CITY OF ROYSTON, GEORGIA

Annual Financial Report

For the fiscal year ended June 30, 2014

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CITY OF ROYSTON, GEORGIA
ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2014

TABLE OF CONTENTS

		Page(s)
INTRODUCTORY SECTION:		
	Table of Contents	**i-v**
FINANCIAL SECTION:		
	Independent Auditor's Report	**1-3**
	Management's Discussion and Analysis	**4-14**
BASIC FINANCIAL STATEMENTS		
Exhibit		
	Government-wide Statements	
A-1	Statement of Net Position	**15-16**
A-2	Statement of Activities	**17**
	Fund Financial Statements	
A-3	Balance Sheet – Governmental Funds	**18**
A-4	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	**19**
A-5	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	**22**
A-6	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	**21**
A-7	Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) to Actual – General Fund	**22**
A-8	Statement of Net Position – Proprietary Funds	**23-24**
A-9	Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	**25**
A-10	Statement of Cash Flows – Proprietary Funds	**26-27**
A-11	Statement of Fiduciary Assets and Liabilities	**28**

Table of Contents, continued

BASIC FINANCIAL STATEMENTS (continued)

Exhibit		Page(s)
A-12	**Notes to the Financial Statements**	**29-58**

Item #		Page #
1.	Description of Government Unit	**29**
2.	Summary of Significant Accounting Policies	**29-43**
3.	Deposit and Investment Risk	**43**
4.	Accounts Receivable	**44**
5.	Intergovernmental Receivables	**44**
6.	Property Taxes	**45**
7.	Interfund Transfers	**46**
8.	Capital Assets	**47-48**
9.	Capital and Operating Lease Agreements	**49**
10.	Long-Term Debt	**50-51**
11.	Pension Plan	**52-55**
12.	Deferred Compensation Plans	**55-56**
13.	Hotel/Motel Lodging Tax	**56**
14.	Joint Ventures	**57**
15.	Related Organizations	**57**
16.	Risk Management	**58**
17.	Subsequent Event	**58**
18.	Commitments and Contingencies	**58**

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FINANCIAL STATEMENTS AND SCHEDULES

Exhibit		Page (s)
B-1	Combining Balance Sheet – Nonmajor Governmental Funds	**59-60**
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	**61-62**

Table of Contents, continued

SUPPLEMENTARY INFORMATION, continued

COMBINING AND INDIVIDUAL FINANCIAL STATEMENTS AND SCHEDULES (continued)

Exhibit		Page (s)
	GENERAL FUND	
C-1	Comparative Balance Sheets	**63**
C-2	Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	**64**
C-3	Schedule of Revenues - Budget (GAAP Basis) and Actual	**65**
C-4	Schedule of Expenditures - Budget (GAAP Basis) and Actual	**66-68**
	SPECIAL REVENUE FUNDS	
D-1	Confiscated Assets Special Revenue Fund Comparative Balance Sheets	**69**
D-2	Confiscated Assets Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	**70**
D-3	Hotel/Motel Tax Special Revenue Fund Comparative Balance Sheets	**71**
D-4	Hotel/Motel Tax Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	**72**
D-5	Technology Surcharge Special Revenue Fund Comparative Balance Sheets	**73**
D-6	Technology Surcharge Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	**74**
D-7	Fire Department Special Revenue Fund Comparative Balance Sheets	**75**
D-8	Fire Department Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	**76**

Table of Contents, continued

SUPPLEMENTARY INFORMATION, continued

COMBINING AND INDIVIDUAL FINANCIAL STATEMENTS AND SCHEDULES (continued)

Exhibit		Page (s)
	CAPITAL PROJECTS FUNDS	
E-1	Franklin County Special Purpose Local Option Sales Tax #3 Capital Projects Fund Comparative Balance Sheets	**77**
E-2	Franklin County Special Purpose Local Option Sales Tax #3 Capital Projects Fund Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances	**78**
E-3	Hart County Special Purpose Local Option Sales Tax #3 Capital Projects Fund Comparative Balance Sheets	**79**
E-4	Hart County Special Purpose Local Option Sales Tax #3 Capital Projects Fund Comparative Balance Sheets	**80**
E-5	Franklin County Special Purpose Local Option Sales Tax #4 Capital Projects Fund Balance Sheet	**81**
E-6	Franklin County Special Purpose Local Option Sales Tax #4 Capital Projects Fund Statement of Revenues, Expenditures, and Changes in Fund Balances	**82**
E-7	Hart County Special Purpose Local Option Sales Tax #4 Capital Projects Fund Balance Sheet	**83**
E-8	Hart County Special Purpose Local Option Sales Tax #4 Capital Projects Fund Statement of Revenues, Expenditures, and Changes in Fund Balances	**84**
	ENTERPRISE FUNDS	
F-1	Water and Sewer Utility Enterprise Fund Comparative Statements of Net Position	**85-86**
F-2	Water and Sewer Utility Enterprise Fund Comparative Statements of Revenues, Expenses and Changes in Net Position	**87**
F-3	Water and Sewer Utility Enterprise Fund Comparative Statements of Cash Flows	**88-89**
F-4	Natural Gas Utility Enterprise Fund Comparative Statements of Net Position	**90-91**
F-5	Natural Gas Utility Enterprise Fund Comparative Statements of Revenues, Expenses and Changes in Net Position	**92**
F-6	Natural Gas Utility Enterprise Fund Comparative Statements of Cash Flows	**93-94**

Table of Contents, continued

SUPPLEMENTARY INFORMATION, continued

COMBINING AND INDIVIDUAL FINANCIAL STATEMENTS AND SCHEDULES (continued)

Exhibit		Page (s)
F-7	Sanitation Enterprise Fund Comparative Statements of Net Position	**95**
F-8	Sanitation Enterprise Fund Comparative Statements of Revenues, Expenses and Changes in Net Position	**96**
F-9	Sanitation Enterprise Fund Comparative Statements of Cash Flows	**97**
	AGENCY FUNDS	
G-1	Municipal Court Agency Fund Comparative Statements of Assets and Liabilities	**98**
G-2	Municipal Court Agency Fund Statement of Changes in Assets and Liabilities	**99**
	COMPONENT UNIT	
H-1	Downtown Development Authority Comparative Balance Sheets	**100**
H-2	Downtown Development Authority Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	**101**

OTHER REPORTING SECTION:

SINGLE AUDIT SECTION

	Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards.*	**102-103**
	Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	**104-105**
I-1	Schedule of Expenditures of Federal Awards	**106**
I-2	Notes to the Schedule on Expenditures of Federal Awards	**107**
I-3	Schedule of Findings and Questioned Costs	**108-110**

STATE REPORTING SECTION

J-1	Schedule of Projects Financed with Special Purpose Local Option Sales Tax	**111-112**

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RUSHTON & COMPANY

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Royston, Georgia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Royston, Georgia, as of June 30, 2014, and the respective changes in the financial position and where applicable cash flows, thereof, and the budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Royston, Georgia's basic financial statements. The combining and individual fund financial statements, and the state reporting section with the special purpose local option sales tax report, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is also not a required part of the financial statements.

The combining and individual fund financial statements, the special local option sales tax report, 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, the special purpose local option sales tax report, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States, the City of Royston, Georgia's basic financial statements for the year ended June 30, 2013, which are not presented with the accompanying financial statements. In our report dated October 14, 2013, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Royston, Georgia's financial statements as a whole. The individual fund financial statements and schedules, related to the 2013 financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

The individual fund financial statements and schedules related to the 2013 financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the 2013 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2013 individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2014, on our consideration of the City of Royston, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Royston, Georgia's internal control over financial reporting and compliance.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
October 17, 2014

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CITY OF ROYSTON

"A MAIN STREET CITY"

Mayor: David L. Jordan
Mayor Pro-Tem: Keith Turman
Council Members: Matt Fields
Wayne Braswell
Larry Bowen
Kenneth Roach
Lee Strickland

City Manager: Gregory Scott
City Clerk/CFO: Gloria Brown
City Judge: F. Mayes Davison

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Royston, it is our pleasure to present this narrative discussion and analysis of the City of Royston's financial performance, providing an overview of the activities for the fiscal year ended June 30, 2014. The purpose of this narrative is to provide readers of financial statements with information that will help them make timely and meaningful financial decisions or draw conclusions about the City of Royston. This analytical information is designed to be read in conjunction with the City's financial statements, which follow this section.

Financial Highlights

- The City of Royston's assets exceeded its liabilities at June 30, 2014 by $12,290,482 (reported as *net position).*
- As of June 30, 2014 Royston's governmental funds reported combined ending fund balances of $896,478. Approximately 28% of this total amount, $247,241, is available for spending at the City Council's discretion (unassigned fund balance of the General Fund).

More detailed information regarding these activities and funds begins on page 7.

Overview of the Financial Statements

This discussion and analysis narrative is intended to serve as an introduction to the City of Royston's basic financial statements. The City of Royston's basic financial statements are composed of three elements: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains required supplementary information in addition to our basic financial statements.

Government-wide Financial Statements (Reporting the City as a whole)

The focus of the government-wide financial statements is on the overall financial position and activities of the City of Royston and is designed to provide readers with a broad overview of the City's financial activities in a manner similar to a private business enterprise.

The City's government-wide financial statements include the Statement of Net Position and the Statement of Activities. These two statements report information about the City of Royston using the accrual basis of accounting, which is similar to the accounting used by most private-sector businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The purpose of the ***Statement of Net Position*** (pages 15-16) is to report all of the assets held and liabilities owed by the City. The City reports all of its assets when it acquires ownership over the assets and reports all of its liabilities when they are incurred. The difference between the total assets and total liabilities is labeled *net position.* Although the purpose of the City is not to accumulate net position, in general, as this amount increases it indicates that the financial position of the City is improving over time.

The ***Statement of Activities*** (page 17), on the other hand, presents the revenues and expenses of the City. Under the accrual basis of accounting mentioned earlier, revenues are recognized when earned and expenses when incurred in this statement. Thus, revenues are reported even when they may not be collected for several weeks after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period. The difference is described as *change in net position.* The primary focus of the Statement of Activities is on the *net cost* of various activities provided by the City and identifies the extent to which each function of the City draws from general revenues or is self-financing through fees, grants, or other sources.

In the Statement of Net Position and the Statement of Activities, we divide the City of Royston into three types of activities:

- ***Governmental Activities*** – Most of the City's basic services are reported under this category, including police, fire, public works, and general administration. Sales tax, property taxes, and intergovernmental revenues finance most of these services.

- ***Business-type Activities*** – The City charges fees to customers to assist in covering all or most of the cost for certain services it provides. The City's natural gas system, water and sewer system, and garbage collection fees are reported in this category.

- ***Discretely Presented Component Unit*** – Component units are legally separate organizations for which the elected officials of the City are financially accountable. The Downtown Development Authority, although legally separate, functions for all practical purposes as a department of the City of Royston, and therefore has been included as an integral part of the primary government.

The City's government-wide financial statements are presented on pages 15-17.

Fund Financial Statements (Reporting the City's Major Funds)

The focus of fund financial statements is directed to specific activities of the City and its most significant funds, not the City as a whole. A fund is an entity with a self-balancing set of accounts that the City uses to tract specific resources and expenditures, either for management purposes or because of legal mandates. In addition to the major funds, individual fund data for the City's non-major funds can be found beginning on page 59. The City's funds are divided into three broad categories – governmental, proprietary, and fiduciary – and use different accounting approaches.

- ***Governmental Funds*** – These funds account for essentially the same functions reported as governmental activities in the government-wide financial statements; however governmental fund financial statements focus on the short-term view of the City's general government operations and the basic services it provides. Governmental funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

  Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements and because of the different accounting methods used to prepare them, there are often significant differences between the totals presented in these financial statements. It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. An analysis of the balance sheet and the statement of revenues, expenditures, and changes in fund balances that reconciles the two statements are provided at the bottom of each statement.

In addition to the General Fund and the Franklin County SPLOST #4 Capital Projects Fund, which are considered major funds, the City of Royston maintains two governmental fund types:

1. Special Revenue Funds
2. Capital Projects Funds

The City of Royston adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The City's basic governmental fund financial statements are presented on pages 18-22 of this report.

- ***Proprietary Funds*** – When the City charges customers for the services it provides – whether to outside customers or to other departments of the City – these services are generally reported in proprietary funds. These proprietary funds are prepared using the same accounting basis as the government-wide financial statements.

  Enterprise fund statements report the same functions presented in the business-type activities columns of the government-wide financial statements. The City of Royston uses enterprise funds, which are considered major funds, to account for its Natural Gas system, Water and Sewer system, and Solid Waste functions.

  The City's proprietary fund financial statements are presented on pages 23-27.

- ***Fiduciary Funds*** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Royston's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City acts as a trustee or fiduciary for the Municipal Court Agency Fund.

  Fiduciary funds are presented in the fund financial statements but are not reported in the government-wide financial statements.

  The City's fiduciary fund Statement of Assets and Liabilities is presented on page 28.

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. The notes to the financial statements can be found on pages 29-58 of this report.

Other Supplementary Information

Other supplementary information includes combining financial statements for non-major governmental, proprietary, and fiduciary funds. These funds are added together by fund type and presented in single columns in the basic financial statements but are not reported individually, as with major funds, on the government-wide financial statements.

This report includes two schedules (pages 19 and 21), which reconcile the amounts reported on the governmental fund financial statements (modified accrual basis of accounting) with the governmental activities reported on the government-wide financial statements (accrual basis of accounting). The following summarizes the impact of transitioning from modified accrual-to-accrual accounting:

- Capital assets used in governmental activities on the government-wide statements are not reported on fund financial statements.

- Certain tax revenues that are earned, but not available, are reported as revenue on the government-wide statement but are reported as deferred revenue on the fund statements.

- Unless due and payable, long-term liabilities, such as lease obligations, compensated absences, bonds and notes payable, and others only appear as liabilities in the government-wide statements.

- Capital outlay spending results in capital assets on the government-wide statements, but is reported as expenditures on the governmental fund financial statements.

- Bond and note proceeds result in liabilities on the government-wide statements but are recorded as other financing sources on the governmental fund financial statements.

- Certain other outflows represent either increases or decreases in liabilities on the government-wide statements but are reported as expenditures on the governmental fund financial statements.

Overview of the City's Financial Position and Operations

The City's overall financial position and operations for this year is summarized as follows based on the information included in the government-wide financial statements (see pages 15-17):

City of Royston
Net Position (Financial Position)
Fiscal Years 2013 and 2014

	Governmental Activities		Business-Type Activities		Total	
	2013	**2014**	**2013**	**2014**	**2013**	**2014**
Current assets	$ 929,897	$ 1,029,602	$ 1,181,049	$ 1,185,424	$ 2,110,946	$ 2,215,026
Capital assets	5,199,916	5,846,695	5,614,555	5,553,068	10,814,471	11,399,763
Total assets	6,129,813	6,876,297	6,795,604	6,738,492	12,925,417	13,614,789
Current liabilities	202,026	142,767	286,464	310,156	488,490	452,923
Noncurrent liabilities	4,399	4,467	995,159	866,917	999,558	871,384
Total liabilities	206,425	147,234	1,281,623	1,177,073	1,488,048	1,324,307
Net Position						
Net investment in capital assets	5,161,489	5,842,168	4,499,459	4,542,878	9,660,948	10,385,046
Restricted	501,492	571,924	0	0	501,492	571,924
Unrestricted	260,407	314,971	1,014,522	1,018,541	1,274,929	1,333,512
Total net assets	$ 5,923,388	$ 6,729,063	$ 5,513,981	$ 5,561,419	$ 11,437,369	$ 12,290,482

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets for the City of Royston exceeded liabilities by $12,290,482 at the close of the current year. However, much of that net position either are restricted as to the purposes for which they can be used, or are invested in capital assets.

The largest portion of the City of Royston's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure), less any related debt outstanding that was needed to construct or acquire the assets. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

In addition, the surplus in unrestricted governmental net position was positively affected by several factors of recent financial activity; revenues exceeded expenditures due to conservative budgeting. The City held prior year fund balance in reserve because of current economic conditions.

Several factors affected the City's original budget forecasts: The revenue in gas sales increased due to a cold winter and the addition of multiple poultry farms from the last gas expansion. Excessive rains resulted in an emergency situation with a street caving-in; this resulted in major repairs. The City purchased a small tract of land that joins the existing tennis courts at the elementary school for possible future expansion of the school property by Franklin County. The City was forced to replace a main river pump due to excessive age on the pump and several lift station pumps as well. Preliminary engineering costs were incurred in planning another major gas line expansion; and during a particularly frigid few weeks, volume demand issues had to be resolved in the Vanna Area.

The city's cash balance position, reported as cash and equity in pooled cash in the Statement of Net Position continues to improve slightly. In other areas: The City continues to make life insurance, dental insurance, accident insurance, and short-term disability insurance an option that city employees pay at 100%, GMEBS retirement contributions continue to increase, and other insurance areas experienced a very small increase such as liability, auto, and workman's compensation.

The Little League Field was completed this year and turned over to Franklin County to host games; revival of this field should be an economic plus to the City. The City hopes to move forward with an amphitheater at the Royston Wellness and Community Park this year.

The library renovation was completed in November 2013. City Hall relocated in the old library in October and is almost complete with the City Hall Project.

Streetscape III has moved slowly in FY2014 but should begin actual construction in early 2015. All has been finalized with an ARC grant and depot renovation should begin within a few months.

The City finalized an innovative green waste treatment system receiving a standard permit approval from the Environmental Protection Division of the State of Georgia. This system has started its payback in eliminating the need for dredging thereby eliminating the expenditure of in excess of $150,000 every three to four years.

Although the unrestricted net position of our business-type activities ($1,018,541) represents 76% of total unrestricted net position ($1,333,512), these resources cannot be used to add to the net position surplus in governmental activities. The City generally can only use this net position to finance the continuing operations of the business-type activities.

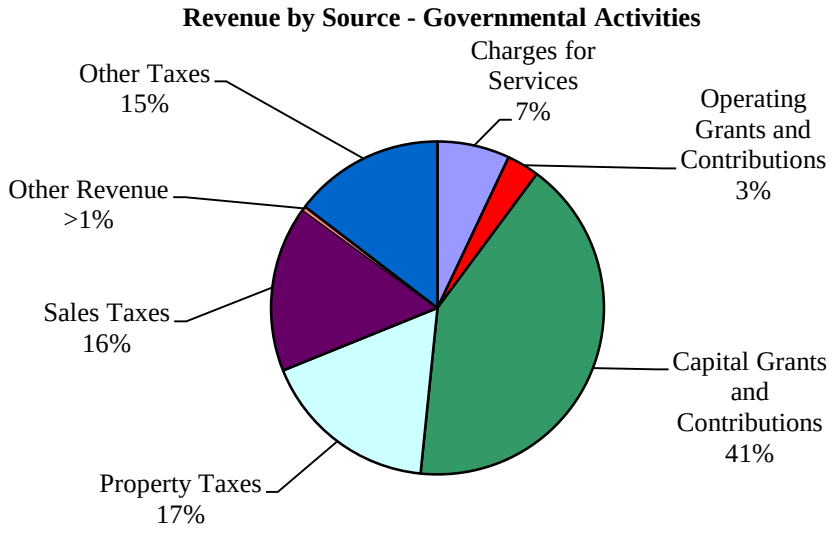
The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the City of Royston's net position changed during the year.

City of Royston
Changes in Net Position
For Fiscal Years 2013 and 2014

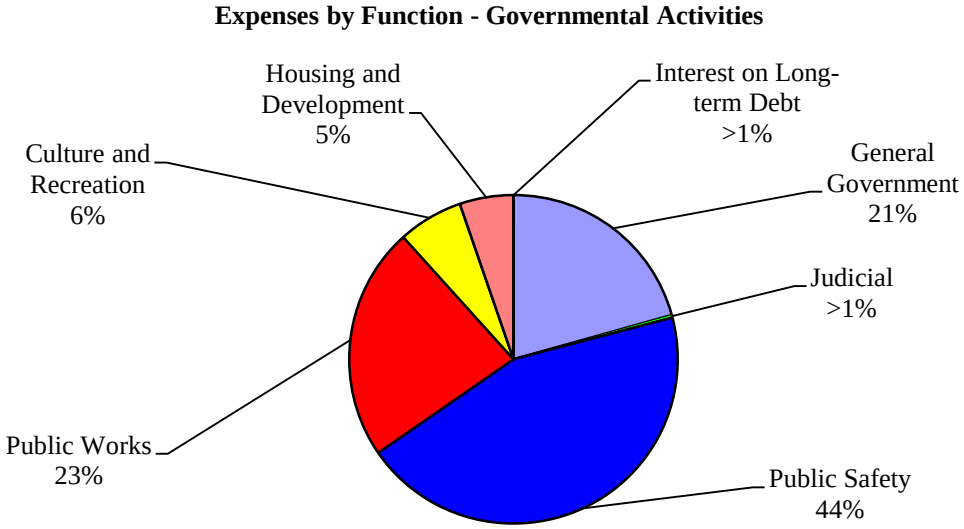
	Governmental Activities		Business-Type Activities		Total	
	2013	2014	2013	2014	2013	2014
Program revenues:						
Charges for services	$ 190,075	$ 183,428	$ 3,585,874	$ 3,877,712	$ 3,775,949	$ 4,061,140
Operating grants and contributions	231,190	94,153	5,760	5,280	236,950	99,433
Capital grants and contributions	1,238,674	1,247,560	146,994	14,900	1,385,668	1,262,460
General revenues:						
Property taxes	525,093	519,370	0	0	525,093	519,370
Sales tax	491,967	485,359	0	0	491,967	485,359
Other taxes	442,704	439,247	0	0	442,704	439,247
Interest and investment earnings	939	556	1,910	1,138	2,849	1,694
Miscellaneous revenue	2,501	38,915	87,158	91,848	89,659	130,763
Total revenues	3,123,143	3,008,588	3,827,696	3,990,878	6,950,839	6,999,466
Expenses						
General Government	505,432	570,017	0	0	505,432	570,017
Judicial	5,848	7,299	0	0	5,848	7,299
Public Safety	1,165,276	1,226,934	0	0	1,165,276	1,226,934
Public Works	584,725	632,917	0	0	584,725	632,917
Culture and Recreation	119,113	176,257	0	0	119,113	176,257
Housing and Development	126,296	145,326	0	0	126,296	145,326
Interest on long-term debt	1,371	701	0	0	1,371	701
Water and sewer	0	0	958,967	984,632	958,967	984,632
Natural gas	0	0	1,968,438	2,118,185	1,968,438	2,118,185
Sanitation	0	0	269,446	284,085	269,446	284,085
Total expenses	2,508,061	2,759,451	3,196,851	3,386,902	5,704,912	6,146,353
Increase (decrease) in net position before tranfers	615,082	249,137	630,845	603,976	1,245,927	853,113
Transfers	647,255	556,538	(247,255)	(556,538)	400,000	0
Increase (decrease) in net position	1,262,337	805,675	383,590	47,438	1,645,927	853,113
Net position - beginning	4,661,051	5,923,388	5,530,391	5,513,981	10,191,442	11,437,369
Net position - ending	$ 5,923,388	$ 6,729,063	$ 5,913,981	$ 5,561,419	$ 11,837,369	$ 12,290,482

Governmental Activities –

The following chart depicts revenues of the governmental activities for the year:



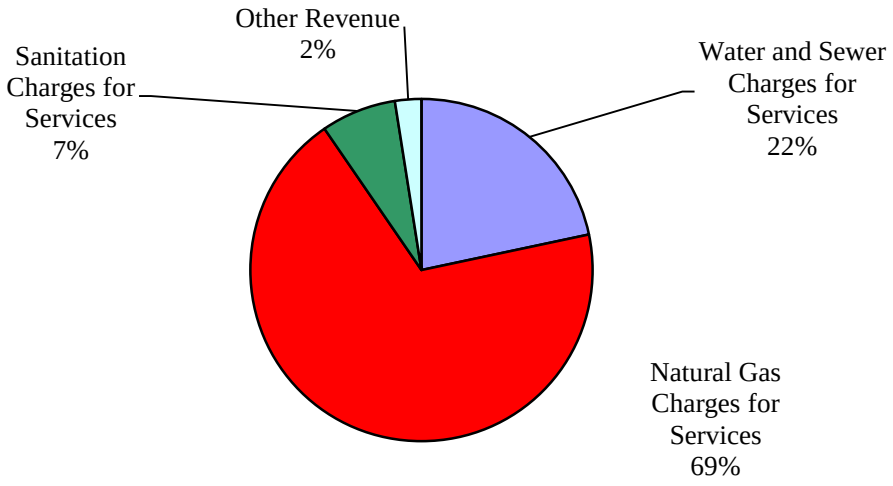
The following chart depicts the expenses of the governmental activities for the year:



Business-type Activities –

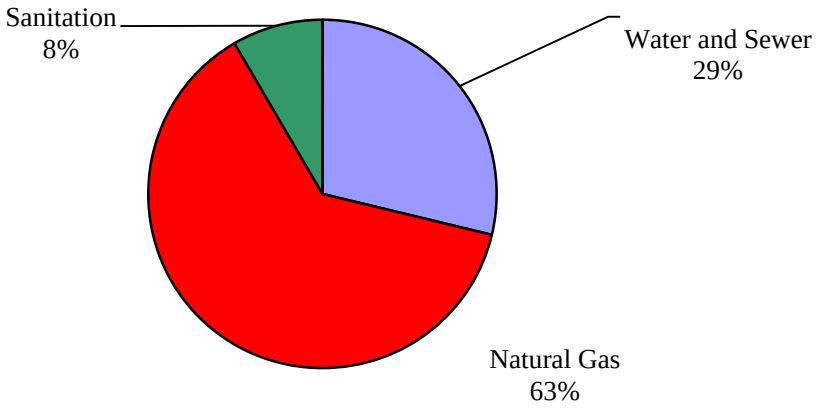
The following chart depicts the revenues of the business-type activities:

Revenue by Source - Business-type Activities



The following chart depicts the expenses of the business-type activities:

Expenses by Function - Business-type Activities



Financial Analysis of the City's Funds

As noted earlier, the City of Royston uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As the City completed this year, its governmental funds reported a combined ending fund balance of $896,478. Of this amount, $299,726 (33%) constitutes assigned and unassigned fund balance, which is available for appropriation for the general purposes of the funds. The remainder of fund balance is in a nonspendable form or restricted for projects and is not available for spending.

The **General Fund** is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the General Fund was $247,241 and assigned fund balance was $50,000, while total fund balance reached $323,373. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 10.2% of the total General Fund expenditures, while total fund balance represents 13.4% of that same amount.

General Fund Budget Highlights

The original budget for the General Fund was amended by various additional revenues and appropriations approved after the beginning of the year.

Overall, the General Fund has remained under budget for many years. We continue to strive to reduce the general fund budget each year.

General Fund expenditures were $2,422,157 with appropriations of $2,438,508; a small tract of land was purchased that connects with our tennis court at the Royston Elementary School; the police department reduced staff and hours within the dispatch department and now utilizes 911 for 3rd shift calls resulting in significant savings; the police department also had to replace their recording system due to software issues.

A national cellular company completed a cell transceiver site on top of one of the City's water tanks and has increased general fund revenues by $24,000.00 per year. We rebilled the Hart County portion of City residents after a state approved digest was provided by Hart County for the years 2009, 2011, and 2012; this resulted in additional costs in the financial administration department, but very little return.

Emergency repairs on a street due to excessive rains added unforeseen costs in the street department, but the City had ample SPLOST funds to complete the repairs.

Several computer upgrades became necessary due to non-support on the existing systems.

Proprietary Funds

The City of Royston's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net position of the City's three proprietary funds totaled as follows:

- Natural Gas $ 2,510,588
- Water and Sewer Utility $ 2,957,917
- Sanitation $ 92,914

The total increase in net position for the three funds was $47,438. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City's business-type activities.

The water department has just completed an extension just outside the city in Hart County and secured additional residential water customers.

Gas Profit margins leveled some and the natural gas department saw an increase over the last several years. The Natural Gas Department completed multiple gas line expansions in FY2012 and a few in FY2013. These expansions have broadened our residential customer base as well as our commercial poultry customer base. The Gas Department negotiated safety boundaries with neighboring gas companies to solidify our selling areas. A large expansion is planned to begin within the next few months in the I-85/Bold Springs area of the county for future industrial use and immediate use for commercial poultry farms and residential customers.

An intergovernmental agreement was approved for a neighboring city to utilize roll-off containers and should slightly increase the sanitation revenue.

Capital Assets and Debt Administration

Capital Assets. The City of Royston has invested $11,399,763 in capital assets (net of accumulated depreciation). Capital assets include infrastructure, land, buildings, and machinery and equipment. Approximately 49% of these investments are related to business-type activities and approximately 51% relates to governmental activities.

Capital assets held by the City at the end of the current year are summarized as follows:

	Governmental Activities	Business-type Activities	Total
Land	$ 426,114	$ 83,361	$ 509,475
Buildings	4,633,735	240,933	4,874,668
Infrastructure	1,943,807	0	1,943,807
Land improvements	0	24,644	24,644
Distribution system	0	10,994,918	10,994,918
Vehicles and equipment	2,741,442	1,404,076	4,145,518
Furniture and fixtures	226,519	0	226,519
Construction in progress	46,455	52,519	98,974
Total	10,018,072	12,800,451	22,818,523
Accumulated depreciation	(4,171,377)	(7,247,383)	(11,418,760)
Net Capital Assets	$ 5,846,695	$ 5,553,068	$ 11,399,763

Additional information on the City of Royston's capital assets can be found in Note 8 to the Financial Statements, Exhibit A-12, on pages 47-48 of this report.

Long-term debt. At June 30, 2014 the City of Royston had $579,751 in notes payable, and $411,054 in capital leases outstanding.

City of Royston
Outstanding Debt
As of June 30, 2014

	Business-type Activities
Capital leases	$ 411,054
Notes payable	579,751
Total	$ 990,805

The City decreased its long-term debt in FY2014 by $141,825. Additional information on the City's long-term debt can be found in Notes 9 and 10 to the Financial Statements, Exhibit A-12, on pages 49-51 of this report.

Economic Condition and Outlook

Although not immune to the weakened economy, the City of Royston has executed a well thought out and thorough spending plan as well as positioning itself for future growth and health. This has caused it to compare well to other municipalities in the State of Georgia. Several factors were considered during preparation of the budget for FY2015, which include the following:

- The volume of natural gas has returned with the large commercial customer addition and should increase at the end of FY2015 upon completion of a new gas line extension in the I-85/Bold Springs area.

- The water department gained several residential customers with a water-line extension just outside the City limits in Hart County and will receive additional revenue and will probably gain more residential customers this year.

- With minimal increases in interest rates on investments with respect to the City's bank balances and certificates of deposits, increases have not been budgeted.

- Changes were made in the dispatch shifts at the Police Department that will continue to see significant savings by utilizing 911 and a safe-area phone for walk-ups.

- Plans are to build an amphitheater at the Royston Wellness Community Park and SPLOST funds will be used.

- The loss of our local hospital has shown some downturn in the local economy, but hopefully other facilities will be leasing this facility and offering services that will bring more traffic into Royston.

- Budgets for gas/fuel were carefully looked at for FY2015 due to the continuing rise in cost.

Contacting the City's Financial Services Department

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City of Royston's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed as follows:

City of Royston
ATTN: Gloria A. Brown, Finance Director/City Clerk
634 Franklin Springs Street
Royston, GA 30662

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BASIC FINANCIAL STATEMENTS

CITY OF ROYSTON, GEORGIA
STATEMENT OF NET POSITION
June 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Current assets				
Cash and cash equivalents	$ 784,532	$ 494,215	$ 1,278,747	$ 7,436
Investments	80,583	150,580	231,163	0
Restricted assets				
Cash and cash equivalents	1,304	61,873	63,177	0
Receivables (net)				
Accounts	2,956	337,494	340,450	0
Taxes	82,577	0	82,577	0
Intergovernmental	52,701	0	52,701	0
Interest	121	167	288	0
Prepaid items	24,828	11,454	36,282	0
Inventories	0	129,641	129,641	0
Total current assets	1,029,602	1,185,424	2,215,026	7,436
Noncurrent assets				
Capital assets				
Non-depreciable	472,569	135,880	608,449	6,000
Depreciable (net)	5,374,126	5,417,188	10,791,314	0
Total noncurrent assets	5,846,695	5,553,068	11,399,763	6,000
Total assets	6,876,297	6,738,492	13,614,789	13,436
LIABILITIES				
Current liabilities				
Payables				
Accounts	30,064	46,067	76,131	0
Retainages	2,466	0	2,466	0
Sales tax	0	334	334	0
Interest	0	1,799	1,799	0
Intergovernmental	81	0	81	0
Refunds	38,356	0	38,356	0
Accrued salaries and expenses	31,598	13,132	44,730	0
Compensated absences	40,202	26,988	67,190	0
Unearned revenue	0	33,039	33,039	0
Customer deposits payable	0	61,873	61,873	0
Capital leases payable	0	58,672	58,672	0
Notes payable	0	68,252	68,252	0
Total current liabilities	142,767	310,156	452,923	0
Noncurrent liabilities				
Compensated absences	4,467	3,036	7,503	0
Capital leases payable	0	352,382	352,382	0
Notes payable	0	511,499	511,499	0
Total noncurrent liabilities	4,467	866,917	871,384	0
Total liabilities	147,234	1,177,073	1,324,307	0

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

CITY OF ROYSTON, GEORGIA
STATEMENT OF NET POSITION
June 30, 2014

	Primary Government			Component Unit Downtown Development Authority
	Governmental Activities	Business-type Activities	Total	
NET POSITION				
Net invested in capital assets	$ 5,842,168	$ 4,542,878	$ 10,385,046	$ 6,000
Restricted for:				
Public Safety	25,356	0	25,356	0
Capital outlay	546,568	0	546,568	0
Unrestricted	314,971	1,018,541	1,333,512	7,436
Total net position	$ 6,729,063	$ 5,561,419	$ 12,290,482	$ 13,436

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

CITY OF ROYSTON, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2014

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary government					
Governmental activities					
General Government	$ 570,017	$ 109,087	$ 1,327	$ 28,915	$ (430,688)
Judicial	7,299	0	0	0	(7,299)
Public Safety	1,226,934	66,844	42,826	512,147	(605,117)
Public Works	632,917	3,500	0	367,013	(262,404)
Culture and Recreation	176,257	3,148	50,000	339,485	216,376
Housing and Development	145,326	849	0	0	(144,477)
Interest on long-term debt	701	0	0	0	(701)
Total governmental activities	2,759,451	183,428	94,153	1,247,560	(1,234,310)
Business-type activities					
Water and Sewer Utility	984,632	862,023	0	14,900	(107,709)
Natural Gas Utility	2,118,185	2,733,856	0	0	615,671
Sanitation	284,085	281,833	5,280	0	3,028
Total business-type activities	3,386,902	3,877,712	5,280	14,900	510,990
Total primary government	6,146,353	4,061,140	99,433	1,262,460	(723,320)
Component Unit					
Downtown Development Authority					
Housing and Development	13,123	7,148	2,820	0	(3,155)

	Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit
Change in net position				
Net (expense) revenue	$ (1,234,310)	$ 510,990	$ (723,320)	$ (3,155)
General revenues				
Taxes				
Property	519,370	0	519,370	0
Sales	485,359	0	485,359	0
Franchise	196,871	0	196,871	0
Insurance premium	133,190	0	133,190	0
Intangibles	3,416	0	3,416	0
Alcoholic beverage	76,928	0	76,928	0
Occupational	28,325	0	28,325	0
Hotel/Motel	517	0	517	0
Payments from City of Royston	0	0	0	261
Interest and investment earnings	556	1,138	1,694	0
Other	38,915	91,848	130,763	328
Transfers	556,538	(556,538)	0	0
Total general revenues and transfers	2,039,985	(463,552)	1,576,433	589
Change in net position	805,675	47,438	853,113	(2,566)
Net position - beginning	5,923,388	5,513,981	11,437,369	16,002
Net position - ending	$ 6,729,063	$ 5,561,419	$ 12,290,482	$ 13,436

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

CITY OF ROYSTON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	General	Franklin County SPLOST #4 Capital Projects	Nonmajor Governmental Funds	Total
ASSETS				
Cash and cash equivalents	$ 248,975	$ 490,846	$ 44,711	$ 784,532
Investments	80,583	0	0	80,583
Restricted assets				
Cash and equivalents	1,304	0	0	1,304
Receivables (net)				
Accounts	2,956	0	0	2,956
Taxes	82,577	0	0	82,577
Intergovernmental	4,316	42,074	6,311	52,701
Interest	121	0	0	121
Due from other funds	6,311	0	0	6,311
Prepaid items	24,828	0	0	24,828
Total assets	$ 451,971	$ 532,920	$ 51,022	$ 1,035,913
LIABILITIES				
Payables				
Accounts	$ 28,004	$ 0	$ 2,060	$ 30,064
Retainages	0	2,466	0	2,466
Intergovernmental	81	0	0	81
Refunds	38,356	0	0	38,356
Due to other funds	0	0	6,311	6,311
Accrued salaries and payroll liabilities	31,598	0	0	31,598
Total liabilities	98,039	2,466	8,371	108,876
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	30,559	0	0	30,559
FUND BALANCES				
Nonspendable prepaids	24,828	0	0	24,828
Restricted for:				
Public Safety	1,304	0	24,052	25,356
Capital projects	0	530,454	16,114	546,568
Assigned for:				
Budget	50,000	0	0	50,000
Housing and Development	0	0	2,485	2,485
Unassigned	247,241	0	0	247,241
Total fund balances	323,373	530,454	42,651	896,478
Total liabilities, deferred inflows, and fund balances	$ 451,971	$ 532,920	$ 51,022	$ 1,035,913

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

CITY OF ROYSTON, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
June 30, 2014

Total fund balance - total governmental funds	$	896,478
Amounts reported for governmental activities in the statement of net assets are different because:		
Some assets are not financial resources and, therefore, are not reported in the funds. These are:		
Capital assets net of accumulated depreciation		5,846,695
Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the funds. These are:		
Property taxes		30,559
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are:		
Compensated absences		(44,669)
Net position of governmental activities	$	6,729,063

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

CITY OF ROYSTON, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2014

	General	Franklin County SPLOST #4 Capital Projects	Nonmajor Governmental Funds	Total
REVENUES				
Taxes	$ 1,454,798	$ 0	$ 518	$ 1,455,316
Licenses and permits	15,559	0	0	15,559
Fines, fees and forfeitures	62,444	0	3,794	66,238
Charges for services	101,631	0	0	101,631
Intergovernmental	74,441	340,841	184,343	599,625
Interest	535	758	134	1,427
Contributions	9,577	0	1,859	11,436
Other	38,917	0	0	38,917
Total revenues	1,757,902	341,599	190,648	2,290,149
EXPENDITURES				
Current				
General Government	548,538	0	0	548,538
Judicial	7,299	0	0	7,299
Public Safety	1,108,717	0	23,681	1,132,398
Public Works	485,395	0	0	485,395
Culture and Recreation	114,235	0	0	114,235
Housing and Development	139,744	0	361	140,105
Capital outlay	0	262,196	72,632	334,828
Debt service	18,229	0	0	18,229
Total expenditures	2,422,157	262,196	96,674	2,781,027
Excess (deficiency) of revenue over (under) expenditures	(664,255)	79,403	93,974	(490,878)
Other financing sources (uses)				
Transfers in (out)				
Transfers in	732,439	0	0	732,439
Transfers out	0	(4,590)	(97,726)	(102,316)
Sale of capital assets	14,146	0	0	14,146
Total other financing sources (uses)	746,585	(4,590)	(97,726)	644,269
Net change in fund balance	82,330	74,813	(3,752)	153,391
Fund balances, July 1	241,043	455,641	46,403	743,087
Fund balances, June 30	$ 323,373	$ 530,454	$ 42,651	$ 896,478

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

CITY OF ROYSTON, GEORGIA
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2014

Net change in fund balances - total governmental funds		$ 153,391
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlays	$ 386,313	
Depreciation	(363,130)	23,183
Contributions of capital assets from other governments and individuals increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.		725,582
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These include recognition of unavailable property taxes.		(11,339)
Distributions of capital assets decrease net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.		(73,585)
In the statement of activities, the loss on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale of capital assets increase financial resources.		
Cost of assets disposed	$ (133,293)	
Related accumulated depreciation	104,892	(28,401)
The proceeds of debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Debt principal repayments	$ 17,528	
Debt proceeds	0	17,528
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.		
Compensated absences	(684)	(684)
Change in net position of governmental activities		$ 805,675

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

CITY OF ROYSTON, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2014

	Budget			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Taxes	$ 1,349,400	$ 1,331,700	$ 1,454,798	$ 123,098
Licenses and permits	13,100	11,900	15,559	3,659
Fines, fees and forfeitures	68,200	59,000	62,444	3,444
Charges for services	115,877	106,377	101,631	(4,746)
Intergovernmental	17,000	73,043	74,441	1,398
Interest	1,200	900	535	(365)
Contributions	8,300	9,000	9,577	577
Other	5,900	29,450	38,917	9,467
Total revenues	1,578,977	1,621,370	1,757,902	136,532
EXPENDITURES				
Current				
General Government				
Mayor and Council	101,950	108,810	108,655	155
Administration	430,650	438,708	438,687	21
Elections	1,450	4,350	1,196	3,154
Judicial				
Municipal Court	10,258	10,258	7,299	2,959
Public Safety				
Police	1,085,857	1,036,045	1,035,609	436
Fire	54,381	65,590	65,684	(94)
Animal Control	8,747	7,425	7,424	1
Public Works				
Streets	474,383	452,795	397,737	55,058
Maintenance Shop	89,619	86,644	85,770	874
Cemetery	18,000	2,638	1,888	750
Culture and Recreation				
Library	31,125	89,675	88,744	931
Parks and Recreation	32,295	29,121	25,491	3,630
Housing and Development				
Code Enforcement	64,546	68,945	68,653	292
Better Hometown Program	69,026	76,504	65,091	11,413
Downtown Development Authority	6,000	6,000	6,000	0
Debt service				
Public Safety				
Fire	18,229	25,000	18,229	6,771
Total expenditures	2,496,516	2,508,508	2,422,157	86,351
Excess (deficiency) of revenues over (under) expenditures	(917,539)	(887,138)	(664,255)	222,883
Other financing sources (uses)				
Transfers in (out)				
Transfers in	737,539	831,338	732,439	(98,899)
Sales of capital assets	5,000	5,000	14,146	9,146
Contingency	0	(5,000)	0	5,000
Total other financing sources (uses)	742,539	831,338	746,585	(84,753)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(175,000)	(55,800)	82,330	138,130
Fund balances, July 1	175,000	55,800	241,043	185,243
Fund balances, June 30	$ 0	$ 0	$ 323,373	$ 323,373

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

CITY OF ROYSTON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2014

	Business Type			
	Water and Sewer Utility	Natural Gas Utility	Sanitation	Totals
ASSETS				
Current assets				
Cash and cash equivalents	$ 103,020	$ 391,195	$ 0	$ 494,215
Investments	0	150,580	0	150,580
Restricted assets				
Cash and cash equivalents	19,335	42,538	0	61,873
Receivables (net)				
Accounts	106,605	197,696	33,193	337,494
Interest	0	167	0	167
Inventories	0	129,641	0	129,641
Prepaid items	7,478	2,357	1,619	11,454
Total current assets	236,438	914,174	34,812	1,185,424
Noncurrent assets				
Capital assets				
Non-depreciable	53,245	76,206	6,429	135,880
Depreciable (net)	3,247,361	2,048,897	120,930	5,417,188
Total noncurrent assets	3,300,606	2,125,103	127,359	5,553,068
Total assets	3,537,044	3,039,277	162,171	6,738,492
LIABILITIES				
Current liabilities				
Payables				
Accounts	13,070	31,243	1,754	46,067
Sales tax	0	334	0	334
Interest	0	0	1,799	1,799
Accrued salaries	6,276	5,825	1,031	13,132
Compensated absences	12,532	8,637	5,819	26,988
Unearned revenue	3,697	28,098	1,244	33,039
Capital leases	0	58,672	0	58,672
Notes payable	49,781	0	18,471	68,252
Liabilities payable from restricted assets:				
Customer deposits payable	19,335	42,538	0	61,873
Total current liabilities	104,691	175,347	30,118	310,156

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

CITY OF ROYSTON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2014

	Business Type			
	Water and Sewer Utility	Natural Gas Utility	Sanitation	Totals
Noncurrent liabilities				
Compensated absences	$ 1,429	$ 960	$ 647	$ 3,036
Capital leases	0	352,382	0	352,382
Notes payable	473,007	0	38,492	511,499
Total noncurrent liabilities	474,436	353,342	39,139	866,917
Total liabilities	579,127	528,689	69,257	1,177,073
NET POSITION				
Net invested in capital assets	2,777,818	1,694,664	70,396	4,542,878
Unrestricted	180,099	815,924	22,518	1,018,541
Total net position	$ 2,957,917	$ 2,510,588	$ 92,914	$ 5,561,419

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

CITY OF ROYSTON, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2014

	Business Type			
	Water and Sewer Utility	Natural Gas Utility	Sanitation	Totals
OPERATING REVENUES				
Charges for sales and services	$ 862,023	$ 2,733,856	$ 281,833	$ 3,877,712
Other	46,155	38,986	6,707	91,848
Total operating revenues	908,178	2,772,842	288,540	3,969,560
OPERATING EXPENSES				
Costs of sales and services	416,781	1,622,979	120,698	2,160,458
Personal services	382,752	384,700	124,324	891,776
Depreciation	157,162	91,899	36,711	285,772
Other	0	6,586	0	6,586
Total operating expenses	956,695	2,106,164	281,733	3,344,592
Operating income (loss)	(48,517)	666,678	6,807	624,968
Non-operating revenues (expenses)				
Intergovernmental	0	0	5,280	5,280
Interest revenue	198	832	108	1,138
Interest expense	(13,537)	(12,021)	(2,352)	(27,910)
Gain (loss) on sale of capital assets	(14,400)	0	0	(14,400)
Total non-operating revenues (expenses)	(27,739)	(11,189)	3,036	(35,892)
Income (loss) before capital contributions and transfers	(76,256)	655,489	9,843	589,076
Capital contributions				
Capital contributions	14,900	0	0	14,900
Contributions of capital assets from Governmental Activities	73,585	0	0	73,585
Total capital contributions	88,485	0	0	88,485
Income (loss) before transfers	12,229	655,489	9,843	677,561
Transfers in (out)				
Transfers in	102,316	0	0	102,316
Transfers out	(29,141)	(486,815)	(216,483)	(732,439)
Total transfers	73,175	(486,815)	(216,483)	(630,123)
Change in net position	85,404	168,674	(206,640)	47,438
Net position, July 1	2,872,513	2,341,914	299,554	5,513,981
Net position, June 30	$ 2,957,917	$ 2,510,588	$ 92,914	$ 5,561,419

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

CITY OF ROYSTON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2014

	Business Type			
	Water and Sewer Utility	Natural Gas Utility	Sanitation	Totals
Cash flows from operating activities:				
Receipts from customers	$ 851,111	$ 2,727,835	$ 283,716	$ 3,862,662
Payments to suppliers	(413,539)	(1,625,467)	(119,795)	(2,158,801)
Payments to employees	(380,156)	(390,599)	(124,642)	(895,397)
Other receipts	46,155	38,986	6,707	91,848
Other payments	0	(6,586)	0	(6,586)
Net cash provided (used) by operating activities	103,571	744,169	45,986	893,726
Cash flows from non-capital financing activities:				
Receipts from other governments	0	0	5,280	5,280
Payments to other funds	(29,141)	(486,815)	(216,483)	(732,439)
Net cash provided (used) by non-capital financing activities	(29,141)	(486,815)	(211,203)	(727,159)
Cash flows from capital and related financing activities:				
Receipts of capital contributions	14,900	0	0	14,900
Receipts from other funds	102,316	0	0	102,316
Interest paid	(13,537)	(12,021)	(2,352)	(27,910)
Acquisition of capital assets	(105,820)	(35,724)	(4,171)	(145,715)
Principal payments - notes	(48,677)	0	(18,500)	(67,177)
Principal payments - capital lease	0	(57,120)	0	(57,120)
Net cash provided (used) by capital and related financing activities	(50,818)	(104,865)	(25,023)	(180,706)
Cash flows from investing activities:				
Interest received	198	769	108	1,075
Proceeds from sale of investments	0	150,205	0	150,205
Purchase of investments	0	(150,580)	0	(150,580)
Net cash provided (used) by investing activities	198	394	108	700
Net increase (decrease) in cash and cash equivalents	23,810	152,883	(190,132)	(13,439)
Cash and cash equivalents, July 1	98,545	280,850	190,132	569,527
Cash and cash equivalents, June 30	$ 122,355	$ 433,733	$ 0	$ 556,088

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

CITY OF ROYSTON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2014

	Business Type			
	Water and Sewer Utility	Natural Gas Utility	Sanitation	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ (48,517)	$ 666,678	$ 6,807	$ 624,968
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	157,162	91,899	36,711	285,772
(Increase) decrease in accounts receivable	(11,797)	(3,425)	1,496	(13,726)
(Increase) decrease in prepaid items	557	459	411	1,427
(Increase) decrease in inventories	0	(5,077)	0	(5,077)
Increase (decrease) in accounts payable	2,685	2,130	492	5,307
Increase (decrease) in sales tax payable	0	(3,668)	0	(3,668)
Increase (decrease) in unearned revenue	1,625	1,549	387	3,561
Increase (decrease) in accrued payroll liabilities	2,596	(5,899)	(318)	(3,621)
Increase (decrease) in deposits payable	(740)	(477)	0	(1,217)
Total adjustments	152,088	77,491	39,179	268,758
Net cash provided (used) by operating activities	$ 103,571	$ 744,169	$ 45,986	$ 893,726
Cash and cash equivalents reconciliation:				
Cash and cash equivalents	$ 103,020	$ 391,195	$ 0	$ 494,215
Restricted assets				
Cash and cash equivalents	19,335	42,538	0	61,873
Total cash and cash equivalents	$ 122,355	$ 433,733	$ 0	$ 556,088

Noncash investing, capital, and financing activities:

Contributions of capital assets from Governmental Activities totaled $73,585 for the fiscal year ended June 30, 2014.

Acquistion of capital assets through accounts payable totaled $19,385 for the fiscal year ended June 30, 2014.

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

CITY OF ROYSTON, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2014

	Municipal Court Agency Fund
ASSETS	
Cash and cash equivalents	$ 18,422
LIABILITIES	
Due to other agencies	$ 18,422

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

1. Description of Government Unit

The City of Royston was established in 1879. The City operates under a council/mayor form of government and provides the following services: public safety, street and sanitation, culture and recreation, public improvements and general and administrative services. In addition, the City operates public utilities for water, sewer, and gas for the incorporated and immediate surrounding areas.

The City is governed by an elected six-member council.

2. Summary of Significant Accounting Policies

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business- type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

B. Reporting Entity

The accompanying financial statements present the government and its component units, entities for which the government is considered financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legaly seprate entities. Thus, blended component untis are appropriately presented as funds of the primary government. Each discretely presented component unit is reported componenet unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

2. Summary of Significant Accounting Policies (continued)

B. Reporting Entity, continued

City of Royston Downtown Development Authority

The City of Royston Downtown Development Authority was established as a legally separate entity, which operates pursuant to the Official Code of Georgia Annotated. The Authority consists of seven members appointed by the City Council and an executive director. The Downtown Development Authority provides for the vitalization of the downtown area of the City of Royston. In many respects, the Authority functions similar to a City department through regular participation in department director meetings, budget approval, accounting, payroll, etc.

The City of Royston Downtown Development Authority is reported in a separate column to emphasize that it is legally separate from the City. Individual financial statements are presented as part of the City's Annual Financial Report in the section labeled "Component Unit" (See Exhibit H). The City of Royston Downtown Development Authority has a June 30th year-end. Individual financial statements may be obtained by contacting the City of Royston Downtown Development Authority, 634 Franklin Springs Street, Royston, GA 30662.

C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the government has one discretely presented component unit. While the Downtown Development Authority is not considered to be a major component unit, it is nevertheless shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund - The general operating fund of the City is used to account for all financial resources except those required to be accounted for in another fund.

Franklin County SPLOST #4 Capital Projects Fund – This fund is used to account for long-term projects financed by the passage of the 2010 Franklin County special purpose local option sales tax.

The City reports the following major proprietary funds:

Water and Sewer Utility Fund - This fund is used to account for activities connected with the development, operation and maintenance of water and sewer services in the City of Royston.

Natural Gas Utility Fund – This fund is used to account for activities connected with the development, operation and maintenance of natural gas services in the City of Royston.

Sanitation Fund – This fund is used to account for activities connected with the collection and disposal of residential, commercial, industrial and institutional solid waste in the City of Royston.

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements, continued

Additionally, the City reports the following fund types:

Governmental Fund Types

Special Revenue Funds - This fund type is used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

Capital Projects Funds - This fund type is used to account for financial resources to be used for the acquisition or construction of capital assets (other than those financed by the proprietary or fiduciary funds).

Fiduciary Fund Types

Agency Funds – Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that are held either for the City or for others. The City has an agency fund to account for the activity of the Municipal Court.

Component Units

The Royston Downtown Development Authority is accounted for using a current financial resources measurement focus and uses the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e. when they both become measurable and available).

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements, continued

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

2. Summary of Significant Accounting Policies (continued)

E. Measurement Focus and Basis of Accounting, continued

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

2. Summary of Significant Accounting Policies (continued)

F. Revenues and Expenditures/Expenses

Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Certain indirect costs have been included as part of program expenses reported for the various functional activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer, Natural Gas, and Solid Waste Funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal services funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

G. Budgets and Budgetary Accounting

The City Council adopts an annual budget for all governmental fund types, prior to July 1, except for the Capital Projects Funds. The Capital Projects Funds are budgeted by City Council when capital projects are approved. The operating budget includes proposed expenditures and the means of financing them. The budget is legally enacted by the passage of a resolution.

In January each year, the departments submit their budget requests to the Chief Financial Officer. The Finance Department compiles a complete citywide budget and submits the proposed budget to the City Manager for review. Meetings are held between the City Manager, Chief Financial Officer, and department heads in February to review the proposed budget. The City Manager then submits the proposed budget to the City Council by May 1.

2. Summary of Significant Accounting Policies (continued)

G. Budgets and Budgetary Accounting, continued

During June, the Mayor and Council conduct a public hearing to discuss the proposed budget and to obtain input from the citizens of the City of Royston. This hearing is publicized in the local newspaper at least two weeks before the hearing. The final proposed budget is then adopted by the City Council on or before June 30 during a regular Council meeting, which is also open to the public.

The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is the department level. Changes may be made within an operating budget by departmental request through the City Manager except for equipment requests under $5,000, which must be approved by the City Manager, and equipment requests over $5,000 and changes in personal services budgets, which must be approved by the City Council. All operating budget transfers between departments and all changes to Capital Projects budgets must be approved by City Council. Formal budgetary integration is employed as a management control device during the year.

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) at the legal level of budgetary control, which is the department level. Expenditures may not exceed the appropriations within a fund. Budgets, as reported in the financial statements, are as originally passed by ordinance and subsequently amended. During the year, several supplementary appropriations are made as needed. The results are increases and decreases to the appropriations within the funds. All annual appropriations lapse at year-end.

H. Cash and Investments

Cash and cash equivalents, as reported in the statement of cash flows, includes amounts in demand deposits, amounts with fiscal agents and investments with an original maturity at three months or less. Investments are reported at fair value with accrued interest shown under a separate caption on the balance sheet. Reinvested interest on certain debt service and capital project investments is included in the investment accounts.

2. Summary of Significant Accounting Policies (continued)

I. Intergovernmental Receivables

Receivables for state, federal, and local governments are recorded as revenue for the period of the allocation or as earned based on expenditures made for which reimbursement is due.

J. Inventories

Inventories of the Natural Gas Utility Enterprise Fund are valued at cost on the first-in, first-out method.

K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2014, are recorded as prepaid items.

L. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

GASB Statement No. 34 required the City to report and depreciate new infrastructure assets effective with the beginning of the fiscal year ended June 30, 2004. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. Prior to July 1, 2007, neither their historical costs nor related depreciation had historically been reported in the financial statements. For entities the size of the City of Royston, retroactive reporting of infrastructure assets was not required.

2. Summary of Significant Accounting Policies (continued)

L. Capital Assets, continued

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

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

	Useful Life in Years	Capitalization Threshold
Buildings	50	$ 2,000
Infrastructure		
Distribution systems	50	$ 20,000
Roads	50	$ 100,000
Bridges and culverts	50	$ 40,000
Equipment	10	$ 2,000
Vehicles	5	$ 2,000
Furniture and fixtures	5	$ 2,000
Land improvements	15	$ 2,000

All land will be valued and capitalized.

The costs of normal maintenance and repairs that do not add value or materially extend the life of the asset are charged to operations as incurred. Costs of major additions and improvements are capitalized.

2. Summary of Significant Accounting Policies (continued)

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

N. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation benefits which will be paid to the employees upon separation from City service. Accumulated unpaid vacation pay amounts are accrued when incurred by the City in the government-wide, proprietary, and fiduciary fund financial statements. The liability of the proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees. In governmental fund types, a liability is recorded only if the benefit has matured and is expected to be liquidated with expendable available financial resources.

2. Summary of Significant Accounting Policies (continued)

O. 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, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

P. Capital Contributions

Federal, state and local government assistance in the form of grants that are permanent in nature and restricted for the construction or acquisition of specific property and equipment is recorded as an asset and as non-operating revenue.

Q. Fund Balances – Governmental Funds

The City of Royston implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011. In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at June 30, 2014, by the City are nonspendable in form. The City has not reported any amounts that are legally or contractually required to be maintained intact.

2. Summary of Significant Accounting Policies (continued)

Q. Fund Balances – Governmental Funds, continued

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the City Council, the City of Royston's highest level of decision making authority, which include the language "committed for the purpose of". Commitments may be modified or rescinded only through adoption of a subsequent resolution. A resolution committing amounts must be adopted prior to the end of the fiscal year; however, the amount to be committed may be determined within 120 days of fiscal year-end.

Assigned – includes amounts that the City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the City Council's adopted policy, amounts may be assigned by the City Manager, under the authorization of the City Council, through a written memorandum. Amounts appropriated to eliminate a projected deficit in the subsequent fiscal year's budget shall constitute assignments and are documented by adoption of the City's annual operating budget. Equity amounts reported in special revenue funds, capital project funds, debt service funds, or permanent funds not otherwise classified as nonspendable, restricted, or committed shall constitute assignments of fund balance.

Unassigned – includes amounts that do not fall into one of the above four categories. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The General Fund is the only fund that should report this category of fund balance.

For the purposes of fund balance classification, the City considers restricted amounts spent first when an expenditure is incurred for which both restricted and unrestricted fund balance is available. Furthermore, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance can be used, then committed amounts are spent first, followed by assigned amounts, and then unassigned amounts.

2. Summary of Significant Accounting Policies (continued)

R. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

S. Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

T. Restricted Assets and Restricted Net Position

Restricted assets of the Enterprise Funds represent certain resources set aside for the repayment of revenue bonds because they are maintained in a separate bank account and their use is limited by applicable bond covenants.

Restricted net position is equal to the excess of the restricted assets funded from operations over the liabilities to be paid with restricted assets which are due in one year or less. Restricted assets exclude bond proceeds for calculation of reserve.

2. Summary of Significant Accounting Policies (continued)

U. Comparative Data and Reclassifications

Comparative total data of the prior period has been presented in the accompanying individual fund financial statements in order to provide an understanding of changes in the City's financial position and operations. Certain 2013 amounts have been reclassified to conform with the 2014 presentation.

3. Deposit and Investment Risk

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned. The City has no formal policy, but follows the State of Georgia requirement that all deposits be federally insured or fully collateralized.

Interest Rate Risk

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

State of Georgia law limits investments to include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia, pooled investment programs of the State of Georgia, and no-load mutual funds of direct obligations of the United States. The City has no investment policy that would further limit its investment choices. Investments are reported at fair value.

Concentration of Credit Risk

The City has no formal policy on the amount the City may invest in any one issuer.

Foreign currency risk

The City has no investments denominated in a foreign currency.

4. Accounts Receivable

Net accounts receivable at June 30, 2014 consist of the following:

Major Funds		
General Fund		$ 2,956
Enterprise Funds		
Water and Sewer Utility	$ 191,555	
Less: Allowances for Uncollectibles	(84,950)	
Natural Gas Utility	374,910	
Less: Allowances for Uncollectibles	(177,214)	
Sanitation	59,964	
Less: Allowances for Uncollectibles	(26,771)	337,494
Total Primary Government		$ 340,450

5. Intergovernmental Receivables

Intergovernmental receivables at June 30, 2014 consist of the following:

Major Funds	
General Fund	
Franklin County, Georgia	$ 4,316
Franklin County SPLOST #4	
Franklin County, Georgia	42,074
Non Major Funds	
Hart County SPLOST #4	
Hart County, Georgia	6,311
Total Primary Government	$ 52,701

6. Property Taxes

Taxes receivable as of June 30, 2014 consist of property taxes for seven years as follows:

Year of Levy	Amount
2013	$ 27,940
2012	13,702
2011	6,962
2010	5,230
2009	7,425
2008	3,066
2007	2,567
	66,892
Less allowance for uncollectible	(28,017)
Total	$ 38,875

Property tax rates are set by the City Council each year and are limited by statutory or constitutional provision. Property values are assessed as of January 1st each year. Property taxes for fiscal year 2014, based upon the assessments of January 1, 2013, were billed on December 19, 2013 and due on February 17, 2014. Tax liens are issued 90 days after the due date. The tax rate of 10.0 mills for fiscal year 2014 was levied on November 12, 2013.

Other Taxes

$43,702 of sales taxes are also included in taxes receivable.

7. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables as of June 30, 2014 is as follows:

	Due from:
	Nonmajor Governmental Funds
Due to:	
Major Funds	
General	$ 6,311

The balance reported as Due to/Due from represent loans between the borrower funds and the lender. Balances reported between in the General Fund and nonmajor governmental funds resulted from transactions to alleviate equity in pooled cash deficits at year-end.

A summary of interfund transfers is as follows:

Transfer Out Fund	Transfer In Fund	Amount
Franklin County SPLOST #4	Water/Sewer Utility	$ 4,590
Natural Gas Utility	General	486,815
Water/Sewer Utility	General	29,141
Sanitation	General	216,483
Nonmajor Governmental	Water/Sewer Utility	97,726
		834,755
Transfer of capital assets from Governmental Activities to Water/Sewer Utility Fund		73,585
		$ 908,340

Interfund transfers are used to 1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, and 2) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business-type fund group.

8. Capital Assets

Capital asset activity for the primary government for the year ended June 30, 2014 was as follows:

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Governmental activities				
Non-depreciable assets				
Land	$ 408,187	$ 17,927	$ 0	$ 426,114
Construction in progress	954,598	7,933	(916,076)	46,455
Total non-depreciable assets	1,362,785	25,860	(916,076)	472,569
Depreciable assets				
Buildings	3,370,530	1,263,205	0	4,633,735
Infrastructure	1,743,695	200,112	0	1,943,807
Vehicles and equipment	2,411,582	536,738	(206,878)	2,741,442
Furniture and fixtures	224,463	2,056	0	226,519
Total depreciable assets	7,750,270	2,002,111	(206,878)	9,545,503
Accumulated depreciation				
Buildings	(1,968,115)	(77,767)	0	(2,045,882)
Infrastructure	(237,174)	(44,810)	0	(281,984)
Vehicles and equipment	(1,493,259)	(238,134)	104,892	(1,626,501)
Furniture and fixtures	(214,591)	(2,419)	0	(217,010)
Total accumulated depreciation	(3,913,139)	(363,130)	104,892	(4,171,377)
Total depreciable assets, net	3,837,131	1,638,981	(101,986)	5,374,126
Governmental activities capital assets, net	$ 5,199,916	$ 1,664,841	$ (1,018,062)	$ 5,846,695
Business-type activities				
Non-depreciable assets				
Land	$ 97,761	$ 0	$ (14,400)	$ 83,361
Construction in progress	315,228	52,519	(315,228)	52,519
Total non-depreciable assets	412,989	52,519	(329,628)	135,880
Depreciable assets				
Buildings	240,933	0	0	240,933
Land improvements	24,644	0	0	24,644
Distribution system	10,585,911	409,007	0	10,994,918
Vehicles and equipment	1,314,339	92,387	(2,650)	1,404,076
Total depreciable assets	12,165,827	501,394	(2,650)	12,664,571
Accumulated depreciation				
Buildings	(117,510)	(4,819)	0	(122,329)
Land improvements	(7,800)	(1,643)	0	(9,443)
Distribution system	(5,811,040)	(195,939)	0	(6,006,979)
Vehicles and equipment	(1,027,911)	(83,371)	2,650	(1,108,632)
Total accumulated depreciation	(6,964,261)	(285,772)	2,650	(7,247,383)
Total depreciable assets, net	5,201,566	215,622	0	5,417,188
Business-type activities capital assets, net	$ 5,614,555	$ 268,141	$ (329,628)	$ 5,553,068

8. Capital Assets (continued)

Capital asset activity for the Downtown Development Authority Component Unit for the year ended June 30, 2014 was as follows:

	Balance 6/30/2013	Increases	Decreases	Balance 6/30/2014
Downtown Development Authority Component Unit				
Non-depreciable assets				
Construction in progress	$6,000	$0	$0	$6,000

Depreciation expense was charged to functions/programs as follows:

Primary Government	
Governmental activities	
General Government	$ 23,709
Public Safety	137,586
Public Works	135,567
Culture and Recreation	62,022
Housing and Development	4,246
Total depreciation expense for governmental activities	$ 363,130
Business-type activities	
Water and Sewer Utility	$ 157,162
Natural Gas Utility	91,899
Sanitation	36,711
Total depreciation expense for business-type activities	$ 285,772

9. Capital and Operating Lease Agreements

The City has entered into agreements for the lease of certain equipment. The terms of the agreements meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee. The balance of these leases at June 30, 2014 are $411,054 for the business-type activities.

The following is a schedule of the future minimum lease payments together with the present value of the net minimum lease payments as of June 30, 2014:

Year Ending June 30,	Business-type Activities
2015	$ 69,141
2016	69,141
2017	69,141
2018	69,141
2019	69,141
2020-2021	103,711
Total minimum lease payments	449,416
Less amounts representing interest	(38,362)
Present value of minimum lease payments	$ 411,054

Total assets leased under capital leases are $500,000 for business-type activities and are reported as infrastructure. Amortization of leased equipment under capital assets is included with depreciation expense.

The City's lease agreements, other than such agreements described above, are relatively minor commitments (generally for office machines) and are in compliance with state law.

10. Long-Term Debt

Notes Payable

On October 1, 2004, the City entered into an agreement the Georgia Environmental Facilities Authority for expansion of the City's water and sewerage system. The City borrowed $381,024 due in monthly installments of $2,333 principal and interest through October 1, 2024; interest at 4.12% ($235,273 outstanding).

On May 22, 2012, the City entered into an agreement the Georgia Environmental Facilities Authority for expansion of the City's water and sewerage system. The City borrowed $323,389 due in monthly installments of $2,851 principal and interest through April 1, 2023; interest at 1.13% ($287,515 outstanding).

On March 25, 2012, the City entered into an agreement the United States Department of Agriculture to purchase a vehicle. The City borrowed $92,500 due in annual installments of $20,852 principal and interest through December 1, 2026; interest at 4.625% ($56,963 outstanding).

Annual debt service requirements for notes payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2015	$ 68,252	$ 14,813	$ 83,065
2016	70,137	12,928	83,065
2017	71,363	10,941	82,304
2018	53,303	8,910	62,213
2019	54,555	7,658	62,213
2020-2024	252,890	18,255	271,145
2025	9,251	66	9,317
Totals	$ 579,751	$ 73,571	$ 653,322

10. Long-Term Debt (continued)

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities, while revenue bonds are issued for the construction and expansion of proprietary activities. General obligation bonds are direct obligations and pledge the full faith, credit and taxing powers of the City while revenue bonds pledge the revenues of the proprietary activity for repayment of the bond issues.

Changes in Long-Term Debt

The following is a summary of changes in long-term debt of the City for fiscal year ended June 30, 2014:

	Balance 6/30/2013	Additions	Deductions	Balance 6/30/2014	Due Within One Year
Governmental activities					
Capital lease obligations	$ 17,528	$ 0	$ (17,528)	$ 0	$ 0
Compensated absences	43,985	40,270	(39,586)	44,669	40,202
Total governmental activities	$ 61,513	$ 40,270	$ (57,114)	$ 44,669	$ 40,202
Business-type activities					
Notes payable	$ 646,928	$ 0	$ (67,177)	$ 579,751	$ 68,252
Capital lease obligations	468,174	0	(57,120)	411,054	58,672
Compensated absences	35,604	26,431	(32,011)	30,024	26,988
Total business-type activities	$ 1,150,706	$ 26,431	$ (156,308)	$ 1,020,829	$ 153,912

Revenue bond issue costs and discounts/premiums are amortized over the life of the related debt using the straight-line method. In prior years, compensated absences of the governmental activities were liquidated in the General Fund.

Total interest incurred and expensed in the governemental activities and the business-type activities for the fiscal ended June 30, 2014 was $701 and $27,910, respectively.

11. Pension Plan

On June 12, 2007, the City elected to contribute and participate in an agent multiple-employer plan for fiscal year 2008 and periods thereafter. The plan's assets may be used only for the payment of benefits to the members of the plan, in accordance with the terms of the plan. See Note 2 – Summary of Significant Accounting Policies for basis of accounting and reporting of investments.

Plan Description and Contribution Information

The City contributes to the Georgia Municipal Employees Benefit System Retirement Fund (GMEBSRF), an agent multiple-employer defined benefit plan that acts as a common investment and administrative agent for municipalities in the State. The plan is administered by the Georgia Municipal Association (GMA) and provides pension benefits, death and disability benefits, which were established and may be amended by City Council Ordinance and change of contract with GMA. All full-time City employees are eligible to participate in GMEBSFR after one year of service. The normal retirement date of full-time City employees is attainment of age 65 with 5 years of credited service. City employees may elect early retirement on the first day of any month prior to his/her normal retirement date if he/she has attained age 55 and has a minimum of 10 years credited service. Upon retirement, the participant is entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1.5 percent of his/her average monthly earnings as defined in the plan for each year of credited service. The system also provides death and disability benefits. Employees vest in the plan after 5 years of full-time service with the City.

11. Pension Plan (continued)

Plan Description and Contribution Information, continued

GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to Georgia Municipal Employees Benefit System, 201 Pryor Street SW, Atlanta, Georgia 30303.

Current membership in the plan is as follows:

Retirees and beneficiaries currently receiving benefits	8
Terminated vested participants entitled to but not yet receiving benefits	6
Active participants	47
Total number of participants	61

Funding Policy. The contribution requirements of the City are established and may be amended by City Council. Plan members are not allowed to make contributions to this plan. The City is required to contribute at an actuarially determined rate. The current rate is 10.73% of annual covered payroll. The City Council provides for the benefits and funding policy through a City ordinance and maintains the authority to change the policy. Costs of administering the plan are financed through contributions and earnings.

Annual Pension Cost and Net Pension Obligation

The net pension obligation was computed as part of an actuarial valuation performed as of January 1, 2014. Significant actuarial assumptions used in the valuation include:

Rate of return on investments of present and future assets compounded annually	7.75%
Projected salary increases:	
Inflation	3.5%
Merit or seniority	0.5% - 2.5%
Post-retirement benefit increases	0.0%
Life expectancy before and after retirement (Group Annuity Mortality table)	1983

11. Pension Plan (continued)

Annual Pension Cost and Net Pension Obligation, continued

The Plan's funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, accumulate funds so that sufficient assets will be available to pay benefits when due. The contribution rate for normal cost is determined using the projected unit credit actuarial funding method. The actuarial value of assets was determined by using the sum of actuarial value at the beginning of the year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 2008 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year. The remaining amortization period at January 1, 2014 varies for the bases. The significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the net pension obligations. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

The City's annual pension cost and net pension obligations for the current year were as follows:

Annual pension cost	$	148,994
Contributions made		148,994
Increase (decrease) in net pension obligation		0
Net pension obligation - beginning of year		0
Net pension obligation - end of year	$	0

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Trend information for the pension plan is presented.

11. Pension Plan (continued)

Schedule of Employer Contributions

Fiscal Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2009	$ 104,923	100%	0
2010	118,203	100%	0
2011	129,006	100%	0
2012	135,376	100%	0
2013	147,025	100%	0
2014	148,994	100%	0

Historical Trend Information

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll** (c)	AAL as a Percentage of Covered Payroll ((b-a)/c)
3/1/2009	$ 116,069	$ 507,258	$ 391,189	22.88%	$ 1,471,928	26.58%
1/1/2010	192,379	656,984	464,605	29.28%	1,423,620	32.64%
1/1/2011	322,106	772,966	450,860	41.67%	1,378,879	32.70%
1/1/2012	441,964	924,301	482,337	47.82%	1,435,417	33.60%
1/1/2013	585,443	1,045,423	459,980	56.00%	1,364,662	33.71%
1/1/2014	750,354	1,218,384	468,030	61.59%	1,549,793	30.20%

** Payroll of participants whose attained age is less than the assumed retirement age

12. Deferred Compensation Plans

The City provides retirement benefits for its employees through two deferred compensation, defined contribution plans. The Plans were created under Internal Revenue Code Sections 457 and 401(a). The first plan is administered by the Public Employees Benefits Services Corporation (PEBSCO), an independent third party. In fiscal year 2002, the City elected to participate in the plan administered by the Georgia Municipal Association (GMA), an independent third party. Participating employees at the time of the conversion were given the option of remaining with the plan administered by PEBSCO, or changing to the plan administered by GMA. All employees who became eligible to participate in the deferred compensation, defined contribution plan after the conversion were enrolled in the GMA plan. The City Council provides for the benefits and funding policy through a City ordinance and maintains the authority to change the policy.

12. Deferred Compensation Plans (continued)

Under the terms of the Plans, employees may defer a portion of their salary through voluntary contributions to the Plan. Employees may defer a maximum of 25% of their salary, up to the maximum allowable by federal law. After completing 90 days of service, the City will contribute 25% of the employee's contributions per year. At June 30, 2014, there were 11 members participating the Plans.

There is a cap of $1,000 per eligible employee for City contributions. Funds are vested 100% at the time of contribution. Amounts held in the Plans are not available to the employees until termination, retirement, death, or unforeseeable emergency.

During the fiscal year, the City contributed $4,378 to the plans based on covered salaries of $412,659. Plan members made voluntary contributions of $17,502 to the plans. Total payroll was $1,709,927.

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

13. Hotel/Motel Lodging Tax

The City has levied a 3% lodging tax. A summary of the transactions for the year ending June 30, 2014, follows:

Lodging Tax Receipts	$ 518	
Disbursements to		
Downtown Development Authority	$ 361	70% of Tax Receipts

14. Joint Ventures

The City of Royston participates with various other cities in the Northern Piedmont Multi-Agency Narcotics Squad (MANS) to facilitate the investigation, arrest, prosecution and conviction of those residents and non-residents involved in the manufacture, use, distribution, and sale of illicit drugs. The City has an ongoing financial responsibility of funding for this unit. This funding is determined each year from a budget of grant monies and individual municipalities participation. The MANS unit is funded primarily through grant monies and operates on a balanced budget determined by revenue. The financial records of the MANS unit are maintained by Franklin County Georgia and reported in their audit report. During fiscal year 2014, the City contributed $6,997 in cash financing. A copy of the MANS unit financial statements can be obtained from Franklin County, Georgia, 141 Athens Street, Carnesville, Georgia 30521.

Under Georgia law, the City, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Georgia Mountains Regional Commission and is required to pay annual dues thereto. During its year ended June 30, 2014, the city paid $2,104 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official 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 an RDC. Separate financial statements may be obtained from Georgia Mountains Regional Commission, 1310 West Ridge Road, Gainesville, Georgia 30501.

15. Related Organizations

The Housing Authority of the City of Royston is considered a related organization to the City of Royston. The City appoints members to the Authority, but does not have the ability to impose its will or create a financial benefit or burden for the Authority. The Authority provides low-income housing for the individuals in the City of Royston. The City received $15,898 as payment-in-lieu-of-taxes for fiscal year 2014. Separate financial statements may be obtained from Housing Authority of the City of Royston, 216 Hartwell Street, Royston, Georgia 30662.

16. Risk Management

Material estimates have been made by management about the life of depreciated capital assets. Management has used a conservative approach on these estimates.

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. City has elected to manage its risk financing activities through the purchase of commercial insurance.

There have been no insurance settlements exceeding insurance coverage for any of the past three fiscal years.

Management estimates liabilities for unpaid claims based on the probability of losses exceeding the occurrence limits and the reasonableness of estimating those losses. At June 30, 2014, the City has no losses that are probable or estimable and accordingly has not recognized any liability.

17. Subsequent Event

On August 29, 2014, the City entered into a leasing agreement with the Georgia Municipal Association in the amount of $700,000 for the Bold Springs natural gas distribution system expansion project. Repayment of the lease is in 40 quarterly payments of interest and principal at an interest rate of 2.42%, beginning on November 28, 2014.

18. Commitments and Contingencies

Contingencies

The City's legal counsel has stated that there are presently no determinable lawsuits.

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COMBINING STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

CITY OF ROYSTON, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014

	Special Revenue	
	Confiscated Assets	**Hotel/Motel Tax**
ASSETS		
Cash and cash equivalents	$ 4,927	$ 2,485
Intergovernmental receivable	0	0
Total assets	$ 4,927	$ 2,485
LIABILITIES		
Accounts payable	$ 0	$ 0
Due to other funds	0	0
Total liabilities	0	0
FUND BALANCES		
Restricted for:		
Public Safety	4,927	0
Capital projects	0	0
Assigned for Housing and Development	0	2,485
Total fund balances	4,927	2,485
Total liabilities and fund balances	$ 4,927	$ 2,485

Special Revenue		Capital Projects			Total Nonmajor Governmental Funds
Technology Surcharge	Fire Department	Franklin County SPLOST #3	Hart County SPLOST #3	Hart County SPLOST #4	
$ 10,803	$ 8,322	$ 7,454	$ 10,720	$ 0	$ 44,711
0	0	0	0	6,311	6,311
$ 10,803	$ 8,322	$ 7,454	$ 10,720	$ 6,311	$ 51,022
$ 0	$ 0	$ 2,060	$ 0	$ 0	$ 2,060
0	0	0	0	6,311	6,311
0	0	2,060	0	6,311	8,371
10,803	8,322	0	0	0	24,052
0	0	5,394	10,720	0	16,114
0	0	0	0	0	2,485
10,803	8,322	5,394	10,720	0	42,651
$ 10,803	$ 8,322	$ 7,454	$ 10,720	$ 6,311	$ 51,022

CITY OF ROYSTON, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2014

	Special Revenue	
	Confiscated Assets	**Hotel/Motel Tax**
REVENUES		
Taxes	$ 0	$ 518
Fines, fees, and forfeitures	0	0
Intergovernmental	0	0
Interest	0	0
Contributions	0	0
Total revenues	0	518
EXPENDITURES		
Current		
Public Safety	0	0
Housing and Development	0	361
Capital outlay	0	0
Total expenditures	0	361
Excess (deficiency) of revenues over (under) expenditures	0	157
Other financing sources (uses)		
Transfers out	0	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	157
Fund balances, July 1	4,927	2,328
Fund balances, June 30	$ 4,927	$ 2,485

Special Revenue		Capital Projects			Total
Technolgy Surcharge	Fire Department	Franklin County SPLOST #3	Hart County SPLOST #3	Hart County SPLOST #4	Nonmajor Governmental Funds
$ 0	$ 0	$ 0	$ 0	$ 0	$ 518
3,794	0	0	0	0	3,794
0	16,819	0	37,308	130,216	184,343
21	0	107	6	0	134
0	1,859	0	0	0	1,859
3,815	18,678	107	37,314	130,216	190,648
1,887	21,794	0	0	0	23,681
0	0	0	0	0	361
0	0	13,500	26,444	32,688	72,632
1,887	21,794	13,500	26,444	32,688	96,674
1,928	(3,116)	(13,393)	10,870	97,528	93,974
0	0	(48)	(150)	(97,528)	(97,726)
1,928	(3,116)	(13,441)	10,720	0	(3,752)
8,875	11,438	18,835	0	0	46,403
$ 10,803	$ 8,322	$ 5,394	$ 10,720	$ 0	$ 42,651

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GENERAL FUND

The general operating fund of the City is used to account for all financial resources except those required to be accounted for in another fund.

CITY OF ROYSTON, GEORGIA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	$ 248,975	$ 101,982
Investments	80,583	80,262
Restricted assets		
Cash and cash equivalents	1,304	1,776
Receivables (net)		
Accounts	2,956	5,837
Taxes	82,577	85,105
Intergovernmental	4,316	31,722
Interest	121	253
Due from other funds	6,311	3,906
Prepaid items	24,828	26,837
Total assets	$ 451,971	$ 337,680
LIABILITIES		
Payables		
Accounts	$ 28,004	$ 26,523
Intergovernmental	81	81
Refunds	38,356	0
Accrued salaries and payroll liabilities	31,598	28,135
Total liabilities	98,039	54,739
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property tax	30,559	41,898
FUND BALANCES		
Nonspendable prepaid items	24,828	26,837
Restricted for Public Safety	1,304	1,776
Assigned for budget	50,000	50,000
Unassigned	247,241	162,430
Total fund balances	323,373	241,043
Total liabilities, deferred inflows, and fund balances	$ 451,971	$ 337,680

CITY OF ROYSTON, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2014 and 2013

	2014	2013
REVENUES		
Taxes	$ 1,454,798	$ 1,443,832
Licenses and permits	15,559	12,752
Fines, fees and forfeitures	62,444	68,990
Charges for services	101,631	107,067
Intergovernmental	74,441	46,225
Interest	535	147
Contributions	9,577	24,023
Other	38,917	713
Total revenues	1,757,902	1,703,749
EXPENDITURES		
Current		
General Government	548,538	519,044
Judicial	7,299	5,848
Public Safety	1,108,717	1,042,923
Public Works	485,395	516,224
Culture and Recreation	114,235	71,158
Housing and Development	139,744	119,741
Debt service		
Public Safety	18,229	18,228
Total expenditures	2,422,157	2,293,166
Excess (deficiency) of revenues over (under) expenditures before transfers	(664,255)	(589,417)
Other financing sources (uses)		
Transfers in (out)		
Water and Sewer Utility Fund	29,141	22,624
Natural Gas Utility Fund	486,815	477,624
Sanitation Fund	216,483	216,080
Sales of capital assets	14,146	1,820
Total other financing sources (uses)	746,585	718,148
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	82,330	128,731
Fund balances, July 1	241,043	112,312
Fund balances, June 30	$ 323,373	$ 241,043

CITY OF ROYSTON, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2014
(With comparative actual amounts for the fiscal year ended June 30, 2013)

	2014			2013
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes				
General property taxes				
Property tax	$ 430,000	$ 428,090	$ (1,910)	$ 452,339
Motor vehicle tax	20,000	88,287	68,287	47,004
Cost, penalties, and interest	6,500	12,685	6,185	12,177
Total general property taxes	456,500	529,062	72,562	511,520
Local option sales tax	450,000	485,359	35,359	491,967
Intangible tax	3,500	3,416	(84)	4,649
Franchise tax	204,000	196,871	(7,129)	207,675
Insurance premium tax	125,000	133,190	8,190	128,636
Beer and wine tax	65,000	76,928	11,928	70,264
Occupational tax	26,300	28,325	2,025	29,121
Other taxes	1,400	1,647	247	0
Total taxes	1,331,700	1,454,798	123,098	1,443,832
Licenses and Permits				
Building permits	500	849	349	542
Alcohol licenses and penalties	11,400	14,710	3,310	12,210
Total licenses and permits	11,900	15,559	3,659	12,752
Fines, fees and forfeitures	59,000	62,444	3,444	68,990
Charges for Services				
Cemetery lot sales	5,000	3,500	(1,500)	5,700
Fire protection	1,000	600	(400)	1,000
Civic Center rents	6,000	3,148	(2,852)	6,000
Indirect expenses	94,377	94,383	6	94,367
Total charges for services	106,377	101,631	(4,746)	107,067
Intergovernmental				
Grants and receipts	73,043	74,441	1,398	46,225
Interest	900	535	(365)	147
Contributions	9,000	9,577	577	24,023
Other	29,450	38,917	9,467	713
Total revenues	$ 1,621,370	$ 1,757,902	$ 136,532	$ 1,703,749

CITY OF ROYSTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2014
(With comparative actual amounts for the fiscal year ended June 30, 2013)

	2014			2013
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
Current				
General Government				
Mayor and Council				
Personal services	$ 72,260	$ 71,961	$ 299	$ 72,468
Contractual services	34,300	30,755	3,545	22,430
Materials and supplies	2,250	5,939	(3,689)	1,509
Total Mayor and Council	108,810	108,655	155	96,407
Administration				
Personal services	268,280	273,234	(4,954)	264,241
Contractual services	109,528	123,436	(13,908)	99,079
Materials and supplies	25,900	23,290	2,610	22,594
Capital outlay	22,500	17,927	4,573	28,585
Payments to other agencies	12,500	800	11,700	8,100
Total Administration	438,708	438,687	21	422,599
Elections				
Contract services	4,000	749	3,251	38
Materials and supplies	350	447	(97)	0
Total Elections	4,350	1,196	3,154	38
Total General Government	551,868	548,538	3,330	519,044
Judicial				
Municipal Court				
Personal Services	10,258	7,299	2,959	5,848
Public Safety				
Police				
Personal services	753,452	748,628	4,824	772,006
Contractual services	117,250	122,058	(4,808)	96,550
Materials and supplies	95,840	98,975	(3,135)	84,877
Capital outlay	55,503	55,553	(50)	16,800
Payments to other agencies	14,000	10,395	3,605	14,210
Total Police Department	1,036,045	1,035,609	436	984,443
Fire				
Personal services	19,870	20,867	(997)	10,856
Contractual services	26,620	26,098	522	22,677
Materials and supplies	19,100	18,719	381	16,723
Total Fire Department	65,590	65,684	(94)	50,256
Animal Control				
Payments to others agencies	7,425	7,424	1	8,224
Total Public Safety	1,109,060	1,108,717	343	1,042,923

CITY OF ROYSTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2014
(With comparative actual amounts for the fiscal year ended June 30, 2013)

	2014			2013
	Final Budget	Actual	Variance	Actual
Public Works				
Streets				
Personal services	$ 220,462	$ 193,727	$ 26,735	$ 200,889
Contractual services	116,170	96,390	19,780	94,550
Materials and supplies	116,163	107,620	8,543	108,664
Total Streets	452,795	397,737	55,058	404,103
Maintenance Shop				
Personal services	59,357	61,358	(2,001)	60,328
Contractual services	8,987	7,997	990	4,894
Materials and supplies	15,300	16,415	(1,115)	18,966
Capital outlay	3,000	0	3,000	3,500
Total Maintenance Shop	86,644	85,770	874	87,688
Cemetery				
Contractual services	2,238	1,537	701	21,777
Materials and supplies	400	351	49	2,656
Total Cemetery	2,638	1,888	750	24,433
Total Public Works	542,077	485,395	56,682	516,224
Culture and Recreation				
Library				
Contractual services	6,000	5,664	336	3,736
Materials and supplies	65,675	65,080	595	10,911
Payments to other agencies	18,000	18,000	0	16,500
Total Library	89,675	88,744	931	31,147
Parks and Recreation				
Contractual services	10,877	9,376	1,501	15,562
Materials and supplies	18,244	16,115	2,129	16,744
Capital outlay	0	0	0	7,705
Total Parks and Recreation	29,121	25,491	3,630	40,011
Total Culture and Recreation	118,796	114,235	4,561	71,158
Housing and Development				
Code Enforcement				
Personal services	50,747	52,831	(2,084)	35,734
Contractual services	13,598	11,055	2,543	11,578
Materials and supplies	4,600	4,767	(167)	2,172
Total Code Enforcement	68,945	68,653	292	49,484

CITY OF ROYSTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2014
(With comparative actual amounts for the fiscal year ended June 30, 2013)

	2014			2013
	Final Budget	Actual	Variance	Actual
Housing and Development				
Better Hometown Program				
Personal services	$ 47,735	$ 45,174	$ 2,561	$ 44,559
Contractual services	21,869	13,514	8,355	15,648
Materials and supplies	6,900	6,403	497	4,050
Total Better Hometown Program	76,504	65,091	11,413	64,257
Agency allocations				
Downtown Development Authority	6,000	6,000	0	6,000
Total Housing and Development	151,449	139,744	11,705	119,741
Total Current	2,483,508	2,403,928	79,580	2,274,938
Debt service				
Public Safety				
Fire	25,000	18,229	6,771	18,228
Total expenditures	$ 2,508,508	$ 2,422,157	$ 86,351	$ 2,293,166

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SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

Confiscated Assets Fund - Used to account for the cash received either from a cash confiscation or cash received from a sale of capital assets acquired from a drug raid.

Hotel/Motel Tax Fund - Used to collect Hotel/Motel taxes which are used to support trade and tourism in the City of Royston.

Technology Surcharge Fund - Used to account for fines and fees received restricted for the purchase of computer hardware and software for the Police Department.

Fire Department Fund - Used to account for intergovernmental revenue and contributions from individuals received for the City of Royston Fire Department

CITY OF ROYSTON, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	$ 4,927	$ 4,927
FUND BALANCES		
Restricted for Public Safety	$ 4,927	$ 4,927

CITY OF ROYSTON, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2014
(With comparative actual amounts for the fiscal year ended June 30, 2013)

	2014			2013
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees, and forfeitures	$ 4,459	$ 0	$ (4,459)	$ 0
Contributions	0	0	0	1
Total revenues	4,459	0	(4,459)	1
EXPENDITURES				
Current				
Public Safety				
Materials and supplies	4,459	0	4,459	0
Total expenditures	4,459	0	4,459	0
Excess (deficiency) of revenues over (under) expenditures	0	0	0	1
Fund balances, July 1	0	4,927	4,927	4,926
Fund balances, June 30	$ 0	$ 4,927	$ 4,927	$ 4,927

CITY OF ROYSTON, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	$ 2,485	$ 2,328
FUND BALANCES		
Assigned for Housing and Development	$ 2,485	$ 2,328

CITY OF ROYSTON, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2014
(With comparative actual amounts for the fiscal year ended June 30, 2013)

	2014			2013
	Final Budget	Actual	Variance	Actual
REVENUES				
Hotel/motel taxes	$ 2,000	$ 518	$ (1,482)	$ 2,359
Total revenues	2,000	518	(1,482)	2,359
EXPENDITURES				
Current				
Housing and Development Agency allocations	2,000	361	1,639	1,289
Total expenditures	2,000	361	1,639	1,289
Excess (deficiency) of revenues over (under) expenditures	0	157	157	1,070
Fund balances, July 1	0	2,328	2,328	1,258
Fund balances, June 30	$ 0	$ 2,485	$ 2,485	$ 2,328

CITY OF ROYSTON, GEORGIA
TECHNOLOGY SURCHARGE SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	$ 10,803	$ 8,875
FUND BALANCES		
Restricted for Public Safety	$ 10,803	$ 8,875

CITY OF ROYSTON, GEORGIA
TECHNOLOGY SURCHARGE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2014
(With comparative actual amounts for the fiscal year ended June 30, 2013)

	2014			2013
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees, and forfeitures	$ 3,700	$ 3,794	$ 94	$ 4,266
Interest	0	21	21	26
Total revenues	3,700	3,815	115	4,292
EXPENDITURES				
Current				
Public Safety				
Materials and supplies	2,500	1,887	613	4,120
Total expenditures	2,500	1,887	613	4,120
Excess (deficiency) of revenues over (under) expenditures	1,200	1,928	728	172
Other financing sources (uses)				
Contingency	(1,200)	0	1,200	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	1,928	1,928	172
Fund balances, July 1	0	8,875	8,875	8,703
Fund balances, June 30	$ 0	$ 10,803	$ 10,803	$ 8,875

CITY OF ROYSTON, GEORGIA
FIRE DEPARTMENT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	$ 8,322	$ 11,438
FUND BALANCES		
Restricted for Public Safety	$ 8,322	$ 11,438

CITY OF ROYSTON, GEORGIA
FIRE DEPARTMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2014
(With comparative actual amounts for the fiscal year ended June 30, 2013)

	2014			2013
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	$ 16,500	$ 16,819	$ 319	$ 16,984
Contributions	1,000	1,859	859	780
Total revenues	17,500	18,678	1,178	17,764
EXPENDITURES				
Current				
Public Safety				
Contract services	0	1,774	(1,774)	0
Materials and supplies	15,668	13,308	2,360	7,410
Capital outlay	8,332	6,212	2,120	9,311
Payments to other agencies	1,500	500	1,000	0
Total expenditures	25,500	21,794	3,706	16,721
Excess (deficiency) of revenues over (under) expenditures	(8,000)	(3,116)	4,884	1,043
Other financing sources (uses)				
Transfers in (out)				
General Fund	8,000	0	(8,000)	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(3,116)	(3,116)	1,043
Fund balances, July 1	0	11,438	11,438	10,395
Fund balances, June 30	$ 0	$ 8,322	$ 8,322	$ 11,438

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CAPITAL PROJECTS FUNDS

These funds are used to account for financial resources to be used for the acquisition or construction of specifically planned projects (other than those financed by proprietary funds.

Franklin County Special Purpose Local Option Sales #3 Tax Fund – Used to account for long-term projects financed by the passage of the Franklin County special purpose local option sales tax #3.

Hart County Special Purpose Local Option Sales Tax #3 Fund – Used to account for long-term projects financed by the passage of the Hart County special purpose local option sales tax #3.

Franklin County Special Purpose Local Option Sales #4 Tax Fund – Used to account for long-term projects financed by the passage of the Franklin County special purpose local option sales tax #4.

Hart County Special Purpose Local Option Sales Tax #4 Fund – Used to account for long-term projects financed by the passage of the Hart County special purpose local option sales tax #4.

CITY OF ROYSTON, GEORGIA
FRANKLIN COUNTY SPECIAL PURPOSE LOCAL OPTION SALES TAX #3
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	$ 7,454	$ 64,053
LIABILITIES		
Accounts payable	$ 2,060	$ 19,101
Unearned revenue	0	26,117
Total liabilities	2,060	45,218
FUND BALANCES		
Restricted for capital projects	5,394	18,835
Total liabilities and fund balances	$ 7,454	$ 64,053

CITY OF ROYSTON, GEORGIA
FRANKLIN COUNTY SPECIAL PURPOSE LOCAL OPTION SALES TAX #3
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2014 and 2013

	2014	2013
REVENUES		
Interest	$ 107	$ 249
Total revenues	107	249
EXPENDITURES		
Capital outlay		
Public Works		
Streets	0	61,633
Culture and Recreation		
Recreation	13,500	35,039
Total expenditures	13,500	96,672
Excess (deficiency) of revenues over (under) expenditures	(13,393)	(96,423)
Other financing sources (uses)		
Transfers in (out)		
Water and Sewer Utility Fund	(48)	(49,423)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(13,441)	(145,846)
Fund balances, July 1	18,835	164,681
Fund balances, June 30	$ 5,394	$ 18,835

CITY OF ROYSTON, GEORGIA
HART COUNTY SPECIAL PURPOSE LOCAL OPTION SALES TAX #3
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	$ 10,720	$ 0
Intergovernmental receivable	0	411
Total assets	$ 10,720	$ 411
LIABILITIES		
Due to other fund	$ 0	$ 411
FUND BALANCES		
Restricted for capital projects	10,720	0
Total liabilities and fund balances	$ 10,720	$ 411

CITY OF ROYSTON, GEORGIA
HART COUNTY SPECIAL PURPOSE LOCAL OPTION SALES TAX #3
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2014 and 2013

	2014	2013
REVENUES		
Intergovernmental	$ 37,308	$ 12,066
Interest	6	0
Total revenues	37,314	12,066
EXPENDITURES		
Capital outlay		
Public Works		
Streets	26,444	4,411
Total expenditures	26,444	4,411
Excess (deficiency) of revenues over (under) expenditures	10,870	7,655
Other financing sources (uses)		
Transfers in (out)		
Water and Sewer Utility Fund	(150)	(7,655)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	10,720	0
Fund balances, July 1	0	0
Fund balances, June 30	$ 10,720	$ 0

CITY OF ROYSTON, GEORGIA
FRANKLIN COUNTY SPECIAL PURPOSE LOCAL OPTION SALES TAX #4
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	$ 490,846	$ 459,988
Intergovernmental receivable	42,074	40,608
Total assets	$ 532,920	$ 500,596
LIABILITIES		
Payables		
Accounts	$ 0	$ 1,799
Retainages	2,466	0
Unearned revenue	0	43,156
Total liabilities	2,466	44,955
FUND BALANCES		
Restricted for capital projects	530,454	455,641
Total liabilities and fund balances	$ 532,920	$ 500,596

CITY OF ROYSTON, GEORGIA
FRANKLIN COUNTY SPECIAL PURPOSE LOCAL OPTION SALES TAX #4
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2014 and 2013

	2014	2013
REVENUES		
Intergovernmental	$ 340,841	$ 248,557
Interest	758	765
Total revenues	341,599	249,322
EXPENDITURES		
Capital outlay		
General Government		
Administration	127,694	23,005
Public Safety		
Fire	0	39,097
Public Works		
Streets	65,592	4,110
Culture and Recreation		
Libraries	0	45,000
Parks	68,910	0
Total expenditures	262,196	111,212
Excess (deficiency) of revenues over (under) expenditures	79,403	138,110
Other financing sources (uses)		
Transfers in (out)		
Water and Sewer Utility Fund	(4,590)	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	74,813	138,110
Fund balances, July 1	455,641	317,531
Fund balances, June 30	$ 530,454	$ 455,641

CITY OF ROYSTON, GEORGIA
HART COUNTY SPECIAL PURPOSE LOCAL OPTION SALES TAX #4
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2014 and 2013

	2014	2013
ASSETS		
Intergovernmental receivable	$ 6,311	$ 3,495
LIABILITIES		
Due to other fund	$ 6,311	$ 3,495
FUND BALANCES		
Restricted for capital projects	0	0
Total liabilities and fund balances	$ 6,311	$ 3,495

CITY OF ROYSTON, GEORGIA
HART COUNTY SPECIAL PURPOSE LOCAL OPTION SALES TAX #4
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2014 and 2013

	2014	2013
REVENUES		
Intergovernmental	$ 130,216	$ 11,490
Total revenues	130,216	11,490
EXPENDITURES		
Capital outlay		
Public Safety		
Fire	4,156	3,495
Public Works		
Streets	28,532	0
Total expenditures	32,688	3,495
Excess (deficiency) of revenues over (under) expenditures	97,528	7,995
Other financing sources (uses)		
Transfers in (out)		
Water and Sewer Utility Fund	(97,528)	(7,995)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0
Fund balances, July 1	0	0
Fund balances, June 30	$ 0	$ 0

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ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The funds are self-supporting in nature where the costs, including depreciation, of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

Water and Sewer Utility Fund - Used to account for activities connected with the development, operation and maintenance of water and sewer services in the City of Royston.

Natural Gas Utility Fund - Used to account for activities connected with the development, operation and maintenance of natural gas services in the City of Royston.

Sanitation Fund - Used to account for activities connected with the collection and disposal of residential, commercial, industrial and institutional solid waste in the City of Royston.

CITY OF ROYSTON, GEORGIA
WATER AND SEWER UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2014 and 2013

	2014	2013
ASSETS		
Current assets		
Cash and cash equivalents	$ 103,020	$ 78,470
Accounts receivables (net)	106,605	94,808
Prepaid items	7,478	8,035
Total current assets	217,103	181,313
Restricted assets		
Customer Deposits		
Cash and cash equivalents	19,335	20,075
Capital assets		
Land	53,245	67,645
Land improvements	24,644	24,644
Buildings	94,400	94,400
Vehicles and equipment	528,535	445,560
Water system	7,199,097	6,801,733
Construction in progress	0	303,585
Accumulated depreciation	(4,599,315)	(4,444,804)
Total capital assets (net of accumulated depreciation)	3,300,606	3,292,763
Total assets	3,537,044	3,494,151

CITY OF ROYSTON, GEORGIA
WATER AND SEWER UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2014 and 2013

	2014	2013
LIABILITIES		
Current liabilities		
Accounts payable	$ 13,070	$ 10,385
Accrued salaries	6,276	4,321
Compensated absences	12,532	11,955
Unearned revenue	3,697	2,072
Notes payable	49,781	48,677
Total current liabilities	85,356	77,410
Current liabilities payable from restricted assets		
Customer deposits payable	19,335	20,075
Long-term liabilities		
Compensated absences	1,429	1,365
Notes payable	473,007	522,788
Total long-term liabilities	474,436	524,153
Total liabilities	579,127	621,638
NET POSITION		
Net investment in capital assets	2,777,818	2,721,298
Unrestricted	180,099	151,215
Total net position	$ 2,957,917	$ 2,872,513

CITY OF ROYSTON, GEORGIA
WATER AND SEWER UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the fiscal years ended June 30, 2014 and 2013

	2014	2013
OPERATING REVENUES		
Charges for sales and services		
Water sales	$ 537,595	$ 533,038
Sewer charges	324,428	331,744
Other	46,155	46,695
Total operating revenues	908,178	911,477
OPERATING EXPENSES		
Costs of sales and services	416,781	388,557
Personal services	382,752	396,333
Depreciation	157,162	156,624
Total operating expenses	956,695	941,514
Operating income (loss)	(48,517)	(30,037)
Non-operating revenues (expenses)		
Interest revenue	198	238
Interest expense	(13,537)	(17,453)
Gain (loss) on sale of capital assets	(14,400)	0
Total non-operating revenues (expenses)	(27,739)	(17,215)
Income (loss) before capital contributions and transfers	(76,256)	(47,252)
Capital contributions		
Capital contribution	14,900	0
Contributions of capital assets from Governmental Activities	73,585	4,000
Intergovernmental	0	146,994
Total capital contributions	88,485	150,994
Income (loss) before transfers	12,229	103,742
Transfers in (out)		
General Fund	(29,141)	(22,624)
Franklin County SPLOST Fund #3	48	49,423
Hart County SPLOST #3	150	7,655
Franklin County SPLOST Fund #4	4,590	0
Hart County SPLOST #4	97,528	7,995
Total transfers	73,175	42,449
Change in net position	85,404	146,191
Net position, July 1	2,872,513	2,726,322
Net position, June 30	$ 2,957,917	$ 2,872,513

CITY OF ROYSTON, GEORGIA
WATER AND SEWER UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Receipts from customers	$ 851,111	$ 869,363
Payments to suppliers	(413,539)	(391,357)
Payments to employees	(380,156)	(394,732)
Other receipts	46,155	46,695
Net cash provided (used) by operating activities	103,571	129,969
Cash flows from non-capital financing activities:		
Payments to other funds	(29,141)	(22,624)
Cash flows from capital and related financing activities:		
Receipts from other governments	0	170,538
Receipts of capital contributions	14,900	0
Receipts from other funds	102,316	65,073
Interest paid	(13,537)	(19,753)
Acquisition of capital assets	(105,820)	(585,017)
Issuance of notes payable	0	323,389
Principal payments - notes	(48,677)	(22,281)
Principal payments - bonds	0	(115,000)
Net cash provided (used) by capital and related financing activities	(50,818)	(183,051)
Cash flows from investing activities:		
Interest received	198	238
Net increase (decrease) in cash and cash equivalents	23,810	(75,468)
Cash and cash equivalents, July 1	98,545	174,013
Cash and cash equivalents, June 30	$ 122,355	$ 98,545

CITY OF ROYSTON, GEORGIA
WATER AND SEWER UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2014 and 2013

	2014	2013
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (48,517)	$ (30,037)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	157,162	156,624
(Increase) decrease in accounts receivable	(11,797)	6,067
(Increase) decrease in prepaid items	557	(987)
Increase (decrease) in accounts payable	2,685	(1,813)
Increase (decrease) in unearned revenue	1,625	(426)
Increase (decrease) in deposits payable	(740)	(1,060)
Increase (decrease) in accrued payroll liabilities	2,596	1,601
Total adjustments	152,088	160,006
Net cash provided (used) by operating activities	$ 103,571	$ 129,969
Cash and cash equivalents reconciliation:		
Cash and cash equivalents	$ 103,020	$ 78,470
Customers deposits		
Cash and cash equivalents	19,335	20,075
Total cash and cash equivalents	$ 122,355	$ 98,545

Noncash investing, capital, and financing activities:

Contributions of capital assets from Governmental Activities totaled $73,585 and $4,000 for the fiscal years ended June 30, 2014 and 2013, respectively.

CITY OF ROYSTON, GEORGIA
NATURAL GAS UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2014 and 2013

	2014	2013
ASSETS		
Current assets		
Cash and cash equivalents	$ 391,195	$ 237,835
Investments	150,580	150,205
Receivables		
Accounts (net)	197,696	194,271
Interest	167	104
Inventories	129,641	124,564
Prepaid items	2,357	2,816
Total current assets	871,636	709,795
Restricted assets		
Customer Deposits		
Cash and cash equivalents	42,538	43,015
Total restricted assets	42,538	43,015
Capital assets		
Land	23,687	23,687
Buildings	99,433	99,433
Vehicles and equipment	358,854	356,263
Natural gas system	3,795,822	3,784,180
Construction in progress	52,519	11,643
Accumulated depreciation	(2,205,212)	(2,113,313)
Total capital assets (net of accumulated depreciation)	2,125,103	2,161,893
Total assets	3,039,277	2,914,703

CITY OF ROYSTON, GEORGIA
NATURAL GAS UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2014 and 2013

	2014	2013
LIABILITIES		
Current liabilities		
Payables		
Accounts	$ 31,243	$ 9,728
Sales tax	334	4,002
Accrued salaries	5,825	5,608
Compensated absences	8,637	14,142
Unearned revenue	28,098	26,549
Capital leases	58,672	57,120
Total current liabilities	132,809	117,149
Current liabilities payable from restricted assets		
Customer deposits payable	42,538	43,015
Long-term liabilities		
Compensated absences	960	1,571
Capital leases	352,382	411,054
Total long-term liabilities	353,342	412,625
Total liabilities	528,689	572,789
NET POSITION		
Net investment in capital assets	1,694,664	1,693,719
Unrestricted	815,924	648,195
Total net position	$ 2,510,588	$ 2,341,914

CITY OF ROYSTON, GEORGIA
NATURAL GAS UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the fiscal years ended June 30, 2014 and 2013

	2014	2013
OPERATING REVENUES		
Charges for sales and services		
Gas sales	$ 2,706,474	$ 2,403,640
Gas services and repairs	27,382	44,040
Other	38,986	35,888
Total operating revenues	2,772,842	2,483,568
OPERATING EXPENSES		
Costs of sales and services	1,622,979	1,500,236
Personal services	384,700	351,335
Depreciation	91,899	94,541
Other	6,586	9,021
Total operating expenses	2,106,164	1,955,133
Operating income (loss)	666,678	528,435
Non-operating revenues (expenses)		
Interest revenue	832	1,050
Interest expense	(12,021)	(13,305)
Total non-operating revenues (expenses)	(11,189)	(12,255)
Income (loss) before transfers	655,489	516,180
Transfers in (out)		
General Fund	(486,815)	(477,624)
Change in net position	168,674	38,556
Net position, July 1	2,341,914	2,303,358
Net position, June 30	$ 2,510,588	$ 2,341,914

CITY OF ROYSTON, GEORGIA
NATURAL GAS UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Receipts from customers	$ 2,727,835	$ 2,378,466
Payments to suppliers	(1,625,467)	(1,507,870)
Payments to employees	(390,599)	(350,813)
Other receipts	38,986	35,888
Other payments	(6,586)	(9,021)
Net cash provided (used) by operating activities	744,169	546,650
Cash flows from non-capital financing activities:		
Payments to other funds	(486,815)	(477,624)
Cash flows from capital and related financing activities:		
Principal payments - capital lease	(57,120)	(31,826)
Payment of capital related accounts payable	0	(25,167)
Interest paid	(12,021)	(20,030)
Acquisition of capital assets	(35,724)	(69,125)
Net cash provided (used) by capital and related financing activities	(104,865)	(146,148)
Cash flows from investing activities:		
Interest received	769	1,325
Proceeds from maturities of investments	150,205	149,381
Purchase of investments	(150,580)	(150,205)
Net cash provided (used) by investing activities	394	501
Net increase (decrease) in cash and cash equivalents	152,883	(76,621)
Cash and cash equivalents, July 1	280,850	357,471
Cash and cash equivalents, June 30	$ 433,733	$ 280,850

CITY OF ROYSTON, GEORGIA
NATURAL GAS UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2014 and 2013

	2014	2013
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 666,678	$ 528,435
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	91,899	94,541
(Increase) decrease in accounts receivable	(3,425)	(38,193)
(Increase) decrease in inventory	(5,077)	(7,895)
(Increase) decrease in prepaid items	459	(520)
Increase (decrease) in accounts payable	2,130	781
Increase (decrease) in deposits payable	(477)	(10,606)
Increase (decrease) in sales tax payable	(3,668)	999
Increase (decrease) in unearned revenue	1,549	(21,414)
Increase (decrease) in accrued payroll liabilities	(5,899)	522
Total adjustments	77,491	18,215
Net cash provided (used) by operating activities	$ 744,169	$ 546,650
Cash and cash equivalents reconciliation:		
Cash and cash eqivalents	$ 391,195	$ 237,835
Customer deposits		
Cash and cash equivalents	42,538	43,015
Total cash and cash equivalents	$ 433,733	$ 280,850

Noncash investing, capital, and financing activities:

Acquistion of capital assets through accounts payable totaled $19,385 for the fiscal year ended June 30, 2014.

CITY OF ROYSTON, GEORGIA
SANITATION ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2014 and 2013

	2014	2013
ASSETS		
Current assets		
Cash and cash equivalents	$ 0	$ 190,132
Accounts receivable (net)	33,193	34,689
Prepaid items	1,619	2,030
Total current assets	34,812	226,851
Capital assets		
Land	6,429	6,429
Buildings	47,100	47,100
Vehicles and equipment	516,686	512,515
Accumulated depreciation	(442,856)	(406,145)
Total capital assets (net of accumulated depreciation)	127,359	159,899
Total assets	162,171	386,750
LIABILITIES		
Current liabilities		
Payables		
Accounts	1,754	1,262
Interest	1,799	1,799
Accrued salaries	1,031	1,244
Compensated absences	5,819	5,914
Unearned revenue	1,244	857
Notes payable	18,471	17,739
Total current liabilities	30,118	28,815
Long-term liabilities		
Compensated absences	647	657
Notes payable	38,492	57,724
Total long-term liabilities	39,139	58,381
Total liabilities	69,257	87,196
NET POSITION		
Net investment in capital assets	70,396	84,436
Unrestricted	22,518	215,118
Total net position	$ 92,914	$ 299,554

CITY OF ROYSTON, GEORGIA
SANITATION ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the fiscal years ended June 30, 2014 and 2013

	2014	2013
OPERATING REVENUES		
Charges for sales and services		
Sanitation fees	$ 281,833	$ 273,412
Other	6,707	4,575
Total operating revenues	288,540	277,987
OPERATING EXPENSES		
Costs of sales and services	120,698	105,698
Personal services	124,324	122,310
Depreciation	36,711	36,558
Total operating expenses	281,733	264,566
Operating income (loss)	6,807	13,421
Non-operating revenue (expenses)		
Intergovernmental revenue	5,280	5,760
Interest revenue	108	622
Interest expense	(2,352)	(4,880)
Total non-operating revenue (expenses)	3,036	1,502
Income (loss) before transfers	9,843	14,923
Transfers in (out)		
General Fund	(216,483)	(216,080)
Change in net position	(206,640)	(201,157)
Net position, July 1	299,554	500,711
Net position, June 30	$ 92,914	$ 299,554

CITY OF ROYSTON, GEORGIA
SANITATION ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Receipts from customers	$ 283,716	$ 273,371
Payments to suppliers	(119,795)	(108,851)
Payments to employees	(124,642)	(122,931)
Other receipts	6,707	4,575
Net cash provided (used) by operating activities	45,986	46,164
Cash flows from non-capital financing activities		
Receipts from other governments	5,280	5,760
Payments to other funds	(216,483)	(216,080)
Net cash provided (used) by non-capital financing activities	(211,203)	(210,320)
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(4,171)	0
Interest paid	(2,352)	(3,816)
Principal payments - notes	(18,500)	(17,037)
Net cash provided (used) by capital and related financing activities	(25,023)	(20,853)
Cash flows from investing activities:		
Interest received	108	622
Net increase (decrease) in cash and cash equivalents	(190,132)	(184,387)
Cash and cash equivalents, July 1	190,132	374,519
Cash and cash equivalents, June 30	$ 0	$ 190,132
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 6,807	$ 13,421
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	36,711	36,558
(Increase) decrease in accounts receivable	1,496	322
(Increase) decrease in prepaid items	411	(428)
Increase (decrease) in accounts payable	492	(2,725)
Increase (decrease) in unearned revenue	387	(363)
Increase (decrease) in accrued payroll liabilities	(318)	(621)
Total adjustments	39,179	32,743
Net cash provided by operating activities	$ 45,986	$ 46,164

AGENCY FUND

These funds are used to account for assets held by the City as an agent to be expended in accordance with the conditions of its agency capacity.

Municipal Court Agency Fund - Used to account, on a temporary basis, for fines collected by the Municipal Court that ultimately transmitted to the General Fund or another agency.

CITY OF ROYSTON, GEORGIA
MUNICIPAL COURT AGENCY FUND
COMPARATIVE STATEMENTS OF ASSETS AND LIABILTIES
June 30, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	$ 18,422	$ 9,497
LIABILITIES		
Due to other agencies	$ 18,422	$ 9,497

CITY OF ROYSTON, GEORGIA
MUNICIPAL COURT AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the fiscal year ended June 30, 2014

	Balance July 1	Additions	Deletions	Balance June 30
ASSETS				
Cash and cash equivalents	$ 9,497	$ 88,691	$ (79,766)	$ 18,422
LIABILITIES				
Due to other agencies	$ 9,497	$ 88,691	$ (79,766)	$ 18,422

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COMPONENT UNIT

Downtown Development Authority – Used to account for governmental revenues and contributions reserved for City business development.

CITY OF ROYSTON, GEORGIA
DOWNTOWN DEVELOPMENT AUTHORITY (A COMPONENT UNIT)
COMPARATIVE BALANCE SHEETS
June 30, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	$ 7,436	$ 10,002
FUND BALANCES		
Assigned for Housing and Development	$ 7,436	$ 10,002

CITY OF ROYSTON, GEORGIA
DOWNTOWN DEVELOPMENT AUTHORITY (A COMPONENT UNIT)
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2014
(With comparative actual amounts for the fiscal year ended June 30, 2013)

	2014			2013
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	$ 7,700	$ 261	$ (7,439)	$ 1,490
Contributions	12,500	2,820	(9,680)	3,655
Miscellaneous	9,800	7,476	(2,324)	8,019
Total revenues	30,000	10,557	(19,443)	13,164
EXPENDITURES				
Current				
Housing and Development				
Contractual services	10,150	3,010	7,140	2,894
Materials and supplies	12,400	9,313	3,087	8,502
Payment to other agencies	5,000	800	4,200	0
Total expenditures	27,550	13,123	14,427	11,396
Excess (deficiency) of revenues over (under) expenditures	2,450	(2,566)	(5,016)	1,768
Other financing sources (uses)				
Contingency	(2,450)	0	2,450	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(2,566)	(2,566)	1,768
Fund balances, July 1	0	10,002	10,002	8,234
Fund balances, June 30	$ 0	$ 7,436	$ 7,436	$ 10,002

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SINGLE AUDIT SECTION

This section contains reports required by OMB A-133 and grantor agencies.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Royston, Georgia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Royston, Georgia's basic financial statements and have issued our report thereon dated October 17, 2014.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 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 questioned costs as item 14-1 that we consider to be a significant deficiency.

Compliance and Other Matters

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

City of Royston, Georgia's Response to Findings

The City of Royston, Georgia's response to the findings identified in our audit is in the accompanying schedule of findings and questioned costs. The City of Royston, Georgia's, response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
October 17, 2014

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited the City of Royston, Georgia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Royston, Georgia's major federal programs for the year ended June 30, 2014. The City of Royston, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Royston, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Royston'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 on the City of Royston, Georgia's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Royston, Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of the City of Royston, Georgia, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Royston'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 program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Royston'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 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.

Purpose of this Report

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
October 17, 2014

CITY OF ROYSTON, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2014

Federal Grant/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Number	Expenditures
U.S. Department of Agriculture			
ARRA - Community Facilities Loans and Grants			
Passed through to:			
Athens Regional Library System	10.780	N/A	$ 50,000
U.S. Department of Defense			
Passed through:			
Georgia Emergency Management Agency			
Donations/Loans of Obsolete DOD Property			
Capital assets and equipment	12.700	YTAF48	465,919
U.S. Department of Housing and Urban Development			
Passed through:			
Georgia Department of Community Affairs			
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	12i-x-059-2-5538	50,000
U.S. Department of Homeland Security			
Passed through:			
Criminal Justice Coordinating Council			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories	16.803	B82-8-341	8,543
Total Federal Awards			$ 574,462

See accompanying notes to the schedule of expenditures of federal awards and the schedule of findings and questioned costs.

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the SEFA) includes the federal grant activity of the City of Royston, Georgia, under programs for the federal government for the year ended June 30, 2014. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because this schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

CITY OF ROYSTON, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2014

1. Summary of the Auditor's Results

A. Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	None noted
Significant deficiency(ies) identified not considered material weaknesses?	Yes
Noncompliance material to financial statements noted?	None noted

B. Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	None noted
Significant deficiency(ies) identified not considered material weaknesses?	None noted
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 Circular A-133, Section 510(a)?	None noted
Identification of major programs:	
12.700 Donations/Loans of Obsolete DOD Property	
Dollar threshold used to distinguish between Type A and Type B programs:	$300,000
Auditee qualified as low-risk auditee?	Yes

2. Financial Statement Findings

A. Current Year Audit Findings

Comment 14-1

Condition: City personnel may require additional training in the application of generally accepted accounting principles and the preparation of financial statements. Currently, the City relies on the external auditors for technical assistance in applying generally accepted accounting principles and the preparation of the financial statements. This is common for governments of similar size and structure to the City of Royston. Under current auditing standards, providing technical assistance does not impair the independence of the external auditor. However, changes to auditing standards by standards setting boards could state that providing technical assistance would impair the independence of the external auditor. This does not indicate that the Chief Financial Officer is not trained to perform the daily accounting functions, but that the City has elected as a cost benefit to outsource this expertise to their auditors.

Criteria: Effective internal control requires that the City accept responsibility and understanding of the audited financial report.

Effect: Failure to understand the financial statements may lead to material misstatements.

Recommendation: City personnel should continue to receive training in the identification and application of generally accepted accounting principles and the preparation of the City's financial statements.

Management Response: Management concurs with this finding. The City has determined that the cost of training City personnel to fully perform the duties of financial director is prohibitive. The governing body and management have determined that personnel should receive training to the extent that is economically feasible and to continue to rely on the technical assistance of the external auditor or other qualified professional when necessary. This action was taken immediately upon receipt of the comment from our auditors.

B. Prior Year Audit Findings Follow-Ups

Comment 13-1

Condition: City personnel may require additional training in the application of generally accepted accounting principles and the preparation of financial statements. Currently, the City relies on the external auditors for technical assistance in applying generally accepted accounting principles and the preparation of the financial statements. This is common for governments of similar size and structure to the City of Royston. Under current auditing standards, providing technical assistance does not impair the independence of the external auditor. However, changes to auditing standards by standards setting boards could state that providing technical assistance would impair the independence of the external auditor. This does not indicate that the Chief Financial Officer is not trained to perform the daily accounting functions, but that the City has elected as a cost benefit to outsource this expertise to their auditors.

The City Council and management have determined that personnel should receive training to the extent that is economically feasible and to continue to rely on the technical assistance of the external auditor or other qualified professionals when necessary.

3. Federal Award Findings and Questioned Costs

The audit of our basic financial statements and schedule of expenditures of federal awards disclosed no audit findings or questioned costs which are required to be reported under Section 510(a) of OMB A-133.

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STATE REPORTING SECTION

CITY OF ROYSTON, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended June 30, 2014

Project	Estimated Cost * Original	Estimated Cost * Current	Expenditures Prior Years	Expenditures Current Year	Expenditures Total
FRANKLIN COUNTY SPLOST #3					
Fire	$ 195,718	$ 195,718	$ 190,148	$ 0	$ 190,148
Recreation	192,523	226,203	182,445	13,500	195,945
Streets	283,122	283,122	274,280	0	274,280
Library	44,041	44,041	43,670	0	43,670
Water and Sewer	656,843	656,843	696,798	48	696,846
Total	$ 1,372,247	$ 1,405,927	$ 1,387,341	$ 13,548	$ 1,400,889
FRANKLIN COUNTY SPLOST #4					
Library; Roads, Streets, Bridges, and Sanitation; Water, Sewer, and Stormwater; Recreation; Administrative Buildings/ Government Buildings/ Facilities; Fire:	$ 1,402,140	$ 1,402,140			
Adminstrative Buildings/ Government Buildings/Facilities			$ 23,005	$ 127,694	$ 150,699
Fire Facilities and Equipment			39,097	0	39,097
Library Facillities and Equipment			45,000	0	45,000
Recreation Facilities and Equipment			0	24,609	24,609
Street Improvements and Equipment			4,110	10,008	14,118
Water and Sewer Facilities and Equipment			0	4,590	4,590
Total	$ 1,402,140	$ 1,402,140	$ 111,212	$ 166,901	$ 278,113

Current year SPLOST expenditures	$ 166,901
Expenditures financed through other revenues	99,885
Total expenditures of the Franklin County SPLOST #4 Fund	$ 266,786

CITY OF ROYSTON, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended June 30, 2014

Project	Estimated Cost * Original	Estimated Cost * Current	Expenditures Prior Years	Expenditures Current Year	Expenditures Total
HART COUNTY SPLOST #3					
Streets	$ 59,400	$ 51,595	$ 14,407	$ 26,444	$ 40,851
Recreation	39,600	39,600	39,631	0	39,631
Water and Sewer	0	7,805	7,655	150	7,805
Total	$ 99,000	$ 99,000	$ 61,693	$ 26,594	$ 88,287
HART COUNTY SPLOST #4					
Recreation; Public Safety; Water, Wastewater; Streets. Roads, Bridges:	$ 358,400	$ 358,400			
Fire Facilities and Equipment			$ 3,495	$ 4,156	$ 7,651
Street Improvements and Equipment			0	28,532	28,532
Water and Sewer Facilities and Equipment			7,995	47,528	55,523
	$ 358,400	$ 358,400	$ 11,490	$ 80,216	$ 91,706

Current year SPLOST expenditures	$ 80,216
Expenditures financed through other revenues	50,000
Total expenditures of the Hart County SPLOST #4 Fund	$ 130,216

* Estimated cost represents the portion of these projects to be financed with Special Purpose Local Option Sales Tax. Actual costs that are in excess of these amounts have been financed through alternative funds.

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