

CITY OF WARNER ROBINS, GEORGIA

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2017



**CITY OF WARNER ROBINS, GEORGIA
ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS**

Page(s)

I. FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited).....	4-13
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position.....	14
Statement of Activities	15
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet - Governmental Funds	16
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	19
Proprietary Funds:	
Statement of Net Position - Proprietary Funds.....	20-21
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	22
Statement of Cash Flows - Proprietary Funds	23-24
Notes to Financial Statements	25-74
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule – General Fund	75
Note to the Required Supplementary Information	76
Schedule of Changes in the City's Net Pension Liability and Related Ratios.....	77
Schedule of Contributions	78
Schedule of Funding Progress and Schedule of Employer's Contributions – Other Post Employment Benefits Plan	79
OTHER SUPPLEMENTARY INFORMATION:	
NONMAJOR GOVERNMENTAL FUNDS:	
Combining Balance Sheet	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	81
BUREAU OF CIVIC AFFAIRS:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget And Actual	82
HOTEL - MOTEL TOURISM ALLOCATION BOARD FUND (TAB):	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget And Actual	83

**CITY OF WARNER ROBINS, GEORGIA
ANNUAL FINANCIAL REPORT**

TABLE OF CONTENTS

	<u>Page(s)</u>
MOTOR VEHICLE RENTAL TAX FUND:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	84
COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	85
LAW ENFORCEMENT SPECIAL REVENUE FUND:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	86
RECREATION SPECIAL REVENUE FUND:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	87
REDEVELOPMENT AGENCY SPECIAL REVENUE FUND:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	88
SPLOST 2001 CAPITAL PROJECT:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	89
SPLOST 2006 CAPITAL PROJECT:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	90
PARKS AND RECREATION CAPITAL PROJECT:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	91
VISITOR CENTER CAPITAL PROJECT:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	92
INTERNAL SERVICE FUNDS:	
Combining Statement of Net Position	93
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	94
Combining Statement of Cash Flows	95
WATER AND SEWER SYSTEM:	
Schedule of Bonds Payable with Interest – Series 2012.....	96
Schedule of State Requirements	97-100

**CITY OF WARNER ROBINS, GEORGIA
ANNUAL FINANCIAL REPORT**

TABLE OF CONTENTS

II. COMPLIANCE SECTION

Page(s)

OTHER REQUIRED LETTERS

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 <i>Government Auditing Standards</i>	101-102
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance	103-105
Schedule of Expenditures of Federal Awards	106
Notes to the Schedule of Expenditures of Federal Awards	107
Schedule of Findings and Responses.....	108-110
Schedule of Prior Year Findings	111



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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Warner Robins Georgia
Warner Robins, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Warner Robins, Georgia (the "City"), as of and for the 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

The City's 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 did not audit the financial statements of the Development Authority of the City of Warner Robins, which represent 80 percent, 97 percent, and 100 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Development Authority of the City of Warner Robins, is based solely on the report of the other auditors. 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 from 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows 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, Budgetary Comparison Information, Schedule of Changes in the City's Net Pension Liability and Related Ratios, Schedule of Contributions, and the Schedules of Funding Progress and of Employer's Contributions on pages 4 through 13, and pages 75 through 79, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining and Individual Nonmajor Fund Financial Statements, the Schedule of State Requirements, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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, the Schedule of State Requirements, as required by the Official Code of Georgia 48-8-121, and the Schedule of Expenditures of federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, the Combining and Individual Nonmajor Fund Financial Statements, the Schedule of State Requirements, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2018 on our consideration of the City'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 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's internal control over financial reporting and compliance.

Richels, Cauley + Associates, LLC

Warner Robins, Georgia
March 30, 2018

CITY OF WARNER ROBINS, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

The City of Warner Robins' basic financial statements are presented for the fiscal year ended June 30, 2017. The components of the financial statements include Management's Discussion and Analysis (MD&A), Basic Financial Statements, and Other Required Supplementary Information (RSI). The MD&A, a component of RSI, introduces the basic financial statements and provides an analytical overview of the City's financial activities. All numbers represented in this MD&A are in thousand dollars, unless otherwise noted.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Warner Robins' basic financial statements. The City's basic financial statements are composed of the government-wide financial statements, the fund financial statements, and the notes to the financial statements. This report also contains other supplementary information following these financial statements, which may be of interest to the reader.

Government-wide Financial Statements

The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by private-sector business, and provides both long-term and short-term information about the City's overall financial condition. Changes in the City's financial position may be measured over time by increases and decreases in the Statement of Net Position. Information on how the City's net position changed during the fiscal year is presented in the Statement of Activities.

The government-wide financial statements can be found on pages 14 and 15 of this report.

Fund Financial Statements

Fund financial statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide financial statements. Fund financial statements include the statements for governmental and proprietary funds.

The governmental fund financial statements can be found on pages 16 through 18 and the proprietary fund financial statements can be found on pages 20 through 24 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Note 1 to the financial statements provides detailed information on the elements of the financial statements.

The notes to the financial statements can be found on pages 25 through 74 of this report.

**CITY OF WARNER ROBINS, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

Other Information

Combining and individual statements present more detailed views of non-major funds used in the governmental funds beginning on page 80. Also included are statements for internal service funds beginning on page 93.

Table 1 below summarizes the major features of the basic financial statements.

Table 1: Major Features of the Basic Financial Statements			
		Fund Financial Statements	
	Government-Wide Financial Statements	Governmental Funds	Proprietary Funds
Scope	Entire City Government and any component units	Activities of the City that are not proprietary	Activities of the City that are operated similar to private business
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses, and Changes in Net Position • Statements of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is paid or received	<ul style="list-style-type: none"> • Revenues for which cash is received during or soon after the end of the year • Expenditures when goods or services have been received and payment is due during the year or soon thereafter 	All revenues and expenses during the year, regardless of when cash is received or paid

CITY OF WARNER ROBINS, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

Government-Wide Financial Analysis

Table 2 below presents the City's condensed statement of net position as of June 30, 2017, and 2016, derived from the government-wide Statement of Net Position on page 14.

City of Warner Robins
Table 2: Condensed Statements of Net Position
As of June 30
(in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets and Deferred Outflows:						
Current assets	\$ 43,113	\$ 42,247	\$ 31,021	\$ 29,924	\$ 74,134	\$ 72,171
Other assets	(15)	(44)	8,405	9,223	8,390	9,179
Capital assets	146,990	142,541	108,867	109,934	255,857	252,475
Total assets	190,088	184,744	148,293	149,081	338,381	333,825
Deferred outflows	5,283	6,409	810	1,011	6,093	7,420
Total assets and deferred outflows	195,371	191,153	149,103	150,092	344,474	341,245
Liabilities and Deferred Inflows:						
Current liabilities	5,637	4,383	5,579	4,466	11,216	8,849
Long-term liabilities	23,291	25,261	39,156	43,230	62,447	68,491
Total liabilities	28,928	29,644	44,735	47,696	73,663	77,340
Deferred inflows	4,739	3,979	755	660	5,494	4,639
Total liabilities and deferred inflows	33,667	33,623	45,490	48,356	79,157	81,979
Net Position:						
Net investment in						
Capital assets	146,739	141,845	76,349	75,369	223,088	217,214
Restricted	16,141	15,516	1,613	2,827	17,754	18,343
Unrestricted	(1,176)	169	25,651	23,540	24,475	23,709
Total net position	\$ 161,704	\$ 157,530	\$ 103,613	\$ 101,736	\$ 265,317	\$ 259,266

By far the largest portion (approximately \$223.1 million) of the City of Warner Robins' net position reflect its investment in capital assets (e.g., land, building, infrastructure, machinery, and equipment, etc.), less accumulated depreciation and related debt. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Unrestricted net position is the next largest component, totaling approximately \$24.5 million as of June 30, 2017. Restricted net position (approximately \$17.8 million) represents resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used.

Governmental Activities reflect a negative unrestricted net position balance of approximately \$1.1 million as of June 30, 2017.

Business-type activities reflect a positive unrestricted net position balance of approximately \$25.7 million as of June 30, 2017.

CITY OF WARNER ROBINS, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

Table 3 presents the City's condensed statement of activities for the fiscal year ended June 30, 2017 and 2016, as derived from the government-wide Statement of Activities on page 15. Over time, increases or decreases in net position measure whether the City's financial position is improving or deteriorating. During the fiscal year, the net position of the governmental activities increased by approximately \$4.2 million and the net position of the business-type activities increased by approximately \$183 thousand.

	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 5,513	\$ 5,033	\$ 50,424	\$ 45,884	\$ 55,937	\$ 50,917
Operating grants and contributions	116	133	--	--	116	133
Capital grants and contributions	8,639	9,120	1,576	1,336	10,215	10,456
General revenues:						
Property and other taxes	27,359	26,582	--	--	27,359	26,582
Sale of assets	4	3	3	5	7	8
Other	4,902	4,011	311	140	5,213	4,151
Total revenues	<u>46,533</u>	<u>44,882</u>	<u>52,314</u>	<u>47,365</u>	<u>98,847</u>	<u>92,247</u>
Expense:						
General government	5,516	7,397	--	--	5,516	7,397
Public safety	23,226	23,205	--	--	23,226	23,205
Recreation	3,494	2,184	--	--	3,494	2,184
Public works (Streets)	12,234	9,577	--	--	12,234	9,577
City development	2,160	2,534	--	--	2,160	2,534
Downtown Development	79	72	--	--	79	72
Other	8	21	--	--	8	21
Natural gas system	--	--	20,447	16,599	20,447	16,599
Water and sewer system	--	--	16,213	15,122	16,213	15,122
Storm water drainage	--	--	2,770	2,385	2,770	2,385
Sanitation	--	--	8,343	8,371	8,343	8,371
Golf Course	--	--	--	574	--	574
Total expenses	<u>46,717</u>	<u>44,990</u>	<u>47,773</u>	<u>43,051</u>	<u>94,490</u>	<u>88,041</u>
Increase (decrease) in net position before transfers	(184)	(108)	4,541	4,314	4,357	4,206
Transfers	4,358	2,115	(4,358)	(2,115)	--	--
Increase (decrease) in net position	4,174	2,007	183	2,199	4,357	4,206
Net position - beginning, as restated	157,530	155,523	103,430	99,537	260,960	255,060
Net position - ending	<u>\$ 161,704</u>	<u>\$ 157,530</u>	<u>\$ 103,613</u>	<u>\$ 101,736</u>	<u>\$ 265,317</u>	<u>\$ 259,266</u>

**CITY OF WARNER ROBINS, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

Program Expenses and Revenues for Governmental Activities

Table 4 presents the net costs of governmental activities. Overall, program revenues were not sufficient to cover program expenses for governmental activities. General revenues, mainly taxes, supported the net costs of governmental activities. Program revenues as a percentage of program expenses decreased for governmental activities from fiscal year 2016 to fiscal year 2017.

**City of Warner Robins, Georgia
Table 4: Net Costs of Governmental Functions
for the Fiscal Year Ended June 30
(in thousands)**

Function/Program	Program Expenses	Less Program Revenues	Net Program Costs (Revenue)		Program Revenues as a Percentage of Program Expenses	
			2017	2016	2017	2016
General government	\$ 5,516	\$ 389	\$ 5,127	\$ 7,129	7.05%	3.63%
Public safety	23,226	3,982	19,244	18,779	17.14%	19.07%
Recreation	3,494	550	2,944	1,807	15.74%	17.27%
Public works	12,234	6,227	6,007	3,198	50.90%	66.60%
City development	2,160	3,121	(961)	(302)	144.48%	111.90%
Other	87	-	87	93	0.00%	0.00%
Total	\$ 46,717	\$ 14,269	\$ 32,449	\$ 30,704	30.54%	31.75%

Program Expenses and Revenues for Business-type Activities

Table 5 presents the net income and costs of business-type activities. Program revenues generated were more than sufficient to cover program expenses. Overall, program expenses as a percentage of program revenues increased for business-type activities from fiscal year 2016 to fiscal year 2017.

**City of Warner Robins, Georgia
Table 5: Net Revenues of Business-Type Activities
for the Fiscal Year Ended June 30
(in thousands)**

Function/Program	Program Revenues	Less Program Expenses	Net Program Revenue (Costs)		Program Expenses as a Percentage of Program Revenues	
			2017	2016	2017	2016
Natural gas system	\$ 22,124	\$ 20,447	\$ 1,677	\$ 1,901	92.42%	89.72%
Water and sewer system	18,105	16,213	1,892	1,795	89.55%	89.39%
Storm water drainage	3,302	2,770	532	846	83.88%	73.81%
Sanitation	8,468	8,343	125	(373)	98.52%	104.35%
Total	\$ 51,999	\$ 47,773	\$ 4,226	\$ 4,169	91.87%	91.17%

CITY OF WARNER ROBINS, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

Overall Analysis

Financial highlights for the City as a whole during the fiscal year ended June 30, 2017, include the following:

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows (net position) at the close of the fiscal year by \$162 million for the governmental activities and by \$104 million for the business-type activities.

The City's total net position increased during the year by \$4.4 million. Net position of governmental activities increased by \$4.2 million, while the net position of business-type activities increased by \$183 thousand. The increase in the net position of the City governmental activities is the result of increased SPLOST collections, transfers from the City's enterprise funds and a slight increase in other tax revenues. The City's business-type funds reported overall positive net revenues for the year due to positive operating results. The City's Natural Gas Fund experienced a 19.6% increase in gross sales revenue from fiscal year 2016, driven by rising market costs of supply and a colder winter. Charges for natural gas services are dependent on supply costs with additions for a base fee and a distribution fee. The rising cost of supply resulted in higher gross profits to cover relatively fixed operating expenses. The City's Water and Sewer Fund operating revenues were 6.1% more than operating revenues of Fiscal Year 2016 due to an increase of water usage and connection charges. The City's governmental activities expenses increased 3.8% due to the surging cost of providing health benefits in fiscal year 2017.

Fund Analysis

Funds that experienced significant changes during the fiscal year ended June 30, 2017, are as follows:

Governmental Funds:

As of the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$38.4 million.

General Fund

The total of the General Fund's fund balances as of June 30, 2017 was \$19.7 million. The General Fund's fund balances are segregated by the extent to which the governing body is bound to honor constraints on the specific purpose for which amounts in the General Fund can be used. Of the total General Fund's fund balances, \$485 thousand is non-spendable, \$4.4 million are committed, and \$14.8 million is unassigned. Although the City's General Fund had operating expenditures greater than its operating revenues, the increase in the unassigned General Fund's fund balance for FY 2017 is the result of transfers from the City's Enterprise Funds of \$4.5 million. FY 2017 General Fund revenues increased by \$2.4 million compared to FY 2016's revenues. The General Fund's expenditures increased by 6.3 % (\$2.4 million) compared to FY 2016 expenditures. The main reason for the increased expenditures is the City's increasing cost of providing group health benefits in fiscal year 2017.

CITY OF WARNER ROBINS, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

Capital Project Fund/SPLOST

The fund balance for the 2012 SPLOST, classified as a major fund, as of June 30, 2017 totaled \$10.6 million. The fund balance for the 2001 SPLOST totaled \$409 thousand, a increase of \$2 thousand from June 30, 2016. The fund balance for the 2006 SPLOST totaled \$437 thousand, a decrease of \$588 thousand from June 30, 2016. The change in fund balance was the result of the use of prior SPLOST receipts in the completion of various projects. Sales tax receipts for the City's 2001 SPLOST ended December 2006 and for the City's 2006 SPLOST ended in October 2012. Expenditures for the 2001 and 2006 projects will continue into Fiscal Year 2018.

Proprietary Funds:

The City's Proprietary Funds reported a net position of \$103.6 million, a 1.8% increase from the prior year. The City's internal service funds reported net position of \$119 thousand, a decrease of 55.7% from the prior year. This large decrease is due to the cost of providing group health benefits increasing \$615 thousand or 5.7%.

Natural Gas Fund

The Net Position of the Natural Gas Fund decreased by \$361 thousand. Natural gas sales increased by \$3.6 million. The operating expenses of the Natural Gas Fund increased by \$3.8 million. The increase in sales revenue is attributed to higher charges for services, derived from rising supply costs. During 2017, the Natural Gas Fund recognized its ownership the joint venture Jointly Owned Natural Gas Transmission Line (JONG) resulting in a prior period adjustment of \$1.7 million. The Natural Gas Fund's ownership percentage in JONG as of June 30, 2017 was 40.16%

Water and Sewer Fund

The Net Position of the Water and Sewer Fund (approximately \$64.3 million) increased by \$1.2 million. The change in the balance of net position was the result of capital contributions of \$894 thousand and positive operating results (\$1.9 million).

Storm Water Drainage Fund (SWD)

The SWD Fund reported its net position of \$18.5 million at year end. The increase of \$532 thousand over the prior year was the result of negative operating results (\$150 thousand) for the fiscal year offset by contributions from real estate developers in the amount of \$682 thousand.

Sanitation Fund

The Sanitation Fund reported a positive change in net position of \$128 thousand, increasing the net position balance to \$909 thousand at year end. The Fund's operating revenues increased by \$137 thousand over FY 2016. Operating expenses decreased by \$28 thousand.

CITY OF WARNER ROBINS, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

Group Health Fund

Net Position of the City's Group Health Internal Service Fund reported a negative net position of \$940 thousand at year end. Payments for health care services increased significantly (\$615 thousand) for the fiscal year. Contributions to the Fund were not sufficient to cover costs of operating the fund for the year resulting in a deficit balance.

Budgetary Highlights

Over the course of the fiscal year, the Mayor and Council of the City of Warner Robins amended the budget several times. These budget amendments were supplemental appropriations for capital expenditures and for increases in appropriations to prevent budget overruns. No variances between the original and final budget, or between final and actual budget are expected to significantly affect future services or liquidity. For additional information on the budget variances, refer to the budgetary comparison schedule for the General Fund in the RSI section on page 75.

Differences between the original appropriated budget and the final amended budget in the General Fund amounted to \$6.5 million. This difference is attributable to allocations from unrestricted fund balance for prior year's encumbrances of \$1.3 million and the incorporation of supplemental appropriations for unanticipated revenues of \$5.2 million into this year's expenditure accounts.

Capital Asset and Debt Administration

Capital Assets

The City of Warner Robins' investment in capital assets for its governmental and business type activities as of June 30, 2017, amounts to \$255.9 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, and a network of streets and drainage systems.

Major capital asset events during the current fiscal year included the following:

The City's Governmental funds expended \$1.2 million in the current fiscal year for police vehicles, fire trucks, service vehicles, and machinery and equipment; \$3.5 million for building improvements and \$3.2 million for infrastructure improvements such as street, street lights and drainage improvements. Land additions included property donated to the City.

In addition, the City completed a renovation to City Hall in the amount of \$3.6 million. The project started in FY 2016.

CITY OF WARNER ROBINS, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

Various road improvement projects, sidewalk projects, building project and sewer line improvements are continuing related to the 2001, 2006 and 2012 SPLOST Funds. Amounts expended from the 2006 SPLOST fund for street projects totaled \$412 thousand, and for sewer line improvements totaled \$186 thousand. Amounts expended from the 2012 SPLOST for general capital obligations totaled \$871 thousand for vehicles, heavy equipment and building improvements; \$424 thousand was spent on public safety facilities and equipment; \$662 thousand on water and sewer system improvements; \$291 thousand on recreation facilities; and, \$2.4 million was spent on city development projects.

Information on the City of Warner Robins' capital assets can be found in note III-E on pages 47 and 48 of this report.

Long-term Obligations

As of June 30, 2017, the City reported a total long-term obligations balance of \$66.6 million. The total long-term obligations had an overall decrease of \$4.8 million from Fiscal Year 2016. The current portion of these long term obligations is comprised of Claims Payable (\$130 thousand), Compensated Absences (\$1.3 million), Capital Leases (\$842 thousand) and Bonds, Notes and Accrued Interest (\$1.9 million). The non-current portion is comprised of Compensated Absences (\$417 thousand), Capital Leases (\$3.2 million), Other Post-Employment Benefits (\$11.7 million), pension liability (\$14.9 million) and Bonds, Notes and Accrued Interest (\$32.3 million).

The Constitution of the State of Georgia limits direct general obligation indebtedness of the City to an amount equivalent to ten percent of the assessed value of all taxable property within the City. The net assessed value of all taxable property in the City for the year 2016 was \$1.6 billion. The legal limit of general obligation debt for the City is \$160 million. As of June 30, 2017, the City has not issued general obligation debt bonds, nor does the City have any plans to do so.

Refer to Note III-G on page 50 of this report for additional information on the City's long-term obligations.

Economic Factors and Next Year's Budgets

The unemployment rate for the Warner Robins Metropolitan Statistical Area at the fiscal year-end was 5.2%, an improvement over last fiscal year's unemployment rate of 5.8 %. The State's rate was 4.7% at June 30, 2017.

The City's 2016 net taxable digest (Fiscal Year 2017 income) experienced a marginal increase of 0.26% over the net taxable digest of 2015 (Fiscal Year 2016 income). The governing body enacted the millage rate for FY 2017 of 9.979 mills, which includes a LOST rollback of .02 mills, in order to maintain the current level of services. The City sold 869 building permits in calendar year 2016 and 415 from July 2016 to December 2016 indicating the residential and commercial construction markets are stable.

Low rates of return for United States Treasury investments continue to have an effect on the City's budgeted investment revenues.

CITY OF WARNER ROBINS, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

The population of the City has increased approximately 11.7% since the 2010 census. Per the U. S. Census Bureau, 2010 census for the City show a population of 66,588; the Bureau's estimated population at July 1, 2016 is 74,388. In the year 2001, the City and Houston County were designated as a metropolitan statistical area.

Cash collections from the 2012 SPLOST are 14.17% less than original projections as of June 30, 2017.

City officials considered these factors in making judgments and estimates in developing the general fund budget for fiscal year 2018. The City approved a budget appropriation for Fiscal Year 2018 in the amount of \$43 million, an increase of 8.1 percent from the 2017 original budget of \$39.8 million. Tax revenues will provide 54% of this appropriation. The majority of the remaining 46% of appropriations will be financed by selective sales and use taxes (17%) and other financing revenues (11%). The City will use these revenues to finance programs currently offered and to finance increased program costs due to the City's growth.

Budgeted expenditures increased by 16.4% over fiscal year 2017 original budgeted appropriations. This increase in appropriations is attributable to budgeted adjustments to the employee pay scale and an increase in health care driven by rising prescription costs.

The City's business-type activities are experiencing inflationary pressures on its operational expenses. Gross revenues of the Water and Sewer Fund, Sanitation Fund and Stormwater Drainage Fund are expected to remain comparable to results of FY 2017. The City's Natural Gas Fund is expected to end the year with a modest increase in net revenues due to some colder temperatures during the winter.

Requests for Information

This report is designed to provide a general overview of the City of Warner Robins' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Chief Financial Officer's Office, City of Warner Robins, 202 North Davis Drive, PMB 718, Warner Robins, Georgia 31093.

CITY OF WARNER ROBINS, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2017

	Primary Government			Component Units	
	Governmental	Business-type	Total	Downtown	Development
	Activities	Activities		Development	Development
	Activities	Activities	Total	Authority	Authority
<u>ASSETS:</u>					
Current assets:					
Cash and cash equivalents	\$ 38,145,429	\$ 24,788,436	\$ 62,933,865	\$ 25,035	\$ 102,082
Investments	--	44	44	--	--
Accounts receivable, net	1,075,253	5,778,255	6,853,508	--	--
Due from other governments	2,086,225	43,647	2,129,872	--	--
Inventories, at cost	57,903	283,768	341,671	--	--
Real estate-held for investment/resale	1,248,863	--	1,248,863	--	--
Prepaid items	499,189	127,125	626,314	--	--
Restricted assets -					
Cash and cash equivalents	--	1,612,714	1,612,714	--	--
Total current assets	<u>43,112,862</u>	<u>32,633,989</u>	<u>75,746,851</u>	<u>25,035</u>	<u>102,082</u>
Non-current assets:					
Receivables	--	4,990,198	4,990,198	--	--
Internal balances	(14,793)	14,793	--	--	--
Investment in Jointly-Owned Natural					
Gas Transmission Line	--	1,786,964	1,786,964	--	--
Land and other non-depreciable assets	26,162,550	5,796,658	31,959,208	--	--
Capital assets, net of accumulated depreciation	<u>120,827,642</u>	<u>103,070,696</u>	<u>223,898,338</u>	<u>--</u>	<u>--</u>
Total non-current assets	<u>146,975,399</u>	<u>115,659,309</u>	<u>262,634,708</u>	<u>--</u>	<u>--</u>
Total assets	<u>190,088,261</u>	<u>148,293,298</u>	<u>338,381,559</u>	<u>25,035</u>	<u>102,082</u>
<u>DEFERRED OUTFLOWS OF RESOURCES-</u>					
Pension	<u>5,282,527</u>	<u>810,467</u>	<u>6,092,994</u>	<u>--</u>	<u>--</u>

	Primary Government			Component Units	
	Governmental	Business-type	Total	Downtown	Development
	Activities	Activities		Development	Development
			Authority	Authority	
LIABILITIES:					
Current liabilities:					
Accounts payable	2,962,626	2,676,251	5,638,877	--	10,529
Accrued payroll/related liabilities	770,760	140,289	911,049	--	--
Claims payable	130,412	--	130,412	--	--
Compensated absences	1,072,464	208,554	1,281,018	--	--
Unearned revenue	450,163	--	450,163	22,267	--
Security deposits	22,638	--	22,638	--	--
Capital lease obligations	227,993	613,522	841,515	--	--
Accrued interest payable	--	520,934	520,934	--	--
Bonds, notes and loans payable	--	1,419,340	1,419,340	--	--
Total current liabilities	<u>5,637,056</u>	<u>5,578,890</u>	<u>11,215,946</u>	<u>22,267</u>	<u>10,529</u>
Non-current liabilities:					
Compensated absences	389,417	27,660	417,077	--	--
Capital lease obligations	23,570	3,167,300	3,190,870	--	--
Accrued interest payable	--	4,940,856	4,940,856	--	--
OPEB liability	9,805,809	1,848,456	11,654,265	--	--
Net pension liability	13,071,754	1,853,747	14,925,501	--	--
Bonds, notes and loans payable	--	27,317,905	27,317,905	--	--
Total non-current liabilities	<u>23,290,550</u>	<u>39,155,924</u>	<u>62,446,474</u>	<u>--</u>	<u>--</u>
Total liabilities	<u>28,927,606</u>	<u>44,734,814</u>	<u>73,662,420</u>	<u>22,267</u>	<u>10,529</u>
DEFERRED INFLOWS OF RESOURCES-					
Pension	4,739,346	755,794	5,495,140	--	--
Total deferred inflows of resources	<u>4,739,346</u>	<u>755,794</u>	<u>5,495,140</u>	<u>--</u>	<u>--</u>
NET POSITION:					
Net investment in capital assets	146,738,629	76,349,287	223,087,916	--	--
Restricted for economic development	1,151,819	--	1,151,819	--	--
Restricted for capital projects	14,989,208	1,612,714	16,601,922	--	--
Unrestricted	(1,175,820)	25,651,156	24,475,336	2,768	91,553
Total net position	<u>\$ 161,703,836</u>	<u>\$ 103,613,157</u>	<u>\$ 265,316,993</u>	<u>\$ 2,768</u>	<u>\$ 91,553</u>

See accompanying notes to financial statements.

CITY OF WARNER ROBINS, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

<u>Functions/Programs:</u>	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 5,515,677	\$ 341,907	\$ 47,000	\$ --
Public safety	23,226,231	1,497,398	--	2,484,404
Recreation	3,494,295	549,896	--	--
Public works	12,234,129	28,859	68,954	6,128,796
City development	2,159,825	3,094,549	--	26,253
Downtown development	79,371	--	--	--
Interest on long-term debt	7,720	--	--	--
Total governmental activities	<u>46,717,248</u>	<u>5,512,609</u>	<u>115,954</u>	<u>8,639,453</u>
Business-type activities:				
Natural Gas System	20,447,138	22,124,395	--	--
Water and Sewer System	16,212,616	17,210,766	--	894,099
Storm Water Drainage	2,770,125	2,620,306	--	682,143
Sanitation	8,343,067	8,467,991	--	--
Total business-type activities	<u>47,772,946</u>	<u>50,423,458</u>	<u>--</u>	<u>1,576,242</u>
Total primary government	<u>\$ 94,490,194</u>	<u>\$ 55,936,067</u>	<u>\$ 115,954</u>	<u>\$ 10,215,695</u>
Component Units:				
Downtown Development Authority	\$ --	\$ --	\$ --	\$ --
Development Authority	48,382	120,696	19,239	--
	<u>\$ 48,382</u>	<u>\$ 120,696</u>	<u>\$ 19,239</u>	<u>\$ --</u>

General revenues:
Property taxes
Other taxes
Franchise fees
Interest income
Gain on sale of capital assets
Miscellaneous
Total general revenues
Transfers
Total general revenues and transfers
Change in net position
Net position - beginning, as restated
Net position - ending

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Downtown Development Agency	Development Authority
\$ (5,126,770)	\$ --	\$ (5,126,770)	\$ --	\$ --
(19,244,429)	--	(19,244,429)	--	--
(2,944,399)	--	(2,944,399)	--	--
(6,007,520)	--	(6,007,520)	--	--
960,977	--	960,977	--	--
(79,371)	--	(79,371)	--	--
(7,720)	--	(7,720)	--	--
<u>(32,449,232)</u>	<u>--</u>	<u>(32,449,232)</u>	<u>--</u>	<u>--</u>
--	1,677,257	1,677,257	--	--
--	1,892,249	1,892,249	--	--
--	532,324	532,324	--	--
--	124,924	124,924	--	--
--	4,226,754	4,226,754	--	--
<u>(32,449,232)</u>	<u>4,226,754</u>	<u>(28,222,478)</u>	<u>--</u>	<u>--</u>
			\$ --	\$ --
			<u>--</u>	<u>91,553</u>
			<u>\$ --</u>	<u>\$ 91,553</u>
16,078,747	--	16,078,747	--	--
11,280,692	--	11,280,692	--	--
4,527,143	--	4,527,143	--	--
124,552	212,067	336,619	--	--
3,561	3,053	6,614	--	--
250,429	98,930	349,359	--	--
32,265,124	314,050	32,579,174	--	--
4,358,109	(4,358,109)	--	--	--
36,623,233	(4,044,059)	32,579,174	--	--
4,174,001	182,695	4,356,696	--	91,553
157,529,835	103,430,462	260,960,297	2,768	--
<u>\$ 161,703,836</u>	<u>\$ 103,613,157</u>	<u>\$ 265,316,993</u>	<u>\$ 2,768</u>	<u>\$ 91,553</u>

See accompanying notes to financial statements.

CITY OF WARNER ROBINS, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	SPLOST			
	General	2012	Non-Major	Total
		Fund	Capital Projects	Governmental
	Fund	Fund	Funds	Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 19,860,147	\$ 9,547,015	\$ 6,733,530	\$ 36,140,692
Accounts receivable -				
net of uncollectable accounts	486,974	--	588,279	1,075,253
Due from other governments	1,010,626	1,075,599	--	2,086,225
Due from other funds	7,144	--	--	7,144
Prepaid expenditures	426,922	--	--	426,922
Inventory of gas, oil, and supplies	57,903	--	--	57,903
Real estate-held for investment/resale	--	--	1,248,863	1,248,863
Total assets	<u>\$ 21,849,716</u>	<u>\$ 10,622,614</u>	<u>\$ 8,570,672</u>	<u>\$ 41,043,002</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable and accrued costs	\$ 757,029	\$ 18,663	\$ 229,330	\$ 1,005,022
Accrued payroll/related expenditures	766,807	--	3,953	770,760
Unearned revenue	219,763	--	230,400	450,163
Due to other funds	--	--	7,144	7,144
Advances payable	--	--	14,793	14,793
Escrow funds	--	--	22,638	22,638
Total liabilities	<u>1,743,599</u>	<u>18,663</u>	<u>508,258</u>	<u>2,270,520</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	324,019	--	--	324,019
Unavailable revenue-fines	61,248	--	--	61,248
Total deferred inflows	<u>385,267</u>	<u>--</u>	<u>--</u>	<u>385,267</u>
FUND BALANCES				
Nonspendable, inventories	57,903	--	--	57,903
Nonspendable, prepaid items	426,922	--	--	426,922
Restricted, capital projects	--	10,603,951	4,385,257	14,989,208
Restricted, economic development	--	--	1,151,819	1,151,819
Committed, general government	258,329	--	--	258,329
Committed, public safety	164,632	--	--	164,632
Committed, public works	875,813	--	--	875,813
Committed, recreation	2,925,517	--	--	2,925,517
Committed, economic development	172,495	--	--	172,495
Committed, special programs	--	--	2,525,338	2,525,338
Unassigned, general fund	14,839,239	--	--	14,839,239
Total fund balances	<u>19,720,850</u>	<u>10,603,951</u>	<u>8,062,414</u>	<u>38,387,215</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 21,849,716</u>	<u>\$ 10,622,614</u>	<u>\$ 8,570,672</u>	<u>\$ 41,043,002</u>

See accompanying notes to financial statements.

CITY OF WARNER ROBINS, GEORGIA
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Fund balance - total governmental funds (page 16)	\$ 38,387,215
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.	146,990,192
Certain long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	385,267
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are unavailable in the funds. The deferred outflows are related to pension assumption changes and contributions.	5,282,527
Certain liabilities, such as compensated absences, and claims payable are not due and payable in the current period and, therefore, are not reported in the funds.	(1,592,293)
OPEB and pension liabilities and expenses are not reported in the governmental funds.	(22,877,563)
Long-term liabilities, including capital leases, bonds, notes and loans payable, are not due and payable in the current period and therefore are not reported in the funds.	(251,563)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds. These deferred inflows are related to the differences between actual and projected earnings on the pension plan.	(4,739,346)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of internal service funds are included in governmental activities of the statement of net position.	<u>119,400</u>
Net position of governmental activities (page 14)	<u><u>\$161,703,836</u></u>

See accompanying notes to financial statements.

CITY OF WARNER ROBINS, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNEMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	SPLOST			
	General	2012		Total
		Fund	Capital Projects	
	Fund	Fund	Funds	Governmental Funds
REVENUES:				
General property taxes	\$ 16,282,804	\$ --	\$ --	\$ 16,282,804
Other taxes	13,579,873	--	2,227,962	15,807,835
Licenses and permits	345,204	--	--	345,204
Fines and forfeitures	965,576	--	38,564	1,004,140
Intergovernmental	1,029,513	6,301,501	458,060	7,789,074
Other revenue	3,926,899	37,360	189,139	4,153,398
Total revenues	<u>36,129,869</u>	<u>6,338,861</u>	<u>2,913,725</u>	<u>45,382,455</u>
EXPENDITURES:				
Current:				
General government	7,563,195	--	--	7,563,195
Public safety	21,343,013	--	202,284	21,545,297
Recreation	2,935,323	--	103,880	3,039,203
Public works	6,157,949	--	--	6,157,949
City development	1,522,433	--	2,051,791	3,574,224
Downtown development	--	--	79,371	79,371
Intergovernmental -				
Payments to other governmental agencies	877,433	--	--	877,433
Debt service				
Principal	--	371,133	--	371,133
Interest	--	4,930	614	5,544
Capital outlay -				
Special purpose	--	4,002,569	411,980	4,414,549
Total expenditures	<u>40,399,346</u>	<u>4,378,632</u>	<u>2,849,920</u>	<u>47,627,898</u>
EXCESS OF REVENUES				
OVER/(UNDER) EXPENDITURES	<u>(4,269,477)</u>	<u>1,960,229</u>	<u>63,805</u>	<u>(2,245,443)</u>
OTHER FINANCING SOURCES (USES):				
Sale of assets	3,561	--	--	3,561
Transfer in	4,542,830	450,000	804,397	5,797,227
Transfer out	(224,473)	(661,880)	(2,083,045)	(2,969,398)
Total other financing sources (uses), net	<u>4,321,918</u>	<u>(211,880)</u>	<u>(1,278,648)</u>	<u>2,831,390</u>
NET CHANGE IN FUND BALANCES	52,441	1,748,349	(1,214,843)	585,947
FUND BALANCES, beginning	<u>19,668,409</u>	<u>8,855,602</u>	<u>9,277,257</u>	<u>37,801,268</u>
FUND BALANCES, ending	<u>\$ 19,720,850</u>	<u>\$ 10,603,951</u>	<u>\$ 8,062,414</u>	<u>\$ 38,387,215</u>

See accompanying notes to financial statements.

CITY OF WARNER ROBINS, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNEMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Net change in fund balances - total governmental funds (page 18) \$ 585,947

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and net retirements in the current period. 1,494,185

Governmental funds do not report general capital assets or the related fund balances. General capital assets having a net book value of \$1,530,280 were transferred to the general fund and are presented as part of net transfers on the statement of activities. 1,530,280

Contributions of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources. 1,424,393

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (182,160)

Repayment of long-term debt is reported as an expenditure in governmental funds, but as a reduction of long-term liabilities in the statement of activities. 444,479

Some revenues and expenses related reported in the statement of activities do not require the use of/provide current resources and, therefore, are not reported as expenditures/revenues in the governmental funds. 143,801

The net revenues (expenses) of the internal service funds (funds used to charge the costs of certain activities to individual funds) are reported with governmental activities. Workers' Compensation \$32,140 and Group Health Insurance (\$127,249). (95,109)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These include the net change in the claims and judgements \$2,785 and the OPEB liability of \$1,068,776. (1,071,561)

In the statement of activities, certain operating expenses - compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts actually paid). During this year, accrued leave increased. (100,254)

Change in net position of governmental activities (page 15) \$ 4,174,001

See accompanying notes to financial statements.

CITY OF WARNER ROBINS, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Business-type Activities -		
	Enterprise Funds		
	Major		
	Natural Gas System	Water and Sewer System	Storm Water Drainage
<u>ASSETS AND DEFERRED OUTFLOWS</u>			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 10,818,014	\$ 11,513,878	\$ 1,885,004
Investments	--	44	--
Accounts receivable, net	2,817,995	1,660,247	283,955
Due from other governments	--	43,647	--
Inventories, at cost	--	283,768	--
Prepaid items	25,171	97,099	4,855
Restricted-			
Cash and cash equivalents	1,112,714	500,000	--
Total current assets	<u>14,773,894</u>	<u>14,098,683</u>	<u>2,173,814</u>
NON CURRENT ASSETS:			
Receivable	4,990,198	--	--
Advances receivable	14,793	--	--
Investment in Jointly-Owned Natural Gas Transmission Line	1,786,964	--	--
Land and other non depreciable assets	922,431	4,162,971	711,256
Capital assets, net of accumulated depreciation	<u>8,916,795</u>	<u>77,880,359</u>	<u>16,271,070</u>
Total non current assets	<u>16,631,181</u>	<u>82,043,330</u>	<u>16,982,326</u>
Total assets	<u>31,405,075</u>	<u>96,142,013</u>	<u>19,156,140</u>
DEFERRED OUTFLOWS OF RESOURCES-			
Pension	<u>253,911</u>	<u>417,843</u>	<u>138,713</u>

Business-type Activities - Enterprise Funds			Governmental Activities
Major	Nonmajor		
Sanitation System	International City Golf Course	Total	Internal Service Funds
\$ 571,540	\$ --	\$ 24,788,436	\$ 2,004,737
--	--	44	--
1,016,058	--	5,778,255	--
--	--	43,647	--
--	--	283,768	--
--	--	127,125	72,267
--	--	1,612,714	--
<u>1,587,598</u>	<u>--</u>	<u>32,633,989</u>	<u>2,077,004</u>
--	--	4,990,198	--
--	--	14,793	--
--	--	1,786,964	--
--	--	5,796,658	--
<u>2,472</u>	<u>--</u>	<u>103,070,696</u>	<u>--</u>
<u>2,472</u>	<u>--</u>	<u>115,659,309</u>	<u>--</u>
<u>1,590,070</u>	<u>--</u>	<u>148,293,298</u>	<u>2,077,004</u>
--	--	810,467	--

See accompanying notes to financial statements.

CITY OF WARNER ROBINS, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Business-type Activities -		
	Enterprise Funds		
	Major		
	Natural Gas System	Water and Sewer System	Storm Water Drainage
<u>LIABILITIES, DEFERRED INFLOWS,</u>			
<u>AND NET POSITION</u>			
CURRENT LIABILITIES:			
Accounts payable	1,729,697	261,077	4,305
Accrued payroll/related liabilities	--	115,283	25,006
Compensated absences	--	186,084	22,470
Capital lease payable	613,522	--	--
Accrued interest	51,275	469,659	--
Bonds, notes, and loans payable	15,683	1,403,657	--
Total current liabilities	<u>2,410,177</u>	<u>2,435,760</u>	<u>51,781</u>
NON CURRENT LIABILITIES:			
Compensated absences	--	27,660	--
Capital lease obligations	3,167,300	--	--
Accrued interest	4,940,856	--	--
OPEB liability	453,649	1,076,123	318,684
Net pension liability	508,960	1,094,039	250,748
Bonds, notes and loans payable	118,882	27,199,023	--
Total non current liabilities	<u>9,189,647</u>	<u>29,396,845</u>	<u>569,432</u>
Total liabilities	<u>11,599,824</u>	<u>31,832,605</u>	<u>621,213</u>
DEFERRED INFLOWS OF RESOURCES-			
Pension	218,158	407,122	130,514
NET POSITION:			
Net investment in capital assets	5,923,839	53,440,650	16,982,326
Restricted for capital projects	1,112,714	500,000	--
Unrestricted	12,804,451	10,379,479	1,560,800
Total net position	<u>\$ 19,841,004</u>	<u>\$ 64,320,129</u>	<u>\$ 18,543,126</u>

Business-type Activities - Enterprise Funds			Governmental Activities
Major	Nonmajor		
Sanitation System	International City Golf Course	Total	Internal Service Funds
681,172	--	2,676,251	1,957,604
--	--	140,289	--
--	--	208,554	--
--	--	613,522	--
--	--	520,934	--
--	--	1,419,340	--
<u>681,172</u>	<u>--</u>	<u>5,578,890</u>	<u>1,957,604</u>
--	--	27,660	--
--	--	3,167,300	--
--	--	4,940,856	--
--	--	1,848,456	--
--	--	1,853,747	--
--	--	27,317,905	--
--	--	39,155,924	--
<u>681,172</u>	<u>--</u>	<u>44,734,814</u>	<u>1,957,604</u>
--	--	755,794	--
2,472	--	76,349,287	--
--	--	1,612,714	--
<u>906,426</u>	<u>--</u>	<u>25,651,156</u>	<u>119,400</u>
<u>\$ 908,898</u>	<u>\$ --</u>	<u>\$ 103,613,157</u>	<u>\$ 119,400</u>

See accompanying notes to financial statements.

CITY OF WARNER ROBINS, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Business-type Activities -		
	Enterprise Funds		
	Major		
	Natural Gas System	Water and Sewer System	Storm Water Drainage
OPERATING REVENUES:			
Charges for services	\$ 20,304,666	\$ 15,185,624	\$ 2,552,550
Connection charges	--	644,757	--
Penalties and cut-on fees	163,494	363,482	48,011
Miscellaneous	162,803	1,016,903	19,745
Refund-Southern Natural Gas	753,759	--	--
Distribution line income	739,673	--	--
Total operating revenues	<u>22,124,395</u>	<u>17,210,766</u>	<u>2,620,306</u>
OPERATING EXPENSES:			
Purchases/cost of sales	16,664,015	--	--
Personnel services	1,910,480	5,164,210	1,341,345
Operating expenses	253,562	4,807,710	532,381
Repairs and maintenance	119,659	262,652	52,533
Supplies	100,887	1,365,591	128,851
Distribution line expense	889,213	--	--
Bad debt expense	122,599	368,102	44,940
Depreciation	365,992	3,171,659	664,650
Insurance	20,731	129,736	5,425
Total operating expenses	<u>20,447,138</u>	<u>15,269,660</u>	<u>2,770,125</u>
Operating income (loss)	<u>1,677,257</u>	<u>1,941,106</u>	<u>(149,819)</u>
NON-OPERATING REVENUES (EXPENSES):			
Net income from joint venture	93,095	--	--
Interest earned	68,832	47,030	--
Interest expense and fees	--	(942,956)	--
Rental income	--	98,930	--
Gain (loss) on sale/disposal of capital assets	--	3,053	--
Total non-operating revenues (expenses), net	<u>161,927</u>	<u>(793,943)</u>	<u>--</u>
Income (loss) before capital contributions and transfers	<u>1,839,184</u>	<u>1,147,163</u>	<u>(149,819)</u>
CONTRIBUTIONS AND TRANSFERS:			
Capital contribution - developers	--	894,099	682,143
Transfers in	--	847,698	--
Transfers out	(2,200,000)	(1,700,000)	--
Total contributions and transfers	<u>(2,200,000)</u>	<u>41,797</u>	<u>682,143</u>
CHANGE IN NET POSITION	(360,816)	1,188,960	532,324
NET POSITION, beginning, as restated	20,201,820	63,131,169	18,010,802
NET POSITION, ending	<u>\$ 19,841,004</u>	<u>\$ 64,320,129</u>	<u>\$ 18,543,126</u>

Business-type Activities - Enterprise Funds			Governmental Activities
Major	Nonmajor		
Sanitation System	International City Golf Course	Total	Internal Service Funds
\$ 8,258,043	\$ --	\$ 46,300,883	\$ 12,059,767
--	--	644,757	--
209,948	--	784,935	--
--	--	1,199,451	--
--	--	753,759	--
--	--	739,673	--
<u>8,467,991</u>	<u>--</u>	<u>50,423,458</u>	<u>12,059,767</u>
--	--	16,664,015	--
--	--	8,416,035	--
8,144,130	--	13,737,783	12,156,435
1,286	--	436,130	--
--	--	1,595,329	--
--	--	889,213	--
196,234	--	731,875	--
1,417	--	4,203,718	--
--	--	155,892	--
<u>8,343,067</u>	<u>--</u>	<u>46,829,990</u>	<u>12,156,435</u>
<u>124,924</u>	<u>--</u>	<u>3,593,468</u>	<u>(96,668)</u>
--	--	93,095	--
3,110	--	118,972	1,559
--	--	(942,956)	--
--	--	98,930	--
--	(1,530,280)	(1,527,227)	--
<u>3,110</u>	<u>(1,530,280)</u>	<u>(2,159,186)</u>	<u>1,559</u>
<u>128,034</u>	<u>(1,530,280)</u>	<u>1,434,282</u>	<u>(95,109)</u>
--	--	1,576,242	--
--	224,473	1,072,171	--
--	--	(3,900,000)	--
--	224,473	(1,251,587)	--
128,034	(1,305,807)	182,695	(95,109)
780,864	1,305,807	103,430,462	214,509
<u>\$ 908,898</u>	<u>\$ --</u>	<u>\$ 103,613,157</u>	<u>\$ 119,400</u>

See accompanying notes to financial statements.

CITY OF WARNER ROBINS, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Business-type Activities -		
	Enterprise Funds		
	Major		
	Natural Gas System	Water and Sewer System	Storm Water Drainage
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 22,363,287	\$ 16,993,299	\$ 2,610,498
Cash paid to suppliers for goods and services and claims paid	(18,628,700)	(6,598,668)	(733,633)
Cash received from other funds for goods and services	--	--	--
Cash received from miscellaneous services	--	--	--
Cash received for claims reimbursement	--	--	--
Cash paid to employees for services	(1,993,845)	(4,945,018)	(1,369,998)
Net cash provided (used) by operating activities	<u>1,740,742</u>	<u>5,449,613</u>	<u>506,867</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in (out)	(2,200,000)	(852,302)	--
Due from (to) other funds, net	--	--	--
Net cash provided (used) by noncapital financing activities	<u>(2,200,000)</u>	<u>(852,302)</u>	<u>--</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal payments:			
Bonds, notes, and loans payable	(15,678)	(1,362,245)	--
Capital leases	(634,119)	--	--
Acquisition and construction of capital assets	(532,000)	(3,209,349)	(1,163,881)
Capital contributions - developers	--	894,099	682,143
Interest and fees paid on revenue bonds payable and notes payable	--	(959,539)	--
Proceeds from sale of capital assets	--	3,053	--
Net cash used for capital and related financing activities	<u>(1,181,797)</u>	<u>(4,633,981)</u>	<u>(481,738)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from investment	--	129	--
Interest income on investments	68,832	47,030	--
Rental income	--	98,930	--
Net cash provided by investing activities	<u>68,832</u>	<u>146,089</u>	<u>--</u>
NET INCREASE (DECREASE) IN CASH	<u>(1,572,223)</u>	<u>109,419</u>	<u>25,129</u>
CASH, beginning	<u>13,502,951</u>	<u>11,904,459</u>	<u>1,859,875</u>
CASH, ending	<u>\$ 11,930,728</u>	<u>\$ 12,013,878</u>	<u>\$ 1,885,004</u>

Business-type Activities - Enterprise Funds			Governmental Activities
Major	Nonmajor		
Sanitation System	International City Golf Course	Total	Internal Service Funds
\$ 8,312,152	\$ --	\$ 50,279,236	\$ 670,676
--	(7,733)	(25,968,734)	(12,760,462)
--	--	--	11,389,091
--	--	--	--
--	--	--	1,033,001
(8,169,478)	(12,677)	(16,491,016)	--
142,674	(20,410)	7,819,486	332,306
--	224,473	(2,827,829)	--
--	--	--	25,375
--	224,473	(2,827,829)	25,375
--	--	(1,377,923)	--
--	--	(634,119)	--
--	--	(4,905,230)	--
--	--	1,576,242	--
--	--	(959,539)	--
--	--	3,053	--
--	--	(6,297,516)	--
--	--	129	--
3,110	--	118,972	1,559
--	--	98,930	--
3,110	--	218,031	1,559
145,784	204,063	(1,087,828)	359,240
425,756	(204,063)	27,488,978	1,645,497
\$ 571,540	\$ --	\$ 26,401,150	\$ 2,004,737

See accompanying notes to financial statements.

CITY OF WARNER ROBINS, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Business-type Activities -		
	Enterprise Funds		
	Major		
	Natural Gas System	Water and Sewer System	Storm Water Drainage
RECONCILIATION OF CASH PER STATEMENT OF			
CASH FLOWS TO THE BALANCE SHEET:			
Cash, beginning:			
Current	\$ 11,703,808	\$ 10,876,003	\$ 1,859,875
Restricted	1,799,143	1,028,456	--
Total	<u>13,502,951</u>	<u>11,904,459</u>	<u>1,859,875</u>
Net increase (decrease):			
Current	(885,794)	637,875	25,129
Restricted	(686,429)	(528,456)	--
Total	<u>(1,572,223)</u>	<u>109,419</u>	<u>25,129</u>
Cash, ending:			
Current	10,818,014	11,513,878	1,885,004
Restricted	1,112,714	500,000	--
Total	<u>\$ 11,930,728</u>	<u>\$ 12,013,878</u>	<u>\$ 1,885,004</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET			
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	<u>\$ 1,677,257</u>	<u>\$ 1,941,106</u>	<u>\$ (149,819)</u>
Adjustments to reconcile operating income (loss) to net			
cash provided (used) by operating activities:			
Depreciation and amortization	365,992	3,171,659	664,650
Decrease (increase) in assets and deferred outflows:			
Accounts receivable	376,633	70,377	35,132
Due from other governments	--	(7,245)	--
Due from other funds	29,385	87,503	--
Inventory	--	(8,945)	--
Prepaid items	(13,679)	(97,099)	(4,855)
Deferred outflows	45,267	97,257	22,241
Increase (decrease) in liabilities and deferred inflows:			
Accounts payable	486,139	82,791	6,507
Accrued expenses	(1,053,093)	--	--
Due to other funds	(44,527)	--	(7,913)
OPEB liability	34,341	114,767	25,544
Compensated absences payable	--	21,404	7,789
Pension liability	(192,161)	(86,702)	(106,788)
Deferred inflows	29,188	62,740	14,379
Total adjustments	<u>63,485</u>	<u>3,508,507</u>	<u>656,686</u>
Net cash provided (used) by operating activities	<u>\$ 1,740,742</u>	<u>\$ 5,449,613</u>	<u>\$ 506,867</u>

Business-type Activities - Enterprise Funds			Governmental Activities
Major	Nonmajor		
Sanitation System	International City Golf Course	Total	Internal Service Funds
\$ 425,756	\$ (204,063)	\$ 24,661,379	\$ 1,645,497
--	--	2,827,599	--
<u>425,756</u>	<u>(204,063)</u>	<u>27,488,978</u>	<u>1,645,497</u>
145,784	204,063	127,057	359,240
--	--	(1,214,885)	--
<u>145,784</u>	<u>204,063</u>	<u>(1,087,828)</u>	<u>359,240</u>
571,540	--	24,788,436	2,004,737
--	--	1,612,714	--
<u>\$ 571,540</u>	<u>\$ --</u>	<u>\$ 26,401,150</u>	<u>\$ 2,004,737</u>
\$ 124,924	\$ --	\$ 3,593,468	\$ (96,668)
1,417	--	4,203,718	--
40,395	--	522,537	--
--	--	(7,245)	--
--	--	116,888	--
--	--	(8,945)	--
--	--	(115,633)	5,952
--	--	164,765	--
11,001	(7,733)	578,705	423,022
--	(12,677)	(1,065,770)	--
(35,063)	--	(87,503)	--
--	--	174,652	--
--	--	29,193	--
--	--	(385,651)	--
--	--	106,307	--
<u>17,750</u>	<u>(20,410)</u>	<u>4,226,018</u>	<u>428,974</u>
<u>\$ 142,674</u>	<u>\$ (20,410)</u>	<u>\$ 7,819,486</u>	<u>\$ 332,306</u>

See accompanying notes to financial statements.

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. INTRODUCTION

The City of Warner Robins (City) adopted a Home Rule Charter on March 5, 1943. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety, streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

The accounting policies of the City conform to generally accepted accounting principles in the United States of America (GAAP) as applicable to governments, including all relevant Government Accounting Standards Board (GASB) pronouncements. Business type funds apply Financial Accounting Standards Board (FASB) pronouncements, unless those pronouncements conflict with or contradict GASB pronouncements in which case GASB is applied. Other significant accounting principles and practices are discussed in the relevant sections of these Notes.

B. REPORTING ENTITY

The City is a municipal corporation governed by an elected mayor and a six-member council. As required by generally accepted accounting principles, these financial statements present the government entities for which the City is considered to be financially accountable. The basic criterion for including a component unit is a legally separate organization for which the elected officials of the primary government are financially accountable or are such that exclusion would cause the reporting entity's financial statement to be misleading or incomplete; as discussed in GASB Statement No. 14, *The Financial Reporting Entity*.

The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units. Because of the closeness of their relationship with the primary government (the City), some component units are blended as though they are part of the primary government; however GASB suggests that most component units should be discretely presented. The City is allowed to use one or more columns to present the discretely presented component units which are governmental or proprietary in nature because of the differences of measurement focus and basis of accounting.

1. Discretely Presented Component Units

The Downtown Development Authority of the City of Warner Robins (DDA)

The Downtown Development Authority of The City of Warner Robins, Georgia's purpose is to promote trade, commerce, industry, and employment within the City. The DDA is a legally separate entity for which the City is financially accountable and is reported as a discretely presented component unit. The Mayor and Council of the City of Warner Robins appoint its Board of Directors. The DDA does not issue separate financial statements.

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. REPORTING ENTITY (CONTINUED)

The Development Authority of the City of Warner Robins (DA)

The Development Authority of The City of Warner Robins, Georgia's purpose is to promote trade, commerce, industry, and employment within the City. The DA is a legally separate entity for which the City is financially accountable and is reported as a discretely presented component unit. The Mayor and Council of the City of Warner Robins appoint its Board of Directors. The DA is reported on a June 30, 2017 fiscal year. Complete financial statements for the DA may be obtained from:

The Development Authority of the
City of Warner Robins, Georgia
202 N. Davis Drive, PMB 718
Warner Robins, Georgia 31093

2. Blended Component Units

The Warner Robins Redevelopment Agency (WRRRA)

Although legally a separate entity, the WRRRA is appropriately blended as a special revenue fund type. The Mayor and Council of the City of Warner Robins appoint its Board of Directors.

The Warner Robins Public Facilities Authority (WRPFA)

Although legally a separate entity, the WRPFA is appropriately blended as a part of the Water & Sewer System proprietary fund type/Enterprise Fund. The Mayor and Council of the City of Warner Robins serve as its governing board.

The above blended component units do not prepare separately issued financial statements. However, combining information for the WRPFA with the Water and Sewer Fund is shown as notes to the financial statements. See Note IV. G. for additional information.

3. Joint Ventures

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain an ongoing financial interest or an ongoing financial responsibility. The City participates in the following joint ventures:

Jointly Owned Natural Gas (JONG)

The JONG operates a natural gas transmission line for the benefit of its member cities. The City owns a 40.16% interest and appoints one member to its board. Additional information is located at Note IV. F.

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. REPORTING ENTITY (CONTINUED)

Middle Georgia Regional Commission (MGRC)

The City is a member of the Middle Georgia Regional Commission. The MGRC does various planning and consulting work for its members. During its year ended June 30, 2017, the City paid \$245,154 in such dues. Membership in a Regional Commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the Regional Commissions of Georgia. The Regional Commission Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a Regional Commission.

Financial statements for each of the individual joint ventures may be obtained at the administrative offices of each of the activities.

4. Related Organization

Warner Robins Housing Authority (WRHA)

The Warner Robins Housing Authority is a related organization which has not been included in the reporting entity. Although the City appoints the Governing Board, it does not exercise the other prerequisites for inclusion as a component unit. The WRHA operates under various Federal housing programs to provide low income housing units. The City has no accountability or obligation for the WRHA beyond making these appointments.

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (consisting of the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City (the primary government) and its component units. In all material respects, the effect of interfund activity has been removed from these statements. 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 City is reported separately from certain legally separate component units for which the City is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City has elected not to allocate indirect cost amounts to the programs, functions and segments.

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

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 as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The City has no fiduciary funds.

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including accrued interest on general long-term debt, is recognized when due, and certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the requirements for accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION
(CONTINUED)**

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services; operating expenses 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 nonoperating revenues and expenses.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Special Purpose Local Option Sales Tax (SPLOST) 2012 Capital Projects Fund* accounts for 1% sales tax proceeds required to be used for capital outlay for enhancement and rehabilitation purposes as authorized by local referendum.

The City reports the following major proprietary funds:

Natural Gas System Fund: The Natural Gas System Fund accounts for the operation of the City's natural gas system for residents and businesses in the City and contiguous area in Houston County.

Water and Sewer System Fund: The Water and Sewer System Fund accounts for the operations of the City's potable water and wastewater services to residents and businesses in the City and contiguous areas in Houston County and Peach County.

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION
(CONTINUED)**

Storm Water Drainage Fund: The Storm Water Drainage Fund accounts for the operation of the City's storm water drainage system for residents and businesses in the City and contiguous area in Houston County.

Sanitation System Fund: The Sanitation System Fund accounts for the operation of the City's sanitation services to residents and businesses in the City.

The City also reports the following fund type:

Internal Service Funds: Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the City or to other government units on a cost reimbursement basis.

E. BUDGETS

The City follows certain accounting principles for general fund budgetary reporting purposes that differ from GAAP, the most significant of which are encumbrances being treated as expenditures and appropriations of prior year fund balances being treated as revenue for budgetary purposes, and interfund and interdepartmental transfers under accounting principles generally accepted in the United States of America being treated as revenues and/or expenditures for budgetary reporting purposes. In addition, the City's budgetary reporting for insurance claims, compensated absences, and investment income is done in accordance with the cash basis method of accounting, as opposed to the modified accrual method required by accounting principles generally accepted in the United States of America. Also, capital leases are not budgeted.

Budgets for the general fund, special revenues and enterprise funds are formally adopted each year through the passage of an appropriation resolve. Unencumbered appropriations lapse at fiscal year end. Project length financial plans are legally adopted for all capital projects funds.

Encumbrances represent commitments related to underperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in governmental funds. Encumbrances outstanding at year-end are reported as commitments of fund balances and do not constitute expenditures or liabilities because goods and services have not been received in the current year. However, for budgetary purposes, encumbrances are treated as expenditures.

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. ASSETS, LIABILITIES AND EQUITY

1. ***Cash and Cash Equivalents*** - The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments are carried at cost, which approximates market value.

OCGA Section 36-83-4 provides authorization to the City to invest in obligations of the State of Georgia, the United States government, instruments insured or guaranteed by the United States government, a United States government agency, corporate entities of the United States government, prime bankers' acceptances, local government pools, repurchase agreements and other political subdivisions of the state of Georgia.

OCGA Section 45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by a surety bond, by guarantee of insurance or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to not less than 110 percent of the public funds being secured after the deduction of the amount of deposit insurance. If a depository elects the pooled method (OCGA 45-8-13.1) the aggregate of the market value of the securities pledged to secure a pool of public funds shall be not less than 110 percent of the daily pool balance. OCGA 45-8-11(b) provides an officer holding public funds may, in his discretion, waive the requirement for security in the case of operating funds placed in the demand deposit checking accounts. The City has no custodial credit risk policy that would require additional collateral requirements.

The City invests in "Georgia Fund 1", created by OCGA 36-83-8. Georgia Fund 1 is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAM rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. Georgia Fund 1 is not registered with the SEC as an investment company. The regulatory oversight for the pool is the Office of State Treasurer. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). The fair value of the City's position in Georgia Fund 1 is the same as the value of the pool shares. Net asset value is calculated weekly to ensure stability. Georgia Fund 1 distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1.00 per share.

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. ASSETS, LIABILITIES AND EQUITY (CONTINUED)

Investment policies for Georgia Fund 1 are established by the State Depository Board and investments may include certificates of deposit; prime banker's acceptances; repurchase agreements; insured or guaranteed obligations of the United States government and its agencies; obligations of any states; and obligations of political subdivisions of the State of Georgia. State law allows the City to invest in these same instruments.

The City also invests in the Georgia Extended Asset Pool (GEAP) which was established as a second investment option for municipalities with longer-term investment needs. GEAP invests its assets in U.S. treasury bills, U.S. treasury notes, securities issued by federal agencies and instrumentalities, banker's acceptances, and repurchase agreements with highly rated counterparties. The maximum final maturity of any security purchased by the GEAP is limited to five years. The regulatory oversight for GEAP is the Office of State Treasurer. The primary objective of GEAP is the prudent management of public funds on behalf of state and local governments. GEAP was designed for those investors seeking an income higher than money market rates and willing to accept price fluctuations. GEAP's credit quality is excellent and carries Standard and Poor's highest credit rating of AA Af. The fund is marked-to-market daily to maintain an accurate net asset value. Minimum investment is \$1,000,000, and GEAP operates in a manner consistent with Georgia Fund 1.

The fair value of all other investments was calculated using quoted market prices because these prices have been determined to be the most reliable and verifiable and are the most understood by investors, creditors and other users of financial information.

The City's use of daily sweeps of zero balance accounts allows the City portfolio to be fully invested at all times.

In accordance with GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds*, each fund's equity in the City's investment pool is considered to be a cash equivalent since the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

- 2. *Receivables*** - Property taxes are levied on property as of January 1st of each year. The City billed property owners on October 2, and taxes were due on December 22. The tax levy was set on September 18, 2016. Property taxes are delinquent after January 1st and are subject to penalties and interest. Measurable but unavailable taxes as of the end of year are accounted for as unearned revenue, and while delinquent taxes are considered fully collectible, an allowance has been made for uncollectible taxes resulting from errors and omissions. The City considers property tax revenues available if they are collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities in the current period.

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. ASSETS, LIABILITIES AND EQUITY (CONTINUED)

Utility service accounts receivable reported in the enterprise funds is reported net of an allowance for uncollectible amounts. The uncollectible amounts are based on collection experience and a review of the status of existing receivables.

All balances reported as "due to/due from other funds" represents amounts paid by one fund on behalf of another fund for which reimbursement has not been made by year end.

Municipal Court Fines are recognized as revenue when the case has been settled by the judge. Penalties, certain fees and other miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received.

3. ***Inventories and Prepaid Items*** - Inventory of expendable supplies is valued at cost (first-in, first-out). The inventory is comprised of parts and material as well as consumable supplies for all departments of the City. They are charged to each department on a consumed basis. Certain payments which reflect costs applicable to future accounting periods are recorded as prepaid items.
4. ***Restricted Assets*** - These assets included the debt service, debt service reserves, renewal and extension, construction, and customer deposit funds. The debt service and debt service reserve funds were maintained in compliance with their respective bond resolutions. Expenditures from the construction funds require written approval of the City's consulting engineers. Details of the transactions are presented on the various pages as indicated in the table of contents of this report. Interest earned on the investments is included in each of their respective funds.
5. ***Capital Assets*** - Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the time of donation and disposals are removed at recorded cost.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No portion of interest expense was capitalized during the current year.

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. ASSETS, LIABILITIES AND EQUITY (CONTINUED)

Capital assets of the primary government, as well as the component units, are depreciated using the straight line method over the assets' estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20-50
Public domain infrastructure	50
System infrastructure	30
Machinery and equipment	5-10

Infrastructure assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets (i.e., roads, bridges, tunnels).

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

6. ***Unearned Revenue*** - Unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.
7. ***Deferred Outflows/Inflows of Resources*** - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources until then. The City has one item that qualifies for reporting as a deferred outflow this year relating to its retirement benefits.

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. ASSETS, LIABILITIES AND EQUITY (CONTINUED)

Contributions made to the pension plan after the plan's measurement date but before the City's fiscal year end are deferred into the subsequent year and represent one component of deferred outflows related to pensions. Two additional components related to pensions are the difference between expected and actual experience and the net difference between projected and actual earnings on pension plan investments. See Note IV. E. for additional information on deferred outflows related to pensions.

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 (revenues) until that time. The City has one item that qualifies for reporting as a deferred inflow in the statement of net position at June 30, 2017 relating to its retirement benefits. This year's deferred inflow of resources is the summation of investment differences and assumption changes within the plan. See Note IV. E. for additional information on deferred inflows related to pensions.

In addition, the City reports unavailable revenue as deferred inflows of resources in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and fines. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

- 8. *Compensated Absences*** - The vacation policy of the City provides for the accumulation of up to 240 hours (360 hours for certain public safety officers) of earned vacation leave which may be carried forward from one year to the next. Such leave is fully vested when earned. For the governmental funds, the liability is not recorded since vacation leave is not expected to be materially liquidated with expendable available financial resources. For the government-wide and enterprise fund, the liability is recorded in each fund's financial statements.

The City's sick leave policy provides for the accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the City has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made. Accumulated leave of governmental funds that is expected to be liquidated with expendable available financial resources is reported as expenditures in the fund financial statements. All accumulated leave, including that which is not expected to be liquidated with expendable available financial resources, is reported in the government-wide financial statements. Accumulated leave of Enterprise Funds is recorded as an expense and liability of the respective fund as the benefits accrue to employees. Liabilities for compensated absences are recorded as other liabilities and accrued expenses in the Enterprise Funds. In accordance with the provisions of GASB No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

I. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

F. **ASSETS, LIABILITIES AND EQUITY (CONTINUED)**

9. ***Long Term Obligations*** - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt is reported as other financing sources. 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 the actual debt proceeds received, are reported as debt service expenditures.

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

11. ***Fund Equity, Fund Balance and Net Position*** – Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. As of June 30, 2017, the classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has classified inventories and prepaid items as being nonspendable because they are assets that are not in a spendable form.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The City has classified forfeitures as being restricted because their use is restricted by State Statute for police investigative expenditures.

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. ASSETS, LIABILITIES AND EQUITY (CONTINUED)

- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

The City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

12. *Net Position* - The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net Investment in Capital Assets** - is intended to reflect the portion of net position which is associated with non-liquid capital assets less outstanding capital asset related debt.
- **Restricted Net Position** - represent funds for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.
- **Unrestricted Net Position** - represent unrestricted liquid assets. While City management may have categorized and segmented portions for various purposes, the City Council has the unrestricted authority to revisit or alter these managerial decisions.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first.

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. ASSETS, LIABILITIES AND EQUITY (CONTINUED)

13. *Bond Issuance Costs* - In both governmental and business fund types, bond issuance costs are recognized in the current period as an outflow of resources.

14. *Unbilled Service Receivables* - Unbilled service receivables have been accrued at year-end. This accounting is consistent with prior years.

15. *Interfund Transactions* - Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly chargeable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions are reported as transfers.

16. *Allowance for Uncollectible Accounts* - Allowances for uncollectible accounts are maintained for all types of receivables which have historically experience uncollectible accounts.

17. *Allowance for Uncollectible Loans* - Allowances for uncollectible loans are established when City management determines its ability to collect the outstanding loan balance has been impaired. Loans are reviewed on an annual basis to evaluate collectability. Primary considerations in this are management's evaluation of the fair value of the collateral, if any (net of any outstanding superior debt), the current level of delinquency for real estate-based loans, and business and economic conditions.

18. *Use of Estimates* - Preparation of the City's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

The City has adopted the following procedures in establishing the budgetary data reflected in the financial statements.

- (1.) In accordance with the City Charter, six weeks prior to the start of the City's year, the Mayor submits to the City Council a proposed operating budget for the upcoming year. The operating budget includes proposed expenditures and means of financing them for the upcoming year.
- (2.) Public hearings are conducted at City Hall to obtain taxpayer comment.
- (3.) Prior to the first day of the new year, the budget is legally enacted through passage of an ordinance for the General Fund, each Special Revenue Fund and for all Enterprise Funds except for the Building Authority of Warner Robins and the Development Authority of Warner Robins.
- (4.) Budgetary control is legally maintained at the expenditures level for each department and formal budgetary integration is employed as a management control device during the year.
- (5.) Budgets are prepared using the modified accrual basis of accounting with encumbrances included as budgetary basis expenditures.
- (6.) The City Clerk or Chief Financial Officer is authorized to transfer budgeted amounts between departments, programs or functions, or increase expenditures resulting from revenues exceeding amounts estimated upon the approval of Mayor and Council.
- (7.) The Capital Projects Fund utilizes project length budgets.
- (8.) Unencumbered appropriations lapse at the end of each year.
- (9.) The City Council may authorize supplemental appropriations during the year. During the year several supplemental appropriations were necessary.
- (10.) There were no material violations of finance-related legal or contractual provisions in connection with the basic financial statements and to other governmental funds for which annual budgets are required.

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

B. BUDGET/APPROPRIATED-GOVERNMENTAL FUND TYPES RECONCILIATION

The following schedule reconciles the original budget including prior year encumbrances to the final budget including appropriations for the General Fund.

	<u>General Fund</u>
Original adopted budget	\$ 39,817,637
Prior year encumbrances carry forward	1,360,981
Legally adopted budget amendments	<u>5,178,089</u>
Final revised budget	<u>\$ 46,356,707</u>

C. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

In the City's General Fund there were no actual expenditures in excess of its budgeted appropriations during fiscal year 2017.

D. DEFICIT FUND EQUITY

At June 30, 2017, the Group Health Insurance Fund, an internal service fund, has a deficit fund balance of \$939,922.

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

III. DETAIL NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

A summary of the City's deposits and investments at June 30, 2017 follows:

Account Balances	
Petty cash	\$ 5,651
Demand deposits	10,741,998
Investments, including cash equivalents of \$53,926,047	53,926,091
	\$ 64,673,740
Ownership of Funds	
<u>Primary Government:</u>	
Governmental funds:	
Cash and cash equivalents	\$ 36,140,692
Proprietary funds:	
Cash and cash equivalents	24,788,436
Restricted cash and cash equivalents	1,612,714
Investments	44
Internal service funds:	
Cash and cash equivalents	2,004,737
Total primary government	64,546,623
<u>Discretely Presented Component Unit</u>	
Downtown Development Authority	25,035
Development Authority of the City of Warner Robins	102,082
Total component unit	127,117
Total Government	\$ 64,673,740

As of June 30, 2017, the City had the following investments:

Investment	Maturities	Fair Value
Georgia Fund 1 (investment pool)	less than 60 day average	\$ 50,707,674
GEAP (investment pool)	less than 60 day average	3,218,373
U.S. Government Securities	January 20, 2018	44
		\$ 53,926,091

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

III. DETAIL NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS (CONTINUED)

The City's deposits at year-end were entirely covered by federal depository insurance or by collateral held by the City's custodial banks in the City's name.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the 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 is the risk an issuer or counterparty to an investment will not fulfill its obligations. The City has no investment policy that would further limit its investment choices from those authorized and listed in Note I. F. 1. As of June 30, 2017, the City's investments in Georgia Fund I and GEAP were rated AAA by Standard and Poor's.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City places no limit on the amount the City may invest in any one issuer. The Georgia Fund I and GEAP investment pools are excluded from concentration of credit risk.

Fair Value Measurements: The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value is the exchange price that would be received for an asset (exit price) in the principal or most advantageous market for a asset in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets that they City has the ability to access.

Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset in active markets, as well as inputs that are observable for the asset (other than quoted prices), such as interest rates, foreign exchange rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs for the asset which are typically based on the City's own assumptions, as there is little, if any, related market activity.

The City has the following recurring financial measurements as of June 30, 2017:

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Mortgage backed securities	\$ --	\$ 44	\$ --	\$ 44
Total	<u>\$ --</u>	<u>\$ 44</u>	<u>\$ --</u>	<u>\$ 44</u>

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

III. **DETAIL NOTES ON ALL FUNDS**

A. **DEPOSITS AND INVESTMENTS (CONTINUED)**

WATER AND SEWER FUND

First Securities is holding a \$100,000, 8% GNMA II Mortgage. The interest and a portion of the principal is paid to the City monthly. Interest is recorded on the City's accounts. The City's investment at June 30, 2017 was \$44.

REAL ESTATE (HELD FOR INVESTMENT AND/OR RESALE):

The Community Development Fund holds property which it has acquired in the execution of its program requirements. Part of this property consists of residential dwellings which are being rented at low rates to qualified applicants with the balance of the property in open land held for resale. These properties are valued at cost. As of June 30, 2017, real estate held for investment and/or resale in the Community Development Fund was \$51,750.

The Redevelopment Agency Fund holds property which it purchased from the federal government. This property consists of land in close proximity to City Hall which has been subdivided into lots and is being held for resale. These properties are valued at cost. As of June 30, 2017, real estate held for investment and/or resale in the Redevelopment Agency Fund was \$1,197,113.

B. **RECEIVABLES**

The following is a summary of the receivables for each fund:

Major Governmental Fund -	
General Fund:	
Property taxes (net)	\$ 369,566
Business licenses (net)	69,018
Other	48,390
Total Major Governmental Fund	<u>486,974</u>
Non-Major Governmental Fund -	
Accounts receivable (net)	588,279
Total Governmental Fund	<u>\$ 1,075,253</u>
Major Proprietary Funds -	
Accounts receivable (net)- Gas, Water and Sewer System,	
Storm Water and Sanitation Funds	\$ 5,778,255
Total Business type Funds	<u>\$ 5,778,255</u>

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

III. DETAIL NOTES ON ALL FUNDS

B. RECEIVABLES

The following is a brief description of the receivable amounts:

Major Governmental Fund-General Fund:

Unpaid property taxes for all years totaled \$415,122 at June 30, 2017, of which \$45,556 are estimated uncollectible.

Unpaid business licenses for the year ended June 30, 2017 totaled \$95,181 of which \$26,163 are estimated uncollectible.

The remaining General Fund accounts receivables were due from charges to certain organizations for costs associated with the use of City property. All of these receivable amounts were recorded as revenue or were used to offset the associated expense during the year.

Non-Major Governmental Fund-Special Revenue Fund:

Direct loans were made from the revolving rehabilitation account. These loans are made to qualified residents under provisions of the grants. The City had various notes receivable due from sales of lots or houses on an installment basis.

Major Proprietary Funds:

Accounts receivable represented amounts owed to the Utility Department by its gas, water and sanitation customers for user charges. After accounts become three months past due, they are written off and turned over to the Credit Bureau for collection. Subsequent collections by the Credit Bureau, less their fee, are recorded as recovery of bad debts on the income statement. The estimated uncollectible amount of these accounts at June 30, 2017 was \$399,072.

C. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Advances between funds represent long-term borrowings between two funds which will be repaid over more than one fiscal year. Interfund advances whereby the funds were used to purchase land for development and are not expected be repaid within one year and are classified as non-current are as follows:

	<u>Receivable</u>	<u>Payable</u>
Natural Gas System	\$ 14,793	\$ --
Redevelopment Agency	--	14,793
Total	<u>\$ 14,793</u>	<u>\$ 14,793</u>

CITY OF WARNER ROBINS, GEORGIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

III. DETAIL NOTES ON ALL FUNDS

C. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

Interfund receivables and payables were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General-	Bureau of Civic Affairs	\$ 6,176
	Community Development	968
Total General		<u>7,144</u>
Total		<u>\$ 7,144</u>

Interfund receivables and payables result from timing issues between funds from payroll and providing operating funds. These amounts are considered short-term loans between funds and are expected to be repaid within one year.

Interfund transfers were as follows:

<u>Transfers To</u>	<u>Transfers From</u>	<u>Amount</u>
Major Governmental Funds:		
General	Tourism Allocation Board	\$ 642,830
	Natural Gas	2,200,000
	Water and Sewer System	1,700,000
SPLOST 2012	Visitor's Center	450,000
Total Major Governmental Funds		<u>4,992,830</u>
Non-major Governmental Funds:		
Redevelopment Agency	Motor Vehicle Rental Tax	33,001
Parks & Recreation	Tourism Allocation Board	257,132
Bureau of Civic Affairs	Tourism Allocation Board	514,264
Total Non-major Governmental Funds		<u>804,397</u>
Major Proprietary Fund:		
Water and Sewer System:	SPLOST 2012	661,880
	SPLOST 2006	185,818
Total Major Proprietary Fund		<u>847,698</u>
Non-major Proprietary Fund:		
International City Golf Course	General Fund	224,473
Total		<u>\$ 6,869,398</u>

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

III. **DETAIL NOTES ON ALL FUNDS**

C. **INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)**

The above listed transfers represent the total transfers to/from other funds at June 30, 2017 and were used for the purpose of supplementing the various fund sources as well as complete budgeted capital projects. Interfund transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business-type group.

In addition to the interfund transfers described above, in 2017 the City transferred the remaining long-term assets and liabilities from the International City Golf Course to Governmental Activities to close the International City Golf Course Fund. The \$1,530,280 is reflected in the funds as a loss on disposal of capital assets and is reflected as a transfer out in business-type activities of the government wide financial statements.

D. **DUE TO/FROM OTHER GOVERNMENTS**

Amounts due from other governments at June 30, 2017, have been included in revenues of the various funds as follows:

Major Governmental Fund - General Fund	
Federal Government-	
Department of Justice	\$ 168,989
State of Georgia -	
Department of Transportation	35,892
Department of Human Services	11,750
Houston County -	
Motor vehicle, mobile home and intangible taxes	698,185
Jointly Owned Transmission Lines-	
Reimbursable expenses	95,810
Total General Fund	<u>1,010,626</u>
Major Governmental Fund - SPLOST 2012	
Houston County -	
Special Local Option Sales Tax	<u>1,075,599</u>
Total Major Governmental Funds	<u>2,086,225</u>
Total Governmental Funds	<u>\$ 2,086,225</u>
Major Proprietary Fund-	
Water and Sewer System -	
City of Centerville - Wastewater Treatment Fees	\$ 43,647
Total Business-Type Funds	<u>\$ 43,647</u>

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

III. DETAIL NOTES ON ALL FUNDS

E. CAPITAL ASSETS

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

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers/ Reclassifications</u>	<u>Ending Balance</u>
Governmental Activities:					
Nondepreciable assets:					
Land	\$ 18,832,213	\$ 650,747	\$ (87,677)	\$ --	\$ 19,395,283
Construction in progress	13,402,213	3,441,778	(1,500)	(10,075,224)	6,767,267
Total nondepreciable assets	<u>32,234,426</u>	<u>4,092,525</u>	<u>(89,177)</u>	<u>(10,075,224)</u>	<u>26,162,550</u>
Depreciable assets:					
Buildings and improvements	19,823,230	521,213	(80,249)	3,292,268	23,556,462
Machinery and equipment	22,795,668	1,467,188	(329,661)	882,431	24,815,626
Infrastructure	<u>159,587,067</u>	<u>2,540,124</u>	<u>--</u>	<u>8,620,140</u>	<u>170,747,331</u>
Total depreciable assets	<u>202,205,965</u>	<u>4,528,525</u>	<u>(409,910)</u>	<u>12,794,839</u>	<u>219,119,419</u>
Less accumulated depreciation					
Buildings and improvements	6,789,668	601,722	(58,718)	228,147	7,560,819
Machinery and equipment	16,959,642	1,476,113	(291,720)	722,755	18,866,790
Infrastructure	<u>68,149,747</u>	<u>3,714,421</u>	<u>--</u>	<u>--</u>	<u>71,864,168</u>
Total accumulated depreciation	<u>91,899,057</u>	<u>5,792,256</u>	<u>(350,438)</u>	<u>950,902</u>	<u>98,291,777</u>
Total depreciable assets, net	<u>110,306,908</u>	<u>(1,263,731)</u>	<u>(59,472)</u>	<u>11,843,937</u>	<u>120,827,642</u>
Governmental activities capital assets, net	<u>\$ 142,541,334</u>	<u>\$ 2,828,794</u>	<u>\$ (148,649)</u>	<u>\$ 1,768,713</u>	<u>\$ 146,990,192</u>

CITY OF WARNER ROBINS, GEORGIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

III. DETAIL NOTES ON ALL FUNDS

E. CAPITAL ASSETS (CONTINUED)

Primary Government

	Beginning Balance	Increases	Decreases	Transfers/ Reclassifications	Ending Balance
Business-Type Activities:					
Nondepreciable assets:					
Land	\$ 2,314,414	\$ --	\$ --	\$ (1,583,957)	\$ 730,457
Construction in progress	4,558,543	631,841	--	(124,183)	5,066,201
Total nondepreciable assets	<u>6,872,957</u>	<u>631,841</u>	<u>--</u>	<u>(1,708,140)</u>	<u>5,796,658</u>
Depreciable assets:					
Buildings and improvements	706,044	5,983	--	(296,749)	415,278
Machinery and equipment	9,901,014	761,294	(76,060)	(838,907)	9,747,341
Distribution systems	157,412,596	3,520,172	--	124,183	161,056,951
Total depreciable assets	<u>168,019,654</u>	<u>4,287,449</u>	<u>(76,060)</u>	<u>(1,011,473)</u>	<u>171,219,570</u>
Less accumulated depreciation					
Buildings and improvements	565,776	6,296	--	(296,749)	275,323
Machinery and equipment	8,633,923	369,688	(61,998)	(654,151)	8,287,462
Distribution systems	55,758,355	3,827,734	--	--	59,586,089
Total accumulated depreciation	<u>64,958,054</u>	<u>4,203,718</u>	<u>(61,998)</u>	<u>(950,900)</u>	<u>68,148,874</u>
Total depreciable assets, net	<u>103,061,600</u>	<u>83,731</u>	<u>(14,062)</u>	<u>(60,573)</u>	<u>103,070,696</u>
Business-type activities capital assets, net	<u>\$ 109,934,557</u>	<u>\$ 715,572</u>	<u>\$ (14,062)</u>	<u>\$ (1,768,713)</u>	<u>\$ 108,867,354</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government	\$ 493,244
Public safety	1,264,662
Recreation	165,849
Public works	3,849,086
City development	19,415
Total depreciation expense-governmental activities	<u>\$ 5,792,256</u>
Business-type Activities:	
Natural Gas System	\$ 365,992
Water and Sewer System	3,171,659
Storm Water Drainage	664,650
Sanitation System	1,417
Total depreciation expense-business-type activities	<u>\$ 4,203,718</u>

CITY OF WARNER ROBINS, GEORGIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

III. DETAIL NOTES ON ALL FUNDS

F. CONSTRUCTION COMMITMENTS

Construction Commitments. The government has active construction projects outstanding as of June 30, 2017. The projects include street construction and construction of additional water plant facilities. At year end the government's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
<i>Governmental Activities:</i>		
Sports Complex	\$ 805,429	\$ 3,194,571
MLK Jr Boulevard	740,897	--
Elberta Road	97,085	7,602,615
Moody Road	1,430,577	9,018,534
Wall Street	1,638,935	--
Ada Lee Park	31,098	46,902
Fire Dept Training Center	1,350	433,650
Municipal Court Renovations	300,000	2,300,000
Total governmental activities	\$ 5,045,371	\$ 22,596,272
<i>Business-Type Activities:</i>		
New Sewer Service Lines	\$ 2,068,786	\$ --
New Water Service Lines	1,803,974	196,026
Gas Meter Project	703,073	1,796,927
Miller Hills Gas Replacement	200,158	42,382
Wastewater Plant #1	150,416	1,169,584
Total business-type activities	\$ 4,926,407	\$ 3,204,919

The Wall Street and Moody Road projects noted above are administered by Houston County Board of Commissioners.

Encumbrances. As discussed in Note II. A., Budgetary information, Budgetary basis of accounting, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored are as follows:

General Fund	\$ 4,396,786
Capital Projects Funds	1,594,878
Nonmajor Governmental Funds	143,213
Total	\$ 6,134,877

CITY OF WARNER ROBINS, GEORGIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

III. DETAIL NOTES ON ALL FUNDS

G. LONG TERM OBLIGATIONS:

The following is a summary of changes in non-current liabilities including current portions reported in the Statement of Net Position.

	Beginning Balance	Additions	Payments/ Retirements	Ending Balance	Due Within One Year
Governmental Activities:					
Capital leases	\$ 696,042	\$ --	\$ (444,479)	\$ 251,563	\$ 227,993
Compensated absences	1,361,627	960,755	(860,501)	1,461,881	1,072,464
Claims and judgments	127,627	130,412	(127,627)	130,412	130,412
OPEB liability	8,737,033	2,236,206	(1,167,430)	9,805,809	--
Net pension liability	15,101,979	8,289,119	(10,319,344)	13,071,754	--
Total governmental activities	<u>26,024,308</u>	<u>11,616,492</u>	<u>(12,919,381)</u>	<u>24,721,419</u>	<u>1,430,869</u>
Business-Type Activities:					
Revenue bonds	26,624,881	-	(1,161,592)	25,463,289	1,196,598
Notes payable	3,490,287	--	(216,331)	3,273,956	222,742
Capital leases	4,450,242	--	(669,420)	3,780,822	613,522
Compensated absences	216,329	172,255	(152,370)	236,214	208,554
Accrued interest	6,531,466	466,329	(1,536,005)	5,461,790	520,934
OPEB liability	1,793,495	389,486	(334,525)	1,848,456	--
Net pension liability	2,338,810	1,175,507	(1,660,570)	1,853,747	--
Total business-type activities	<u>\$ 45,445,510</u>	<u>\$ 2,203,577</u>	<u>\$ (5,730,813)</u>	<u>\$ 41,918,274</u>	<u>\$ 2,762,350</u>
Total long-term liabilities	<u>\$ 71,469,818</u>	<u>\$ 13,820,069</u>	<u>\$ (18,650,194)</u>	<u>\$ 66,639,693</u>	<u>\$ 4,193,219</u>

Claims and judgments are classified as short term debt. For the governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund. Accrued interest payable in the business-type activities is related to the MGAG capital lease, further explained in the capital leases section of this note. OPEB liability is further explained in Note IV. D. The pension liability is further explained in Note IV. E.

CITY OF WARNER ROBINS, GEORGIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

III. DETAIL NOTES ON ALL FUNDS

G. LONG TERM OBLIGATIONS (CONTINUED):

REVENUE BONDS:

Water and Sewer

\$28,220,000-Series 2012 Warner Robins Public Facilities Authority Revenue Bonds (Water And Sewer Projects) due in annual installments of \$579,815 to \$2,010,012 thru July 2032; Interest at .550% to 3.250%. Bonds are pledged by the full faith and credit of the City. Proceeds will be used to finance the acquiring, constructing, equipping, and installing of upgrades to the Sandy Run Creek Wastewater Treatment Plant. Proceeds were also used to repay interest and principal of notes payable to Georgia Environmental Facilities Authority (GEFA).

\$ 24,190,000

The total annual debt service requirements for the water and sewer revenue bonds outstanding at June 30, 2017, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,105,000	\$ 899,938	\$ 2,004,938
2019	1,135,000	861,337	1,996,337
2020	1,180,000	809,813	1,989,813
2021	1,240,000	749,312	1,989,312
2022	1,305,000	685,688	1,990,688
2023-2027	7,440,000	2,523,649	9,963,649
2028-2032	8,835,000	1,118,845	9,953,845
2033	1,950,000	34,125	1,984,125
	<u>\$ 24,190,000</u>	<u>\$ 7,682,707</u>	<u>\$ 31,872,707</u>

Also included in revenue bonds payable presented in the statement of net position are bond premium of \$1,138,724 related to the \$28,220,000 – Series 2012 Revenue Bond to be amortized over the life of the bond, and \$134,565 premium recognized in conjunction with the series 2011 revenue bonds issued by MGAG for distribution lines, to be amortized over the life of the lease. (See Capital Leases below.)

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

III. DETAIL NOTES ON ALL FUNDS

G. LONG TERM OBLIGATIONS (CONTINUED):

NOTES PAYABLE:

Water and Sewer

\$4,777,071 – 2007 GEFA due in monthly installments of \$26,494; interest at 3%. Matures October 1, 2029. Interest capitalized into note - \$188,004. Proceeds used for installation of new water meters to replace all manual read water meters.

\$3,273,956

The total annual debt service requirements for the Water and Sewer Fund outstanding at June 30, 2017, are as follows:

Fiscal Year	Principal	Interest	Total
2018	\$ 222,742	\$ 95,180	\$ 317,922
2019	229,517	88,405	317,922
2020	236,368	81,554	317,922
2021	243,811	74,111	317,922
2022	251,103	66,819	317,922
2023 - 2027	1,374,821	214,790	1,589,611
2028 - 2030	715,594	26,260	741,854
	\$ 3,273,956	\$ 647,119	\$ 3,921,075

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

III. **DETAIL NOTES ON ALL FUNDS**

G. **LONG TERM OBLIGATIONS (CONTINUED):**

CAPITAL LEASES:

The City's business-type funds entered into a lease-purchase agreement for the construction of a natural gas pipe line for the Natural Gas System.

The Government type funds entered into various lease-purchases agreements for the purchase of a copier, various equipment and vehicles, and a fire truck.

The following is a summary of Capital Lease Agreements for Governmental Activities:

Current portion -	
BB&T Fire Truck	\$ 69,710
BB&T Equipment	158,283
	<u>227,993</u>
Long-term portion -	
BB&T Fire Truck	<u>23,570</u>
Total capital lease	<u>\$ 251,563</u>

The following is a summary of Capital Lease Agreements for the Business-Type Activities:

Current Portion:	
MGAG - Distribution line (payable from restricted assets)	\$ 613,522
Long-term portion:	
MGAG - Distribution line (payable from restricted assets)	<u>3,167,300</u>
	<u>\$ 3,780,822</u>

CITY OF WARNER ROBINS, GEORGIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

III. DETAIL NOTES ON ALL FUNDS

G. LONG TERM OBLIGATIONS (CONTINUED):

CAPITAL LEASES:

The assets acquired by the Business-Type Activities are recorded in capital assets in the Enterprise Funds, and the related liabilities, which represent the present value of the lease payments, are recorded in the notes payable section.

Future minimum lease payments under the leases, along with the present value of the minimum lease payments as of June 30, 2017, are as follows:

Year Ending June 30th	General Government	Business-Type
2018	\$ 229,847	\$ 2,118,800
2019	23,675	2,121,900
2020	--	2,114,700
2021	--	1,867,500
2022	--	162,500
2023-2026	--	2,193,750
Total minimum lease payment	253,522	10,579,150
Less amount representing interest	1,959	6,798,328
Present value of lease payment	\$ 251,563	\$ 3,780,822

Following is an analysis of capital assets leased under capital leases at June 30, 2017:

	General Government	Business-Type
Capital assets	\$ 2,502,814	\$ 4,994,770
Less: Accumulated depreciation	(1,592,539)	(2,406,868)
Carrying value	\$ 910,275	\$ 2,587,902

Total depreciation expense related to capital leases for the year ended June 30, 2017 was \$558,870.

CITY OF WARNER ROBINS, GEORGIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

III. DETAIL NOTES ON ALL FUNDS

H. UNEARNED REVENUE

Unearned revenue at June 30, 2017 were comprised of the following balances:

Governmental Funds:	
Fines collected in advance of verdict	\$ 173,418
Performance bonds	22,145
Houston County - Transportation Planning	17,827
Keep WR Beautiful	6,176
City of Character Program	197
Total major governmental funds	<u>\$ 219,763</u>
Nonmajor Governmental Funds:	
Confiscations in advance of verdict	\$ 225,400
Other	5,000
Total nonmajor governmental funds	<u>\$ 230,400</u>

Fines collected in advance of verdict are deposits of bond fees and fines into a special account under the supervision of the Clerk of the Court. These funds are held in this account until the cases are settled by the judge, at which time the monies due to the City are remitted to the General Fund. Certain Donated Funds are unearned until expenditures for purposes stipulated by the donor are made. Currently these include donations for Houston County Transportation Planning, Recreational Activities, and the Animal Shelter.

I. DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources at June 30, 2017, consisted of unavailable revenue, which is presented in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes \$324,019 and fines \$61,248 for a total of \$385,267. Please refer to Note IV E for more detail on the deferred inflows/outflows of resources related to the City pension plan reported on the government-wide statements.

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

IV. OTHER INFORMATION

A. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees and natural disasters. The City has self-insurance funds for workman's compensation and health care accounted for in its expendable trust funds. The City has joined the Georgia Interlocal Risk Management Agency (GIRMA). This membership allows the City to share liability, crime, motor vehicle, and property damage risks.

Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. The Georgia Interlocal Risk Management Agency (GIRMA) is a municipal interlocal risk management agency to function as an unincorporated nonprofit instrumentality of its member municipalities - GIRMA established and administers one or more group self insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of municipal government. GIRMA is to defend and protect in accordance with the member government contract and related coverage descriptions any member of GIRMA against liability or loss.

The City of Warner Robins must participate at all times in at least one fund which is established by GIRMA. Other responsibilities of the City are as follows:

- To pay all contributions, assessments or other sums due to GIRMA at such times and in such amounts as shall be established by GIRMA.
- To select a person to serve as a Member representative.
- To allow GIRMA and its agent's reasonable access to all facilities of the City and all records, including but not limited to financial records, which relate to the purposes of GIRMA.
- To allow attorneys appointed by GIRMA 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 Fund or Funds established by GIRMA.
- To assist and cooperate in the defense and settlement of claims against the City.
- To furnish full cooperation to GIRMA's attorneys, claims adjusters, Service Company, and any agent, employee, officer or independent contractor of GIRMA relating to the purposes of GIRMA.

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

IV. OTHER INFORMATION

A. RISK MANAGEMENT (CONTINUED)

- To furnish to GIRMA such budget, operating and underwriting information as may be requested.
- To report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in GIRMA or any Fund established by GIRMA being required to pay claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection of a Fund or Funds in which the City participates.

The City of Warner Robins retains the first \$10,000 of each risk of loss in the form of a deductible. The City files all claims with GIRMA. GIRMA bills the City for any risk of loss up to \$10,000 deductible.

The Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of property loss, injuries or death on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding or compensation therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false or fraudulent. The Fund is to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR's). Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency of payouts and other economic and social factors. The liability for claims and judgments is not expected to be liquidated with expendable available financial resources.

The City uses its self insurance health and workers compensation funds to account for and finance its self insured risk of loss. It maintains excess insurance coverage for health coverage for claims exceeding \$150,000. It maintains excess insurance coverage for workers compensation for claims that exceed \$500,000 for most employees and \$750,000 for policemen, firemen, and street and road workers. The City uses a third party administrator which performs all claims management and loss prevention activities. They project the ultimate claim payment obligation for each year's claim experience and project the new year's probable loss fund cost.

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

IV. OTHER INFORMATION

A. RISK MANAGEMENT (CONTINUED)

Changes in the balances of claims liability during the last and current fiscal years are as follows:

	<u>Group Health Insurance</u>	<u>Workers Compensation Insurance</u>	<u>Property and Casualty Insurance</u>	<u>Total</u>
Unpaid claims as of June 30, 2016	\$ 1,514,818	\$ 19,764	\$ 127,627	\$ 1,662,209
Incurred claims	11,437,688	530,585	130,412	12,098,685
Payments	<u>(11,026,993)</u>	<u>(518,258)</u>	<u>(127,627)</u>	<u>(11,672,878)</u>
Unpaid claims as of June 30, 2017	<u>\$ 1,925,513</u>	<u>\$ 32,091</u>	<u>\$ 130,412</u>	<u>\$ 2,088,016</u>

The City participates with the State of Georgia Department of Labor (DOL) for unemployment claims under the reimbursable method in accordance with OCGA Section 34-8-159. The benefits are determined by DOL based on claimant's wages. The City must reimburse the DOL for the actual benefits paid to the employee.

B. LEGAL AND CONTRACTUAL MATTERS AND CONTINGENT LIABILITIES

LITIGATION:

During the course of normal operations of the City, various claims and lawsuits arise. A brief summary of these items follows:

The City's insurance companies and self-insurance pool are providing the defense for several lawsuits and legal counsel has advised that the likelihood of an unfavorable outcome on any of them is remote at the present time. The total claims for damages, should they prove successful against the City, are within the appropriate coverage carried at June 30, 2017.

There are other cases pending against the City, unasserted claims and assessments, and numerous "small claims". In the opinion of the City's management, the monetary effect of these matters is not considered material at this time.

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

IV. OTHER INFORMATION

C. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

The Small Business Job Protection Act of 1996 made certain changes to Section 457 plans increasing the protection for participant's investments. Under this Act, Section 457 plan assets will be held in a trust, custodial account, or annuity contract to protect participant assets from creditors.

D. OTHER POST EMPLOYMENT BENEFITS

The City provides postemployment healthcare benefits (OPEB) for retired employees and their dependents through the City of Warner Robins postemployment benefit plan (the plan). The benefits, coverage levels, employee contributions and employer contributions are governed by the City Council and can be amended by the City through approval by the City Council.

Plan Description and Funding Policy – The City Council authorizes participation in the OPEB and sets the contribution rates, benefits, funding policy and maintains the authority to change the policy. Coverage under the Plan includes medical, prescription drug, dental benefits and life insurance for retirees. Dependent coverage benefits are payable to a spouse only while the retiree is alive and less than 65, except for dependent life which is provided for life. Eligibility requirement for retired employee are retired on or after 60 (or 55 if public safety officer with at least 25 years of service) or disabled and entitled to social security disability payments.

The Plan's assets may be used only for payment of benefits to members of the Plan, in accordance with terms of the Plan. The funding policy for the Plan is for the City to contribute an amount equal to the benefit and administrative costs paid on behalf of retirees and their dependents (i.e. pay as you go basis). The Plan is noncontributory, with no contributions being required by the Plan members.

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

IV. OTHER INFORMATION

D. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

A copy of the plan's financial report may be obtained from: City Clerk's Office, City of Warner Robins, 202 N. Davis Dr., PMB 718, Warner Robins, GA 31093.

Three Year Trend Information –

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>OPEB Obligation</u>
2015	\$ 2,141,000	49.3%	\$ 9,160,756
2016	2,506,000	45.3%	10,530,528
2017	2,506,000	55.2%	11,654,265

Plan Funded Status –

The City's funding status based upon the most recent actuarial valuation follows:

<u>Schedule of Funding Progress</u>						
<u>Measurement Date</u>	<u>(1) Actuarial Value of Assets</u>	<u>(2) Actuarial Accrued Liability (AAL)</u>	<u>(3) Funded Ratio (1)/(2)</u>	<u>(4) Unfunded AAL/(UAAL) (2)-(1)</u>	<u>(5) Annual Covered Payroll</u>	<u>(6) UAAL as a Percentage of Covered Payroll</u>
7/1/2015	\$ -	\$ 22,779,000	0.0%	\$ 22,779,000	\$ 21,695,122	105.0%

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

IV. **OTHER INFORMATION**

D. **OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

Annual OPEB Cost and Net OPEB Obligation – The following table includes the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the City’s net OPEB obligation:

Normal cost	\$ 1,194,000
Interest	366,000
Amortization of unfunded actuarial accrued liability(UAAL)	1,409,000
Adjustment for timing	<u>(463,000)</u>
Annual required contribution (ARC)	2,506,000
Contribution made	<u>1,382,263</u>
Increase in net OPEB obligation	1,123,737
Net OPEB obligation, beginning of year	<u>10,530,528</u>
Net OPEB obligation, end of year	<u>\$ 11,654,265</u>

The percentage of OPEB cost contributed for the year ended June 30, 2017 was 52.2%.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

IV. OTHER INFORMATION

D. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

The City's actuarial valuation information is as follows:

Valuation date	July 1, 2015
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, closed, 30 years
Remaining amortization period	22 years as of June 30, 2017
Asset valuation method	Market value
Actuarial assumption:	
Investment rate of return	4.00% pay as you go
Inflation rate	3.50%
Medical and drug cost trend rate	8.00% graded to 4.50% at an annual reduction in rate of .5%
Dental cost trend rate	5.00%
Vision cost trend rate	5.00%
Plan membership:	
Actives (fully eligible)	77
Actives (not fully eligible)	466
Retirees*	<u>177</u>
Total	<u><u>720</u></u>
Total unfunded actuarial accrued liability	\$ 22,779,000

* 61 retirees are covered in the medical plan. The remaining 116 have life insurance only.

The City provides post employment benefit options for health care, disability income, and life insurance to eligible retirees, terminated employees, and their dependents in accordance with City ordinances and the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA).

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

IV. OTHER INFORMATION

D. OTHER POST EMPLOYEMENT BENEFITS (CONTINUED)

The criteria to determine eligibility includes years of service, employee age, disability due to line of duty, and whether the employee is vested in a respective retirement plan. The City funds benefits on a pay-as-you-go basis except for health care benefits, which the City offers to former employees based on the requirements under Federal guidelines. Contributions to the plan by employees are established by the plan administrator.

At June 30, 2017, the City has 15 participants eligible to receive benefits with a related cost to the City of \$430,156.

E. PENSION PLAN

PLAN DESCRIPTION, CONTRIBUTION INFORMATION, AND FUNDING POLICIES:

The City contributes to the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer public employee retirement system that acts as an investment and administrative agent for cities and municipalities in Georgia. The City has the right to establish and amend the benefit provisions of the plan. These amendments become effective once approved by the Board of Trustees of GMEBS. The plan is a defined benefit plan.

All full-time employees of the City (30 hours per week) were eligible to participate in GMEBS after one (1) year of service through December 31, 2015. Effective January 1, 2016, the plan was amended to provide for immediate participation for employees. Benefits fully vest after ten (10) years of service. Employees who retire at or after age sixty (60) with five (5) years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2 percent of the average of their highest five consecutive yearly earnings for each year of credited service. Employees who retire after age 55 with ten (10) years of credited service are entitled to a reduced benefit calculated similarly, but with a reduction factor applied based on their age. The system also provides death and disability benefits. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Georgia Municipal Employees Benefit System, 201 Pryor Street-SW, Atlanta, Georgia 30303.

Current City membership in the GMEBS is comprised of the following:

Inactive employees or beneficiaries currently receiving benefits	293
Inactive employees entitled to but not yet receiving benefits	60
Active employees	541
	<hr/>
	894
	<hr/>

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

IV. OTHER INFORMATION

E. PENSION PLAN (CONTINUED)

CONTRIBUTIONS

The GMEBS board of Trustees has adopted an actuarial funding policy for determination of annual contributions and the systematic funding of liabilities arising under the Plan. The annual minimum contribution is the sum of 1) the normal cost (including administrative expenses), 2) the closed level dollar amortization of the unfunded actuarial accrued liability over a period that ranges from 10 to 30 years based on the funding policy adopted by the GMEBS Board of Trustees, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). The GMEBS board of Trustees has adopted an actuarial funding policy that requires a different funding level than the state estimated minimum annual contribution in an effort to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the plan. If the City contributes the recommended contribution under the GMEBS funding policy, the Plan will meet applicable state funding standards. (O.C.G.A 47-20-10)

The funding policy for the Plan, as adopted by the City Council, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The contribution amount is determined using the actuarial methods and assumptions approved by the GMEBS Board of Trustees. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members, as determined by City Council. For the year ended June 30, 2017, the City's contribution rate was 10.7% of annual payroll. City contributions to the Plan were \$2,328,484 for the year ended June 30, 2017.

NET PENSION LIABILITY

The City's net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017.

The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	7.75 percent, net pension plan investment expense, including inflation

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

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

IV. OTHER INFORMATION

E. PENSION PLAN (CONTINUED)

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

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 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

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

Discount rate - The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the member rate. Based on those assumptions, the pension 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 of the projected benefit payments to determine the total pension liability.

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

V. OTHER INFORMATION

E. PENSION PLAN (CONTINUED)

	Schedule of Changes in Net Pension Liability		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance September 30, 2015	\$ 106,016,718	\$ 88,575,929	\$ 17,440,789
Changes for the year:			
Service cost	1,289,597	--	1,289,597
Interest	8,024,157	--	8,024,157
Difference between expected and actual experience	61,825	--	61,825
Contributions - City	--	2,221,849	(2,221,849)
Net investment income	--	9,758,065	(9,758,065)
Benefit payments	(4,958,418)	(4,958,418)	-
Administrative expense	--	(89,047)	89,047
Net changes	4,417,161	6,932,449	(2,515,288)
Balance September 30, 2016	\$ 110,433,879	\$ 95,508,378	\$ 14,925,501

The following presents the net pension liability of the City, calculated using the discount rate of 7.75 percent, 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 point higher (8.75%) than the current rate:

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
City's Net Pension Liability	\$ 28,932,552	\$ 14,925,501	\$ 3,253,221

PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report. The report may be obtained by writing to Georgia Municipal Employees Benefit System, 201 Pryor Street-SW, Atlanta, Georgia 30303.

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

VI. OTHER INFORMATION

E. PENSION PLAN (CONTINUED)

PENSION EXPENSE AND DEFERRED OUTFLOW OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended June 30, 2017, the City recognized pension expense of \$1,995,967. As of June 30, 2017 the City reported deferred outflows of resources and deferred inflow of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made subsequent to measurement date	\$ 1,746,360	\$ --
Difference between expected and actual experience	883,836	--
Changes in assumptions	--	(1,877,338)
Net difference between projected and actual earnings on pension plan investments	3,462,798	(3,617,802)
Total	\$ 6,092,994	\$ (5,495,140)

City contributions subsequent to the measurement date of \$1,746,360 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,	Amount
2018	\$ (651,694)
2019	(651,694)
2020	743,102
2021	(588,220)

The required Schedule of Changes in the City's Net Pension Liability and Related Ratios and the Schedule of City Contributions immediately follow the notes to the financial statements.

The City's policemen are also 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 municipal court system. 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.

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

VII. OTHER INFORMATION

E. PENSION PLAN (CONTINUED)

The City's Firemen are eligible to participate in the Georgia Firefighters' Pension Fund, a voluntary pension system. The City makes no contribution to this plan. Contributions are made through monthly dues by eligible firefighters electing to participate in this plan. This 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.

F. JOINT VENTURES

JOINTLY OWNED NATURAL GAS (JONG)

The City's Natural Gas System is a 40.16% participant in Jointly Owned Natural Gas Transmission Line (JONG). The City appoints one member to its Board. The City's capital account as of September 30, 2016 was \$1,786,964. If the Jointly Owned Natural Gas Transmission Line were to be terminated, the available assets would be distributed pro rata based on contribution. JONG issues separate financial statements which are available from the JONG office. Information taken from the audited statements of JONG for the fiscal year ended September 30, 2016 follows:

Total assets	\$ 5,518,062
Less: current liabilities	(1,233,586)
Long-term liabilities	-
Retained earnings	<u>\$ 4,284,476</u>
Total revenues	\$ 1,830,884
Operating expenses	(2,150,228)
Non-operating revenue	<u>551,154</u>
Net income	<u>\$ 231,810</u>

JONG member cities bill and collect from their respective customers the charges for natural gas usage each month. The operating and maintenance costs including capital improvements costs incurred by JONG are prorated to each member and are reimbursed to JONG on a monthly basis by the participating cities. Funds held by JONG are invested and the earnings are allocated to each members account. JONG purchases supplies and pays rent, postage, and other administrative costs to the City of Warner Robins. Employees of JONG are included in the retirement system and related employee benefits programs. Costs for this participation are also reimbursed to the City of Warner Robins.

As of June 30, 2017, the City has an approximate 40.16% interest in current operations of JONG. The City's overall equity interest in JONG is approximately 42.04%. This equity interest is recorded in the City's Natural Gas System Fund's statement of net position.

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

VIII. OTHER INFORMATION

F. JOINT VENTURES

MIDDLE GEORGIA REGIONAL COMMISSION

As more fully described in Note I. B. 3. the City in conjunction with 21 other cities and eleven counties in the Middle Georgia area participate in the Middle Georgia Regional Commission.

IV. OTHER INFORMATION

G. BUSINESS-TYPE ACTIVITIES COMBINING INFORMATION

Shown below is the financial information for combining the Warner Robins Public Facilities Authority (WRPFA) blended component unit, with the City's Water and Sewer Fund:

CITY OF WARNER ROBINS, GEORGIA
COMBINING STATEMENT OF NET POSITION
WATER AND SEWER FUND
JUNE 30, 2017

	Water and Sewer Fund	Warner Robins Public Facility Authority	Total
<u>ASSETS AND DEFERRED OUTFLOWS</u>			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 11,547,793	\$ (33,915)	\$ 11,513,878
Investments	44	--	44
Accounts receivable, net	1,660,247	--	1,660,247
Due from other governments	43,647	--	43,647
Inventories, at cost	283,768	--	283,768
Prepaid items	97,099	--	97,099
Restricted-			
Cash and cash equivalents	500,000	--	500,000
Total current assets	<u>14,132,598</u>	<u>(33,915)</u>	<u>14,098,683</u>
NON CURRENT ASSETS:			
Land and other non depreciable assets	4,162,971	--	4,162,971
Capital assets, net of accumulated depreciation	77,880,359	--	77,880,359
Total non current assets	<u>82,043,330</u>	<u>--</u>	<u>82,043,330</u>
Total assets	<u>96,175,928</u>	<u>(33,915)</u>	<u>96,142,013</u>
DEFERRED OUTFLOWS OF RESOURCES-			
Pension	417,843	--	417,843

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

IV. OTHER INFORMATION

G. BUSINESS-TYPE ACTIVITIES COMBINING INFORMATION (CONTINUED)

CITY OF WARNER ROBINS, GEORGIA
COMBINING STATEMENT OF NET POSITION
WATER AND SEWER FUND
JUNE 30, 2017

	Water and Sewer Fund	Warner Robins Public Facility Authority	Total
<u>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</u>			
CURRENT LIABILITIES:			
(Payable from current assets)			
Accounts payable	\$ 261,077	\$ --	\$ 261,077
Accrued payroll/related liabilities	115,283	--	115,283
Compensated absences	186,084	--	186,084
Accrued interest	469,659	--	469,659
Bonds, notes, and loans payable	1,403,657	--	1,403,657
Total current liabilities	<u>2,435,760</u>	<u>--</u>	<u>2,435,760</u>
NON CURRENT LIABILITIES:			
Compensated absences	27,660	--	27,660
OPEB liability	1,076,123	--	1,076,123
Net pension liability	1,094,039	--	1,094,039
Bonds, notes and loans payable	27,199,023	--	27,199,023
Total non current liabilities	<u>29,396,845</u>	<u>--</u>	<u>29,396,845</u>
Total liabilities	<u>31,832,605</u>	<u>--</u>	<u>31,832,605</u>
DEFERRED INFLOWS OF RESOURCES			
Pension	407,122	--	407,122
NET POSITION:			
Net investment in capital assets	53,440,650	--	53,440,650
Restricted for capital projects	500,000	--	500,000
Unrestricted	10,413,394	(33,915)	10,379,479
Total net position	<u>\$ 64,354,044</u>	<u>\$ (33,915)</u>	<u>\$ 64,320,129</u>

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

IV. OTHER INFORMATION

G. BUSINESS-TYPE ACTIVITIES COMBINING INFORMATION (CONTINUED)

CITY OF WARNER ROBINS, GEORGIA
 COMBINING STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET POSITION
 WATER AND SEWER FUND
 JUNE 30, 2017

	Water and Sewer Fund	Warner Robins Public Facility Authority	Total
OPERATING REVENUES:			
Charges for services	\$ 15,185,624	\$ --	\$ 15,185,624
Connection charges	644,757	--	644,757
Penalties and cut-on fees	363,482	--	363,482
Miscellaneous	1,016,903	--	1,016,903
Total operating revenues	<u>17,210,766</u>	<u>--</u>	<u>17,210,766</u>
OPERATING EXPENSES:			
Personnel services	5,164,210	--	5,164,210
Operating expenses	4,807,710	--	4,807,710
Repairs and maintenance	262,652	--	262,652
Supplies	1,365,591	--	1,365,591
Bad debt expense	368,102	--	368,102
Depreciation	3,171,659	--	3,171,659
Insurance	129,736	--	129,736
Total operating expenses	<u>15,269,660</u>	<u>--</u>	<u>15,269,660</u>
Operating income	<u>1,941,106</u>	<u>--</u>	<u>1,941,106</u>
NON-OPERATING REVENUES (EXPENSES):			
Interest earned	47,030	--	47,030
Interest expense and fees	(942,956)	--	(942,956)
Rental income	98,930	--	98,930
Gain on sale of capital assets	3,053	--	3,053
Total non-operating revenues (expenses), net	<u>(793,943)</u>	<u>--</u>	<u>(793,943)</u>
Income before capital contributions and transfers	<u>1,147,163</u>	<u>--</u>	<u>1,147,163</u>
CONTRIBUTIONS AND TRANSFERS			
Capital contribution - developers	894,099	--	894,099
Transfers in(out)	(1,380,758)	528,456	(852,302)
Total contributions and transfers	<u>(486,659)</u>	<u>528,456</u>	<u>41,797</u>
CHANGE IN NET POSITION	660,504	528,456	1,188,960
NET POSITION, beginning	63,693,540	(562,371)	63,131,169
NET POSITION, ending	<u>\$ 64,354,044</u>	<u>\$ (33,915)</u>	<u>\$ 64,320,129</u>

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

IV. OTHER INFORMATION

G. BUSINESS-TYPE ACTIVITIES COMBINING INFORMATION (CONTINUED)

CITY OF WARNER ROBINS, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
WATER AND SEWER FUND
JUNE 30, 2017

	Water and Sewer Fund	Warner Robins Public Facilities Authority	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 16,993,299	\$ --	\$ 16,993,299
Cash paid to suppliers for goods and services and claims paid	(6,598,668)	--	(6,598,668)
Cash paid to employees for services	(4,945,018)	--	(4,945,018)
Net cash provided (used) by operating activities	<u>5,449,613</u>	<u>--</u>	<u>5,449,613</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in (out)	(1,380,758)	528,456	(852,302)
Net cash provided (used) by noncapital financing activities	<u>(1,380,758)</u>	<u>528,456</u>	<u>(852,302)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal payments:			
Bonds, notes, and loans payable	(1,362,245)	--	(1,362,245)
Acquisition and construction of capital assets	(3,209,349)	--	(3,209,349)
Capital contributions - developers	894,099	--	894,099
Interest and fees paid on revenue bonds payable and notes payable	(959,539)	--	(959,539)
Proceeds from sale of capital assets	3,053	--	3,053
Net cash used for capital and related financing activities	<u>(4,633,981)</u>	<u>--</u>	<u>(4,633,981)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from investment	129	--	129
Interest income on investments	47,030	--	47,030
Rental income	98,930	--	98,930
Net cash provided by investing activities	<u>146,089</u>	<u>--</u>	<u>146,089</u>
NET INCREASE (DECREASE) IN CASH	<u>(419,037)</u>	<u>528,456</u>	<u>109,419</u>
CASH, beginning	12,466,830	(562,371)	11,904,459
CASH, ending	<u>\$ 12,047,793</u>	<u>\$ (33,915)</u>	<u>\$ 12,013,878</u>

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

IV. OTHER INFORMATION

G. BUSINESS-TYPE ACTIVITIES COMBINING INFORMATION (CONTINUED)

CITY OF WARNER ROBINS, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
WATER AND SEWER FUND
JUNE 30, 2017

	Water and Sewer Fund	Warner Robins Public Facility Authority	Total
RECONCILIATION OF CASH PER STATEMENT OF CASH FLOWS TO THE BALANCE SHEET:			
Cash, beginning:			
Current	\$ 11,438,374	\$ (562,371)	\$ 10,876,003
Restricted	1,028,456	--	1,028,456
Total	<u>12,466,830</u>	<u>(562,371)</u>	<u>11,904,459</u>
Net increase (decrease):			
Current	109,419	528,456	637,875
Restricted	(528,456)	--	(528,456)
Total	<u>(419,037)</u>	<u>528,456</u>	<u>109,419</u>
Cash, ending:			
Current	11,547,793	(33,915)	11,513,878
Restricted	500,000	--	500,000
Total	<u>\$ 12,047,793</u>	<u>\$ (33,915)</u>	<u>\$ 12,013,878</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income	\$ 1,941,106	\$ --	\$ 1,941,106
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	3,171,659	--	3,171,659
Decrease (increase) in assets:			
Accounts receivable	70,377	--	70,377
Due from other governments	(7,245)	--	(7,245)
Due from other funds	87,503	--	87,503
Inventory	(8,945)	--	(8,945)
Prepaid items	(97,099)	--	(97,099)
Deferred outflows	97,257	--	97,257
Increase (decrease) in liabilities:			
Accounts payable / accrued expenses	82,791	--	82,791
OPEB liability	114,767	--	114,767
Compensated absences payable	21,404	--	21,404
Pension liability	(86,702)	--	(86,702)
Deferred inflows	62,740	--	62,740
Total adjustments	<u>3,508,507</u>	<u>--</u>	<u>3,508,507</u>
Net cash provided by operating activities	<u>\$ 5,449,613</u>	<u>\$ --</u>	<u>\$ 5,449,613</u>

CITY OF WARNER ROBINS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

IV. OTHER INFORMATION

H. PRIOR PERIOD ADJUSTMENT

As of June 30, 2017, management of the City has determined its equity interest in JONG is significant for recording in its Natural Gas System Fund's statements of net position. See Note IV. F. for details of the City's investment in JONG, a joint venture. A prior period adjustment was made to the City's Natural Gas System Fund to record the City's equity interest in JONG. The prior period adjustment increased the net position of the Natural Gas Fund and the government-wide statement of activities by \$1,693,869 as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning net position as previously reported June 30, 2016	\$ 157,529,835	\$ 101,736,593	\$ 259,266,428
Prior period adjustment			
Investment in Jointly-Owned Natural Gas Transmission Line	--	1,693,869	1,693,869
Total prior period adjustment	--	1,693,869	1,693,869
Beginning balances of net position June 30, 2016, as restated	\$ 157,529,835	\$ 103,430,462	\$ 260,960,297
		Natural Gas Fund	
Beginning net position as previously reported June 30, 2016	\$ 18,507,951		
Prior period adjustment			
Investment in Jointly-Owned Natural Gas Transmission Line	1,693,869		
Total prior period adjustment	1,693,869		
Beginning balances of net position June 30, 2016, as restated	\$ 20,201,820		

I. SUBSEQUENT EVENTS

The City assessed events that have occurred subsequent to June 30, 2017 through March 30, 2018 for potential recognition and disclosure in the financial statements. No events, other than described below, have occurred that would require adjustment to or disclosure in the City's statements which were available to be issued on March 30, 2018.

On July 11, 2017, the Joint Development Authority of Peach County and the City of Warner Robins, Georgia, issued revenue bonds in the amount of \$2,500,000 to secure land for joint industrial projects. The City agreed to guarantee and pay 30% of the principal and interest on the above bonds.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WARNER ROBINS, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget
REVENUES:		
General property taxes	\$ 15,803,896	\$ 15,803,896
Other taxes	12,455,500	12,455,500
Licenses and permits	312,000	312,000
Fines and forfeitures	1,086,000	1,086,000
Intergovernmental	62,000	798,349
Charges for services	3,060,026	3,060,206
Investment revenue	40,000	40,000
Other revenues	114,000	247,721
Total revenues	<u>32,933,422</u>	<u>33,803,672</u>
EXPENDITURES:		
General government		
Legislative	193,138	179,103
Executive	648,927	598,285
Elections	--	4,840
General administration	6,754,135	6,974,865
Judicial	553,017	853,557
Public safety		
Police department	13,191,551	13,717,158
Fire department	8,756,314	8,936,167
Recreation	2,482,925	5,904,033
Public works	5,713,843	7,405,982
City development	1,523,787	1,782,717
Total expenditures	<u>39,817,637</u>	<u>46,356,707</u>
Excess of revenues over (under) expenditures	<u>(6,884,215)</u>	<u>(12,553,035)</u>
OTHER FINANCING SOURCES (USES):		
Sale of assets	5,000	5,000
Transfers in	4,462,500	4,462,500
Transfers out	--	--
Appropriated fund balance	2,416,715	2,416,715
Total other financing sources (uses)	<u>6,884,215</u>	<u>6,884,215</u>
Excess of revenues and other financing sources (uses) over (under) expenditures and other uses	--	(5,668,820)
Fund balance beginning	<u>19,668,409</u>	<u>19,668,409</u>
Fund balance ending	<u>\$ 19,668,409</u>	<u>\$ 13,999,589</u>

Variance Final Budget With Actual Budgetary Basis Differences	Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis
\$ 478,908	\$ 16,282,804	\$ --	\$ 16,282,804
1,124,373	13,579,873	--	13,579,873
33,204	345,204	--	345,204
(120,424)	965,576	--	965,576
231,164	1,029,513	--	1,029,513
613,868	3,674,074	--	3,674,074
82,993	122,993	--	122,993
(117,889)	129,832	--	129,832
<u>2,326,197</u>	<u>36,129,869</u>	<u>--</u>	<u>36,129,869</u>
11,949	167,154	(46)	167,108
69,655	528,630	(1,630)	527,000
3,105	1,735	(400)	1,335
454,849	6,520,016	(252,322)	6,267,694
20,133	833,424	(3,931)	829,493
413,517	13,303,641	(84,036)	13,219,605
144,165	8,792,002	(80,596)	8,711,406
43,193	5,860,840	(2,925,517)	2,935,323
312,220	7,093,762	(875,813)	6,217,949
87,789	1,694,928	(172,495)	1,522,433
<u>1,560,575</u>	<u>44,796,132</u>	<u>(4,396,786)</u>	<u>40,399,346</u>
<u>3,886,772</u>	<u>(8,666,263)</u>	<u>(4,396,786)</u>	<u>(4,269,477)</u>
(1,439)	3,561	--	3,561
80,330	4,542,830	--	4,542,830
(224,473)	(224,473)	--	(224,473)
(2,416,715)	--	--	--
<u>(2,562,297)</u>	<u>4,321,918</u>	<u>--</u>	<u>4,321,918</u>
1,324,475	(4,344,345)	4,396,786	52,441
<u>--</u>	<u>19,668,409</u>	<u>--</u>	<u>19,668,409</u>
<u>\$ 1,324,475</u>	<u>\$ 15,324,064</u>	<u>\$ 4,396,786</u>	<u>\$ 19,720,850</u>

CITY OF WARNER ROBINS, GEORGIA
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 BASIS OF PRESENTATION

The budget was prepared using the modified accrual basis of accounting with encumbrances included as budgetary basis expenditures.

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total pension liability										
Service cost	\$ 1,289,597	\$ 1,360,714	\$ 1,312,396							
Interest	8,024,157	7,631,089	7,595,446							
Differences between expected and actual experience	61,825	885,280	758,020							
Changes of assumptions	--	--	(4,693,345)							
Changes of benefit terms	--	489	--							
Benefit payments, including refunds of employee contributions	(4,958,418)	(4,653,041)	(4,372,157)							
Net change in total pension liability	4,417,161	5,224,531	600,360							
Total pension liability-beginning	106,016,718	100,792,187	100,191,827							
Total pension liability-ending (a)	<u>\$ 110,433,879</u>	<u>\$ 106,016,718</u>	<u>\$ 100,792,187</u>							
Plan fiduciary net position										
Contributions-employer	\$ 2,221,849	\$ 2,547,094	\$ 2,639,536							
Contributions-employee	--	--	--							
Net investment income	9,758,065	1,093,965	9,335,936							
Benefit payments, including refunds of employee contributions	(4,958,418)	(4,653,041)	(4,372,157)							
Administrative expense	(89,047)	(98,976)	(75,992)							
Other	--	--	--							
Net change in plan fiduciary net position	6,932,449	(1,110,958)	7,527,323							
Plan fiduciary net position-beginning	88,575,929	89,686,887	82,159,564							
Plan fiduciary net position-ending (b)	<u>\$ 95,508,378</u>	<u>\$ 88,575,929</u>	<u>\$ 89,686,887</u>							
City's net pension liability-ending (a) - (b)	\$ 14,925,501	\$ 17,440,789	\$ 11,105,300							
Plan fiduciary net position as a percentage of the total pension liability	86.48%	83.55%	88.98%							
Covered-employee payroll	\$ 20,662,283	\$ 20,434,256	\$ 19,589,572							
City's net pension liability as a percentage of covered-employee payroll	72.24%	85.35%	56.69%							

(Historical information prior to implementation of GASB 67/68 is not required)

(Historical information prior to implementation of GASB 67/68 is not required)

(Historical information prior to implementation of GASB 67/68 is not required)

**CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 2,328,484	\$ 2,186,304	\$ 2,667,357							
Contributions in relation to the actuarially determined contribution	2,328,484	2,186,304	2,667,357							
Contribution deficiency (excess)	\$ --	\$ --	\$ --							
Covered-employee payroll	\$ 21,695,122	* \$ 21,237,792	* \$ 20,973,869	*						
Contributions as a percentage of covered-employee payroll	10.73%	10.29%	12.72%							
* Based on City's fiscal year										
Notes to Schedule										
Valuation Date:										
The Actuarially determined contribution rate was determined as of January 1, 2017, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2018.										
<i>Methods and assumptions used to determine contribution rates:</i>										
Actuarial cost method	Projected Unit Credit									
Amortization method	Closed level dollar for remaining unfunded liability									
Remaining amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of 14 years									
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.									
Inflation	3.25%									
Salary increases	3.25% plus service based merit increases									
Investment rate of return	7.75% net pension plan investment expense, including inflation									
Retirement age	65									
Mortality	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.									
Other Information:	<i>Changes of assumptions</i> 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.									

(Historical information prior to implementation of GASB 67/68 is not required)

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF FUNDING PROGRESS AND SCHEDULE OF EMPLOYER'S
CONTRIBUTIONS - OTHER POST EMPLOYEMENT BENEFITS PLAN
FOR THE YEAR ENDED JUNE 30, 2017

SCHEDULE OF FUNDING PROGRESS

Actuarial valuation date	<u>7/1/2015</u>	<u>7/1/2013</u>	<u>7/1/2011</u>
Actuarial accrued liability (AAL) entry age (b)	\$ 22,779,000	\$ 18,846,000	\$ 17,453,000
Actuarial value of assets Assets (a)	<u> --</u>	<u> --</u>	<u> --</u>
Unfunded AAL (funding excess) (UAAL) (b-a)	<u>\$ 22,779,000</u>	<u>\$ 18,846,000</u>	<u>\$ 17,453,000</u>
Funded ratio (a/b)	<u> --</u>	<u> --</u>	<u> --</u>
Covered payroll (c)	<u>\$ 21,237,792</u>	<u>\$ 20,235,798</u>	<u>\$ 19,699,931</u>
UAAL as a percentage of covered payroll ((b-a)/c)	<u>107.3%</u>	<u>93.1%</u>	<u>88.6%</u>

SCHEDULE OF EMPLOYER'S CONTRIBUTION

Fiscal year ended	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Annual required contributions (pay as you go)	<u>\$ 2,506,000</u>	<u>\$ 2,506,000</u>	<u>\$ 2,141,000</u>
Actual contributions	<u>\$ 1,382,263</u>	<u>\$ 1,136,228</u>	<u>\$ 1,054,751</u>
Percentage contributed	<u>55.2%</u>	<u>45.3%</u>	<u>49.3%</u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF WARNER ROBINS, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds						
	Hotel - Motel		Motor Vehicle Rental Tax	Community Development	Law Enforcement	Recreation	Redevelopment Agency
	Bureau of Civic Affairs	Tourism Allocation Board					
ASSETS							
Cash and cash equivalents	\$ 927,187	\$ 59,594	\$ --	\$ 613,093	\$ 1,740,478	\$ 95,486	\$ 615,035
Accounts receivable -							
net of uncollectible accounts	--	--	17,208	510,582	--	--	60,489
Due from other funds	--	--	--	--	--	--	--
Real estate held for investment	--	--	--	51,750	--	--	1,197,113
Total assets	<u>\$ 927,187</u>	<u>\$ 59,594</u>	<u>\$ 17,208</u>	<u>\$ 1,175,425</u>	<u>\$ 1,740,478</u>	<u>\$ 95,486</u>	<u>\$ 1,872,637</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable and accrued costs	\$ 14,492	\$ 59,594	\$ --	\$ --	\$ --	\$ --	\$ 2,850
Accrued payroll/related expenses	3,953	--	--	--	--	--	--
Unearned revenue	5,000	--	--	--	225,400	--	--
Due to other funds	6,176	--	--	968	--	--	--
Advances payable	--	--	--	--	--	--	14,793
Escrow funds	--	--	--	22,638	--	--	--
Total liabilities	<u>29,621</u>	<u>59,594</u>	<u>--</u>	<u>23,606</u>	<u>225,400</u>	<u>--</u>	<u>17,643</u>
FUND BALANCES							
Restricted - capital projects	--	--	--	--	--	--	1,854,994
Restricted - economic development	--	--	--	1,151,819	--	--	--
Committed, special programs	897,566	--	17,208	--	1,515,078	95,486	--
Total fund balance	<u>897,566</u>	<u>--</u>	<u>17,208</u>	<u>1,151,819</u>	<u>1,515,078</u>	<u>95,486</u>	<u>1,854,994</u>
Total liabilities and fund balances	<u>\$ 927,187</u>	<u>\$ 59,594</u>	<u>\$ 17,208</u>	<u>\$ 1,175,425</u>	<u>\$ 1,740,478</u>	<u>\$ 95,486</u>	<u>\$ 1,872,637</u>

Special Revenue Funds	Capital Projects Funds					Total Nonmajor Government Funds
Subtotal	SPLOST 2001	SPLOST 2006	Parks and Recreation	Visitor Center	Subtotal	
\$ 4,050,873	\$ 408,847	\$ 589,343	\$ 354,337	\$ 1,330,130	\$ 2,682,657	\$ 6,733,530
588,279	--	--	--	--	--	588,279
--	--	--	--	--	--	--
1,248,863	--	--	--	--	--	1,248,863
<u>\$ 5,888,015</u>	<u>\$ 408,847</u>	<u>\$ 589,343</u>	<u>\$ 354,337</u>	<u>\$ 1,330,130</u>	<u>\$ 2,682,657</u>	<u>\$ 8,570,672</u>
\$ 76,936	\$ --	\$ 152,394	\$ --	\$ --	\$ 152,394	\$ 229,330
3,953	--	--	--	--	--	3,953
230,400	--	--	--	--	--	230,400
7,144	--	--	--	--	--	7,144
14,793	--	--	--	--	--	14,793
22,638	--	--	--	--	--	22,638
<u>355,864</u>	<u>--</u>	<u>152,394</u>	<u>--</u>	<u>--</u>	<u>152,394</u>	<u>508,258</u>
1,854,994	408,847	436,949	354,337	1,330,130	2,530,263	4,385,257
1,151,819	--	--	--	--	--	1,151,819
2,525,338	--	--	--	--	--	2,525,338
<u>5,532,151</u>	<u>408,847</u>	<u>436,949</u>	<u>354,337</u>	<u>1,330,130</u>	<u>2,530,263</u>	<u>8,062,414</u>
<u>\$ 5,888,015</u>	<u>\$ 408,847</u>	<u>\$ 589,343</u>	<u>\$ 354,337</u>	<u>\$ 1,330,130</u>	<u>\$ 2,682,657</u>	<u>\$ 8,570,672</u>

CITY OF WARNER ROBINS, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds						
	Hotel - Motel		Motor Vehicle Rental Tax	Community Development	Law Enforcement	Recreation	Redevelopment Agency
	Bureau of Civic Affairs	Tourism Allocation Board					
REVENUES:							
Other taxes	\$ --	\$ 2,057,056	\$ 170,906	\$ --	\$ --	\$ --	\$ --
Fines and forfeitures	--	--	--	--	38,564	--	--
Intergovernmental	--	--	--	458,060	--	--	--
Contributions	42,100	--	--	--	18,299	--	--
Other revenue	4,331	--	--	4,428	--	51,530	50,961
Total revenues	<u>46,431</u>	<u>2,057,056</u>	<u>170,906</u>	<u>462,488</u>	<u>56,863</u>	<u>51,530</u>	<u>50,961</u>
EXPENDITURES:							
Current:							
Public safety	--	--	--	--	202,284	--	--
Recreation	--	--	--	--	--	43,514	--
Civic affairs (city development)	532,655	642,830	--	--	--	--	--
Economic development (city development)	--	--	120,697	755,609	--	--	--
Downtown development	--	--	--	--	--	--	79,371
Debt service - interest	--	--	--	--	--	--	614
Capital outlay	--	--	--	--	--	--	--
Total expenditures	<u>532,655</u>	<u>642,830</u>	<u>120,697</u>	<u>755,609</u>	<u>202,284</u>	<u>43,514</u>	<u>79,985</u>
Excess of revenues over (under) expenditures	<u>(486,224)</u>	<u>1,414,226</u>	<u>50,209</u>	<u>(293,121)</u>	<u>(145,421)</u>	<u>8,016</u>	<u>(29,024)</u>
OTHER FINANCING SOURCES (USES):							
Transfer in	514,264	--	--	--	--	--	33,001
Transfer out	--	(1,414,226)	(33,001)	--	--	--	--
Total other financing sources (uses)	<u>514,264</u>	<u>(1,414,226)</u>	<u>(33,001)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>33,001</u>
Net change in fund balances	28,040	--	17,208	(293,121)	(145,421)	8,016	3,977
FUND BALANCES, beginning	869,526	--	--	1,444,940	1,660,499	87,470	1,851,017
FUND BALANCES, ending	<u>\$ 897,566</u>	<u>\$ --</u>	<u>\$ 17,208</u>	<u>\$ 1,151,819</u>	<u>\$ 1,515,078</u>	<u>\$ 95,486</u>	<u>\$ 1,854,994</u>

Special Revenue Funds	Capital Projects Funds					Total Nonmajor Government Funds
Subtotal	SPLOST 2001	SPLOST 2006	Parks and Recreation	Visitor Center	Subtotal	Funds
\$ 2,227,962	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 2,227,962
38,564	--	--	--	--	--	38,564
458,060	--	--	--	--	--	458,060
60,399	--	--	--	--	--	60,399
111,250	2,276	9,817	254	5,143	17,490	128,740
2,896,235	2,276	9,817	254	5,143	17,490	2,913,725
202,284	--	--	--	--	--	202,284
43,514	--	--	60,366	--	60,366	103,880
1,175,485	--	--	--	--	--	1,175,485
876,306	--	--	--	--	--	876,306
79,371	--	--	--	--	--	79,371
614	--	--	--	--	--	614
--	--	411,980	--	--	411,980	411,980
2,377,574	--	411,980	60,366	--	472,346	2,849,920
518,661	2,276	(402,163)	(60,112)	5,143	(454,856)	63,805
547,265	--	--	257,132	--	257,132	804,397
(1,447,227)	--	(185,818)	--	(450,000)	(635,818)	(2,083,045)
(899,962)	--	(185,818)	257,132	(450,000)	(378,686)	(1,278,648)
(381,301)	2,276	(587,981)	197,020	(444,857)	(833,542)	(1,214,843)
5,913,452	406,571	1,024,930	157,317	1,774,987	3,363,805	9,277,257
\$ 5,532,151	\$ 408,847	\$ 436,949	\$ 354,337	\$ 1,330,130	\$ 2,530,263	\$ 8,062,414

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
BUREAU OF CIVIC AFFAIRS
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES -				
Other revenue:				
Grant income - local assistance	\$ 3,100	\$ 3,100	\$ --	\$ (3,100)
Contributions	--	10,116	42,100	31,984
Interest	3,939	3,939	4,331	392
Total revenues	<u>7,039</u>	<u>17,155</u>	<u>46,431</u>	<u>29,276</u>
EXPENDITURES -				
Current -				
Civic affairs	519,253	655,649	532,655	122,994
Total expenditures	<u>519,253</u>	<u>655,649</u>	<u>532,655</u>	<u>122,994</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(512,214)</u>	<u>(638,494)</u>	<u>(486,224)</u>	<u>152,270</u>
OTHER FINANCING SOURCES -				
Transfer in	450,000	475,711	514,264	38,553
Total other financing sources	<u>450,000</u>	<u>475,711</u>	<u>514,264</u>	<u>38,553</u>
Net change in fund balance	<u>\$ (62,214)</u>	<u>\$ (162,783)</u>	28,040	<u>\$ 190,823</u>
FUND BALANCE, beginning			869,526	
FUND BALANCE, ending			<u>\$ 897,566</u>	

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HOTEL – MOTEL TOURISM ALLOCATION BOARD FUND (TAB)
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES -				
Other taxes -				
Hotel/Motel tax	\$ 1,800,000	\$ 2,057,056	\$ 2,057,056	\$ --
Total revenues	<u>1,800,000</u>	<u>2,057,056</u>	<u>2,057,056</u>	<u>--</u>
EXPENDITURES -				
Current -				
Civic affairs	450,000	642,830	642,830	--
Total expenditures	<u>450,000</u>	<u>642,830</u>	<u>642,830</u>	<u>--</u>
Excess of revenues over expenditures	<u>1,350,000</u>	<u>1,414,226</u>	<u>1,414,226</u>	<u>--</u>
OTHER FINANCING USES -				
Transfer out	<u>(1,350,000)</u>	<u>(1,414,226)</u>	<u>(1,414,226)</u>	<u>--</u>
Total other financing uses	<u>(1,350,000)</u>	<u>(1,414,226)</u>	<u>(1,414,226)</u>	<u>--</u>
Net change in fund balance	<u>\$ --</u>	<u>\$ --</u>	<u>--</u>	<u>\$ --</u>
FUND BALANCES, beginning			<u>--</u>	
FUND BALANCES, ending			<u>\$ --</u>	

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MOTOR VEHICLE RENTAL TAX FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES -				
Other taxes -				
Motor vehicle rental tax	\$ 177,000	\$ 170,906	\$ 170,906	\$ --
Total revenues	177,000	170,906	170,906	--
EXPENDITURES -				
Current -				
Economic development	--	120,697	120,697	--
Total expenditures	--	120,697	120,697	--
Excess of revenues over expenditures	177,000	50,209	50,209	--
OTHER FINANCING USES -				
Transfer out	(177,000)	(50,209)	(33,001)	17,208
Total other financing uses	(177,000)	(50,209)	(33,001)	17,208
Net change in fund balance	\$ --	\$ --	17,208	\$ 17,208
FUND BALANCES, beginning			--	
FUND BALANCES, ending			\$ 17,208	

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental -				
Grants - federal - CDBG	\$ --	\$ 420,000	\$ 458,060	\$ 38,060
Other revenue -				
Program income	--	4,245	4,428	183
Total revenues	<u>--</u>	<u>424,245</u>	<u>462,488</u>	<u>38,243</u>
EXPENDITURES -				
Economic development:				
Administration	184,971	166,831	121,265	45,566
Housing	282,477	324,069	324,069	--
Public services	351,619	281,869	202,640	79,229
Code enforcement	33,209	33,209	26,935	6,274
Clearance	86,287	99,950	80,700	19,250
Total expenditures	<u>938,563</u>	<u>905,928</u>	<u>755,609</u>	<u>150,319</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (938,563)</u>	<u>\$ (481,683)</u>	(293,121)	<u>\$ 188,562</u>
FUND BALANCE, beginning			<u>1,444,940</u>	
FUND BALANCES, ending			<u>\$ 1,151,819</u>	

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LAW ENFORCEMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Fines and forfeitures-				
Condemnation	\$ 100,065	\$ 38,564	\$ 38,564	\$ --
Contributions	12,000	16,297	18,299	2,002
Total revenues	<u>112,065</u>	<u>54,861</u>	<u>56,863</u>	<u>2,002</u>
EXPENDITURES -				
Current -				
Public safety	1,578,200	284,083	202,284	81,799
Total expenditures	<u>1,578,200</u>	<u>284,083</u>	<u>202,284</u>	<u>81,799</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,466,135)</u>	<u>\$ (229,222)</u>	(145,421)	<u>\$ 83,801</u>
FUND BALANCES, beginning			1,660,499	
FUND BALANCES, ending			<u>\$ 1,515,078</u>	

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
RECREATION SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES -				
Other revenue -				
Recreation fee	\$ 68,800	\$ 51,530	\$ 51,530	\$ --
Total revenues	<u>68,800</u>	<u>51,530</u>	<u>51,530</u>	<u>--</u>
EXPENDITURES -				
Current -				
Recreation	<u>72,700</u>	<u>43,514</u>	<u>43,514</u>	<u>--</u>
Total expenditures	<u>72,700</u>	<u>43,514</u>	<u>43,514</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (3,900)</u>	<u>\$ 8,016</u>	8,016	<u>\$ --</u>
FUND BALANCES, beginning			<u>87,470</u>	
FUND BALANCES, ending			<u>\$ 95,486</u>	

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
REDEVELOPMENT AGENCY SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES-				
Other revenue:				
Other	\$ 45,000	\$ 45,000	\$ 49,189	\$ 4,189
Interest	500	500	1,772	1,272
Total revenues	<u>45,500</u>	<u>45,500</u>	<u>50,961</u>	<u>5,461</u>
EXPENDITURES -				
Current-				
Downtown development	189,150	227,864	79,371	148,493
Debt service	30,000	30,000	614	29,386
Total expenditures	<u>219,150</u>	<u>257,864</u>	<u>79,985</u>	<u>177,879</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(173,650)</u>	<u>(212,364)</u>	<u>(29,024)</u>	<u>183,340</u>
OTHER FINANCING SOURCES (USES) -				
Transfer in	177,000	17,000	33,001	16,001
Transfer out	--	--	--	--
Total other financing sources (uses)	<u>177,000</u>	<u>17,000</u>	<u>33,001</u>	<u>16,001</u>
Net change in fund balance	<u>\$ 3,350</u>	<u>\$ (195,364)</u>	3,977	<u>\$ 199,341</u>
FUND BALANCE, beginning			<u>1,851,017</u>	
FUND BALANCE, ending			<u>\$ 1,854,994</u>	

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPLOST 2001 CAPITAL PROJECT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Prior Years	Current Year	Total to Date	Revised Projected Costs
REVENUES -				
Other revenue:				
Special purpose local option sales tax	\$ 12,763,226	\$ --	\$ 12,763,226	\$ 12,763,226
Interest	344,277	2,276	346,553	340,111
Total revenues	<u>13,107,503</u>	<u>2,276</u>	<u>13,109,779</u>	<u>13,103,337</u>
EXPENDITURES -				
Capital outlay:				
Road construction/reconstruction	2,039,770	--	2,039,770	2,392,157
Drainage construction	601,694	--	601,694	601,710
Sidewalk construction	999,998	--	999,998	1,000,000
Street resurfacing	9,109,470	--	9,109,470	9,109,470
Total expenditures	<u>12,750,932</u>	<u>--</u>	<u>12,750,932</u>	<u>13,103,337</u>
Excess revenues over expenditures	<u>\$ 356,571</u>	2,276	<u>\$ 358,847</u>	<u>\$ --</u>
FUND BALANCES, beginning		<u>406,571</u>		
FUND BALANCES, ending		<u>\$ 408,847</u>		

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPLOST 2006 CAPITAL PROJECT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Prior Years	Current Year	Total to Date	Revised Projected Costs
REVENUES -				
Other revenue:				
Special purpose local option sales tax	\$ 15,208,866	\$ --	\$ 15,208,866	\$ 15,208,866
Interest	136,147	9,817	145,964	115,781
Total revenues	<u>15,345,013</u>	<u>9,817</u>	<u>15,354,830</u>	<u>15,324,647</u>
EXPENDITURES -				
Capital outlay:				
Public safety	6,115,857	--	6,115,857	6,150,000
Water and sewer system	2,912,966	--	2,912,966	4,000,000
Road, street and sidewalk	4,436,650	411,980	4,848,630	5,515,000
Total expenditures	<u>13,465,473</u>	<u>411,980</u>	<u>13,877,453</u>	<u>15,665,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,879,540</u>	<u>(402,163)</u>	<u>1,477,377</u>	<u>(340,353)</u>
OTHER FINANCING USES -				
Transfer out	<u>(854,754)</u>	<u>(185,818)</u>	<u>(854,754)</u>	<u>--</u>
Total other financing uses	<u>(854,754)</u>	<u>(185,818)</u>	<u>(854,754)</u>	<u>--</u>
Net change in fund balance	<u>\$ 1,024,786</u>	<u>(587,981)</u>	<u>622,623</u>	<u>\$ (340,353)</u>
FUND BALANCES, beginning		<u>1,024,930</u>		
FUND BALANCES, ending		<u>\$ 436,949</u>		

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PARKS AND RECREATION CAPITAL PROJECT
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES-				
Other revenue -				
Interest	\$ --	\$ 254	\$ 254	\$ --
Total revenues	<u> --</u>	<u> 254</u>	<u> 254</u>	<u> --</u>
EXPENDITURES -				
Current -				
Recreation:				
Buildings/improvements	10,000	61,110	50,380	10,730
Swimming pool equipment	--	128	122	6
Playground equipment	15,500	9,864	9,864	--
Total expenditures	<u>25,500</u>	<u>71,102</u>	<u>60,366</u>	<u>10,736</u>
Excess (deficiency) of revenues over (under) expenditures	(25,500)	(70,848)	(60,112)	10,736
OTHER FINANCING SOURCES -				
Transfer in	--	--	257,132	257,132
Total other financing sources	<u> --</u>	<u> --</u>	<u>257,132</u>	<u>257,132</u>
Net change in fund balance	<u>\$ (25,500)</u>	<u>\$ (70,848)</u>	197,020	<u>\$ 267,868</u>
FUND BALANCES, beginning			<u>157,317</u>	
FUND BALANCES, ending			<u>\$ 354,337</u>	

CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
VISITOR CENTER CAPITAL PROJECT
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES -				
Interest	\$ --	\$ 5,143	\$ 5,143	\$ --
Total revenues	<u> --</u>	<u> 5,143</u>	<u> 5,143</u>	<u> --</u>
EXPENDITURES -				
Capital outlay -				
Building/improvements	<u> --</u>	<u> --</u>	<u> --</u>	<u> --</u>
Total expenditures	<u> --</u>	<u> --</u>	<u> --</u>	<u> --</u>
Excess of revenues over expenditures	--	5,143	5,143	--
OTHER FINANCING USES -				
Transfer out	<u> --</u>	<u> 450,000</u>	<u> 450,000</u>	<u> --</u>
Total other financing sources	<u> --</u>	<u> 450,000</u>	<u> 450,000</u>	<u> --</u>
Net change in fund balance	<u> --</u>	<u> 455,143</u>	(444,857)	<u> --</u>
FUND BALANCES, beginning			<u> 1,774,987</u>	
FUND BALANCES, ending			<u> \$ 1,330,130</u>	

CITY OF WARNER ROBINS, GEORGIA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2017

ASSETS

	Worker's Compensation	Group Health Insurance	Total
CURRENT ASSETS			
Cash	\$ 1,019,146	\$ 985,591	\$ 2,004,737
Prepaid items	72,267	--	72,267
Total assets	<u>\$ 1,091,413</u>	<u>\$ 985,591</u>	<u>\$ 2,077,004</u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts payable	\$ 32,091	\$ 1,925,513	\$ 1,957,604
Total current liabilities	<u>32,091</u>	<u>1,925,513</u>	<u>1,957,604</u>

NET POSITION

Unrestricted	1,059,322	(939,922)	119,400
Total net position	<u>\$ 1,059,322</u>	<u>\$ (939,922)</u>	<u>\$ 119,400</u>

**CITY OF WARNER ROBINS, GEORGIA
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Worker's Compensation</u>	<u>Group Health Insurance</u>	<u>Total</u>
OPERATING REVENUES -			
Charges for services	\$ 781,970	\$ 11,277,797	\$ 12,059,767
Total operating revenues	<u>781,970</u>	<u>11,277,797</u>	<u>12,059,767</u>
OPERATING EXPENSES -			
Operating expenses	<u>750,603</u>	<u>11,405,832</u>	<u>12,156,435</u>
Total operating expenses	<u>750,603</u>	<u>11,405,832</u>	<u>12,156,435</u>
OPERATING INCOME (LOSS)	<u>31,367</u>	<u>(128,035)</u>	<u>(96,668)</u>
NON-OPERATING REVENUES -			
Interest earned	<u>773</u>	<u>786</u>	<u>1,559</u>
Total non-operating revenues, net	<u>773</u>	<u>786</u>	<u>1,559</u>
CHANGE IN NET POSITION	32,140	(127,249)	(95,109)
NET POSITION, beginning	<u>1,027,182</u>	<u>(812,673)</u>	<u>214,509</u>
NET POSITION, ending	<u>\$ 1,059,322</u>	<u>\$ (939,922)</u>	<u>\$ 119,400</u>

**CITY OF WARNER ROBINS, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Worker's Compensation	Group Health Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ --	\$ 670,676	\$ 670,676
Cash paid to suppliers for goods and services	(732,324)	(12,028,138)	(12,760,462)
Cash received from other funds for goods and services	781,970	10,607,121	11,389,091
Cash received for claims reimbursements	--	1,033,001	1,033,001
Net cash provided by operating activities	<u>49,646</u>	<u>282,660</u>	<u>332,306</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES -			
Due from other funds, net	--	25,375	25,375
Net cash provided (used) by noncapital financing activities	<u>--</u>	<u>25,375</u>	<u>25,375</u>
CASH FLOWS FROM INVESTING ACTIVITIES -			
Interest income on investments	773	786	1,559
Net cash provided by investing activities	<u>773</u>	<u>786</u>	<u>1,559</u>
NET INCREASE (DECREASE) IN CASH	50,419	308,821	359,240
CASH, beginning	968,727	676,770	1,645,497
CASH, ending	<u>\$ 1,019,146</u>	<u>\$ 985,591</u>	<u>\$ 2,004,737</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET</u>			
<u>CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>			
Operating income (loss)	\$ 31,367	\$ (128,035)	\$ (96,668)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Changes in assets and liabilities:			
Decrease (increase) in prepaid items	5,952	--	5,952
(Decrease) increase in accounts payable/ accrued expenses	12,327	410,695	423,022
Total adjustments	<u>18,279</u>	<u>410,695</u>	<u>428,974</u>
Net cash provided by operating activities	<u>\$ 49,646</u>	<u>\$ 282,660</u>	<u>\$ 332,306</u>

**CITY OF WARNER ROBINS, GEORGIA
WATER AND SEWER SYSTEM
SCHEDULE OF BONDS PAYABLE WITH INTEREST
WATER AND SEWER REVENUE BONDS
JUNE 30, 2017**

SERIES 2012

<u>YEAR OF MATURITY</u>	<u>BONDS OUTSTANDING</u>	<u>INTEREST RATE</u>	<u>ACCRUED INTEREST</u>
2018	\$ 1,105,000	3.00%	\$ 899,938
2019	1,135,000	4.00%	861,337
2020	1,180,000	5.00%	809,812
2021	1,240,000	5.00%	749,312
2022	1,305,000	5.00%	685,688
2023	1,370,000	5.00%	618,813
2024	1,435,000	3.00%	562,500
2025	1,480,000	4.00%	503,437
2026	1,555,000	5.00%	443,112
2027	1,600,000	4.00%	395,788
2028	1,650,000	4.00%	341,413
2029	1,710,000	4.00%	283,250
2030	1,765,000	4.00%	226,781
2031	1,825,000	4.00%	166,163
2032	1,885,000	4.00%	101,238
2033	1,950,000	4.00%	34,125
	<u>\$ 24,190,000</u>		<u>\$ 7,682,707</u>

**CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF STATE REQUIREMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

SCHEDULE OF STATE AWARDS EXPENDED

<u>State Program Name</u>		<u>Contract Number</u>	<u>Revenue Received</u>	<u>Expenditures</u>	<u>Amount Due From State</u>
Ga Dept. of Transportation					
WRATS	(1)	PL-000-0013-00(409)	\$ 24,675	\$ 60,567	\$ 35,892
LMIG	(1)	PI S014582	726,726	25,000	--
Total Dept. of Transportation			<u>751,401</u>	<u>85,567</u>	<u>35,892</u>
Total state and pass through grant			<u>\$ 751,401</u>	<u>\$ 85,567</u>	<u>\$ 35,892</u>

(1) includes Federal pass through

**CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF STATE REQUIREMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX

<u>PROJECTS</u>	Original		EXPENDITURES		
	<u>Estimated Cost</u>	<u>Revised Cost</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
2012 Referendum - capital outlay:					
Road, street and sidewalk	\$ 8,100,000	\$ 8,100,000	\$ 162,001	\$ --	\$ 162,001
Public safety	10,016,000	10,016,000	7,577,292	424,240	8,001,532
Water and sewer system	6,600,000	6,600,000	923,687	661,880 (A)	1,585,567
General government	9,420,000	9,420,000	2,393,249	871,459	3,264,708
City development	2,500,000	2,500,000	3,602,332	2,416,348	6,018,680
Recreation facilities	7,785,000	7,785,000	228,650	290,522	519,172
	<u>44,421,000</u>	<u>44,421,000</u>	<u>14,887,211</u>	<u>4,664,449</u>	<u>19,551,660</u>
Reconciling item to adjust for payments on capital lease related to 2012 project					
Principal payments on debt	--	1,905,863	1,365,868	376,063	1,741,931
	<u>\$ 44,421,000</u>	<u>\$ 46,326,863</u>	<u>\$ 16,253,079</u>	<u>\$ 5,040,512</u>	<u>\$ 21,293,591</u>

Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

SPLOST 2012 Fund

Total Expenditures	\$ 4,378,632
Transfers Out	<u>661,880 (A)</u>
	<u>\$ 5,040,512</u>

(A) Transfers out were recorded in the amount of \$661,880 to properly record capital assets in the Water and Sewer Fund. Projects were approved per the referendum above.

**CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF STATE REQUIREMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX

<u>PROJECTS</u>	Original		EXPENDITURES		
	<u>Estimated Cost</u>	<u>Revised Cost</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
2006 Referendum - capital outlay:					
Public safety facilities	\$ 6,000,000	\$ 6,150,000	\$ 6,115,857	\$ -	\$ 6,115,857
Water and sewer system	4,000,000	4,000,000	3,767,720	185,818	3,953,538
Road, street and sidewalk	5,515,000	5,515,000	4,436,650	411,980 (B)	4,848,630
	<u>\$ 15,515,000</u>	<u>\$ 15,665,000</u>	<u>\$ 14,320,227</u>	<u>\$ 597,798</u>	<u>\$ 14,918,025</u>

Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds

SPLOST 2006 Fund

Total Expenditures	\$ 411,980
Transfers Out	185,818 (B)
	<u>\$ 597,798</u>

(B) Transfers out were recorded in the amount of \$185,818 to properly record capital assets in the Water and Sewer Fund. Projects were approved per the referendum above.

SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX

<u>PROJECTS</u>	Original		EXPENDITURES		
	<u>Estimated Cost</u>	<u>Revised Cost</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
2001 Referendum - capital outlay:					
Road construction / reconstruction	\$ 1,950,000	\$ 2,392,157	\$ 2,039,770	--	\$ 2,039,770
Drainage construction	565,000	601,710	601,694	--	601,694
Sidewalk construction	1,000,000	1,000,000	999,998	--	999,998
Streets resurfacing	8,598,750	9,109,470	9,109,470	--	9,109,470
	<u>\$ 12,113,750</u>	<u>\$ 13,103,337</u>	<u>\$ 12,750,932</u>	<u>\$ --</u>	<u>\$ 12,750,932</u>

**CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF STATE REQUIREMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

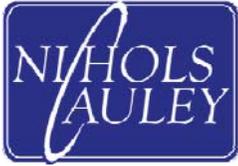
SCHEDULE OF MOTOR VEHICLE RENTAL TAX

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES -				
Other taxes -				
Motor vehicle rental tax	\$ 177,000	\$ 170,906	\$ 170,906	\$ --
Total revenues	<u>177,000</u>	<u>170,906</u>	<u>170,906</u>	<u>--</u>
EXPENDITURES -				
Current -	--	120,697	120,697	--
Total expenditures	<u>--</u>	<u>120,697</u>	<u>120,697</u>	<u>--</u>
Excess of revenues over expenditures	<u>177,000</u>	<u>50,209</u>	<u>50,209</u>	<u>--</u>
OTHER FINANCING (USES) -				
Transfer out	<u>(177,000)</u>	<u>(170,906)</u>	<u>(33,001)</u>	<u>137,905</u>
Total other financing uses	<u>(177,000)</u>	<u>(170,906)</u>	<u>(33,001)</u>	<u>137,905</u>
Net change in fund balance	<u>\$ --</u>	<u>\$ (120,697)</u>	17,208	<u>\$ 137,905</u>
FUND BALANCES, beginning			<u>--</u>	
FUND BALANCES, ending			<u>\$ 17,208</u>	

SCHEDULE OF HOTEL/MOTEL TAX REPORT

		<u>8%</u>
Amount of tax collected	\$ 2,057,056	100.00%
Amount expended to promote tourism (General Fund)	\$ 642,830	31.25%
Amount expended to support the Museum of Aviation	\$ 385,698	18.75%
Amount expended for city promotion (Bureau of Civic Affairs)	\$ 514,264	25.00%
Amount expended for a visitor center (Bureau of Civic Affairs)	\$ 385,698	18.75%
Amount expended for recreation capital project (Parks and Recreation)	\$ 128,566	6.25%

COMPLIANCE SECTION



NICHOLS, CAULEY & ASSOCIATES, LLC

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

To the Mayor and City Council
City of Warner Robins, 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 units, each major fund, and the aggregate remaining fund information of the City of Warner Robins, Georgia (the "City") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 30, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiency as item 2017-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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*.

We noted certain matters that we have reported to management of the City in a separate letter dated March 30, 2018.

The City of Warner Robins' Response to Findings

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

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 results 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.

Richels, Cauley + Associates, LLC

Warner Robins, Georgia
March 30, 2018



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the Mayor and City Council
of the City of Warner Robins, Georgia

Report on Compliance for Each Major Federal Program

We have audited the City of Warner Robins, Georgia's (the "City") 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's major federal programs for the year ended June 30, 2017. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and responses.

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'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 each of the major federal programs occurred. An audit includes examining, on a test basis, evidence about the City'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's compliance with those requirements.

Opinion

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

Report on Internal Control over Compliance

Management of the City 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'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'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.

Nichols, Cauley + Associates, LLC

Warner Robins, Georgia
March 30, 2018

CITY OF WARNER ROBINS, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>Federal CFDA Number</u>	<u>Passed through to Subrecipients</u>	<u>Federal Program Expenditures</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Community Development Block Grant:			
Entitlement Grant	14.218	\$ 77,500	\$ 716,615
Total U.S. Dept. of Housing and Urban Development		<u>77,500</u>	<u>716,615</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Police Bullet Proof Vests 212098	16.607	--	9,175
Total U.S. Department of Justice		<u>--</u>	<u>9,175</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Federal Highway Administration			
Passed Through Georgia Department of Transportation	20.205		
WRATS-Planning	PL000-0012-00(939)	--	60,567
Total U.S. Department of Transportation		<u>--</u>	<u>60,567</u>
Total Expenditures of Federal Awards		<u>\$ 77,500</u>	<u>\$ 786,357</u>

CITY OF WARNER ROBINS, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Warner Robins, Georgia and is presented on the accrual basis of accounting.

The information in this schedule is presented in accordance with requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies are included on the schedule. City records should be consulted to determine amounts expended from non-federal sources.

NOTE 2. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the City of Warner Robins provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount</u>
Community Development Block Grant – Entitlement Grant	14.218	\$ 77,500

NOTE 3. INDIRECT COST RATES

The City has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

**CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION I

SUMMARY OF AUDIT RESULTS:

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

Material weakness identified? _____ yes X no

Significant deficiency identified
not considered to be material weaknesses? X yes _____ none reported

Noncompliance material to financial statements
noted? _____ yes X no

Federal Awards

Internal Control over major programs:

Material weakness identified? _____ yes X no

Significant deficiency identified
not considered to be material weaknesses? _____ yes X none reported

Type of auditor's report issued on compliance
For major programs: unmodified

Any audit findings disclosed that are required
To be reported in accordance with
Uniform Guidance? _____ yes X no

Identification of major programs:

CFDA Number	Name of Federal Programs
14.218	Community Development Block Grant – Entitlement Grant

Dollar threshold used to distinguish
Between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? No

**CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION II

FINANCIAL STATEMENT FINDINGS

Finding 2017-01

Significant Deficiency in Internal Control Over Financial Reporting

Criteria: For effective monitoring of interim financial information and budgets, at the City Council level, data in the City's financial system must be supplemented by up to date and accurate information.

Condition: The fiscal year ended June 30, 2017, was not closed until February of 2018. The City does not have an adequate internal control system in place to provide reasonable assurance regarding the timeliness and reliability of financial reporting, including internal controls over:

- a) The budgeting process
- b) The close out process and procedures (which impacts timely financial reporting)
- c) Interim financial reporting to Mayor and City Council
- d) Capital asset recording and reconciliations
- e) Account reconciliations

Cause: The City does not have an internal audit department, and does not have an adequate system of internal controls including processes and procedures over financial reporting. Hence, the trial balance obtained from the City on November 20, 2017 was not final when received. Many adjusting entries were made, by management, subsequent to year-end fieldwork starting. The inadequate close out process and procedures caused the start of and the completion of the audit to be significantly delayed. The City continues to grow larger and more complex. The internal controls over financial reporting, have not been continuously modified to account for the growth and complexities occurring over time.

Effect: Incorrect or untimely information could result in City management, Mayor, City Council, or City employees making decisions based off of stale and or incorrect information.

Recommendation: We recommend the City improve its internal controls over financial reporting including, monthly and year-end close process and procedures, timely and accurate adjustments, and timely and accurate reconciliations. An effective system of internal controls over financial reporting is an important internal control process and should not be minimized.

Responsible Official's Response:

Management concurs that timeliness of financial reporting is an ongoing concern that needs to be addressed. Both internal and external conditions were a factor in the late issuance of the 06/30/2017 audit report. Due to staff turnover in recent years, less experienced staff is now responsible for the Reconciliation of Capital Assets. In addition, health crisis' of staff relatives, one of which became fatal, caused a shortage of staff for several weeks. Both these conditions were significant factors in the particularly late issuance of reports this year.

**CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017**

Responsible Official's Response (continued):

Management also concurs that an internal audit function would be helpful in improving processes and internal controls, but believes other factors such as staffing levels, lack of automated processes, and disjointed communications between the City's Finance Department and other City Departments should be addressed in order to solve this problem. The City will take steps to establish an internal audit function, continue to evaluate processes, draft policies and procedures and assess staffing levels to ensure the timely recording, reconciliation and delivery of financial information.

SECTION III

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None Reported

**CITY OF WARNER ROBINS, GEORGIA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

STATUS OF PRIOR YEAR AUDIT FINDINGS

None noted