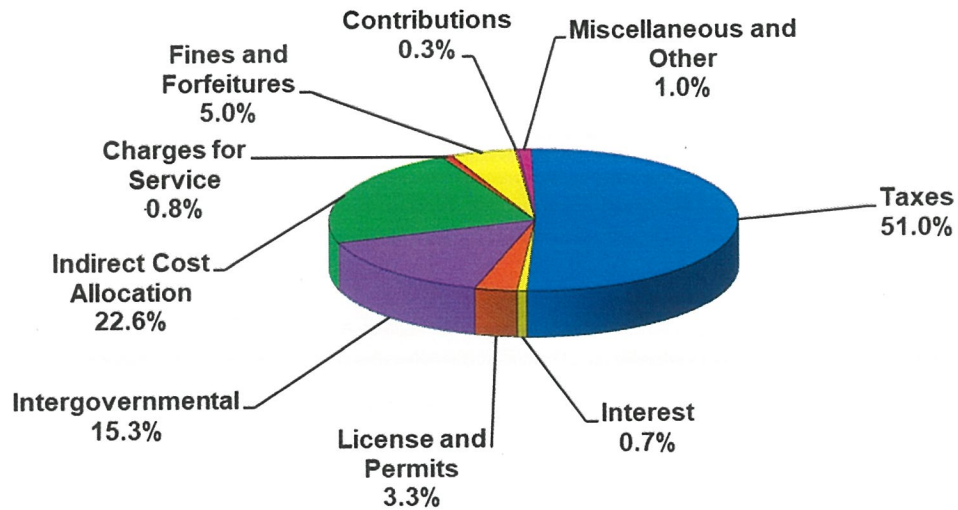
As noted earlier, the City of Winder employs fund accounting to ensure and demonstrate compliance with finance-related legal requirements and financial reporting requirements.

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

As of the end of FY 2017, the City's governmental funds reported combined ending fund balances of approximately \$3.9 million, an increase of approximately \$230,000. The City reported approximately \$533,000 in unassigned fund balance and \$1.7 million in nonspendable fund balance. Nonspendable fund balance is mainly attributable to the General Fund loaning money, through an advance, to the Environmental Protection Fund and the Buildings Fund. The City believes that those funds will repay the General Fund within the next 10 to 20 years. The remainder of fund balance is restricted or committed to indicate that it is not available for new spending because it has already been obligated for other restricted purposes.

As in previous years, the City of Winder levied no property tax (except for fire services) to finance current operations. Therefore, the City's General Fund relied on transfers from the proprietary funds (or business-type activities) to supplement the governmental activities of the City, such as public safety and public works. The transfers from the combined public utility enterprise funds were \$7.1 million.

REVENUES BY SOURCE-GOVERNMENTAL FUNDS

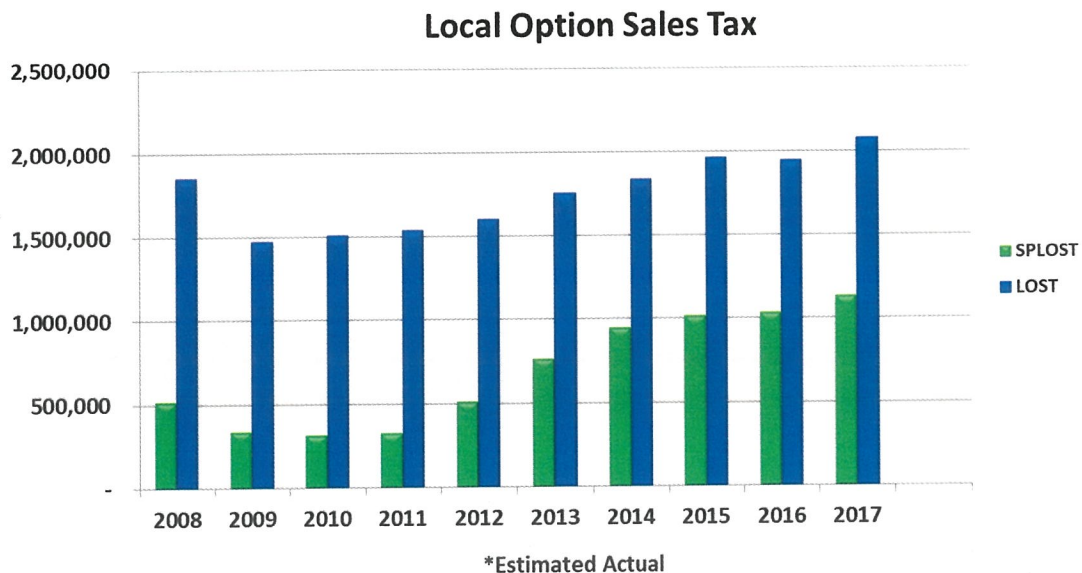


Note: Graph may not equal 100% due to rounding

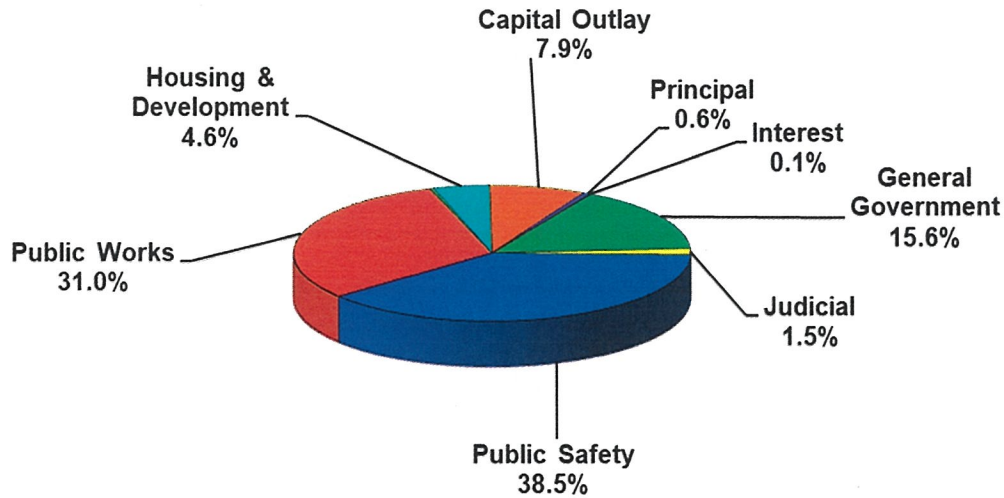
The City's governmental funds operating revenues (excluding indirect cost allocation) were up approximately \$346,000 from the prior year which was primarily due to an increase in taxes received and fines and forfeitures. Tax collections increased by approximately \$203,000 or 3% and fines and forfeitures increased by approximately \$185,000 or 43%. However, miscellaneous and other decreased by approximately \$168,000 or 58% which is mainly due to a reimbursement received in the prior year.

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 \$98,000 more in SPLOST proceeds than in FY 2016.

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



EXPENDITURES BY FUNCTION-GOVERNMENTAL FUNDS



Note: Graph may not equal 100% due to rounding

Expenditures in the governmental funds were \$18.8 million, a 12% increase over the prior year. The City recognized \$1.5 million for capital outlay expenditures. Operating expenditures of the City governmental funds were \$17.2 million, a 13.5% increase over the prior year.

Proprietary Funds The City's proprietary funds provide the same type of information found in the government-wide financial statements, however in more detail. Overall revenues increased by approximately \$1 million. The increase is primarily attributable to the water and tap-on fees in the water fund as the other proprietary funds revenues remained stable. Total proprietary funds expenses increased by more than \$480,000 in FY 2017.

Budgetary Highlights

General Fund operating revenues (excluding indirect cost allocation) were approximately \$900,000 more than budgeted. Intergovernmental and tax revenues came in over budget by approximately \$265,000 and \$215,000, respectively. Combined taxes were over budget primarily due to increases in motor vehicles taxes, sales taxes, and occupation taxes. Intergovernmental revenues were over budget primarily due to state grant funding in the amount of \$265,000 that was not budgeted. Licenses and permits were over budget by approximately \$124,000 or 43% and fines and forfeitures were over budget by approximately \$137,000 or 29%. Miscellaneous revenues were over budget by approximately \$96,000 which was primarily attributable to rents.

General Fund expenditures were \$1.7 million less than budgeted. Personnel costs were under budget by \$814,567, Purchased Services were under budget by \$320,319, supplies expenditures were \$450,366 under budget, and capital outlay was \$11,513 under budget.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2017, the City has invested \$99 million (net of depreciation) in capital assets reflected in the following table.

Capital Assets At Year-End (Net of Depreciation) (in thousands of dollars)						
	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	\$ 2,525	\$ 2,525	\$ 6,756	\$ 6,516	\$ 9,281	\$ 9,041
Buildings & Improvements	2,888	2,048	3,246	3,332	6,134	5,381
Plant & System	-	-	57,837	57,375	57,837	57,375
Infrastructure	9,139	6,477	-	-	9,139	6,477
Furniture & Equipment	664	672	614	328	1,277	1,000
Vehicles	1,546	1,613	157	110	1,703	1,724
Work In Progress	2,581	3,047	11,316	3,181	13,898	6,227
	<u>\$ 19,344</u>	<u>\$ 16,383</u>	<u>\$ 79,926</u>	<u>\$ 70,841</u>	<u>\$ 99,269</u>	<u>\$ 87,225</u>

The following table reconciles the change in capital assets.

Change In Capital Assets (in thousands of dollars)			
	Governmental Activities	Business-Type Activities	Totals
Beginning Balance	\$ 16,383	\$ 70,841	\$ 87,225
Additions	4,026	12,265	16,291
Reductions	(492)	(101)	(593)
Depreciation	(573)	(3,080)	(3,653)
Ending Balance	<u>\$ 19,344</u>	<u>\$ 79,926</u>	<u>\$ 99,269</u>

Capital asset additions to governmental activities amounted to over \$4 million, which included construction of a new downtown parking area and greenspace as part of the Winder Block Improvement project and infrastructure projects for McNeal Road and SR81. Vehicles were purchased for public safety purposes in the amount of approximately \$255,000 in addition to a truck in fire department for \$32,000. Depreciation decreased total capital assets by over \$990,000.

Business-type additions to capital assets amounted to \$12.3 million. The Water Fund began construction of a 6.7 million gallons per day raw water intake, pump station, and transmission main that will deliver water from Fort Yargo Lake to the Highway 53 water treatment plant. The Water Fund also continued progress constructing a five million gallon water tank on Rockwell Church Road and relocation and upgrade of water and sewer lines for Ed Hogan Road. The Water Fund purchased an excavator and other heavy equipment and received donations from a contractor including a sewer jet trailer, New Holland backhoe, and John Deere trailer. The Gas Fund purchased ditch witch equipment and a trailer. The Building Fund began a remodel of Fire Station #1 and the Golf Fund installed a new entrance sign and renovated the pro shop. 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 \$30 million in debt outstanding compared to \$27 million last year. This included \$2.6 million due within one year. The following table presents a comparison of debts outstanding:

Debt Outstanding At Year End		
(in thousands of dollars)		
	Totals	
	2017	2016
Governmental:		
Capital Leases	\$ 411	\$ 514
Net Pension Liability	4,514	5,016
Compensated Absences	122	103
Sub-total	5,047	5,634
Business-type:		
Capital Leases	\$ -	\$ 4
Notes	9,198	3,000
Water and Sewer Bonds	14,933	16,901
Net Pension Liability	1,199	1,473
Compensated Absences	42	33
Sub-total	25,371	21,411
Total	\$ 30,418	\$ 27,045

The overall increase in debt is primarily due to loan drawdowns on the 2016 GEFA loan which added \$6.5 million to outstanding debt. This was offset in part by the City's payments on existing debt in the amount of \$3.7 million.

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

Economic Factors

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

The 2018 budget was developed and adopted to reflect conservative revenue figures, and the following indicators were taken into account:

- The City's FY 2017-2018 operating budget decreased by \$269,300, or .7%, from the FY 2016-2017 operating budget; and increased by \$1.6 million, or 4.2%, over the FY 2015-2016 operating budget.
- The General Fund will see a decrease in budgeted expenses due to the following:
 - A \$100,000 reduction in the amount budgeted for condemnations in the Planning, Licensing, & Permitting department.
 - A reduction of approximately \$114,000 budgeted for indirect cost allocations.
- The Gas Fund is expected to have an increase due to an expected increase in the cost of natural gas.
- The Solid Waste Fund will see an increase due to an approved \$2 per cart increase charged to the customer for their garbage collections.

- The Hotel Motel Fund revenues were expected to increase in FY 2017 due to the construction of a new hotel within the City of Winder, however, it is still under construction. The 67 room Holiday Inn Express should be completed in the fall of 2017.
- The City's total cost of personnel services is approximately 29.4% of the total operating budget. The FY 2018 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 2017.
- The Winder Downtown Development Authority will be funded with \$4,000 in funding from the City of Winder. This is a reduction of \$26,000 from what was received in FY 2017.
- 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, 2017

	Primary Government			Component Unit
	Governmental	Business-Type		Downtown
	Activities	Activities	Total	Development
				Authority
<u>ASSETS</u>				
Cash and cash equivalents	\$ 2,444,820	\$ 10,901,818	\$13,346,638	\$ 2,562
Taxes Receivable - Net	88,262	-	88,262	-
Accounts Receivable	86,498	2,282,750	2,369,248	-
Intergovernmental Receivable	366,775	5,112,062	5,478,837	-
Internal Balances	821,221	(821,221)	-	-
Supply Inventory	-	607,533	607,533	-
Prepaid Items	99,599	93,351	192,950	-
Restricted Assets:				
Restricted Cash	-	315,997	315,997	-
Cash - Bond Sinking Accounts	-	2,317,583	2,317,583	-
Non-Current Assets:				
Capital Assets:				
Nondepreciable Assets	5,106,794	18,071,962	23,178,756	-
Depreciable Assets	14,236,805	61,853,703	76,090,508	-
OPEB Asset	180,851	94,249	275,100	-
Total Assets	23,431,625	100,829,787	124,261,412	2,562
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Outflows of Resources Related to Pensions	1,158,058	307,609	1,465,667	-
Deferred Charge on Refunding of Bonds	-	75,702	75,702	-
Total Deferred Outflows of Resources	1,158,058	383,311	1,541,369	-

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

CITY OF WINDER, GEORGIA

STATEMENT OF NET POSITION

JUNE 30, 2017

(CONTINUED)

	Primary Government			Component Unit
	Governmental	Business-Type	Total	Downtown Development Authority
	Activities	Activities		
<u>LIABILITIES</u>				
Accounts Payable	519,868	2,684,449	3,204,317	-
Retainage Payable	65,589	556,510	622,099	-
Accrued Liabilities	225,058	92,642	317,700	-
Accrued Interest	465	48,825	49,290	-
Unearned Revenue	45,200	20,652	65,852	-
Liabilities Payable From Restricted Assets:				
Revenues Bonds Payable - Net, Cur Portion	-	2,020,949	2,020,949	-
Customer Deposits	-	447,192	447,192	-
Long-term Liabilities:				
Due Within One Year				
Compensated Absences	122,440	41,809	164,249	-
Notes & Capital Leases Payable	107,137	292,510	399,647	-
Due In More Than One Year				
Leases, Notes and Bonds Payable	303,443	21,817,148	22,120,591	-
Net Pension Liability	4,513,667	1,198,943	5,712,610	-
Total Liabilities	5,902,867	29,221,629	35,124,496	-
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Inflows of Resources Related to Pensions	595,605	158,207	753,812	-
Total Deferred Inflows of Resources	595,605	158,207	753,812	-
<u>NET POSITION</u>				
Net Investment in Capital Assets	18,933,019	55,795,058	74,728,077	-
Restricted For:				
Law Enforcement	15,107	-	15,107	-
Debt Service	-	130,995	130,995	-
Capital Outlay	1,613,927	-	1,613,927	-
Unrestricted	(2,470,842)	15,907,209	13,436,367	2,562
Total Net Position	\$ 18,091,211	\$ 71,833,262	\$ 89,924,473	\$ 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, 2017

Function/Program	Expenses	Indirect Expenses Allocation	Charges for Services	Program Revenues	
				Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities					
General Government	\$ 2,543,524	\$(2,802,590)	\$ 480,127	\$ 5,527	\$ 1,382,538
Judicial	257,493	23,639	-	-	-
Public Safety	6,792,900	619,321	620,899	16,709	-
Public Works	4,353,642	490,842	-	-	176,747
Recreation	63,021	-	33,002	16,890	-
Housing & Development	815,719	41,136	-	-	341,089
Interest	13,589	-	-	-	-
Total Governmental Activities	14,839,888	(1,627,652)	1,134,028	39,126	1,900,374
Business Type Activities					
Water and Sewer	10,852,155	886,038	17,732,574	-	1,030,844
Gas	5,943,312	541,704	7,893,815	-	-
Solid Waste Management	672,005	62,186	1,091,702	-	-
Environmental Protection Fund	214,446	22,251	29,815	-	-
Special Facilities	352,379	32,373	76,277	-	-
Golf	895,448	83,100	765,226	-	-
Total Business-Type Activities	18,929,745	1,627,652	27,589,409	-	1,030,844
Total Primary Government	\$33,769,633	\$ -	\$ 28,723,437	\$ 39,126	\$ 2,931,218
Component Unit					
Downtown Development Authority	\$ 2,859	\$ -	\$ -	\$ 2,859	\$ -
Total Component Unit	\$ 2,859	\$ -	\$ -	\$ 2,859	\$ -

General Revenues:
 Fire District Taxes
 Intangible/Transfer Tax
 Street Light Assessment
 General Sales Tax
 Selective Sales Tax
 Business Tax
 Motor Vehicle Tax
 Franchise Taxes
 Hotel/Motel Taxes
 Interest Earnings
 Gain on sale of capital assets
 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, 2017
(CONTINUED)

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
\$ 2,127,258	\$ -	\$ 2,127,258	
(281,132)	-	(281,132)	
(6,774,613)	-	(6,774,613)	
(4,667,737)	-	(4,667,737)	
(13,129)	-	(13,129)	
(515,766)	-	(515,766)	
(13,589)	-	(13,589)	
(10,138,708)	-	(10,138,708)	
-	7,025,225	7,025,225	
-	1,408,799	1,408,799	
-	357,511	357,511	
-	(206,882)	(206,882)	
-	(308,475)	(308,475)	
-	(213,322)	(213,322)	
-	8,062,856	8,062,856	
(10,138,708)	8,062,856	(2,075,852)	
			\$ -
			\$ -
1,001,858	-	1,001,858	-
86,258	-	86,258	-
314,602	-	314,602	-
2,074,614	-	2,074,614	-
429,273	-	429,273	-
1,108,010	-	1,108,010	-
356,395	-	356,395	-
874,587	-	874,587	-
93,623	-	93,623	-
86,619	82,083	168,702	-
17,237	19,500	36,737	-
123,625	-	123,625	-
7,115,000	(7,115,000)	-	-
13,681,701	(7,013,417)	6,668,284	-
3,542,993	1,049,439	4,592,432	-
14,548,218	70,783,823	85,332,041	2,562
\$ 18,091,211	\$ 71,833,262	\$ 89,924,473	\$ 2,562

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

CITY OF WINDER, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>			
Cash and Cash Equivalents	\$ 942,377	\$ 1,532,765	\$ 2,475,142
Taxes Receivable - Net	78,522	9,740	88,262
Accounts Receivable	86,498	-	86,498
Intergovernmental Receivable	171,469	195,306	366,775
Prepaid Items	87,586	12,013	99,599
Advances To Other Funds	1,615,424	-	1,615,424
Total Assets	\$ 2,981,876	\$ 1,749,824	\$ 4,731,700
<u>Liabilities</u>			
Accounts Payable	\$ 416,625	\$ 14,830	\$ 431,455
Retainage Payable	65,589	-	65,589
Accrued Liabilities	223,303	1,755	225,058
Unearned Revenues	-	45,200	45,200
Total Liabilities	705,517	61,785	767,302
<u>Deferred Inflows of Resources</u>			
Unavailable Revenue-Taxes	39,625	-	39,625
<u>Fund Balances</u>			
Nonspendable	1,703,010	12,013	1,715,023
Restricted	-	1,629,034	1,629,034
Committed	-	21,050	21,050
Assigned	-	25,942	25,942
Unassigned	533,724	-	533,724
Total Fund Balances	2,236,734	1,688,039	3,924,773
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,981,876	\$ 1,749,824	\$ 4,731,700

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, 2017

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

Total Fund Balances - Governmental Funds	\$ 3,924,773
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Capital Assets

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

Cost of Assets	45,975,033
Accumulated Depreciation	(29,745,503)

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- Buildings is included in governmental activities in the Statement of Net Asset.

Cost of Assets	3,365,511
Accumulated Depreciation	(251,442)

OPEB Asset

OPEB asset is not available during the current period and therefore, is not reported in the funds.	180,851
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Deferred outflows of resources

Pension Contributions	1,158,058
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Revenues

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	39,625
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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.

Compensated Absences	(122,440)
Capital Leases	(410,580)
OPEB Liability	(465)
Net Pension Liability	(4,513,667)

Deferred inflows of resources

Net difference between projected and actual investment earnings on pension plan investments.	(595,605)
--	-----------

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.

(912,938)

Total Net Position of Governmental Activities	<u><u>\$18,091,211</u></u>
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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, 2017

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>Revenues</u>			
Taxes	\$ 6,109,356	\$ 225,132	\$ 6,334,488
License and Permits	410,526	-	410,526
Intergovernmental	265,527	1,647,648	1,913,175
Charges for Service	69,601	33,002	102,603
Fines and Forfeitures	618,411	2,488	620,899
Interest	86,619	2,726	89,345
Contributions	6,709	16,890	23,599
Miscellaneous and Other	123,625	-	123,625
Indirect Cost Allocation	2,811,714	-	2,811,714
Total Revenues	10,502,088	1,927,886	12,429,974
<u>Expenditures</u>			
Current:			
General Government	2,831,791	108,438	2,940,229
Judicial	280,946	-	280,946
Public Safety	7,243,726	7,229	7,250,955
Public Works	5,833,644	-	5,833,644
Recreation	-	63,021	63,021
Housing & Development	488,892	367,963	856,855
Debt Service:			
Principal	103,754	-	103,754
Interest	13,124	-	13,124
Capital Outlay	-	1,483,592	1,483,592
Total Expenditures	16,795,877	2,030,243	18,826,120
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,293,789)	(102,357)	(6,396,146)
<u>Other Financing Sources (Uses):</u>			
Transfers In	8,527,000	455,000	8,982,000
Transfers Out	(2,266,000)	(104,000)	(2,370,000)
Proceeds from sale of assets	17,237	-	17,237
Total Other Financing Sources (Uses)	6,278,237	351,000	6,629,237
Net Change In Fund Balances	(15,552)	248,643	233,091
Fund Balance, Beginning of Year	2,252,286	1,439,396	3,691,682
Fund Balance, End of Year	\$ 2,236,734	\$ 1,688,039	\$ 3,924,773

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, 2017

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

Net Change In Fund Balance - Total Governmental Funds \$ 233,091

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	4,025,924
Total Depreciation Expense	(992,870)

The net effect of various transactions involving capital assets (i.e., sales disposals, donations, transfers)	
Loss on disposal of capital assets	(72,520)

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	(591,902)
Total Depreciation Expense	43,482

OPEB Assets

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

Increase in OPEB Asset	74,332
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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	(219,001)
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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	(18,945)
Capital Leases	103,754
Accrued Interest	(465)
Net Pension Liability	502,400

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	4,732
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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	(52,019)
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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.

503,000

Change in Net Position of Governmental Activities	<u>\$ 3,542,993</u>
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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, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Taxes:				
Fire District Taxes	\$ 1,371,000	\$ 1,371,000	\$ 997,126	\$ (373,874)
Intangible/Transfer Tax	35,000	35,000	86,258	51,258
Street Light Assessment	321,400	321,400	314,602	(6,798)
General Sales Tax	1,980,000	1,980,000	2,074,614	94,614
Selective Sales Tax	406,000	406,000	429,273	23,273
Business Taxes	1,025,000	1,025,000	1,108,010	83,010
TAVT Taxes	-	-	356,395	356,395
Franchise Taxes	756,300	756,300	743,078	(13,222)
Total Taxes	5,894,700	5,894,700	6,109,356	214,656
License and Permits:				
Business Licenses	105,000	105,000	110,061	5,061
Building Permits	181,400	181,400	300,465	119,065
Total License and Permits	286,400	286,400	410,526	124,126
Intergovernmental:				
State Grants	-	-	265,527	265,527
Total Intergovernmental	-	-	265,527	265,527
Charges for Service:				
General Government	27,000	27,000	34,354	7,354
Public Safety	11,000	11,000	13,858	2,858
Public Works	32,000	32,000	21,389	(10,611)
Total Charges for Service	70,000	70,000	69,601	(399)
Fines and Forfeitures	481,000	481,000	618,411	137,411
Interest	40,000	40,000	86,619	46,619
Contributions				
Public Safety	-	-	6,709	6,709
Miscellaneous:				
Rents	27,600	27,600	94,376	66,776
Other	-	-	29,249	29,249
Total Miscellaneous	27,600	27,600	123,625	96,025
Indirect Cost Allocation	3,790,700	2,811,400	2,811,714	314
Total Revenues	10,590,400	9,611,100	10,502,088	890,988

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, 2017
 (CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures:				
Current:				
General Government:				
Legislative	589,500	589,500	514,511	74,989
Administration	3,201,200	3,101,200	2,317,280	783,920
Total General Government	3,790,700	3,690,700	2,831,791	858,909
Judicial	305,600	295,400	280,946	14,454
Public Safety:				
Police Department	5,069,900	4,862,900	4,243,916	618,984
Fire Department	3,201,300	3,096,900	2,999,810	97,090
Total Public Safety	8,271,200	7,959,800	7,243,726	716,074
Public Works	3,303,400	5,927,700	5,833,644	94,056
Housing and Development	566,000	504,600	488,892	15,708
Debt Service:				
Principal	104,000	103,976	103,754	222
Interest	13,100	13,124	13,124	-
Total Debt Service	117,100	117,100	116,878	222
Total Expenditures	16,354,000	18,495,300	16,795,877	1,699,423
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(5,763,600)	(8,884,200)	(6,293,789)	2,590,411
Other Financing Sources (Uses):				
Transfers In	5,780,700	8,527,000	8,527,000	-
Transfers Out	(1,098,600)	(2,266,000)	(2,266,000)	-
Insurance recoveries	-	-	17,237	17,237
Capital Lease Proceeds	1,081,500	1,081,500	-	(1,081,500)
Total Other Financing Sources (Uses):	5,763,600	7,342,500	6,278,237	(1,064,263)
Net Change In Fund Balance	-	(1,541,700)	(15,552)	1,526,148
Beginning Fund Balance	2,252,286	2,252,286	2,252,286	-
Ending Fund Balance	\$ 2,252,286	\$ 710,586	\$ 2,236,734	\$ 1,526,148

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

CITY OF WINDER, GEORGIA

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2017

	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	\$ 9,465,493	\$1,206,189	\$ 156,816	\$10,828,498	\$ 73,320
Accounts Receivable	1,645,343	494,435	142,972	2,282,750	-
Intergovernmental Receivable	5,112,062	-	-	5,112,062	-
Supply Inventory	429,922	160,029	17,582	607,533	-
Prepays	78,475	6,476	-	84,951	8,400
Restricted Assets:					
Restricted Cash	135,655	180,342	-	315,997	-
Cash - Bond Sinking Accounts	2,317,583	-	-	2,317,583	-
Total Current Assets	19,184,533	2,047,471	317,370	21,549,374	81,720
Non-Current Assets					
Capital Assets					
Nondepreciable Assets	16,165,114	225,756	1,681,092	18,071,962	823,131
Depreciable Assets	54,725,926	2,303,191	4,801,586	61,830,703	2,313,938
OPEB Asset	43,108	18,597	17,331	79,036	15,213
Other Assets:					
Advances to other funds	520,000	-	-	520,000	-
Total Non-current Assets	71,454,148	2,547,544	6,500,009	80,501,701	3,152,282
Total Assets	90,638,681	4,595,015	6,817,379	102,051,075	3,234,002
<u>Deferred Outflows of Resources</u>					
Deferred Outflows of					
Resources Related to Pensions	208,088	72,379	9,047	289,514	18,095
Deferred Charge on Refunding of Bonds	75,702	-	-	75,702	-
Total Deferred Outflows of Resources	283,790	72,379	9,047	365,216	18,095

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

CITY OF WINDER, GEORGIA

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2017
(CONTINUED)

	Business-type Activities - Enterprise Funds				Nonmajor Internal Service Funds
	Water and Sewer Fund	Gas Fund	Nonmajor Enterprise Funds	Totals	
<u>Liabilities</u>					
Current Liabilities					
Cash Overdraft	-	-	-	-	30,322
Accounts Payable	2,230,269	326,371	89,026	2,645,666	127,196
Retainage Payable	556,510	-	-	556,510	-
Accrued Liabilities	36,496	20,146	21,495	78,137	14,505
Accrued Interest	48,825	-	-	48,825	-
Unearned Revenue			20,652	20,652	-
Compensated Absences	24,843	7,688	4,370	36,901	4,908
Notes & Capital Leases Payable	292,510	-	-	292,510	-
Advances from Other Funds	-	-	1,341,221	1,341,221	794,203
Liabilities Payable From Restricted Assets:					
Revenue Bonds Payable - Net	2,020,949	-	-	2,020,949	-
Customer Deposits	301,294	145,898	-	447,192	-
Total Current Liabilities	5,511,696	500,103	1,476,764	7,488,563	971,134
Long -Term Liabilities					
Notes and Capital Leases Payable	8,905,068	-	-	8,905,068	-
Revenue Bonds Payable - Net	12,912,080	-	-	12,912,080	-
Net Pension Liability	811,050	282,104	35,263	1,128,417	70,526
Total Long-Term Liabilities	22,628,198	282,104	35,263	22,945,565	70,526
Total Liabilities	28,139,894	782,207	1,512,027	30,434,128	1,041,660
<u>Deferred Inflows of Resources</u>					
Deferred Inflows of Resources Related					
to Pensions	107,023	37,225	4,653	148,901	9,306
Total Deferred Inflows of Resources	107,023	37,225	4,653	148,901	9,306
<u>Net Position</u>					
Net Investment in Capital Assets	46,760,433	2,528,947	6,482,678	55,772,058	3,137,069
Restricted:					
Debt Service	130,995	-	-	130,995	-
Unrestricted (Deficit)	15,784,126	1,319,015	(1,172,932)	15,930,209	(935,938)
Total Net Position	\$ 62,675,554	\$3,847,962	\$5,309,746	\$71,833,262	\$ 2,201,131

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, 2017

	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	\$ 15,431,401	\$7,730,449	\$1,934,740	\$25,096,590	\$ 1,271,606
Tap-On Fees	2,104,127	122,100	-	2,226,227	-
Penalties and Interest	186,392	41,266	18,520	246,178	-
Miscellaneous and Other	10,654	-	9,760	20,414	-
Total Revenues	17,732,574	7,893,815	1,963,020	27,589,409	1,271,606
<u>Operating Expenses</u>					
Personnel Services	1,178,175	562,835	398,864	2,139,874	498,128
Professional and Technical	3,007,595	239,877	771,849	4,019,321	640,471
Purchased Property Services	920,204	370,308	541,497	1,832,009	72,674
Supplies	1,915,306	4,597,774	209,785	6,722,865	22,739
Depreciation	2,745,342	172,518	212,283	3,130,143	43,482
Amortization	57,997	-	-	57,997	-
Indirect Costs Allocation	886,038	541,704	199,910	1,627,652	-
Total Expenses	10,710,657	6,485,016	2,334,188	19,529,861	1,277,494
Net Operating Revenues (Expenses)	7,021,917	1,408,799	(371,168)	8,059,548	(5,888)
<u>Non-Operating Revenues (Expenses)</u>					
Interest Income	82,047	36	-	82,083	-
Interest Expense and Fiscal Agent Charges	(595,596)	-	-	(595,596)	-
Gain on disposal of assets	-	19,500	-	19,500	-
Contributions	(426,052)	-	-	(426,052)	-
Total Non-Operating Revenues (Expenses)	(939,601)	19,536	-	(920,065)	-
Net Revenues (Expenses) Before Transfers and Contributions	6,082,316	1,428,335	(371,168)	7,139,483	(5,888)
<u>Capital Contribution</u>	1,030,844	-	-	1,030,844	-
<u>Transfers</u>					
Transfers Out	(4,625,000)	(3,450,000)	(368,000)	(8,443,000)	-
Transfers In	-	-	1,328,000	1,328,000	503,000
Net Transfers	(4,625,000)	(3,450,000)	960,000	(7,115,000)	503,000
Change in Net Position	2,488,160	(2,021,665)	588,832	1,055,327	497,112
Net Position Beginning of the Year	60,187,394	5,869,627	4,720,914		1,704,019
Net Position End of the Year	\$ 62,675,554	\$3,847,962	\$5,309,746		\$ 2,201,131

Some amounts reported for *business-type activities* in the statement of activities are different because the net revenue (expense) of certain internal service funds are reported with business-type activities.

	(5,888)
Change in net position of business-type activities	<u>\$ 1,049,439</u>

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, 2017

	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	\$ 17,940,033	\$ 7,909,481	\$ 1,993,297	\$ 27,842,811	\$ -
Receipts from Interfund Services Provided	-	-	-	-	1,271,606
Payments to Suppliers	(3,788,675)	(5,203,373)	(1,655,582)	(10,647,630)	(699,875)
Payments to Employees	(1,264,950)	(552,172)	(411,470)	(2,228,592)	(497,358)
Internal Activity	(886,038)	(541,704)	(199,910)	(1,627,652)	-
Net Cash Provided (Used) by Operating Activities	12,000,370	1,612,232	(273,665)	13,338,937	74,373
<u>Cash Flows From (to) Noncapital Financing Activities</u>					
Transfers to Other Funds	(4,625,000)	(3,450,000)	(368,000)	(8,443,000)	-
Transfers from Other Funds	-	-	1,328,000	1,328,000	503,000
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	(4,605,000)	(3,450,000)	803,130	(7,251,870)	480,113
<u>Cash Flows from (to) Capital and Related Financing Activities</u>					
Acquisition and Construction of Capital Assets	(10,286,770)	(330,158)	(594,118)	(11,211,046)	(614,902)
Receipts from Intergovernmental	(5,112,062)	-	-	(5,112,062)	-
Interest and Fiscal Charges on Notes & Capital Leases	(676,901)	-	-	(676,901)	-
Principal Payments on Bonds	(1,892,000)	-	-	(1,892,000)	-
Principal Payments on Notes & Capital Leases	(266,343)	-	(3,916)	(270,259)	-
Proceeds from the Sale of Capital Assets	-	19,500	-	19,500	-
Proceeds from Issuance of Long-Term Debt (Notes)	6,463,921	-	-	6,463,921	-
Contributions	(426,052)	-	-	(426,052)	-
Net Cash from (to) Capital and Related Financing Activities	(12,196,207)	(310,658)	(598,034)	(13,104,899)	(614,902)
<u>Cash Flows from Investing Activities:</u>					
Interest on Investments	82,047	36	-	82,083	-
Net Increase (Decrease) in Cash	(4,718,790)	(2,148,390)	(68,569)	(6,935,749)	(60,416)
Cash and Cash Equivalents, Beginning of the Year	16,637,521	3,534,921	225,385	20,397,827	103,414
Cash and Cash Equivalents, End of the Year	\$ 11,918,731	\$ 1,386,531	\$ 156,816	\$ 13,462,078	\$ 42,998
<u>Reconciliation of Cash Equivalents:</u>					
Cash	\$ 9,465,493	\$ 1,206,189	\$ 156,816	\$ 10,828,498	\$ 73,320
Restricted Cash	2,453,238	180,342	-	2,633,580	-
Cash Overdraft	-	-	-	-	(30,322)
Total Cash and Cash Equivalents	\$ 11,918,731	\$ 1,386,531	\$ 156,816	\$ 13,462,078	\$ 42,998

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, 2017
 (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)	\$ 7,021,917	\$ 1,408,799	\$ (371,168)	\$ 8,059,548	\$ (5,888)
Adjustments to Reconcile Net Operating Income to Net Cash Provided (used) by Operating Activities					
Depreciation and Amortization	2,803,339	172,518	212,283	3,188,140	43,482
Loss on Disposal of Asset	-	-	50,520	50,520	-
Changes in Current Assets and Liabilities					
(Increase) Decrease in Deferred Outflows - Pensions	68,036	13,130	12,330	93,496	3,282
(Increase) Decrease in Accounts Receivables	206,969	10,584	9,625	227,178	-
(Increase) Decrease in Inventories	(147,538)	(15,410)	(5,121)	(168,069)	-
(Increase) Decrease in Prepaids	-	174	1,319	1,493	-
(Increase) Decrease in OPEB Asset	(12,149)	(8,733)	(16,791)	(37,673)	(10,295)
Increase (Decrease) in Accounts Payables	1,657,607	28,555	(162,378)	1,523,784	36,009
Increase (Decrease) in Retainage Payable	556,510	-	-	556,510	-
Increase (Decrease) in Accrued Liabilities	36,496	20,146	21,495	78,137	14,505
Increase (Decrease) in Unearned Revenue	-	-	20,652	20,652	-
Increase (Decrease) in Customer Deposits	490	5,082	-	5,572	-
Increase (Decrease) in Compensated Absences	5,427	3,288	(39)	8,676	(246)
Increase (Decrease) in Net Pension Liability	(194,759)	(29,372)	(42,606)	(266,737)	(7,343)
Increase (Decrease) in Deferred Inflows - Pensions	(1,975)	3,471	(3,786)	(2,290)	867
Net Cash Provided (used) by Operating Activities	<u>\$ 12,000,370</u>	<u>\$ 1,612,232</u>	<u>\$ (273,665)</u>	<u>\$ 13,338,937</u>	<u>\$ 74,373</u>

Noncash Capital Financing Activities:

Capital assets of \$866,769 were acquired through contributions from the SPLOST 2012 fund.
 Capital assets of \$164,075 were acquired through donations.

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, 2017

	<u>Agency Funds</u>
<u>Assets</u>	
Cash and Cash Equivalents	\$ 51,147
Accounts Receivable, Net	<u>183,043</u>
Total Assets	<u>\$ 234,190</u>
<u>Liabilities</u>	
Due to Others	\$ 234,190
Total Liabilities	<u>\$ 234,190</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, 2017

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, 2017. 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, 2017, 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, 2017

(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, 2017

(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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt 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 City'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, 2017

(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 four funds of this type, which are the Hotel/Motel Tax Fund, Community TV Station Fund, City Festivals Fund, and Police Escrow 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, 2017

(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, 2017

(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, 2017, accumulated amortization was \$21,847, for a balance of \$78,475.

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

(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 \$608,720 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	Furniture and Equipment	Vehicles
Governmental Funds	10-40	30-60	1-20	1-20
Water and Sewer	10-40	10-50	3-10	3-10
Gas	10-40	5-50	3-10	3-10
Special Facilities	10-40	N/A	3-10	3-10
Golf Fund	10-40	5-50	3-10	3-10
Internal Service Funds	10-40	N/A	3-10	3-10
Component Unit - DDA	N/A	N/A	N/A	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, 2017

(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 Accounting 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, 2017

(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, 2017

(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	\$ 87,586	\$ 12,013	\$ 99,599
Advances to Other Funds	1,615,424	-	1,615,424
Restricted:			
Law Enforcement		15,107	15,107
Capital Outlay	-	1,613,927	1,613,927
Committed:			
General Government	-	21,050	21,050
Assigned:			
Housing and Development	-	21,876	21,876
Community and Development		4,066	4,066
Unassigned	533,724	-	533,724
Total Fund Balances	\$ 2,236,734	\$ 1,688,039	\$ 3,924,773

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, 2017

(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, 2017

(CONTINUED)

NOTE 2 – BUDGETARY INFORMATION

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 within each fund.
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, 2017

(CONTINUED)

NOTE 3 – DEPOSITS AND INVESTMENTS

Total deposits and cash investments as of June 30, 2017, are summarized as follows:

Balances per statement of net position:	
Cash - Primary Government	\$ 13,346,638
Cash - CU - Downtown Development Authority	2,562
Restricted assets:	
Bond Sinking Accounts	2,317,583
Cash for Customer Deposits	315,997
Balances per statement of fiduciary net position:	
Cash - Agency Funds	51,147
Total	<u>\$ 16,033,927</u>
Cash deposited with financial institutions	\$ 9,625,971
Cash deposited with Georgia Fund 1	1,022,914
Cash deposited with Regions Investment Solutions	3,063,359
Brand Bank - Bond Sinking Fund	2,317,583
Petty Cash	4,100
Total	<u>\$ 16,033,927</u>

A. Custodial Credit Risk – Deposits

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

The City's bank balances of deposits as of June 30, 2017, are entirely insured or collateralized with securities held by the City's agent in the City's name.

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.

At June 30, 2017, 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.

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

(CONTINUED)

B. Investments

At June 30, 2017, 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	\$ 1,022,914

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, 2017.

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 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, 2017, the City has investments in Georgia Fund 1, which are not subject to level disclosure.

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

(CONTINUED)

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		
	General	Special Revenue	Capital Projects	Total
Receivables:				
Intergovernmental				
State of Georgia Sales Tax	\$ 171,469	\$ -	\$ -	\$ 171,469
State of Georgia Payroll Tax	-	-	-	-
Barrow County Board of Commissioners	-	-	195,306	195,306
Total Intergovernmental	171,469	-	195,306	366,775
Taxes				
Barrow County Tax Commissioner - Net	78,522	-	-	78,522
Hotel/Motel	-	9,740	-	9,740
Total Taxes	78,522	9,740	-	88,262
Accounts	86,498	-	-	86,498
Total Receivables	\$ 336,489	\$ 9,740	\$ 195,306	\$ 541,535

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	\$ 1,645,343	\$ 494,435	\$ 142,972	\$ 2,282,750
Intergovernmental	5,112,062	-	-	5,112,062
Total Receivables	\$ 6,757,405	\$ 494,435	\$ 142,972	\$ 7,394,812

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

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017
(CONTINUED)**NOTE 5 – RESTRICTED ASSETS**

The City's restricted assets include the following:

Business-type Activities	
Cash for Customer Deposits	\$ 315,997
Bond Sinking Accounts Cash	<u>2,317,583</u>
Total Business-Type Restricted Assets	<u>\$ 2,633,580</u>

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances at June 30, 2017, 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.

	<u>Advances From</u>	<u>Advances To</u>
Major Governmental Fund:		
General	\$ 1,615,424	\$ -
Major Proprietary Fund:		
Water & Sewer	520,000	-
Nonmajor Proprietary Fund:		
Environmental Protection	-	821,221
Golf	-	520,000
Internal Service Fund:		
Building	<u>-</u>	<u>794,203</u>
Total	<u>\$ 2,135,424</u>	<u>\$ 2,135,424</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, 2017, is \$520,000.

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, 2017 is \$821,221.

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, 2017 is \$794,203.

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

(CONTINUED)

Interfund transfers in (out) for the fiscal year ended June 30, 2017, are as follows:

	Transfers In:				Total
	Nonmajor			Internal	
	General Fund	Governmental Funds	Business-Type Funds	Service Funds	
Transfers Out:					
General Fund	\$ -	\$ 435,000	\$ 1,328,000	\$ 503,000	\$ 2,266,000
Water & Sewer Fund	4,625,000	-	-	-	4,625,000
Gas Fund	3,450,000	-	-	-	3,450,000
Nonmajor Funds:					
Governmental	84,000	20,000		-	104,000
Business-Type	368,000	-	-	-	368,000
Total	<u>\$ 8,527,000</u>	<u>\$ 455,000</u>	<u>\$ 1,328,000</u>	<u>\$ 503,000</u>	<u>\$ 10,813,000</u>

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.

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

(CONTINUED)

NOTE 7 – CAPITAL ASSETS

Capital asset activity for governmental activities for the fiscal year ended June 30, 2017 was as follows:

	Balance 6/30/2016	Increases	Decreases	Transfers	Balance 6/30/2017
Nondepreciable Capital Assets:					
Land	\$ 2,525,383	\$ -	\$ -	\$ -	\$ 2,525,383
Construction in Progress	3,046,653	3,510,204	(66,504)	(3,908,942)	2,581,411
Total Nondepreciable Capital Assets	5,572,036	3,510,204	(66,504)	(3,908,942)	5,106,794
Depreciable Capital Assets:					
Buildings	3,190,237	-	-	938,817	4,129,054
Vehicles	5,691,263	317,630	(425,951)	-	5,582,942
Furniture and Equipment	3,901,165	192,356	-	-	4,093,521
Infrastructure	27,452,374	5,734	-	2,970,125	30,428,233
Total Depreciable Capital Assets	40,235,039	515,720	(425,951)	3,908,942	44,233,750
Less Accumulated Depreciation for:					
Buildings	(1,141,785)	(98,890)	-	-	(1,240,675)
Vehicles	(4,078,214)	(378,629)	419,935	-	(4,036,908)
Furniture and Equipment	(3,229,074)	(200,660)	-	-	(3,429,734)
Infrastructure	(20,974,937)	(314,691)	-	-	(21,289,628)
Total Accumulated Depreciation	(29,424,010)	(992,870)	419,935	-	(29,996,945)
Total Depreciable, Net	10,811,029	(477,150)	(6,016)	3,908,942	14,236,805
Governmental Activities Capital Assets, Net	\$ 16,383,065	\$ 3,033,054	\$ (72,520)	\$ -	19,343,599
Less Related Long-Term Debt Outstanding:					(410,580)
Net Investment in Capital Assets					\$ 18,933,019

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

General Government	\$ 103,336
Public Safety	461,086
Public Works	384,780
Judicial	186
Internal Service Fund - Buildings	43,482
Total Depreciation	\$ 992,870

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

(CONTINUED)

Capital asset activity for business-type activities for the fiscal year ended June 30, 2017 was as follows:

	Balance 6/30/2016	Additions	Decreases	Transfers	Balance 6/30/2017
Non-Depreciable Capital Assets:					
Land	\$ 6,515,506	\$ 240,091	\$ -	\$ -	\$ 6,755,597
Construction in Progress	3,180,749	11,167,026	(50,520)	(2,980,890)	11,316,365
Total Non-Depreciable Capital Assets	9,696,255	11,407,117	(50,520)	(2,980,890)	18,071,962
Depreciable Capital Assets:					
Plant and System	108,131,173	252,679	-	2,980,890	111,364,742
Buildings	5,139,586	63,656	-	-	5,203,242
Vehicles	1,069,895	90,175	(13,025)	-	1,147,045
Furniture and Equipment	2,161,738	451,263	(37,424)	-	2,575,577
Total Depreciable Capital Assets	116,502,392	857,773	(50,449)	2,980,890	120,290,606
Accumulated Depreciation:					
Plant and System	(50,756,492)	(2,771,242)	-	-	(53,527,734)
Buildings	(1,807,501)	(149,866)	-	-	(1,957,367)
Vehicles	(959,440)	(43,389)	13,025	-	(989,804)
Furniture and Equipment	(1,833,776)	(165,646)	37,424	-	(1,961,998)
Total Accumulated Depr.	(55,357,209)	(3,130,143)	50,449	-	(58,436,903)
Total Depreciable, net	61,145,183	(2,272,370)	-	2,980,890	61,853,703
Business-type Activities					
Capital Assets, net	\$ 70,841,438	\$ 9,134,747	\$ (50,520)	\$ -	79,925,665
Less Related Long-Term Debt Outstanding					(24,130,607)
Net Investment in Capital Assets					\$ 55,795,058

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

Water & Sewer Fund	\$2,745,342
Gas Fund	172,518
Environmental Protection Fund	16,457
Special Facilities Fund	141,292
Golf Fund	54,534
Total Depreciation	<u>\$3,130,143</u>

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

(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, 2017, the City had spent \$783,175 pertaining to this project since its inception, specifically related to the acquisition and construction of the reservoir.

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

(CONTINUED)

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.

				Amounts Due	
	Balance			Balance	Within
	6/30/2016	Increase	Decrease	6/30/2017	One Year
Governmental Activities					
Compensated Absences Payable	\$ 103,495	\$ 240,444	\$ (221,499)	\$ 122,440	\$ 122,440
Net Pension Liability	5,016,067	334,350	(836,750)	4,513,667	-
Capital Leases	514,334	-	(103,754)	410,580	107,137
Total Governmental Activities	\$ 5,633,896	\$ 574,794	\$(1,162,003)	\$ 5,046,687	\$ 229,577
Business-Type Activities					
Compensated Absences Payable	\$ 33,379	\$ 78,939	\$ (70,509)	\$ 41,809	\$ 41,809
Net Pension Liability	1,473,023	-	(274,080)	1,198,943	-
Capital Leases	3,916	-	(3,916)	-	-
Notes Payable:					
2012 GEFA Fixed Network	3,000,000	-	(266,343)	2,733,657	292,510
2016 GEFA Drinking Water SRF	-	6,463,921	-	6,463,921	-
Bonds Payable:					
2005 Series	965,000	-	(965,000)	-	-
2009 Series	2,732,000	-	(227,000)	2,505,000	1,230,000
2012 Series	12,185,000	-	(700,000)	11,485,000	715,000
Premium on Bonds	1,018,978	-	(75,949)	943,029	75,949
Total Business-Type Activities	\$21,411,296	\$6,542,860	\$(2,582,797)	\$25,371,359	\$ 2,355,268

*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, 2017
(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, 2017 is \$450,136, for a net book value of \$69,701. 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, 2017 were as follows:

Year Ending June 30,	Principal	Interest
2018	\$ 59,683	\$ 1,797
2019	15,274	96
Total	<u>\$ 74,957</u>	<u>\$ 1,893</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, 2017, is \$74,647, for a net book value of \$409,817. 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, 2017 were as follows:

Year Ending June 30,	Principal	Interest
2018	\$ 47,454	\$ 7,944
2019	48,669	6,729
2020	49,915	5,483
2021	51,192	4,206
2022	52,502	2,896
2023-2024	85,891	1,561
Total	<u>\$ 335,623</u>	<u>\$ 28,819</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, 2017

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B. Business-type Activities

Capital Lease

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, 2017 is \$14,011 for a net book value of \$4,264. 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 PNC Equipment lease was paid off March 2017.

Notes Payable

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%. The GEFA-Fixed Network project was completed during fiscal year 2016.

Future annual debt service payments are as follows:

Fiscal Year	Total		
Ending June 30	Principal	Interest	Debt Service
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	300,813	9,897	310,710
2023-2027	1,250,423	18,314	1,268,737
Totals	<u>\$ 2,733,657</u>	<u>\$ 88,630</u>	<u>\$ 2,822,287</u>

GEFA DW2016025 – Fort Yargo Raw Water Project Loan

The City's Water and Sewer Fund has entered into a loan agreement in the original amount of \$9,000,000 with the Georgia Environmental Facilities Authority (GEFA), a State agency, to finance the costs of constructing a 6.7 million gallons per day (MGD) raw water intake, pump station, and transmission main that will deliver water from Fort Yargo Lake to the Highway 53 water treatment plant.

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

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(CONTINUED)

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 0.89%.

The City has received \$6,463,921 in loan drawdowns. The project is not complete so an amortization schedule has not been created.

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 City paid of the remaining balance of the 2005 Water and Sewerage Revenue Bonds on December 1, 2016.

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
2018	\$ 1,230,000	\$ 62,181	\$ 1,292,181
2019	1,275,000	20,974	1,295,974
Totals	<u>\$ 2,505,000</u>	<u>\$ 83,155</u>	<u>\$ 2,588,155</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.

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

(CONTINUED)

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

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
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	810,000	360,450	1,170,450
2023-2027	4,625,000	1,202,625	5,827,625
2028-2030	3,050,000	223,500	3,273,500
Totals	<u>\$ 11,485,000</u>	<u>\$ 3,476,625</u>	<u>\$ 14,961,625</u>

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

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, 2017, accumulated amortization was \$449,759 with a net book value of \$75,702.

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, 2017, accumulated amortization was \$405,059 with a net book value of \$93,029.

CITY OF WINDER, GEORGIA

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JUNE 30, 2017

(CONTINUED)

NOTE 10 – 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, 2017, 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	72
Active vested employees	56
Active nonvested employees	31
Total Membership in the plan	<u>263</u>

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

(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, 2017, the City reported a net pension liability. The net pension liability was measured as of September 30, 2016. The total pension liability used to calculate the net pension liability as based on an actuarial valuation as of January 1, 2017. An expected total pension liability as of June 30, 2017 was determined using standard roll-forward techniques.

For the year ended June 30, 2017, the City recognized pension expense relative to GMEBS in the amount of \$588,244. At June 30, 2017, 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	\$ 199,488	\$ 163,205
Changes of assumptions	-	60,171
Net difference between projected and actual earnings on pension plan investments	518,205	530,436
Employer contributions subsequent to the measurement date	-	-
	<u>747,974</u>	<u>-</u>
	<u>\$ 1,465,667</u>	<u>\$ 753,812</u>

City contributions subsequent to the measurement date of \$747,974 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2018	\$ (49,071)
2019	19,947
2020	82,870
2021	(89,865)

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

(CONTINUED)

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

Inflation	3.25%
Salary increase	3.25% 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, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2014.

Net Pension Liability:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
<u>Changes in Net Pension Liability:</u>			
Balances at June 30, 2016	\$ 19,677,462	\$ 13,188,372	\$ 6,489,090
Changes for the year:			
Service cost	179,037	-	179,037
Interest	1,474,422	-	1,474,422
Differences between expected and actual experience	67,694	-	67,694
Contributions - employer	-	1,059,012	(1,059,012)
Net investment income	-	1,461,014	(1,461,014)
Benefit payments	(1,305,321)	(1,305,321)	-
Administrative expense	-	(22,393)	22,393
Changes of assumptions	-	-	-
Net changes	415,832	1,192,312	(776,480)
Balances at June 30, 2017	\$ 20,093,294	\$ 14,380,684	\$ 5,712,610

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

(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>\$4,513,667</u>
Business-Type Activities:	
Water & Sewer Fund	811,050
Gas Fund	282,104
Nonmajor Enterprise Funds	35,263
ISF - Utilities Service Fund	<u>70,526</u>
Total Business-Type Activities	<u>1,198,943</u>
Total Net Pension Liability	<u><u>\$5,712,610</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, 2016 are summarized in the following table:

Asset Class	Long-Term	
	Target Allocation	Expected Real Rate of Return
Domestic equity	45%	6.75%
International equity	20%	7.45%
Real estate	10%	4.55%
Global fixed income	5%	3.30%
Domestic fixed income	20%	1.75%
Cash	<u>0%</u>	
	<u><u>100%</u></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, 2017

(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	\$ 8,240,571	\$ 5,712,610	\$ 3,621,345

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 pays towards matching is vested immediately. At June 30, 2017, there were 67 employees participating in the plan with total contributions of \$145,916.

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 11 – 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

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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 12 – 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	141
	158

B. Funding Policy

The City pays part of the health insurance and life 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 \$18,681 and \$65,507 in life and health insurance premiums, respectively, and was reimbursed by the retirees \$36,081 under this program for the fiscal year ended June 30, 2017. An additional \$85,200 represents the actuary's estimate of the City's indirect subsidy toward retiree coverage

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

(CONTINUED)

during FY 2017. Projections of benefits for financial reporting purposes are based on 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, 2017 using a 6.50% interest rate scenario were as follows:

Annual Required Contribution (ARC)	\$ 81,800
Interest on Net OPEB Obligation	(9,900)
Adjustment to ARC	7,900
Annual OPEB Cost	79,800
Contributions Made	(202,100)
Increase (Decrease) in Net OPEB Obligation	(122,300)
Net OPEB Obligation - Beginning of Year	(152,800)
Net OPEB Obligation/(Asset) - End of Year	<u>\$ (275,100)</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)
2017	79,800	202,100	253.26%	(275,100)

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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D. Funded Status and Funding Progress

As of June 30, 2017, the most recent actuarial valuation date, the plan was 28.78% funded. The actuarial accrued liability for benefits was \$1,073,900 and the value of the actuarial assets was \$309,100, resulting in an unfunded actuarial accrued liability (UAAL) of \$764,800.

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%
2017	309,100	1,073,900	(764,800)	28.78%	5,570,800	-13.73%

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.

CITY OF WINDER, GEORGIA

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JUNE 30, 2017
(CONTINUED)

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, 2017 are as follows:

Method/Assumptions	Retirement Program
Valuation Date	June 30, 2017
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.

NOTE 13 – 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 14 – 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

CITY OF WINDER, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

(CONTINUED)

NOTE 15 – 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, 2017, 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

NOTE 16 – 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, 2017, were \$93,623. 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, 2017, was \$96,874, or 103%. Of this amount \$26,874 was directly paid out to the Barrow County Chamber of Commerce. The City transferred \$50,000 to the General Fund and \$20,000 to the Festivals Fund for operations and advertising.

NOTE 17 – 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.

CITY OF WINDER, GEORGIA

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(CONTINUED)

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, 2017

(CONTINUED)

NOTE 18 – 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, 2017

Costs for Allocation	
Administrative	<u>\$ 2,811,714</u>
Distribution of Indirect Costs	
Water and Sewer Fund	\$ 886,038
Gas Fund	541,704
Solid Waste Management Fund	62,186
Environmental Protection Fund	22,251
Special Facilities Fund	32,373
Golf Fund	83,100
TV Station Fund	9,124
General Fund:	
Judicial	23,639
Public Safety	619,321
Public Works	490,842
Housing and Development	41,136
Total	<u>\$ 2,811,714</u>

NOTE 19 – EVALUATION OF SUBSEQUENT EVENTS

The City has evaluated subsequent events through April 17, 2018, the date which the financial statements were available to be issued.

During October 2017, the City entered in a construction contract in the amount of \$5,729,300 for a new Utilities Complex.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WINDER, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
 GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	2017	2016	2015
<i>Total Pension Liability</i>			
Service cost	\$ 179,037	\$ 236,833	\$ 328,917
Interest	1,474,422	1,412,604	1,443,234
Differences between expected and actual experience	67,694	463,073	(652,819)
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	(240,685)
Benefit payments, including refunds of employee contributions	(1,305,321)	(1,324,394)	(1,223,348)
Net change in total pension liability	415,832	788,116	(344,701)
Total pension liability - beginning	19,677,462	18,889,346	19,234,047
Total pension liability - ending	\$ 20,093,294	\$ 19,677,462	\$ 18,889,346
<i>Plan Fiduciary Net Position</i>			
Contributions - employer	\$ 1,032,165	\$ 1,228,670	\$ 1,409,342
Contributions - employee	26,847	-	59,823
Net investment income	1,461,014	151,347	1,334,881
Benefit payments, including refunds of employee contributions	(1,305,321)	(1,324,394)	(1,223,348)
Administrative expense	(22,393)	(24,301)	(19,349)
Other	-	-	-
Net change in fiduciary net position	1,192,312	31,322	1,561,349
Plan fiduciary net position - beginning	13,188,372	13,157,050	11,595,701
Plan fiduciary net position - ending	\$ 14,380,684	\$ 13,188,372	\$ 13,157,050
<i>Net Pension Liability</i>			
Net pension liability - ending	\$ 5,712,610	\$ 6,489,090	\$ 5,732,296
Plan's fiduciary net position as a percentage of the total pension liability	71.57%	67.02%	69.65%
Covered-employee payroll	\$ 3,845,923	\$ 4,034,416	\$ 4,658,538
Net pension liability as a percentage of covered-employee payroll	148.54%	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, 2017

SCHEDULE OF CONTRIBUTIONS

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 1,042,387	\$ 1,042,387	\$ 1,292,164
Contributions in relation to the actuarially determined contribution	<u>1,042,387</u>	<u>1,042,387</u>	<u>1,469,165</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (177,001)</u>
City's covered-employee payroll	\$ 3,846,446	\$ 4,034,005	\$ 4,658,125
Contributions as a percentage of covered-employee payroll	27.10%	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, 2017

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, 2017

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, 2017
(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

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.

2014 Community Development Block Grant (CDBG) Fund – This fund is used to account for CDBG pass-through grant monies that are restricted for the completion of the Boys and Girls Club and Housing Authority offices in Winder, Georgia.

CITY OF WINDER, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Special Revenue				Capital Project				
	Community TV Station	Hotel/Motel Tax	Police Escrow	City Festivals	LMIG	SPLOST 2012	SPLOST 2005	2014 CDBG	Total
<u>Assets</u>									
Cash and Cash Equivalents	\$ 25,370	\$ 20,534	\$ 63,210	\$ 5,030	\$ 722	\$ 1,397,030	\$ 20,869	\$ -	\$1,532,765
Taxes Receivable-Net	-	9,740	-	-	-	-	-	-	9,740
Intergovernmental Receivable	-	-	-	-	-	195,306	-	-	195,306
Prepays	-	-	-	12,013	-	-	-	-	12,013
Total Assets	\$ 25,370	\$ 30,274	\$ 63,210	\$ 17,043	\$ 722	\$ 1,592,336	\$ 20,869	\$ -	\$1,749,824
<u>Liabilities</u>									
Accounts Payable	\$ 2,565	\$ 8,398	3,683	\$ 184	\$ -	\$ -	\$ -	\$ -	\$ 14,830
Accrued Liabilities	1,755	-	-	-	-	-	-	-	1,755
Unearned Revenues	-	-	44,420	780	-	-	-	-	45,200
Total Liabilities	4,320	8,398	48,103	964	-	-	-	-	61,785
<u>Fund Balance</u>									
Nonspendable									
Prepays	-	-	-	12,013	-	-	-	-	12,013
Restricted									
Law Enforcement	-	-	15,107	-	-	-	-	-	15,107
Capital Outlay	-	-	-	-	722	1,592,336	20,869	-	1,613,927
Committed									
General Government	21,050	-	-	-	-	-	-	-	21,050
Assigned									
Housing and Development	-	21,876	-	-	-	-	-	-	21,876
Community and Development	-	-	-	4,066	-	-	-	-	4,066
Total Fund Balance	21,050	21,876	15,107	16,079	722	1,592,336	20,869	-	1,688,039
Total Liabilities and Fund Balance	\$ 25,370	\$ 30,274	\$ 63,210	\$ 17,043	\$ 722	\$ 1,592,336	\$ 20,869	\$ -	\$1,749,824

CITY OF WINDER, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Special Revenue				Capital Project				
	Community TV Station	Hotel/Motel Tax	Police Escrow	City Festivals	LMIG	SPLOST 2012	SPLOST 2005	2014 CDBG	Total
<u>Revenues:</u>									
Taxes	\$ 131,509	\$ 93,623	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 225,132
Intergovernmental	-	-	-	-	176,747	1,129,812	-	341,089	1,647,648
Charges for Services	11,000	-	-	22,002	-	-	-	-	33,002
Fines and Forfeitures	-	-	2,488	-	-	-	-	-	2,488
Interest	-	-	-	-	-	2,680	46	-	2,726
Contributions	-	-	-	16,890	-	-	-	-	16,890
Total Revenues	142,509	93,623	2,488	38,892	176,747	1,132,492	46	341,089	1,927,886
<u>Expenditures:</u>									
Current									
General Government	108,438	-	-	-	-	-	-	-	108,438
Public Safety	-	-	7,229	-	-	-	-	-	7,229
Recreation	-	-	-	63,021	-	-	-	-	63,021
Housing and Development	-	26,874	-	-	-	-	-	341,089	367,963
Capital Outlay	-	-	-	-	611,089	866,769	5,734	-	1,483,592
Total Expenditures	108,438	26,874	7,229	63,021	611,089	866,769	5,734	341,089	2,030,243
Excess Revenues Over (Under)									
Expenditures	34,071	66,749	(4,741)	(24,129)	(434,342)	265,723	(5,688)	-	(102,357)
<u>Other Financing Sources (Uses):</u>									
Transfers In:	-	-	-	20,000	435,000	-	-	-	455,000
Transfers Out:	(34,000)	(70,000)	-	-	-	-	-	-	(104,000)
Total Other Sources (Uses)	(34,000)	(70,000)	-	20,000	435,000	-	-	-	351,000
Net Change Increase (Decrease)									
In Fund Balance	71	(3,251)	(4,741)	(4,129)	658	265,723	(5,688)	-	248,643
Beginning Fund Balance	20,979	25,127	19,848	20,208	64	1,326,613	26,557	-	1,439,396
Ending Fund Balance	\$ 21,050	\$ 21,876	\$ 15,107	\$ 16,079	\$ 722	\$ 1,592,336	\$ 20,869	\$ -	\$ 1,688,039

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, 2017

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Cable Franchise Tax	\$ 125,000	\$ 131,509	\$ 6,509
Charges for Services	12,000	11,000	(1,000)
Contributions	2,400	-	(2,400)
Total Revenues	<u>139,400</u>	<u>142,509</u>	<u>3,109</u>
Expenditures:			
General Government	<u>147,500</u>	<u>108,438</u>	<u>39,062</u>
Total Expenditures	<u>147,500</u>	<u>108,438</u>	<u>39,062</u>
Excess Revenues Over (Under) Expenditures	<u>(8,100)</u>	<u>34,071</u>	<u>42,171</u>
Other Financing Sources (Uses):			
Transfers In (Out)			
General Fund	<u>(34,000)</u>	<u>(34,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(34,000)</u>	<u>(34,000)</u>	<u>-</u>
Net Change Increase (Decrease) in Fund Balance	<u>\$ (42,100)</u>	<u>71</u>	<u>\$ 42,171</u>
Beginning Fund Balance		<u>20,979</u>	
Ending Fund Balance		<u>\$ 21,050</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, 2017

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Taxes			
Hotel Motel Tax (2%)	\$ 28,800	\$ 27,344	\$ (1,456)
Hotel Motel Tax (5 %)	64,900	66,279	1,379
Total Revenues	93,700	93,623	(77)
Expenditures:			
Housing & Development	28,800	26,874	1,926
Total Expenditures	28,800	26,874	1,926
Excess Revenues Over (Under) Expenditures	64,900	66,749	1,849
Other Financing Sources (Uses):			
Transfers In (Out)			
General Fund	(50,000)	(50,000)	-
Festival Fund	(20,000)	(20,000)	-
Total Other Financing Sources (Uses)	(70,000)	(70,000)	-
Total Expenditures and Transfers Out	(98,800)	(96,874)	(1,926)
Net Change Increase (Decrease) in Fund Balance	<u>\$ (5,100)</u>	(3,251)	(2,003)
Beginning Fund Balance		<u>25,127</u>	
Ending Fund Balance		<u>\$ 21,876</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, 2017

	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance with</u> <u>Final Budget</u>
Revenues:			
Fines and Forfeitures	\$ 5,000	\$ 2,488	\$ (2,512)
Total Revenues	<u>5,000</u>	<u>2,488</u>	<u>(2,512)</u>
Expenditures:			
Law Enforcement	<u>9,100</u>	<u>7,229</u>	<u>1,871</u>
Total Expenditures	<u>9,100</u>	<u>7,229</u>	<u>1,871</u>
Net Change Increase (Decrease) in Fund Balance	<u>\$ (4,100)</u>	<u>(4,741)</u>	<u>\$ (641)</u>
Beginning Fund Balance		<u>19,848</u>	
Ending Fund Balance		<u>\$ 15,107</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, 2017

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Charges for Services	\$ 38,000	\$ 22,002	\$ (15,998)
Contributions	20,000	16,890	(3,110)
Total Revenues	58,000	38,892	(19,108)
Expenditures:			
Recreation	63,100	63,021	79
Total Expenditures	63,100	63,021	79
Excess Revenues Over (Under) Expenditures	(5,100)	(24,129)	(19,187)
Other Financing Sources (Uses):			
Transfers In (Out)			
Hotel/Motel Fund	20,000	20,000	-
Total Other Financing Sources (Uses)	20,000	20,000	-
Net Change Increase (Decrease) in Fund Balance	\$ 14,900	(4,129)	\$ (19,187)
Beginning Fund Balance		20,208	
Ending Fund Balance		\$ 16,079	

CITY OF WINDER, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT

#14i-x-007-2-5709

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Prior Years	Current Year	Total to Date	Project Authorization
<u>REVENUES</u>				
Department of Community Affairs	\$ 158,911	\$ 341,089	\$ 500,000	\$ 500,000
Total Revenues	158,911	341,089	500,000	500,000
<u>EXPENDITURES</u>				
P-03D-01 Boys and Girls Club or other At Risk Facility	158,911	341,089	500,000	474,440
A-21A-00 Administration	-	-	-	25,560
Total Expenditures	158,911	341,089	500,000	500,000
Net change in fund balances	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -

CITY OF WINDER, GEORGIA

AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Municipal Court			
	Balance 6/30/2016	Additions	Deductions	Balance 6/30/2017
<u>Assets</u>				
Cash and Cash Equivalents	\$ 43,995	\$ 314,547	\$ (307,395)	\$ 51,147
Accounts Receivable, Net	142,092	40,951		183,043
Total Assets	<u>\$ 186,087</u>	<u>\$ 355,498</u>	<u>\$ (307,395)</u>	<u>\$ 234,190</u>
<u>Liabilities</u>				
Due To Others	\$ 186,087	\$ 355,498	\$ (307,395)	\$ 234,190
Total Liabilities	<u>\$ 186,087</u>	<u>\$ 355,498</u>	<u>\$ (307,395)</u>	<u>\$ 234,190</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, 2017

	Solid Waste Management Fund	Environmental Protection Fund	Special Facilities Fund	Golf Fund	Totals
<u>Assets</u>					
Current Assets					
Cash and Cash Equivalents	\$ 3,357	\$ 504	\$ 152,736	\$ 219	\$ 156,816
Accounts Receivable	132,225	974	9,773	-	142,972
Inventory	-	-	-	17,582	17,582
Total Current Assets	135,582	1,478	162,509	17,801	317,370
Non-Current Assets					
Capital Assets					
Nondepreciable Assets	-	641,160	544,386	495,546	1,681,092
Depreciable Assets	-	1,511,769	3,020,306	269,511	4,801,586
OPEB Asset	-	-	-	17,331	17,331
Total Current Assets	-	2,152,929	3,564,692	782,388	6,500,009
Total Assets	135,582	2,154,407	3,727,201	800,189	6,817,379
<u>Deferred Outflows of Resources</u>					
Deferred Outflows of Resources					
Related to Pensions	-	9,047	-	-	9,047
Total Deferred Outflows of Resources	-	9,047	-	-	9,047
<u>Liabilities</u>					
Current Liabilities					
Accounts Payable	55,705	2,508	-	30,813	89,026
Accrued Liabilities	-	1,042	210	20,243	21,495
Unearned Revenues	-	-	10,125	10,527	20,652
Noncurrent Liabilities					
Advances From Other Funds	-	821,221	-	520,000	1,341,221
Compensated Absences	-	-	-	4,370	4,370
Net Pension Liability	-	35,263	-	-	35,263
Total Liabilities	55,705	860,034	10,335	585,953	1,512,027
<u>Deferred Inflows of Resources</u>					
Deferred Inflows of Resources Related to Pensions	-	4,653	-	-	4,653
Total Deferred Inflows of Resources	-	4,653	-	-	4,653
<u>Net Position</u>					
Net Investment in Capital Assets	-	2,152,929	3,564,692	765,057	6,482,678
Unrestricted	79,877	(854,162)	152,174	(550,821)	(1,172,932)
Total Net Position	\$ 79,877	\$ 1,298,767	\$ 3,716,866	\$ 214,236	\$ 5,309,746

CITY OF WINDER, GEORGIA

NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Solid Waste Management Fund	Environmental Protection Fund	Special Facilities Fund	Golf Fund	Totals
<u>Operating Revenues</u>					
Charges For Services	\$ 1,073,182	\$ 29,815	\$ 75,717	\$ 756,026	\$1,934,740
Penalties and Interest	18,520	-	-	-	18,520
Other Revenue	-	-	560	9,200	9,760
Total Revenues	1,091,702	29,815	76,277	765,226	1,963,020
<u>Expenses</u>					
Personnel Services	-	1,605	6,798	390,461	398,864
Professional and Technical	670,883	99,541	1,425	-	771,849
Purchased Property Services	1,122	84,898	202,296	253,181	541,497
Supplies	-	11,945	568	197,272	209,785
Depreciation	-	16,457	141,292	54,534	212,283
Indirect Costs Allocation	62,186	22,251	32,373	83,100	199,910
Total Expenses	734,191	236,697	384,752	978,548	2,334,188
Net Operating Revenues (Expenses)	357,511	(206,882)	(308,475)	(213,322)	(371,168)
<u>Nonoperating Revenue (Expenses)</u>					
Transfers Out	(368,000)	-	-	-	(368,000)
Transfers In	-	920,000	100,000	308,000	1,328,000
Total Nonoperating Revenues (Expenses)	(368,000)	920,000	100,000	308,000	960,000
Change in Net Position	(10,489)	713,118	(208,475)	94,678	588,832
Net Position, Beginning of the Year	90,366	585,649	3,925,341	119,558	4,720,914
Net Position, End of the Year	\$ 79,877	\$ 1,298,767	\$3,716,866	\$ 214,236	\$5,309,746

CITY OF WINDER, GEORGIA

NONMAJOR PROPRIETARY FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Solid Waste Management Fund	Environmental Protection Fund	Special Facilities Fund	Golf Fund	Totals
Cash Flows from (to) Operating Activities:					
Receipts from Customers	\$ 1,096,997	\$ 31,062	\$ 89,485	\$ 775,753	\$1,993,297
Payments to Suppliers	(670,420)	(275,262)	(215,191)	(494,709)	(1,655,582)
Payments to Employees	-	(34,625)	(6,588)	(370,257)	(411,470)
Internal Activity	(62,186)	(22,251)	(32,373)	(83,100)	(199,910)
Net Cash Provided (Used) by Operating Activities	364,391	(301,076)	(164,667)	(172,313)	(273,665)
Cash Flows from (to) Noncapital Financing Activities:					
Receipts from (Payments to) Other Funds	-	(136,870)	-	(20,000)	(156,870)
Transfers from (to) General Fund	(368,000)	920,000	100,000	308,000	960,000
Net Cash from (to) Noncapital Financing Activities:	(368,000)	783,130	100,000	288,000	803,130
Cash Flows (to) Capital and Related Financing Activities:					
Acquisition and Construction of Capital Assets	-	(481,621)		(112,497)	(594,118)
Principal Payments on Notes & Capital Leases	-	-	-	(3,916)	(3,916)
Net Cash (to) Capital and Related Financing Activities:	-	(481,621)	-	(116,413)	(598,034)
Net Increase (Decrease) in Cash	(3,609)	433	(64,667)	(726)	(68,569)
Cash and Cash Equivalents, Beginning of Year	6,966	71	217,403	945	225,385
Cash and Cash Equivalents, End of the Year	\$ 3,357	\$ 504	\$ 152,736	\$ 219	\$ 156,816

CITY OF WINDER, GEORGIA

NONMAJOR PROPRIETARY FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017
 (CONTINUED)

	Solid Waste Management Fund	Environmental Protection Fund	Special Facilities Fund	Golf Fund	Totals
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	\$ 357,511	\$ (206,882)	\$ (308,475)	\$ (213,322)	\$ (371,168)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Depreciation and Amortization	-	16,457	141,292	54,534	212,283
Loss on disposal of asset	-	50,520	-	-	50,520
Changes in Current Assets and Liabilities					
(Increase) Decrease in Deferred Outflows - Pensions	-	12,330	-	-	12,330
(Increase) Decrease in Accounts Receivable	5,295	1,247	3,083	-	9,625
(Increase) Decrease in Inventories	-	-	-	(5,121)	(5,121)
(Increase) Decrease in Prepaids	-	-	-	1,319	1,319
(Increase) Decrease in OPEB Asset	-	-	-	(16,791)	(16,791)
Increase (Decrease) in Accounts Payable	1,585	(129,398)	(10,902)	(23,663)	(162,378)
Increase (Decrease) in Accrued Liabilities	-	1,042	210	20,243	21,495
Increase (Decrease) in Unearned Revenue	-	-	10,125	10,527	20,652
Increase (Decrease) in Compensated Absences	-	-	-	(39)	(39)
Increase (Decrease) in Net Pension Liability	-	(42,606)	-	-	(42,606)
Increase (Decrease) in Deferred Inflows - Pensions	-	(3,786)	-	-	(3,786)
Net Cash Provided (Used) by Operating Activities	\$ 364,391	\$ (301,076)	\$ (164,667)	\$ (172,313)	\$ (273,665)

CITY OF WINDER, GEORGIA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2017

	Utility Service	Buildings	Totals
<u>Assets</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 73,320	\$ -	\$ 73,320
Prepays	8,400	-	8,400
Total Current Assets	81,720	-	81,720
Non-Current Assets:			
Capital Assets			
Nondepreciable Assets	-	823,131	823,131
Depreciable Assets	23,000	2,290,938	2,313,938
OPEB Asset	15,213	-	15,213
Total Non-Current Assets	38,213	3,114,069	3,152,282
Total Assets	119,933	3,114,069	3,234,002
<u>Deferred Outflows of Resources</u>			
Deferred Outflows of Resources Related to Pensions	18,095	-	18,095
Total Deferred Outflows of Resources	18,095	-	18,095
<u>Liabilities</u>			
Current Liabilities:			
Cash Overdraft	-	30,322	30,322
Accounts Payable	38,783	88,413	127,196
Accrued Liabilities	14,505	-	14,505
Advances from Other Funds	-	794,203	794,203
Total Current Liabilities	53,288	912,938	966,226
Long -Term Liabilities:			
Compensated Absences	4,908	-	4,908
Net Pension Liability	70,526	-	70,526
Total Long-Term Liabilities	75,434	-	75,434
Total Liabilities	128,722	912,938	1,041,660
<u>Deferred Inflows of Resources</u>			
Deferred Inflows of Resources Related to Pensions	9,306	-	9,306
Total Deferred Inflows of Resources	9,306	-	9,306
<u>Net Position</u>			
Net Investment in Capital Assets	23,000	3,114,069	3,137,069
Unrestricted Net Position (Deficit)	(23,000)	(912,938)	(935,938)
Total Net Position	\$ -	\$ 2,201,131	\$ 2,201,131

CITY OF WINDER, GEORGIA

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Utility Service	Buildings	Totals
Operating Revenues:			
Charges For Services	\$ 759,744	\$ -	\$ 759,744
Rents	-	511,862	511,862
Total Operating Revenues	759,744	511,862	1,271,606
Operating Expenses:			
Personnel Services	498,128	-	498,128
Professional and Technical	180,658	459,813	640,471
Purchased Property Services	72,674	-	72,674
Supplies	14,172	8,567	22,739
Depreciation	-	43,482	43,482
Total Operating Expenses	765,632	511,862	1,277,494
Net Operating Revenues (Expenses)	(5,888)	-	(5,888)
Income before contributions and transfers	(5,888)	-	(5,888)
Transfers From (To) From General Fund	-	503,000	503,000
Change in Net Position	(5,888)	503,000	497,112
Net Position , Beginning of the Year	5,888	1,698,131	1,704,019
Net Position, End of the Year	\$ -	\$ 2,201,131	\$ 2,201,131

CITY OF WINDER, GEORGIA

INTERNAL SERVICE FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>Cash Flows from (to) Operating Activities:</u>	Utility Service	Buildings	Totals
Receipts from Interfund Services Provided	\$ 759,744	\$ 511,862	\$ 1,271,606
Payments to Suppliers	(268,806)	(431,069)	(699,875)
Payments to Employees	(497,358)	-	(497,358)
Net Cash Provided (Used) by Operating Activities	(6,420)	80,793	74,373
<u>Cash Flows from (to) Noncapital Financing Activities:</u>			
Receipts from (Payments to) Other Funds	-	(22,887)	(22,887)
Transfers from Other Funds	-	503,000	503,000
Net Cash from (to) Noncapital Financing Activities	-	480,113	480,113
<u>Cash Flows from (to) Capital and Related Financing Activities:</u>			
Acquisition and Construction of Capital Assets	(23,000)	(591,902)	(614,902)
Net Cash from (to) Capital and Related Financing Activities	(23,000)	(591,902)	(614,902)
Net Increase (Decrease) in Cash	(29,420)	(30,996)	(60,416)
Cash and Cash Equivalents, Beginning of Year	102,740	674	103,414
Cash and Cash Equivalents	\$ 73,320	\$ (30,322)	\$ 42,998
<u>Reconciliation of Cash Equivalents:</u>			
Cash	\$ 73,320	\$ -	\$ 73,320
Cash Overdraft	-	(30,322)	(30,322)
Total Cash and Cash Equivalents	\$ 73,320	\$ (30,322)	\$ 42,998

CITY OF WINDER, GEORGIA

INTERNAL SERVICE FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017
 (CONTINUED)

	Utility Service	Buildings	Totals
<u>Reconciliation of Operating Income (Loss) to</u>			
<u>Net Cash Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$ (5,888)	\$ -	\$ (5,888)
Adjustments to Reconcile Operating Income (Loss)			
to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization	-	43,482	43,482
Changes in Assets and Liabilities:			
(Increase) Decrease in Deferred Outflows - Pensions	3,282	-	3,282
(Increase) OPEB Asset	(10,295)	-	(10,295)
Increase (Decrease) in Accounts Payable	(1,302)	37,311	36,009
Increase (Decrease) in Accrued Payables	14,505	-	14,505
Increase (Decrease) in Compensated Absences	(246)	-	(246)
Increase (Decrease) in Net Pension Liability	(7,343)	-	(7,343)
Increase (Decrease) in Deferred Inflows - Pensions	867	-	867
Net Cash Provided (Used) by Operating Activities	\$ (6,420)	\$ 80,793	\$ 74,373

CITY OF WINDER, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTIONS SALES TAX
JUNE 30, 2017

	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	110,929	5,734	116,663
Sewer Facilities	696,945	-	-	-
Total 2005 SPLOST	<u>\$6,122,830</u>	<u>\$2,537,679</u>	<u>\$ 5,734</u>	<u>\$ 2,543,413</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	866,769	1,901,179
Total 2012 SPLOST	<u>\$6,809,052</u>	<u>\$2,432,991</u>	<u>\$ 866,769</u>	<u>\$ 3,299,760</u>

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

SINGLE AUDIT SECTION

CITY OF WINDER, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2017

Federal/Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Agency or Pass-through Grantor's Number	Passed-Through to Sub recipient	Federal Expenditures
<u>U. S. Department of Housing and Urban Development</u>				
Passed through Georgia Department of Community Affairs Community Development Block Grant Program	14.228	14-9-x-007-2-5709	\$ 341,089	\$ 341,089
Total U.S. Department of Housing and Urban Development			341,089	341,089
<u>U. S. Environmental Protection Agency</u>				
Passed-Through Georgia Environmental Finance Authority Drinking Water State Revolving Funds	66.468	DWSRF 2016025	-	6,463,921
Subtotal DWSRF Cluster CFDA 66.468			-	6,463,921
Total U.S. Environmental Protection Agency			-	6,463,921
Total Expenditures of Federal Awards			\$ 341,089	\$ 6,805,010

See accompanying notes to schedule of expenditures of federal awards

CITY OF WINDER, GEORGIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the City of Winder, Georgia under programs of the federal government for the fiscal year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Winder, Georgia, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Winder, Georgia.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 – INDIRECT COST RATE

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

COUNCIL MEMBERS

Chris Akins
Alfonza Brown
Michael Healan
Sonny Morris
Travis Singley
Jimmy Terrell



City of Winder

MAYOR
David Maynard

CITY ADMINISTRATOR
Donald Toms

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED JUNE 30, 2017

FINANCIAL STATEMENT FINDINGS

2016-001 Deferred Inflows/Outflows ad Net Pension Liability

Status: Resolved.

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

Status: Resolved.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

A Single Audit was not required for fiscal year ended June 30, 2016.

COUNCIL MEMBERS

Chris Akins
Alfonza Brown
Michael Healan
Sonny Morris
Travis Singley
Jimmy Terrell



MAYOR
David Maynard

CITY ADMINISTRATOR
Donald Toms

City of Winder

April 17, 2018

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2017

FINANCIAL STATEMENT FINDINGS

2017-001 CDBG Grant

Name of Contact Person: David Maynard, Mayor

Recommendation: We recommend the City implement procedures to insure all bank accounts are recorded on the City's general ledger.

Corrective Action: Management agrees with that the entries were not recorded for the CDBG grant during FY 2017. This grant was a pass-through grant benefiting the Winder Housing Authority. The City did not consider this grant City funds, and therefore, omitted them from the City's ledger. Management understands that it will need to record these transactions in the future.

Anticipated Completion Date: February 28, 2018

2017-002 Accounts Payable – Water & Sewer Fund

Name of Contact Person: David Maynard, Mayor

Recommendation: We recommend the City implement procedures to insure all expenses are recorded in the proper fiscal year.

Corrective Action: Management agrees with this finding. The City had several large projects under construction at year end. Two large payment requests were dated in July, but the majority of work had been completed in June. Staff understands that not only invoice dates, but construction periods must be reviewed to determine when the expenses incurred. Additional procedures are been put in to place to ensure compliance.

Anticipated Completion Date: February 28, 2018

COUNCIL MEMBERS

Chris Akins
Alfonza Brown
Michael Healan
Sonny Morris
Travis Singley
Jimmy Terrell



MAYOR
David Maynard

CITY ADMINISTRATOR
Donald Toms

City of Winder

CORRECTIVE ACTION PLAN – CONTINUED FOR THE YEAR ENDED JUNE 30, 2017

2017-003 Maintenance of Accounting Records

Name of Contact Person: David Maynard, Mayor

Recommendation: We recommend that the City continue the training of accounting staff to improve the timeliness of the financial reporting.

Corrective Action: Management agrees with the finding. The City experienced turnover within the finance department. The City is in the process of training new staff on policies and procedures.

Anticipated Completion Date: February 28, 2018

**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, 2017 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 April 17, 2018.

Internal Control Over Financial Reporting

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

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 questioned costs that we consider to be material weaknesses. 2017-001, 2017-002 and 2017-003.

Compliance and Other Matters

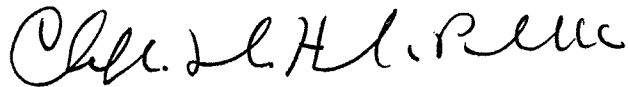
As part of obtaining reasonable assurance about whether the City of Winder, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 questioned costs. 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
April 17, 2018

**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT
ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Winder, Georgia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Winder, Georgia's major federal programs for the year ended June 30, 2017. The City of Winder, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Winder, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the City of Winder, Georgia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Winder, Georgia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Winder, Georgia's internal control over compliance.

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the City of Winder, Georgia as of and for the fiscal year ended June 30, 2017, and have issued our report thereon dated April 17, 2018, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Chas. L. H. P. M. C.

Macon, Georgia
April 17, 2018

CITY OF WINDER, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditor’s report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of Major Federal Program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
66.468	Drinking Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	No

CITY OF WINDER, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Section II – Financial Statement Findings

2017-001 CDBG Grant

CRITERIA

Generally accepted accounting principles direct that governmental funds recognize revenues when they become both measurable and available to finance expenditures in the fiscal period. Expenditures are to be recorded as soon as a liability is incurred.

CONDITION

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

CONTEXT

An audit adjustment of \$341,089 was required to record CDBG grant revenues and expenditures for 2017.

EFFECT

Revenue and expenditures were understated by \$341,089 in the special revenue fund.

CAUSE

A new bank account was established to separate the CDBG proceeds from the other City accounts. This new account was inadvertently omitted from the City's general ledger. Accordingly, activity in this account was not reported on the City's financial statements.

RECOMMENDATION

We recommend the City implement procedures to insure all bank accounts are recorded on the City's general ledger.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management agrees with that the entries were not recorded for the CDBG grant during FY 2017. This grant was a pass-through grant benefiting the Winder Housing Authority. The City did not consider this grant City funds, and therefore, omitted them from the City's ledger. Management understands that it will need to record these transactions in the future.

CITY OF WINDER, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

2017-002 Accounts Payable – Water & Sewer Fund

CRITERIA

Generally accepted accounting principles direct that expenses are to be recorded as soon as a liability is incurred.

CONDITION

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

CONTEXT

Audit adjustments totaling \$776,397 were required to record accounts payable in the water and sewer fund.

EFFECT

Construction-in-progress and accounts payable were understated by \$732,188. Retainage payable was overstated by \$44,209.

CAUSE

City personnel did not recognize that the billed expenses had been incurred prior to June 30, 2017.

RECOMMENDATION

We recommend the City implement procedures to insure all expenses are recorded in the proper fiscal year.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management agrees with this finding. The City had several large projects under construction at year end. Two large payment requests were dated in July, but the majority of work had been completed in June. Staff understands that not only invoice dates, but construction periods must be reviewed to determine when the expenses incurred. Additional procedures are been put in to place to ensure compliance.

CITY OF WINDER, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

2017-003 Maintenance of Accounting Records

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. In addition, Georgia code establishes requirements of local governments that state that a local unit of the government shall be completed and copy of the audit forwarded to the state auditor within 180 days after the close of the unit's fiscal year.

CONDITION

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

CONTEXT

The City did not provide trial balances until December 14, 2017. Work continued on subsidiary records into January and February 2018.

EFFECT

During the closeout process, management was unable to provide accurate financial reports to the Mayor and Council. In addition, the City was not in compliance with State of Georgia reporting requirements.

CAUSE

Finance personnel turnover resulted in delays in the preparation and reconciliation of subsidiary records and therefore, the timely closing of the accounting records.

RECOMMENDATION

We recommend that the City continue the training of accounting staff to improve the timeliness of the financial reporting.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management agrees with the finding. The City experienced turnover within the finance department. The City is in the process of training new staff on policies and procedures.

CITY OF WINDER, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Section III – Federal Award Findings and Questioned Costs

No matters were reported.



**City of Winder, Georgia
Annual Financial Report
June 30, 2017**