CITY OF ROYSTON, GEORGIA

Annual Financial Report

For the fiscal year ended June 30, 2015

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CITY OF ROYSTON, GEORGIA
FINANCIAL REPORT
For the fiscal year ended June 30, 2015

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RUSHTON & COMPANY

Independent Auditor's Report

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

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, 2015, 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 4 through 15 and 62 through 65, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Royston, Georgia's basic financial statements. The combing and individual nonmajor fund financial statements and schedules and the special local option sales tax schedule of expenditures are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and schedules and the special local option sales tax schedule of expenditures 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic 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, 2014, which are not presented with the accompanying financial statements. In our report dated October 17, 2014, we expressed unmodified 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 basic financial statements as a whole. The individual fund financial statements and schedules related to the 2014 basic financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statements and schedules are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 2014 financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2014 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 November 20, 2015, on our consideration of the City of Royston, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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

November 20, 2015

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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, 2015. 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, 2015 by $12,126,201 (reported as *net position).*
- As of June 30, 2015 Royston's governmental funds reported combined ending fund balances of $1,183,854. Approximately 33% of this total amount, $396,819, is available for spending at the City Council's discretion (unreserved fund balance).

More detailed information regarding these activities and funds begins on page 8.

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 16-17) 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 18), 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 16-18.

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 66. 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, which is considered a major fund, 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 19-23 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 24-28.

- ***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 29.

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 30-61 of this report.

Required Supplementary Information

The required supplementary information provides additional information on the City's defined benefit pension plan. This information is necessary to provide a complete picture of the changes in the City's net pension liability. The required supplementary information can be found on pages 62-65.

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 20 and 22), 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 16-18):

City of Royston
Net Position (Financial Position)
Fiscal Years 2014 and 2015

	Governmental Activities		Business-Type Activities		Total	
	2014	**2015**	**2014**	**2015**	**2014**	**2015**
Current assets	$ 1,029,602	$ 1,262,964	$ 1,185,424	$ 1,462,433	$ 2,215,026	$ 2,725,397
Capital assets	5,846,695	5,772,415	5,553,068	6,047,721	11,399,763	11,820,136
Other noncurrent assets	0	0	0	0	-	-
Total assets	6,876,297	7,035,379	6,738,492	7,510,154	13,614,789	14,545,533
Total deferred outflows of resources		92,868		68,921		161,789
Current liabilities	142,767	118,471	310,156	403,702	452,923	522,173
Noncurrent liabilities	4,467	376,501	866,917	1,654,548	871,384	2,031,049
Total liabilities	147,234	494,972	1,177,073	2,058,250	1,324,307	2,553,222
Total deferred inflows of resources	0	16,014	0	11,885	0	27,899
Net Position						
Net invested in capital assets	5,842,168	5,772,415	4,542,878	4,463,883	10,385,046	10,236,298
Restricted	571,924	697,728	0	133,122	571,924	830,850
Unrestricted	314,971	147,118	1,018,541	911,935	1,333,512	1,059,053
Total net position	$ 6,729,063	$ 6,617,261	$ 5,561,419	$ 5,508,940	12,290,482	$ 12,126,201

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 $12,126,201 at the close of the current year. However, much of the net position either is restricted for 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 net invested 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 invested 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 negatively affected by several factors of recent financial activity; revenues did however exceed expenditures due to conservative revenue budgeting. The City held prior year fund balance in reserve because of current economic conditions.

During fiscal year ended June 30, 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, this accounting pronouncement required the City to record its total net position liability and the deferred inflows and deferred outflows related to the net pension liability. This required a restatement of beginning balances which decreased net position in the amount of $516,958.

Several factors affected the City's original budget forecast; the city had to address many areas that were affected by unforeseen weather events, the age of equipment, and additional unexpected maintenance requirements.

Gas Fund
The Bold Springs expansion was delayed by weather and experiencing unexpected rock removal during the main trunk line being installed along HWY 59, which has delayed expected revenue. However, the city is expected to have 40% of the new customers on by 1 January 2016, and 80% of them on by early spring. Forecasts show that the city will be able to continue to purchase NG at or near the cost of the previous three years which will continue to be a positive revenue for the city.

Water and Sewer Fund
During the past year the city has experienced issues with the waste water treatment facility which has incurred additional expenses in the water department, along with lift stations that are beyond their life cycle with many approaching twenty years plus in operation, this poses a concern of failure and added operational cost. The city is currently working with engineering consultants to provide adequate data and a proposal to address the WWTP, which will be ready early spring 2016. The city also has developed a plan over the next five years to address lift station rehab, two of the current ten have been addressed by fully rehabbing this year which was not planned for, funding source was from the water fund & SPLOST. The city's goal is to plan and schedule upgrades to current infrastructure and develop a capitol program to help off-set many of these costs, in addition to applying for Grants, if available. By utilizing newer more economical applications the cost reduction of what we have and currently over the next ten to twelve years should reflect in lessoning utilities cost, repair maintenance cost and ensure the ability to provide a quality service. The city has added a number of new residential accounts.

In addition to expenses, the City will need to address water rates overall, this will have a positive impact and add flexibility to achieve infrastructure needs and goals to continue to provide quality services for years to come, as well as financially supporting itself.

Sanitation Fund
In the cost area of sanitation, we had additional unplanned costs that involved new dumpsters throughout the city and new carts for customers.

General Fund
The Police Department (PD) had a new patrol car donated through the Governors Challenge program and obtained grants throughout the year, that have aided the City by not having to fully finance and budget these costs for the fiscal year. The PD also will be upgrading their capabilities from new ticket tracking and fines and fee process through new computer software and computers.

Street department will add a new multipurpose truck to adequately meet the needs of the city. The city has also experienced additional overtime due to severe weather and debris clean up in the first part of the year. FEMA had declared this area under a disaster order to recover a large part of the cost associated with our expenditures, the amount of 21,000.00 was received for relief efforts. LMIG still aids in costs on street paving of which we had 1.4 miles of resurfacing completed last year.

Future planned projects were stalled because of a State and Federal funding freeze, the projects will be back on track for bidding in fall of 2015 and construction beginning early spring of 2016, (T&E / Streetscape PHIII and Renovation for Old Train Depot downtown). Other areas of consideration and work will be focused on sidewalks and storm drainage in which two unplanned major projects became necessary to complete this summer and fall.

Although the unrestricted net position of our business-type activities represents 16% ($911,935) of total unrestricted net position, these resources cannot be used to add to the net asset surplus in governmental activities. The City generally can only use this net position to finance the continuing operations of the business-type activities.

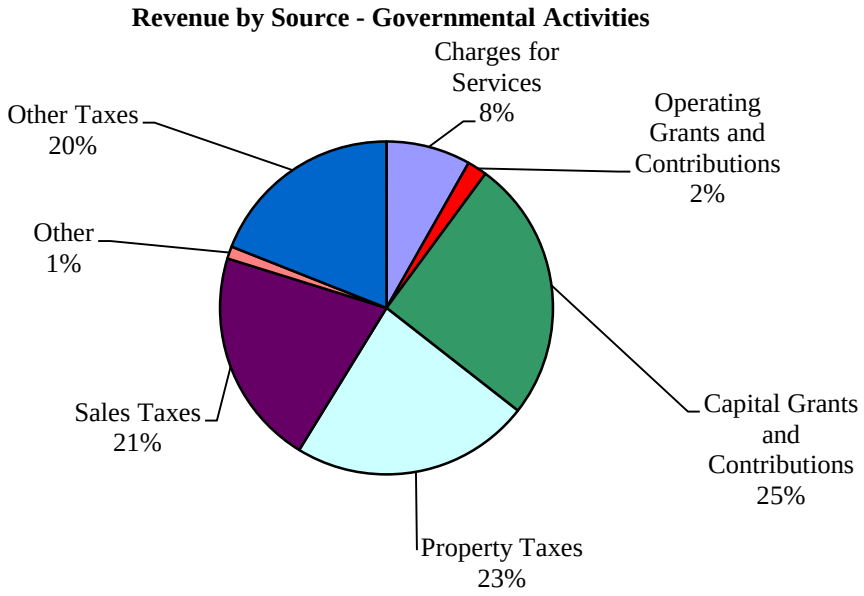
The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the City of Royston's net position changed during the year.

City of Royston
Changes in Net Position
For Fiscal Years 2014 and 2015

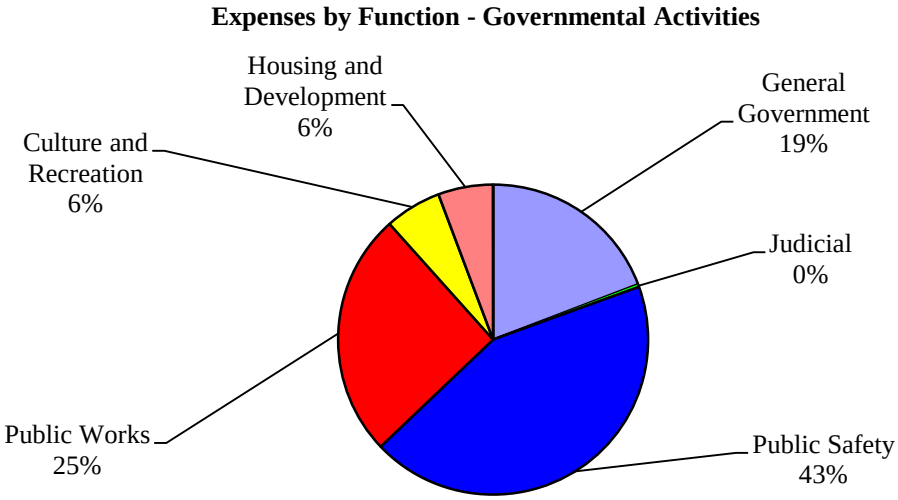
	Governmental Activities		Business-Type Activities		Total	
	2014	**2015**	**2014**	**2015**	**2014**	**2015**
Program revenues:						
Charges for services	$ 183,428	$ 196,099	$ 3,877,712	$ 3,945,351	$ 4,061,140	$ 4,141,450
Operating grants and contributions	94,153	45,841	5,280	6,265	99,433	52,106
Capital grants and contributions	1,247,560	608,436	14,900	25,000	1,262,460	633,436
General revenues:						
Property taxes	519,370	555,375	0	0	519,370	555,375
Sales tax	485,359	502,992	0	0	485,359	502,992
Other taxes	439,247	454,524	0	0	439,247	454,524
Interest and investment earnings	556	813	1,138	1,303	1,694	2,116
Miscellaneous revenue	38,915	27,812	91,848	2,841	130,763	30,653
Total revenues	3,008,588	2,391,892	3,990,878	3,980,760	6,999,466	6,372,652
Expenses						
General Government	570,017	526,971	0	0	570,017	526,971
Judicial	7,299	7,964	0	0	7,299	7,964
Public Safety	1,226,934	1,174,101	0	0	1,226,934	1,174,101
Public Works	632,917	700,346	0	0	632,917	700,346
Culture and Recreation	176,257	161,993	0	0	176,257	161,993
Housing and Development	145,326	157,155	0	0	145,326	157,155
Interest on long-term debt	701	0	0	0	701	0
Water and sewer	0	0	984,632	1,040,484	984,632	1,040,484
Natural gas	0	0	2,118,185	1,940,001	2,118,185	1,940,001
Sanitation	0	0	284,085	310,960	284,085	310,960
Total expenses	2,759,451	2,728,530	3,386,902	3,291,445	6,146,353	6,019,975
Increase (decrease) in net position before tranfers	249,137	(336,638)	603,976	689,315	853,113	352,677
Transfers	556,538	518,964	(556,538)	(518,964)	0	0
Increase (decrease) in net position	805,675	182,326	47,438	170,351	853,113	352,677
Net position - beginning (original)	5,923,388	6,729,063	5,513,981	5,561,419	11,437,369	12,290,482
Prior period adjustments	0	(294,128)	0	(222,830)	0	(516,958)
Net position - beginning (restated)	5,923,388	6,434,935	5,513,981	5,338,589	11,437,369	11,773,524
Net position - ending	$ 6,729,063	$ 6,617,261	$ 5,561,419	$ 5,508,940	$ 12,290,482	$ 12,126,201

Governmental Activities –

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



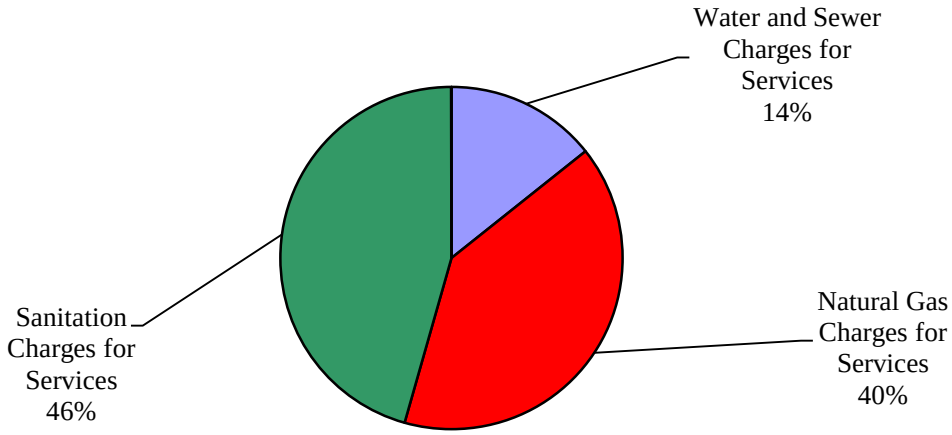
The following chart depicts the expenses of the governmental activities for the year:



Business-type Activities –

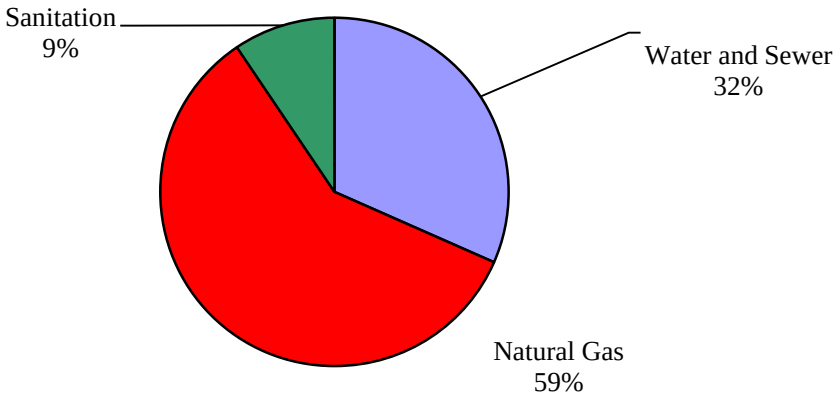
The following chart depicts the revenues of the business-type activities:

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, unreserved 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 $1,183,854. Of this amount, $396,819 (33%) constitutes unreserved fund balance, which is available for appropriation for the general purposes of the funds. The remainder of fund balance is reserved or designated 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, unreserved fund balance of the General Fund was $396,819 and the unreserved, designated for budget amount was $58,006, while total fund balance reached $482,712. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 19% of the total General Fund expenditures, while total fund balance represents 21% 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 $2,316,592 with appropriations of $2,405,286; the City experienced severe weather this year which required major clean-up of debris and replacement of sidewalks, storm water basins, and repairs to streets. No police vehicles were purchased this year due to a donation from the GOHS; however upgrades to recording systems and computer software were necessary in the police department.

The city was petitioned by Hartwell Railroad to close four of the crossings in our City, which has necessitated many legal and engineering fees that were unexpected. Unfortunately, this will continue well into the next budget year as well.

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 $2,642,355
- Water and Sewer Utility $2,839,941
- Sanitation $ 26,644

The total increase in net position for the three funds was $92,914. 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. New EPD requirements continue to elevate sewer department costs. Unexpected motor and pump replacements became necessary due to aging infrastructure.

Gas Profit margins leveled some and the natural gas department saw an increase over the last several years. The Natural Gas Department is working to complete a major expansion in Franklin County which will add additional poultry farms and residential services further broadening our customer base.

Capital Assets and Debt Administration

Capital Assets. The City of Royston has invested $11,820,136 in capital assets (net of accumulated depreciation). Capital assets include infrastructure, land, buildings, and machinery and equipment. Approximately 44% of these investments are related to business-type activities and approximately 56% 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	4,641,956	240,933	4,882,889
Land improvements	2,040,295	24,644	2,064,939
Distribution system	0	11,066,791	11,066,791
Vehicles and equipment	2,734,735	1,475,524	4,210,259
Furniture and fixtures	229,994	0	229,994
Construction in progress	56,113	667,933	724,046
Total	10,129,207	13,559,186	23,688,393
Accumulated depreciation	(4,356,792)	(7,511,465)	(11,868,257)
Net Capital Assets	$ 5,772,415	$ 6,047,721	$ 11,820,136

Additional information on the City of Royston's capital assets can be found in the Notes to the Financial Statements, Exhibit A-12, on pages 48-49 of this report.

Long-term debt. At June 30, 2015, the City of Royston had $511,499 in notes payable and $1,036,862 in capital leases outstanding.

City of Royston
Outstanding Debt
as of June 30 2015

	Business-type Activities
Capital leases	$ 1,036,862
Notes payable	511,499
Total	$ 1,548,361

The City increased its long-term debt in FY2015 by $557,556. Additional information on the City's long-term debt can be found in the notes to the Financial Statements, Exhibit A-12, on pages 51-52 of this report.

ECONOMIC CONDITION AND OUTLOOK:

Although not immune to the economy suffering over the past years, the City of Royston has been able to adjust to the needs of the city through a managed spending plan and budgeting process. This has allowed the city to prepare itself for continued economic growth and health. Through this the city has experienced some business growth and more interested parties have inquired. The city still holds fast that it compares well with other municipalities within the State of Georgia. Some of the governing factor considered for the FY2016 budget planning were:

- Bold Springs Natural Gas expansion to be fully functional and customer base to be added for fall of 2015 and 2016.
- Plans underway for amphitheater at the Royston Wellness Community Park, SPLOST Funds to be used.
- Plans for upgrading current wellness equipment within Wellness Park. SPLOST Funds to be used.
- Improvements in sewer and WWTP upcoming for 2016, which will incorporate the ability to add additional industry and residential. Budget, SPLOST and Grant funding to be used.
- Street & Side walk resurfacing and replacing for FY 2016, Budget, LMIG, GDOT Grant and SPLOST to be used.
- Fiber optic capability for businesses, planning for 2016, (funding will be researched)
- Revitalization of two addition parks, Memorial Park City Hall and Tony Jones Park.

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

BASIC FINANCIAL STATEMENTS

CITY OF ROYSTON, GEORGIA
STATEMENT OF NET POSITION
June 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Current assets				
Cash and cash equivalents	$ 995,013	$ 611,479	$ 1,606,492	$ 9,998
Certificates of deposit	80,737	151,184	231,921	0
Restricted assets				
Cash and cash equivalents	830	205,352	206,182	0
Receivables (net)				
Accounts	10,030	386,298	396,328	0
Taxes	60,188	0	60,188	0
Intergovernmental	73,211	0	73,211	0
Interest	121	167	288	0
Internal balances	15,777	(15,777)	0	0
Prepaid items	27,057	10,081	37,138	0
Inventories	0	113,649	113,649	0
Total current assets	1,262,964	1,462,433	2,725,397	9,998
Noncurrent assets				
Capital assets				
Non-depreciable	482,227	751,294	1,233,521	14,360
Depreciable (net)	5,290,188	5,296,427	10,586,615	0
Total noncurrent assets	5,772,415	6,047,721	11,820,136	14,360
Total assets	7,035,379	7,510,154	14,545,533	24,358
DEFERRED OUTFLOWS OF RESOURSES				
Pension contributions subsequent to the measurement date	65,395	48,532	113,927	0
Pension experience differences	27,473	20,389	47,862	0
Total deferred outflows of resources	92,868	68,921	161,789	0
LIABILITIES				
Current liabilities				
Payables				
Accounts	26,574	30,242	56,816	0
Retainages	0	34,475	34,475	0
Sales tax	0	2,898	2,898	0
Interest	0	7,611	7,611	0
Intergovernmental	81	0	81	0
Refunds	5,222	0	5,222	0
Accrued salaries and expenses	31,115	15,800	46,915	0
Compensated absences	55,479	36,442	91,921	0
Unearned revenue	0	31,291	31,291	0
Customer deposits payable	0	72,230	72,230	0
Capital leases payable	0	102,576	102,576	0
Notes payable	0	70,137	70,137	0
Total current liabilities	118,471	403,702	522,173	0

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

Exhibit A-1, continued

CITY OF ROYSTON, GEORGIA
STATEMENT OF NET POSITION
June 30, 2015

	Primary Government			Component Unit Downtown Development Authority
	Governmental Activities	Business-type Activities	Total	
Noncurrent liabilities				
Compensated absences	$ 6,164	$ 4,050	$ 10,214	$ 0
Net pension liability	370,337	274,850	645,187	0
Capital leases payable	0	934,286	934,286	0
Notes payable	0	441,362	441,362	0
Total noncurrent liabilities	376,501	1,654,548	2,031,049	0
Total liabilities	494,972	2,058,250	2,553,222	0
DEFERRED INFLOWS OF RESOURCES				
Pension assumption changes	2,765	2,052	4,817	0
Pension investment return	13,249	9,833	23,082	0
Total deferred inflows of resources	16,014	11,885	27,899	0
NET POSITION				
Net invested in capital assets	5,772,415	4,597,005	10,369,420	14,360
Restricted for:				
Public Safety	27,472	0	27,472	0
Capital outlay	670,257	0	670,257	0
Unrestricted	147,117	911,935	1,059,052	9,998
Total net position	$ 6,617,261	$ 5,508,940	$ 12,126,201	$ 24,358

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, 2015

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	$ 526,971	$ 100,266	$ 500	$ 30,497	$ (395,708)
Judicial	7,964	0	0	0	(7,964)
Public Safety	1,174,101	70,650	45,341	217,617	(840,493)
Public Works	700,346	13,100	0	322,819	(364,427)
Culture and Recreation	161,993	6,000	0	37,503	(118,490)
Housing and Development	157,155	6,083	0	0	(151,072)
Total governmental activities	2,728,530	196,099	45,841	608,436	(1,878,154)
Business-type activities					
Water and Sewer Utility	1,040,484	955,919	0	0	(84,565)
Natural Gas Utility	1,940,001	2,684,019	0	25,000	769,018
Sanitation	310,960	305,413	6,265	0	718
Total business-type activities	3,291,445	3,945,351	6,265	25,000	685,171
Total primary government	6,019,975	4,141,450	52,106	633,436	(1,192,983)
Component Unit					
Downtown Development Authority					
Housing and Development	15,332	9,285	1,460	8,360	3,773

	Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit
Change in net position				
Net (expense) revenue	$ (1,878,154)	$ 685,171	$ (1,192,983)	$ 3,773
General revenues				
Taxes				
Property	555,375	0	555,375	0
Sales	502,992	0	502,992	0
Franchise	207,822	0	207,822	0
Insurance premium	138,774	0	138,774	0
Intangibles	3,222	0	3,222	0
Alcoholic beverage	71,149	0	71,149	0
Occupational	28,401	0	28,401	0
Hotel/Motel	5,156	0	5,156	0
Payments from City of Royston	0	0	0	7,099
Interest and investment earnings	813	1,303	2,116	0
Other	27,812	2,841	30,653	50
Transfers	518,964	(518,964)	0	0
Total general revenues and transfers	2,060,480	(514,820)	1,545,660	7,149
Change in net position	182,326	170,351	352,677	10,922
Net position - beginning (original)	6,729,063	5,561,419	12,290,482	13,436
Prior period adjustments	(294,128)	(222,830)	(516,958)	0
Net position - beginning (restated)	6,434,935	5,338,589	11,773,524	13,436
Net position - ending	$ 6,617,261	$ 5,508,940	$ 12,126,201	$ 24,358

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

CITY OF ROYSTON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General	Franklin County SPLOST #4 Capital Projects	Nonmajor Governmental Funds	Total
ASSETS				
Cash and cash equivalents	$ 338,493	$ 609,485	$ 47,035	$ 995,013
Certificates of deposit	80,737	0	0	80,737
Restricted assets				
Cash and equivalents	830	0	0	830
Receivables (net)				
Accounts	10,030	0	0	10,030
Taxes	60,188	0	0	60,188
Intergovernmental	21,338	41,190	10,683	73,211
Interest	121	0	0	121
Due from other funds	23,028	0	0	23,028
Prepaid items	27,057	0	0	27,057
Total assets	$ 561,822	$ 650,675	$ 57,718	$ 1,270,215
LIABILITIES				
Payables				
Accounts	$ 26,574	$ 0	$ 0	$ 26,574
Intergovernmental	81	0	0	81
Refunds	5,222	0	0	5,222
Due to other funds	0	0	7,251	7,251
Accrued salaries	31,115	0	0	31,115
Total liabilities	62,992	0	7,251	70,243
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	16,118	0	0	16,118
FUND BALANCES				
Nonspendable prepaids	27,057	0	0	27,057
Restricted for:				
Public Safety	830	0	26,642	27,472
Capital projects	0	650,675	19,582	670,257
Assigned for:				
Budget	58,006	0	0	58,006
Housing and Development	0	0	4,243	4,243
Unassigned	396,819	0	0	396,819
Total fund balances	482,712	650,675	50,467	1,183,854
Total liabilities, deferred inflows, and fund balances	$ 561,822	$ 650,675	$ 57,718	$ 1,270,215

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, 2015

Total fund balance - total governmental funds		$ 1,183,854
Amounts reported for governmental activities in the statement of net position 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		5,772,415
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		16,118
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds. These are:		
Deferred outflows of resources:		
Pension contributions subsequent to measurement date	$ 65,395	
Pension experience differences	27,473	
Deferred inflows of resources:		
Pension assumption changes	(2,765)	
Pension investment return differences	(13,249)	76,854
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are:		
Net pension liability	(370,337)	
Compensated absences	(61,643)	(431,980)
Net position of governmental activities		$ 6,617,261

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, 2015

	General	Franklin County SPLOST #4 Capital Projects	Nonmajor Governmental Funds	Total
REVENUES				
Taxes	$ 1,522,176	$ 0	$ 5,156	$ 1,527,332
Licenses and permits	16,883	0	0	16,883
Fines, fees and forfeitures	66,159	0	4,079	70,238
Charges for services	108,978	0	0	108,978
Intergovernmental	38,934	276,681	169,111	484,726
Interest	793	728	57	1,578
Contributions	10,424	0	838	11,262
Other	27,811	0	0	27,811
Total revenues	1,792,158	277,409	179,241	2,248,808
EXPENDITURES				
Current				
General Government	532,746	0	0	532,746
Judicial	7,963	0	0	7,963
Public Safety	1,021,346	0	19,332	1,040,678
Public Works	532,605	0	0	532,605
Culture and Recreation	75,306	0	0	75,306
Housing and Development	146,626	0	3,398	150,024
Capital outlay	0	76,421	121,372	197,793
Total expenditures	2,316,592	76,421	144,102	2,537,115
Excess (deficiency) of revenue over (under) expenditures	(524,434)	200,988	35,139	(288,307)
Other financing sources (uses)				
Transfers in (out)				
Transfers in	627,054	0	0	627,054
Transfers out	0	(80,767)	(27,323)	(108,090)
Sale of capital assets	56,719	0	0	56,719
Total other financing sources (uses)	683,773	(80,767)	(27,323)	575,683
Net change in fund balance	159,339	120,221	7,816	287,376
Fund balances, July 1	323,373	530,454	42,651	896,478
Fund balances, June 30	$ 482,712	$ 650,675	$ 50,467	$ 1,183,854

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

Exhibit A-5

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, 2015

Net change in fund balances - total governmental funds		$ 287,376
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	$ 244,005	
Depreciation	(421,079)	(177,074)
Contributions of capital assets from other governments and individuals increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.		178,864
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.		(14,441)
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	(311,634)	
Related accumulated depreciation	235,564	(76,070)
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
Pension contributions	87,192	
Cost of benefits earned net of employee contributions	(86,547)	645
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	(16,974)	(16,974)
Change in net position of governmental activities		$ 182,326

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, 2015

	Budget			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Taxes	$ 1,374,400	$ 1,381,146	$ 1,522,176	$ 141,030
Licenses and permits	16,000	16,083	16,883	800
Fines, fees and forfeitures	63,000	63,000	66,159	3,159
Charges for services	106,077	106,077	108,978	2,901
Intergovernmental	16,000	16,000	38,934	22,934
Interest	725	725	793	68
Contributions	1,000	9,000	10,424	1,424
Other	32,475	32,475	27,811	(4,664)
Total revenues	1,609,677	1,624,506	1,792,158	167,652
EXPENDITURES				
Current				
General Government				
Mayor and Council	99,050	122,094	122,078	16
Administration	386,059	416,525	410,596	5,929
Elections	1,000	1,000	72	928
Judicial				
Municipal Court	9,780	8,615	7,963	652
Public Safety				
Police	1,048,964	1,006,002	936,679	69,323
Fire	73,127	77,604	77,585	19
Animal Control	7,158	7,158	7,082	76
Public Works				
Streets	434,920	446,125	446,043	82
Maintenance Shop	87,844	85,044	84,730	314
Cemetery	3,100	3,100	1,832	1,268
Culture and Recreation				
Library	38,600	50,958	50,843	115
Parks and Recreation	25,475	29,629	24,463	5,166
Housing and Development				
Code Enforcement	69,409	71,577	71,548	29
Better Hometown Program	74,705	74,705	71,378	3,327
Downtown Development Authority	7,000	5,150	3,700	1,450
Total expenditures	2,366,191	2,405,286	2,316,592	88,694
Excess (deficiency) of revenues over (under) expenditures	(756,514)	(780,780)	(524,434)	256,346
Other financing sources (uses)				
Transfers in (out)				
Transfers in	687,514	620,849	627,054	6,205
Sales of capital assets	15,000	15,000	56,719	41,719
Contingency	(4,000)	0	0	0
Total other financing sources (uses)	698,514	635,849	683,773	47,924
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(58,000)	(144,931)	159,339	304,270
Fund balances, July 1	58,000	144,931	323,373	178,442
Fund balances, June 30	$ 0	$ 0	$ 482,712	$ 482,712

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

CITY OF ROYSTON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015

	Business Type			
	Water and Sewer Utility	Natural Gas Utility	Sanitation	Totals
ASSETS				
Current assets				
Cash and cash equivalents	$ 103,140	$ 507,992	$ 347	$ 611,479
Certificates of deposit	0	151,184	0	151,184
Restricted assets				
Cash and cash equivalents	21,100	184,252	0	205,352
Receivables (net)				
Accounts	120,073	223,882	42,343	386,298
Interest	0	167	0	167
Inventories	0	113,649	0	113,649
Prepaid items	6,842	1,960	1,279	10,081
Total current assets	251,155	1,183,086	43,969	1,478,210
Noncurrent assets				
Capital assets				
Non-depreciable	53,245	691,620	6,429	751,294
Depreciable (net)	3,175,344	2,037,546	83,537	5,296,427
Total noncurrent assets	3,228,589	2,729,166	89,966	6,047,721
Total assets	3,479,744	3,912,252	133,935	7,525,931
DEFERRED OUTFLOWS OF RESOURSES				
Pension contributions subsequent to the measurement date	21,646	18,228	8,658	48,532
Pension experience differences	9,094	7,658	3,637	20,389
Total deferred outflows of resources	30,740	25,886	12,295	68,921
LIABILITIES				
Current liabilities				
Payables				
Accounts	17,713	10,361	2,168	30,242
Retainages	0	34,475	0	34,475
Sales tax	0	2,898	0	2,898
Interest	0	5,812	1,799	7,611
Accrued salaries	7,391	7,012	1,397	15,800
Compensated absences	18,212	11,383	6,847	36,442
Unearned revenue	3,209	26,891	1,191	31,291
Due to other funds	0	0	15,777	15,777
Capital leases	0	102,576	0	102,576
Notes payable	50,904	0	19,233	70,137
Liabilities payable from restricted assets:				
Customer deposits payable	21,100	51,130	0	72,230
Total current liabilities	118,529	252,538	48,412	419,479

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

Exhibit A-8, continued

CITY OF ROYSTON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015

	Business Type			
	Water and Sewer Utility	Natural Gas Utility	Sanitation	Totals
Noncurrent liabilities				
Compensated absences	$ 2,024	$ 1,265	$ 761	$ 4,050
Net pension liability	122,586	103,230	49,034	274,850
Capital leases payable	0	934,286	0	934,286
Notes payable	422,103	0	19,259	441,362
Total noncurrent liabilities	546,713	1,038,781	69,054	1,654,548
Total liabilities	665,242	1,291,319	117,466	2,074,027
DEFERRED INFLOWS OF RESOURCES				
Pension assumption changes	915	771	366	2,052
Pension investment return	4,386	3,693	1,754	9,833
Total deferred inflows of resources	5,301	4,464	2,120	11,885
NET POSITION				
Net invested in capital assets	2,755,582	1,789,949	51,474	4,597,005
Unrestricted	84,359	852,406	(24,830)	911,935
Total net position	$ 2,839,941	$ 2,642,355	$ 26,644	$ 5,508,940

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

Exhibit A-8, continued

CITY OF ROYSTON, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2015

	Business Type			
	Water and Sewer Utility	Natural Gas Utility	Sanitation	Totals
OPERATING REVENUES				
Charges for sales and services	$ 955,919	$ 2,684,019	$ 305,413	$ 3,945,351
Total operating revenues	955,919	2,684,019	305,413	3,945,351
OPERATING EXPENSES				
Costs of sales and services	492,261	1,455,177	137,520	2,084,958
Personal services	389,668	379,599	133,667	902,934
Depreciation	146,122	80,568	37,392	264,082
Total operating expenses	1,028,051	1,915,344	308,579	3,251,974
Operating income (loss)	(72,132)	768,675	(3,166)	693,377
Non-operating revenues (expenses)				
Intergovernmental	0	0	6,265	6,265
Other	0	2,841	0	2,841
Interest revenue	209	1,094	0	1,303
Interest expense	(12,433)	(24,657)	(2,381)	(39,471)
Total non-operating revenues (expenses)	(12,224)	(20,722)	3,884	(29,062)
Income (loss) before capital contributions and transfers	(84,356)	747,953	718	664,315
Capital contributions				
Capital contributions	0	25,000	0	25,000
Income (loss) before transfers	(84,356)	772,953	718	689,315
Transfers in (out)				
Transfers in	93,523	0	14,567	108,090
Transfers out	(28,893)	(558,407)	(39,754)	(627,054)
Total transfers	64,630	(558,407)	(25,187)	(518,964)
Change in net position	(19,726)	214,546	(24,469)	170,351
Net position, July 1 (original)	2,957,917	2,510,588	92,914	5,561,419
Prior period adjustments	(98,250)	(82,779)	(41,801)	(222,830)
Net position, July 1 (restated)	2,859,667	2,427,809	51,113	5,338,589
Net position, June 30	$ 2,839,941	$ 2,642,355	$ 26,644	$ 5,508,940

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, 2015

	Business Type			
	Water and Sewer Utility	Natural Gas Utility	Sanitation	Totals
Cash flows from operating activities:				
Receipts from customers	$ 887,489	$ 2,626,408	$ 288,831	$ 3,802,728
Payments to suppliers	(486,982)	(1,460,672)	(136,766)	(2,084,420)
Payments to employees	(383,381)	(376,332)	(135,101)	(894,814)
Other receipts	56,239	41,374	7,381	104,994
Net cash provided (used) by operating activities	73,365	830,778	24,345	928,488
Cash flows from non-capital financing activities:				
Receipts from other governments	0	0	6,265	6,265
Receipts from other funds	0	0	15,777	15,777
Payments to other funds	(28,893)	(558,407)	(39,754)	(627,054)
Net cash provided (used) by non-capital financing activities	(28,893)	(558,407)	(17,712)	(605,012)
Cash flows from capital and related financing activities:				
Receipts of capital contributions	0	27,841	0	27,841
Receipts from other funds	93,523	0	14,567	108,090
Issuance of capital leases	0	684,479	0	684,479
Interest paid	(12,433)	(18,846)	(2,383)	(33,662)
Acquisition of capital assets	(74,105)	(649,153)	0	(723,258)
Principal payments - notes	(49,781)	0	(18,470)	(68,251)
Principal payments - capital lease	0	(58,671)	0	(58,671)
Net cash provided (used) by capital and related financing activities	(42,796)	(14,350)	(6,286)	(63,432)
Cash flows from investing activities:				
Interest received	209	1,094	0	1,303
Proceeds from sale of investments	0	150,580	0	150,580
Purchase of investments	0	(151,184)	0	(151,184)
Net cash provided (used) by investing activities	209	490	0	699
Net increase (decrease) in cash and cash equivalents	1,885	258,511	347	260,743
Cash and cash equivalents, July 1	122,355	433,733	0	556,088
Cash and cash equivalents, June 30	$ 124,240	$ 692,244	$ 347	$ 816,831

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

Exhibit A-10, continued

CITY OF ROYSTON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2015

	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)	$ (72,132)	$ 768,675	$ (3,166)	$ 693,377
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	146,122	80,568	37,392	264,082
(Increase) decrease in accounts receivable	(13,468)	(26,186)	(9,148)	(48,802)
(Increase) decrease in prepaids	636	397	340	1,373
(Increase) decrease in inventories	0	15,992	0	15,992
(Increase) decrease in pension experience differences	(9,094)	(7,658)	(3,637)	(20,389)
(Increase) decrease in pension contributions made after measurement date	(21,646)	(18,228)	(8,658)	(48,532)
Increase (decrease) in accounts payable	4,643	(21,884)	414	(16,827)
Increase (decrease) in sales tax payable	0	2,564	0	2,564
Increase (decrease) in unearned revenue	(488)	(1,207)	(53)	(1,748)
Increase (decrease) in pension assumption differences	915	771	365	2,051
Increase (decrease) in pension investment return differences	4,386	3,693	1,754	9,833
Increase (decrease) in net pension liability	24,336	20,451	7,233	52,020
Increase (decrease) in accrued payroll liabilities	7,390	4,238	1,509	13,137
Increase (decrease) in deposits payable	1,765	8,592	0	10,357
Total adjustments	145,497	62,103	27,511	235,111
Net cash provided (used) by operating activities	$ 73,365	$ 830,778	$ 24,345	$ 928,488
Cash and cash equivalents reconciliation:				
Cash and cash equivalents	$ 103,140	$ 507,992	$ 347	$ 611,479
Restricted assets				
Cash and cash equivalents	21,100	184,252	0	205,352
Total cash and cash equivalents	$ 124,240	$ 692,244	$ 347	$ 816,831

Noncash investing, capital, and financing activities:

Acquisition of capital assets through accounts payable totaled $35,477.

CITY OF ROYSTON, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2015

	Municipal Court Agency Fund
ASSETS	
Equity in pooled cash	$ 21,034
LIABILITIES	
Due to other agencies	$ 21,034

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, 2015, 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
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. The City reports deferred out flows of resources related to their defined benefit pension plans.

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 property taxes revenues. The City also reports deferred inflows of resources related to their defined benefit pension plans. 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. Pensions

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

P. 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.

Q. 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.

2. Summary of Significant Accounting Policies (continued)

R. 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, 2015, by the City are nonspendable in form. The City has not reported any amounts that are legally or contractually required to be maintained intact.

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

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.

2. Summary of Significant Accounting Policies (continued)

R. Fund Balances – Governmental Funds, continued

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.

S. 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.

T. 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.

2. Summary of Significant Accounting Policies (continued)

U. 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.

V. 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 2014 amounts have been reclassified to conform with the 2015 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.

3. Deposit and Investment Risk (continued)

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, 2015 consist of the following:

Major Funds		
General Fund		$ 10,030
Enterprise Funds		
Water and Sewer Utility	$ 180,958	
Less: Allowances for Uncollectibles	(60,885)	
Natural Gas Utility	432,254	
Less: Allowances for Uncollectibles	(208,372)	
Sanitation	70,137	
Less: Allowances for Uncollectibles	(27,794)	386,298
Total Primary Government		$ 396,328

5. Intergovernmental Receivables

Intergovernmental receivables at June 30, 2015 consist of the following:

Major Funds	
General Fund	
State of Georgia	$ 21,338
Franklin County SPLOST #4	
Franklin County, Georgia	41,190
Non Major Funds	
Hart County SPLOST #4	
Hart County, Georgia	10,683
Total Primary Government	$ 73,211

6. Property Taxes

Taxes receivable as of June 30, 2015 consist of property taxes for seven years as follows:

Year of Levy	Amount
2014	$ 11,177
2013	3,636
2012	2,922
2011	3,117
2010	678
2009	40
2008	0
Less allowance for uncollectible	(4,530)
Total	$ 17,040

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 2015, based upon the assessments of January 1, 2014, were billed on November 24, 2014, and due on January 23, 2015. Tax liens are issued 90 days after the due date. The tax rate of 10.0 mills for fiscal year 2015 was levied on November 11, 2014.

Other Taxes

$43,148 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, 2015 is as follows:

Receivable Fund	Payable Fund	Amount
General	Sanitation Enterprise Fund	$ 15,777
	Nonmajor Governmental	7,251
Subtotal		$ 23,028

The balance reported as Due to/Due from represent loans between the borrower funds and the lender fund. Balances reported between in the General Fund and nonmajor governmental funds resulted from transactions to alleviate equity in pooled cash deficits at year-end. Balances between the General Fund and the Sanitation Enterprise Fund are short-term loans expected to be paid in the next fiscal year.

A summary of interfund transfers is as follows:

Transfer Out Fund	Transfer In Fund	Amount
Natural Gas Utility	General	$ 558,407
Water Sewer Utility	General	28,893
Sanitation	General	39,754
Franklin County SPLOST #4	Water Sewer Utility	66,200
	Sanitation	14,567
Nonmajor Governmental	Water Sewer Utility	27,323
		$ 735,144

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, 2015 was as follows:

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015
Governmental activities				
Non-depreciable assets				
Land	$ 426,114	$ 0	$	$ 426,114
Construction in progress	46,455	106,146	(96,488)	56,113
Total non-depreciable assets	472,569	106,146	(96,488)	482,227
Depreciable assets				
Buildings	4,633,735	8,221	0	4,641,956
Infrastructure	1,943,807	96,487	0	2,040,294
Vehicles and equipment	2,741,442	305,037	(311,743)	2,734,736
Furniture and fixtures	226,519	3,475	0	229,994
Total depreciable assets	9,545,503	413,220	(311,743)	9,646,980
Accumulated depreciation				
Buildings	(2,045,882)	(90,730)	0	(2,136,612)
Infrastructure	(281,984)	(51,717)	0	(333,701)
Vehicles and equipment	(1,626,501)	(275,240)	235,664	(1,666,077)
Furniture and fixtures	(217,010)	(3,392)	0	(220,402)
Total accumulated depreciation	(4,171,377)	(421,079)	235,664	(4,356,792)
Total depreciable assets, net	5,374,126	(7,859)	(76,079)	5,290,188
Governmental activities capital assets, net	$ 5,846,695	$ 98,287	$ (172,567)	$ 5,772,415
Business-type activities				
Non-depreciable assets				
Land	$ 83,361	$ 0	$ 0	$ 83,361
Construction in progress	52,519	651,880	(36,466)	667,933
Total non-depreciable assets	135,880	651,880	(36,466)	751,294
Depreciable assets				
Buildings	240,933	0	0	240,933
Land improvements	24,644	0	0	24,644
Distribution system	10,994,918	71,873	0	11,066,791
Vehicles and equipment	1,404,076	71,448	0	1,475,524
Total depreciable assets	12,664,571	143,321	0	12,807,892
Accumulated depreciation				
Buildings	(122,329)	(4,819)	0	(127,148)
Land improvements	(9,443)	(1,642)	0	(11,085)
Distribution system	(6,006,979)	(170,563)	0	(6,177,542)
Vehicles and equipment	(1,108,632)	(87,058)	0	(1,195,690)
Total accumulated depreciation	(7,247,383)	(264,082)	0	(7,511,465)
Total depreciable assets, net	5,417,188	(120,761)	0	5,296,427
Business-type activities capital assets, net	$ 5,553,068	$ 531,119	$ (36,466)	$ 6,047,721

8. Capital Assets (continued)

Capital asset activity for the Downtown Development Authority Component Unit for the year ended June 30, 2015 was as follows:

	Balance 6/30/2014	Increases	Decreases	Balance 6/30/2015
Downtown Development Authority Component Unit				
Non-depreciable assets				
Construction in progress	$6,000	$8,360	$0	$14,360

Depreciation expense was charged to functions/programs as follows:

Primary Government	
Governmental activities	
General Government	$ 26,495
Public Safety	154,825
Public Works	156,684
Culture and Recreation	78,830
Housing and Development	4,245
Total depreciation expense for governmental activities	$ 421,079
Business-type activities	
Water and Sewer Utility	$ 146,122
Natural Gas Utility	80,568
Sanitation	37,392
Total depreciation expense for business-type activities	$ 264,082

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, 2015 are $0 and $1,036,862 for the governmental activities and business-type activities, respectively.

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, 2015:

Year Ending June 30,	Business-type Activities
2016	$ 133,858
2017	155,431
2018	155,431
2019	155,431
2020	155,431
2021-2025	402,481
Total minimum lease payments	1,158,063
Less amounts representing interest	(121,201)
Present value of minimum lease payments	$ 1,036,862

Total assets leased under capital leases are classified as follows:

	Business-type Activities	
	Cost	Accumulated Depreciation
Construction in progress	$ 667,933	$ 0
Natural gas system infrastructure	500,000	39,798
Total assets under capital leases	$ 1,167,933	$ 39,798

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% ($216,620 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% ($256,387 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, 2016; interest at 4.625% ($38,492 outstanding).

Annual debt service requirements for notes payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	$ 70,137	$ 12,928	$ 83,065
2017	71,363	10,941	82,304
2018	53,303	8,909	62,212
2019	54,555	7,658	62,213
2020	55,840	6,373	62,213
2021-2025	206,301	11,949	218,250
Totals	$ 511,499	$ 58,758	$ 570,257

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, 2015:

	Balance 6/30/2014	Additions	Deductions	Balance 6/30/2015	Due Within One Year
Governmental activities					
Compensated absences	$ 44,669	$ 60,176	$ (40,202)	$ 64,643	$ 55,479
Business-type activities					
Notes payable	$ 579,751	$ 0	$ (68,252)	$ 511,499	$ 70,137
Capital lease obligations	411,054	684,479	(58,671)	1,036,862	102,576
Compensated absences	30,024	37,456	(26,988)	40,492	36,442
Total business-type activities	$ 1,020,829	$ 721,935	$ (153,911)	$ 1,588,853	$ 209,155

Revenue bond 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 expense in the governmental activities and the business type activities for the fiscal ended June 30, 2015 was $0 and $39,471, respectively.

11. Pension Plan

Plan Description. The City is a participating member of the Georgia Municipal Employees Benefit System (GMEBS), a state-wide agent, multiple-employer retirement system, administered by the Georgia Municipal Association. This is a defined benefit pension plan, which provides retirement, disability and death benefits to plan members and beneficiaries. The Commission has established provisions, which assign the authority to the Commission council members to establish and amend the benefit provisions of the plan.

Control over the operation and administration of the plan is vested with GMEBS along with custody of the plan assets. The plan provides that the City has no liability with respect to payments or benefits or otherwise under the plan except to pay over to GMEBS such actuarially determined contributions as are required to meet minimum funding standards of the Public Retirement Systems Standards Law and provide benefits thereunder. If terminated, the plan provides that if there are funds remaining after the satisfaction of all liabilities, such funds shall not revert to the City but shall be allocated to employees. All employees are eligible for immediate participation. Officials are covered under the plan and are eligible for immediate participation.

There are no loans to any of the City officials or other "party-in-interest," and there are no prohibited transactions. The plan assets do not include any securities or investments in the City of Royston. The funds are managed by independent money managers.

The annual report and more detailed information regarding the plan can be obtained from the Plan Administrator, the Georgia Municipal Employees Benefit System.

At January 1, 2015, the date of the most recent actuarial valuation, there were 69 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	13
Terminated vested participants entitled to but not yet receiving benefits	6
Active participants	50
Total number of participants	69

11. Pension Plan (continued)

Plan Description and Contribution Information, continued

Benefits Provided. The plan provides retirement, disability, and death benefits. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 65 with no reduction in benefit. Officials and Class One members (City Manager and City Clerk) are eligible to retire at age 65 with no reduction in benefit. Members and officials with ten years of total service are eligible to retire at age 55 with no reduction in benefit. Officials and Class One members are eligible for early retirement at age 55 with no reduction in benefit. Members are eligible for early retirement with reduced benefits based on the early retirement reduction table at age 55 after 10 years of service. The benefit formula is 1.5% with a five year vesting schedule. Officials and Class One members benefit formula is 1.5% with benefits vesting immediately.

Contributions. Employees make no contributions to the plan. The City is required to contribute the remaining amounts necessary to fund the plan in compliance with the minimum funding standards of the Public Retirement Systems Standards Law. This funding policy, as specified by ordinance, has been the same since the inception of the plan.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At June 30, 2015, the City reported a net pension liability of $645,188. The net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2015. For the fiscal year ended June 30, 2015, the City recognized pension expense in the amount of $146,162.

11. Pension Plan (continued)

At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 47,862	$ 0
Changes of assumptions	0	(4,817)
Net difference between projected and actual earnings on pension plan investments	0	(23,082)
City contributions subsequent to the measurement date	113,927	0
Totals	$ 161,789	$ (27,899)

The $161,840 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net position liability in the fiscal year ending June 30, 2016. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30	
2016	$ 1,403
2017	1,403
2018	1,403
2019	1,404
2020	7,175
2021 and thereafter	7,175
Totals	$ 19,963

11. Pension Plan (continued)

Actuarial Assumptions. The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Projected salary increases	3.25% plus service based merit increases
Cost of living adjustments	0.00%
Net investment rate of return	7.75%

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

The mortality and economic actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the period of January 1, 2010 through June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2014 are summarized in the following table:

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

11. Pension Plan (continued)

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions from employer will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Total Pension Liability (Asset) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at 9/30/13	$ 1,435,664	$ 806,877	$ 628,787
Changes for the year:			
Service cost	97,099	0	97,099
Interest	109,378	0	109,378
Differences between expected and actual experience	55,842	0	0 55,842
Changes of assumptions		0	0
Changes of benefits	0		0
Contributions—employer	0	149,721	(149,721)
Contributions—employee	0	0	0
Net investment income	0	95,129	(95,129)
Benefit payments, including refunds of employee contributions	(48,664)	(48,664)	0 0
Administrative expense	0	(4,551)	4,551
Other changes	(5,620)	0	(5,620)
Net changes	208,035	191,635	16,400
Balances at 9/30/14	$ 1,643,699	$ 998,512	$ 645,187

11. Pension Plan (continued)

Sensitivity of the Net Pension Asset/Liability to Changes in the Discount Rate. The following presents what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.75 percent) or one percentage-point higher (8.75 percent) than the current rate:

	Discount Rate	Net Pension Liabilty (Asset)
1% decrease	6.75%	$ 872,928
Current discount rate	7.75%	645,188
1% increase	8.75%	454,743

Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued Georgia Municipal Employees Benefit System financial report

Other Plans. In addition to the plan above, various City employees are covered under the Peace Officers' Annuity and Benefit Fund of Georgia. Further information regarding this plan can be obtained from the plan's annual report.

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, 2015, there were 10 members of 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 $4,143 to the plans based on covered salaries of $403,520. Plan members made voluntary contributions of $16,572 to the plans. Total payroll was $1,711,568.

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, 2015, follows:

Lodging Tax Receipts	$5,156	
Disbursements to		
Downtown Development Authority	$3,338	66% of Tax Receipts

14. Joint Ventures

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, 2015, the city paid $2,090 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 $17,596 as payment-in-lieu-of-taxes for fiscal year 2015. 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, 2015, the City has no losses that are probable or estimable and accordingly has not recognized any liability.

17. Commitments and Contingencies

Contingencies

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

18. Changes in Beginning Balances

Governmental Activities

A prior period adjustment has been made to record a net pension liability and deferred outflows of resources at June 30, 2014. This adjustment was required with the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This adjustment decreased beginning net position by $294,128.

Business Type Activities

A prior period adjustment has been made to record a net pension liability and deferred outflows of resources at June 30, 2014. This adjustment was required with the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This adjustment decreased beginning net position by $222,830.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ROYSTON, GEORGIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
LAST TEN FISCAL YEARS
June 30, 2015
(Unaudited)

	Fiscal Year End 2015
Total pension liability	
Service cost	$ 97,099
Interest	109,378
Differences between expected and actual experience	55,842
Changes of assumptions	0
Changes of benefit terms	0
Benefit payments, including refunds of employee contributions	(48,664)
Other	(5,620)
Net change in total pension liability	208,035
Total pension liability - beginning	1,435,664
Total pension liability - ending (a)	$ 1,643,699
Plan fiduciary net position	
Contributions - employer	$ 149,721
Contributions - employee	0
Net investment income	95,129
Benefit payments, including refunds of employee contributions	(48,664)
Administrative expense	(4,551)
Other	0
Net change in total pension liability	191,635
Plan fiduciary net position - beginning	806,877
Plan fiduciary net position - ending (b)	$ 998,512
Net pension liability (asset) - ending : (a) - (b)	$ 645,187
Plan's fiduciary net position as a percentage of the total pension liability	60.75%
Covered-employee payroll	$ 1,566,779
Net pension liabilty as a percentage of covered-employee payroll	41.18%

Note: Fiscal year 2015 was the first year of implementation. Therefore, only one year is shown.

CITY OF ROYSTON, GEORGIA
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
June 30, 2015
(Unaudited)

	Fiscal Year End 2015
Actuarially determined contribution	$ 151,903
Contributions in relation to the actuarially determined contribution	(151,903)
Contribution deficiency (excess)	$ 0
Covered-employee payroll	$ 1,577,394
Contributions as a percentage of covered-employee payroll	9.63%

Note: Fiscal year 2015 was the first year of implementation. Therefore, only one year is shown.

1. Valuation Date

The actuarially determined contribution rate was determined as of January 1, 2015, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2016.

2. Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method = Projected unit credit

Amortization method = Closed level dollar for remaining unfunded liability

Remaining amortization period = Remaining amortization period varies for the bases, with a net effective amortization period of 17 years

Asset valuation method = Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Net investment rate of return = 7.75%

Projected salary increases = 3.25% plus service based merit increases

Cost of living adjustments = 0.00%

Retirement age for inactive vested participants = 65

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

3. Changes in Benefits

Effective January 1, 2015, the Plan was amended to provide for immediate participation for employees. This change has no impact on service credited under the Plan and has no impact on benefits.

4. Changes of Assumptions

Amounts reported for the fiscal year ending in 2016 and later reflect the following assumption changes based on the results of an actuarial experience study covering the period of January 1, 2010 to June 30, 2014:

The mortality table for disabled participants was changed to remove the two-year set-forward for males and the one-year set-forward for females.

The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 15% and to assume no turnover on and after age 55. The select period rates were further constrained to not be less than the ultimate rates.

The retirement rates where normal retirement is only available on or after age 65 were changed from the prior assumption of 100% at age 65 to the new assumption of 60% at ages 65 to 69 and 100% at age 70. Where normal retirement is available prior to age 65, the rates were changed from the prior assumption of 100% at earliest unreduced age, but not below age 60, to the new assumption of 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70.

The inflation and cost-of-living adjustment assumptions were decreased from 3.50% to 3.25%.

The salary increase assumption was changed from select period rates during the first five years of service, followed by age-related rates to an assumption based on new service-related rates. Under the prior assumption, the salary increases range from 3.75% to 8.00% and include an inflation assumption of 3.25%.

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COMBINING STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

CITY OF ROYSTON, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015

	Special Revenue	
	Confiscated Assets	**Hotel/Motel Tax**
ASSETS		
Cash and cash equivalents	$ 879	$ 4,243
Intergovernmental receivable	0	0
Total assets	$ 879	$ 4,243
LIABILITIES		
Due to other funds	$ 0	$ 0
Unearned revenue	0	0
Total liabilities	0	0
FUND BALANCES		
Restricted for:		
Public Safety	879	0
Capital projects	0	0
Assigned for Housing and Development	0	4,243
Total fund balances	879	4,243
Total liabilities and fund balances	$ 879	$ 4,243

Special Revenue		Capital Projects			Total
Technology Surcharge	Fire Department	Franklin County SPLOST #3	Hart County SPLOST #3	Hart County SPLOST #4	Nonmajor Governmental Funds
$ 14,666	$ 11,097	$ 5,430	$ 10,720	$ 0	$ 47,035
0	0	0	0	10,683	10,683
$ 14,666	$ 11,097	$ 5,430	$ 10,720	$ 10,683	$ 57,718
$ 0	$ 0	$ 0	$ 0	$ 7,251	$ 7,251
0	0	0	0	0	0
0	0	0	0	7,251	7,251
14,666	11,097	0	0	0	26,642
0	0	5,430	10,720	3,432	19,582
0	0	0	0	0	4,243
14,666	11,097	5,430	10,720	3,432	50,467
$ 14,666	$ 11,097	$ 5,430	$ 10,720	$ 10,683	$ 57,718

CITY OF ROYSTON, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2015

	Special Revenue	
	Confiscated Assets	**Hotel/Motel Tax**
REVENUES		
Taxes	$ 0	$ 5,156
Fines, fees, and forfeitures	237	0
Intergovernmental	0	0
Interest	0	0
Contributions	0	0
Total revenues	237	5,156
EXPENDITURES		
Current		
Public Safety	4,285	0
Housing and Development	0	3,398
Capital outlay	0	0
Total expenditures	4,285	3,398
Excess (deficiency) of revenues over (under) expenditures	(4,048)	1,758
Other financing sources (uses)		
Transfers out	0	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(4,048)	1,758
Fund balances, July 1	4,927	2,485
Fund balances, June 30	$ 879	$ 4,243

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	$ 5,156
3,842	0	0	0	0	4,079
0	16,984	0	0	152,127	169,111
21	0	36	0	0	57
0	838	0	0	0	838
3,863	17,822	36	0	152,127	179,241
0	15,047	0	0	0	19,332
0	0	0	0	0	3,398
0	0	0	0	121,372	121,372
0	15,047	0	0	121,372	144,102
3,863	2,775	36	0	30,755	35,139
0	0	0	0	(27,323)	(27,323)
3,863	2,775	36	0	3,432	7,816
10,803	8,322	5,394	10,720	0	42,651
$ 14,666	$ 11,097	$ 5,430	$ 10,720	$ 3,432	$ 50,467

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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, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	$ 338,493	$ 248,975
Certificates of deposit	80,737	80,583
Restricted assets		
Cash and cash equivalents	830	1,304
Receivables (net)		
Accounts	10,030	7,272
Taxes	60,188	82,577
Intergovernmental	21,338	0
Interest	121	121
Due from other funds	23,028	6,311
Prepaid items	27,057	24,828
Total assets	$ 561,822	$ 451,971
LIABILITIES		
Payables		
Accounts	$ 26,574	$ 28,004
Intergovernmental	81	81
Refunds	5,222	38,356
Accrued salaries and payroll liabilities	31,115	31,598
Total liabilities	62,992	98,039
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property tax	16,118	30,559
FUND BALANCES		
Nonspendable prepaid items	27,057	24,828
Restricted for Public Safety	830	1,304
Assigned for budget	58,006	50,000
Unassigned	396,819	247,241
Total fund balances	482,712	323,373
Total liabilities, deferred inflows, and fund balances	$ 561,822	$ 451,971

CITY OF ROYSTON, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2015 and 2014

	2015	2014
REVENUES		
Taxes	$ 1,522,176	$ 1,454,798
Licenses and permits	16,883	15,559
Fines, fees and forfeitures	66,159	62,444
Charges for services	108,978	101,631
Intergovernmental	38,934	74,441
Interest	793	535
Contributions	10,424	9,577
Other	27,811	38,917
Total revenues	1,792,158	1,757,902
EXPENDITURES		
Current		
General Government	532,746	548,538
Judicial	7,963	7,299
Public Safety	1,021,346	1,108,717
Public Works	532,605	485,395
Culture and Recreation	75,306	114,235
Housing and Development	146,626	139,744
Debt service		
Public Safety	0	18,229
Total expenditures	2,316,592	2,422,157
Excess (deficiency) of revenues over (under) expenditures before transfers	(524,434)	(664,255)
Other financing sources (uses)		
Transfers in (out)		
Water and Sewer Utility Fund	28,893	29,141
Natural Gas Utility Fund	558,407	486,815
Sanitation Fund	39,754	216,483
Sales of capital assets	56,719	14,146
Total other financing sources (uses)	683,773	746,585
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	159,339	82,330
Fund balances, July 1	323,373	241,043
Fund balances, June 30	$ 482,712	$ 323,373

CITY OF ROYSTON, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2015
(With comparative actual amounts for the fiscal year ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes				
General property taxes				
Property tax	$ 425,000	$ 469,317	$ 44,317	$ 428,090
Motor vehicle tax	75,000	78,124	3,124	88,287
Cost, penalties, and interest	8,806	20,709	11,903	12,685
Total general property taxes	508,806	568,150	59,344	529,062
Local option sales tax	438,000	502,992	64,992	485,359
Intangible tax	3,200	3,222	22	3,416
Franchise tax	198,000	207,822	9,822	196,871
Insurance premium tax	138,774	138,774	0	133,190
Beer and wine tax	65,000	71,149	6,149	76,928
Occupational tax	27,700	28,401	701	28,325
Other taxes	1,666	1,666	0	1,647
Total taxes	1,381,146	1,522,176	141,030	1,454,798
Licenses and Permits				
Building permits	883	6,083	5,200	849
Alcohol licenses and penalties	15,200	10,800	(4,400)	14,710
Total licenses and permits	16,083	16,883	800	15,559
Fines, fees and forfeitures	63,000	66,159	3,159	62,444
Charges for Services				
Cemetery lot sales	5,000	13,100	8,100	3,500
Fire protection	700	400	(300)	600
Civic Center rents	6,000	6,000	0	3,148
Indirect expenses	94,377	89,478	(4,899)	94,383
Total charges for services	106,077	108,978	2,901	101,631
Intergovernmental				
Grants and receipts	16,000	38,934	22,934	74,441
Interest	725	793	68	535
Contributions	9,000	10,424	1,424	9,577
Other	32,475	27,811	(4,664)	38,917
Total revenues	$ 1,624,506	$ 1,792,158	$ 167,652	$ 1,757,902

CITY OF ROYSTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2015
(With comparative actual amounts for the fiscal year ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
Current				
General Government				
Mayor and Council				
Personal services	$ 85,334	$ 85,693	$ (359)	$ 71,961
Contractual services	32,918	32,896	22	30,755
Materials and supplies	3,842	3,489	353	5,939
Total Mayor and Council	122,094	122,078	16	108,655
Administration				
Personal services	271,467	260,847	10,620	273,234
Contractual services	94,807	99,117	(4,310)	123,436
Materials and supplies	23,700	29,011	(5,311)	23,290
Capital outlay	17,551	18,321	(770)	17,927
Payments to other agencies	9,000	3,300	5,700	800
Total Administration	416,525	410,596	5,929	438,687
Elections				
Contract services	900	72	828	749
Materials and supplies	100	0	100	447
Total Elections	1,000	72	928	1,196
Total General Government	539,619	532,746	6,873	548,538
Judicial				
Municipal Court				
Personal Services	8,615	7,963	652	7,299
Public Safety				
Police				
Personal services	737,402	678,306	59,096	748,628
Contractual services	108,000	105,796	2,204	122,058
Materials and supplies	88,150	83,604	4,546	98,975
Capital outlay	66,500	56,268	10,232	55,553
Payments to other agencies	14,000	12,705	1,295	10,395
Total Police Department	1,014,052	936,679	77,373	1,035,609
Fire				
Personal services	25,477	27,437	(1,960)	20,867
Contractual services	24,627	30,293	(5,666)	26,098
Materials and supplies	19,500	19,855	(355)	18,719
Capital outlay	0	0	0	0
Total Fire Department	69,604	77,585	(7,981)	65,684
Animal Control				
Payments to others agencies	7,158	7,082	76	7,424
Total Public Safety	1,090,814	1,021,346	69,468	1,108,717

CITY OF ROYSTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2015
(With comparative actual amounts for the fiscal year ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	Actual
Public Works				
Streets				
Personal services	$ 212,225	$ 206,731	$ 5,494	$ 193,727
Contractual services	115,700	127,464	(11,764)	96,390
Materials and supplies	118,200	111,848	6,352	107,620
Total Streets	446,125	446,043	82	397,737
Maintenance Shop				
Personal services	60,057	62,513	(2,456)	61,358
Contractual services	7,987	5,439	2,548	7,997
Materials and supplies	16,000	16,778	(778)	16,415
Capital outlay	1,000	0	1,000	0
Total Maintenance Shop	85,044	84,730	314	85,770
Cemetery				
Contractual services	1,600	1,564	36	1,537
Materials and supplies	1,500	268	1,232	351
Total Cemetery	3,100	1,832	1,268	1,888
Total Public Works	534,269	532,605	1,664	485,395
Culture and Recreation				
Library				
Contractual services	14,108	13,511	597	5,664
Materials and supplies	17,350	17,832	(482)	65,080
Payments to other agencies	19,500	19,500	0	18,000
Total Library	50,958	50,843	115	88,744
Parks and Recreation				
Contractual services	11,904	9,694	2,210	9,376
Materials and supplies	15,725	14,769	956	16,115
Capital outlay	2,000	0	2,000	0
Total Parks and Recreation	29,629	24,463	5,166	25,491
Total Culture and Recreation	80,587	75,306	5,281	114,235
Housing and Development				
Code Enforcement				
Personal services	51,459	54,049	(2,590)	52,831
Contractual services	14,768	13,708	1,060	11,055
Materials and supplies	5,300	3,791	1,509	4,767
Total Code Enforcement	71,527	71,548	(21)	68,653

CITY OF ROYSTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2015
(With comparative actual amounts for the fiscal year ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	Actual
Housing and Development				
Better Hometown Program				
Personal services	$ 48,759	$ 47,293	$ 1,466	$ 45,174
Contractual services	18,896	19,181	(285)	13,514
Materials and supplies	7,050	4,904	2,146	6,403
Total Better Hometown Program	74,705	71,378	3,327	65,091
Agency allocations				
Downtown Development Authority	5,150	3,700	1,450	6,000
Total Housing and Development	151,382	146,626	4,756	139,744
Total Current	2,405,286	2,316,592	88,694	2,403,928
Debt service				
Public Safety				
Fire	0	0	0	18,229
Total expenditures	$ 2,405,286	$ 2,316,592	$ 88,694	$ 2,422,157

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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, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	$ 879	$ 4,927
FUND BALANCES		
Restricted for Public Safety	$ 879	$ 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, 2015
(With comparative actual amounts for the fiscal year ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees, and forfeitures	$ 4,459	$ 237	$ (4,222)	$ 0
Total revenues	4,459	237	(4,222)	0
EXPENDITURES				
Current				
Public Safety				
Materials and supplies	4,459	4,285	174	0
Total expenditures	4,459	4,285	174	0
Excess (deficiency) of revenues over (under) expenditures	0	(4,048)	(4,048)	0
Fund balances, July 1	0	4,927	4,927	4,927
Fund balances, June 30	$ 0	$ 879	$ 879	$ 4,927

CITY OF ROYSTON, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	$ 4,243	$ 2,485
FUND BALANCES		
Assigned for Housing and Development	$ 4,243	$ 2,485

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, 2015
(With comparative actual amounts for the fiscal year ended June 30, 2014

	2015			2014
	Final Budget	Actual	Variance	Actual
REVENUES				
Hotel/motel taxes	$ 5,156	$ 5,156	$ 0	$ 518
Total revenues	5,156	5,156	0	518
EXPENDITURES				
Current				
Housing and Development				
Agency allocations	5,156	3,398	1,758	361
Total expenditures	5,156	3,398	1,758	361
Excess (deficiency) of revenues over (under) expenditures	0	1,758	1,758	157
Fund balances, July 1	0	2,485	2,485	2,328
Fund balances, June 30	$ 0	$ 4,243	$ 4,243	$ 2,485

CITY OF ROYSTON, GEORGIA
TECHNOLOGY SURCHARGE SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	$ 14,666	$ 10,803
FUND BALANCES		
Restricted for Public Safety	$ 14,666	$ 10,803

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, 2015
(With comparative actual amounts for the fiscal year ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees, and forfeitures	$ 3,700	$ 3,842	$ 142	$ 3,794
Interest	0	21	21	21
Total revenues	3,700	3,863	163	3,815
EXPENDITURES				
Current				
Public Safety				
Materials and supplies	2,500	0	2,500	1,887
Total expenditures	2,500	0	2,500	1,887
Excess (deficiency) of revenues over (under) expenditures	1,200	3,863	2,663	1,928
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	3,863	3,863	1,928
Fund balances, July 1	0	10,803	10,803	8,875
Fund balances, June 30	$ 0	$ 14,666	$ 14,666	$ 10,803

CITY OF ROYSTON, GEORGIA
FIRE DEPARTMENT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	$ 11,097	$ 8,322
FUND BALANCES		
Restricted for Public Safety	$ 11,097	$ 8,322

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, 2015
(With comparative actual amounts for the fiscal year ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	$ 16,500	$ 16,984	$ 484	$ 16,819
Contributions	800	838	38	1,859
Total revenues	17,300	17,822	522	18,678
EXPENDITURES				
Current				
Public Safety				
Contract Services	0	1,387	(1,387)	1,774
Materials and supplies	14,000	13,160	840	13,308
Capital outlay	2,000	0	2,000	6,212
Payments to other agencies	1,300	500	800	500
Total expenditures	17,300	15,047	(2,253)	21,794
Excess (deficiency) of revenues over (under) expenditures	0	2,775	2,775	(3,116)
Fund balances, July 1	0	8,322	8,322	11,438
Fund balances, June 30	$ 0	$ 11,097	$ 11,097	$ 8,322

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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, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	$ 5,430	$ 7,454
LIABILITIES		
Accounts payable	$ 0	$ 2,060
FUND BALANCES		
Restricted for capital projects	5,430	5,394
Total liabilities and fund balances	$ 5,430	$ 7,454

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, 2015 and 2014

	2015	2014
REVENUES		
Interest	$ 36	$ 107
Total revenues	36	107
EXPENDITURES		
Capital outlay		
Culture and Recreation		
Recreation	0	13,500
Total expenditures	0	13,500
Excess (deficiency) of revenues over (under) expenditures	36	(13,393)
Other financing sources (uses)		
Transfers in (out)		
Water and Sewer Utility Fund	0	(48)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	36	(13,441)
Fund balances, July 1	5,394	18,835
Fund balances, June 30	$ 5,430	$ 5,394

CITY OF ROYSTON, GEORGIA
HART COUNTY SPECIAL PURPOSE LOCAL OPTION SALES TAX #3
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	$ 10,720	$ 10,720
FUND BALANCES		
Restricted for capital projects	$ 10,720	$ 10,720

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, 2015 and 2014

	2015	2014
REVENUES		
Intergovernmental	$ 0	37,308
Interest	0	6
Total revenues	0	37,314
EXPENDITURES		
Capital outlay		
Public Works		
Streets	0	26,444
Total expenditures	0	26,444
Excess (deficiency) of revenues over (under) expenditures	0	10,870
Other financing sources (uses)		
Transfers in (out)		
Water and Sewer Utility Fund	0	(150)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	10,720
Fund balances, July 1	10,720	0
Fund balances, June 30	$ 10,720	10,720

CITY OF ROYSTON, GEORGIA
FRANKLIN COUNTY SPECIAL PURPOSE LOCAL OPTION SALES TAX #4
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	$ 609,485	$ 490,846
Intergovernmental receivable	41,190	42,074
Total assets	$ 650,675	$ 532,920
LIABILITIES		
Retainages	$ 0	$ 2,466
FUND BALANCES		
Restricted for capital projects	650,675	530,454
Total liabilities and fund balances	$ 650,675	$ 532,920

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, 2015 and 2014

	2015	2014
REVENUES		
Intergovernmental	$ 276,681	$ 340,841
Interest	728	758
Total revenues	277,409	341,599
EXPENDITURES		
Capital outlay		
General Government		
Administration	0	127,694
Public Safety		
Fire	52,002	0
Public Works		
Streets	24,383	65,592
Culture and Recreation		
Parks	36	68,910
Total expenditures	76,421	262,196
Excess (deficiency) of revenues over (under) expenditures	200,988	79,403
Other financing sources (uses)		
Transfers in (out)		
Water and Sewer Utility Fund	(66,200)	(4,590)
Sanitation Fund	(14,567)	0
Total other financing sources (uses)	(80,767)	(4,590)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	120,221	74,813
Fund balances, July 1	530,454	455,641
Fund balances, June 30	$ 650,675	$ 530,454

CITY OF ROYSTON, GEORGIA
HART COUNTY SPECIAL PURPOSE LOCAL OPTION SALES TAX #4
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2015 and 2014

ASSETS		
Intergovernmental Receivable	$ 10,683	$ 6,311
LIABILITIES		
Due to other fund	$ 7,251	$ 6,311
FUND BALANCES		
Restricted for capital projects	3,432	0
Total liabilities and fund balances	$ 10,683	$ 6,311

CITY OF ROYSTON, GEORGIA
HART COUNTY SPECIAL PURPOSE LOCAL OPTION SALES TAX #4
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
June 30, 2015 and 2014

	2015	2014
REVENUES		
Intergovernmental	$ 152,127	$ 130,216
Total revenues	152,127	130,216
EXPENDITURES		
Capital outlay		
Public Safety		
Fire	12,213	4,156
Public Works		
Streets	101,337	28,532
Culture and Recreation		
Parks	7,822	0
Total expenditures	121,372	32,688
Excess (deficiency) of revenues over (under) expenditures	30,755	97,528
Other financing sources (uses)		
Transfers in (out)		
Water and Sewer Utility Fund	(27,323)	(97,528)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	3,432	0
Fund balances, July 1	0	0
Fund balances, June 30	$ 3,432	$ 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, 2015 and 2014

	2015	2014
ASSETS		
Current assets		
Cash and cash equivalents	$ 103,140	$ 103,020
Accounts receivables (net)	120,073	106,605
Prepaid items	6,842	7,478
Total current assets	230,055	217,103
Restricted assets		
Customer Deposits		
Cash and cash equivalents	21,100	19,335
Capital assets		
Land	53,245	53,245
Land improvements	24,644	24,644
Buildings	94,400	94,400
Vehicles and equipment	567,236	528,535
Water system	7,234,501	7,199,097
Accumulated depreciation	(4,745,437)	(4,599,315)
Total capital assets (net of accumulated depreciation)	3,228,589	3,300,606
Total assets	3,479,744	3,537,044
DEFERRED OUTFLOWS OF RESOURCES		
Pension contributions subsequent to the measurement date	21,646	0
Pension experience differences	9,094	0
Total deferred outflows of resources	30,740	0
LIABILITIES		
Current liabilities		
Accounts payable	17,713	13,070
Accrued salaries	7,391	6,276
Compensated absences	18,212	12,861
Unearned revenue	3,209	3,368
Notes payable	50,904	49,781
Total current liabilities	97,429	85,356
Current liabilities payable from restricted assets		
Customer deposits payable	21,100	19,335

CITY OF ROYSTON, GEORGIA
WATER AND SEWER UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2015 and 2014

	2015	2014
Long-term liabilities		
Compensated absences	$ 2,024	$ 1,429
Net pension liability	122,586	0
Notes payable	422,103	473,007
Total long-term liabilities	546,713	474,436
Total liabilities	665,242	579,127
DEFERRED INFLOWS OF RESOURCES		
Pension assumption changes	915	0
Pension investment return	4,386	0
Total deferred inflows of resources	5,301	0
NET POSITION		
Net investment in capital assets	2,755,582	2,777,818
Unrestricted	84,359	180,099
Total net position	$ 2,839,941	$ 2,957,917

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, 2015 and 2014

	2015	2014
OPERATING REVENUES		
Charges for sales and services		
Water sales	$ 578,298	$ 537,595
Sewer charges	319,822	324,428
Other	57,799	46,155
Total operating revenues	955,919	908,178
OPERATING EXPENSES		
Costs of sales and services	492,261	416,781
Personal services	389,668	382,752
Depreciation	146,122	157,162
Total operating expenses	1,028,051	956,695
Operating income (loss)	(72,132)	(48,517)
Non-operating revenues (expenses)		
Interest revenue	209	198
Interest expense	(12,433)	(13,537)
Gain (loss) on sale of capital assets	0	(14,400)
Total non-operating revenues (expenses)	(12,224)	(27,739)
Income (loss) before capital contributions and transfers	(84,356)	(76,256)
Capital contributions		
Capital contribution	0	14,900
Contributions of capital assets from Governmental Activities	0	73,585
Total capital contributions	0	88,485
Income (loss) before transfers	(84,356)	12,229
Transfers in (out)		
General Fund	(28,893)	(29,141)
Franklin County SPLOST Fund #3	0	48
Hart County SPLOST #3	0	150
Franklin County SPLOST Fund #4	66,200	4,590
Hart County SPLOST #4	27,323	97,528
Total transfers	64,630	73,175
Change in net position	(19,726)	85,404
Net position, July 1 (original)	2,957,917	2,872,513
Period period adjustments	(98,250)	0
Net position, July 1 (restated)	2,859,667	2,872,513
Net position, June 30	$ 2,839,941	$ 2,957,917

CITY OF ROYSTON, GEORGIA
WATER AND SEWER UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Receipts from customers	$ 887,489	$ 851,111
Payments to suppliers	(486,982)	(413,539)
Payments to employees	(383,381)	(380,156)
Other receipts	56,239	46,155
Net cash provided (used) by operating activities	73,365	103,571
Cash flows from non-capital financing activities:		
Payments to other funds	(28,893)	(29,141)
Cash flows from capital and related financing activities:		
Receipts from capital contributions	0	14,900
Receipts from other funds	93,523	102,316
Interest paid	(12,433)	(13,537)
Acquisition of capital assets	(74,105)	(105,820)
Principal payments - notes	(49,781)	(48,677)
Net cash provided (used) by capital and related financing activities	(42,796)	(50,818)
Cash flows from investing activities:		
Interest received	209	198
Net increase (decrease) in cash and cash equivalents	1,885	23,810
Cash and cash equivalents, July 1	122,355	98,545
Cash and cash equivalents, June 30	$ 124,240	$ 122,355

CITY OF ROYSTON, GEORGIA
WATER AND SEWER UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2015 and 2014

	2015	2014
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (72,132)	$ (48,517)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	146,122	157,162
(Increase) decrease in accounts receivable	(13,468)	(11,797)
(Increase) decrease in prepaid items	636	557
(Increase) decrease in pension experience differences	(9,094)	0
(Increase) decrease in pension contributions made after measurement date	(21,646)	0
Increase (decrease) in accounts payable	4,643	2,685
Increase (decrease) in unearned revenue	(488)	1,625
Increase (decrease) in deposits payable	1,765	(740)
Increase (decrease) in pension assumption differences	915	0
Increase (decrease) in pension investment return differences	4,386	0
Increase (decrease) in net pension liability	24,336	0
Increase (decrease) in accrued payroll liabilities	7,390	2,596
Total adjustments	145,497	152,088
Net cash provided (used) by operating activities	$ 73,365	$ 103,571
Cash and cash equivalents reconciliation:		
Cash and cash equivalents	$ 103,140	$ 103,020
Customers deposits Cash and cash equivalents	21,100	19,335
Total cash and cash equivalents	$ 124,240	$ 122,355

CITY OF ROYSTON, GEORGIA
NATURAL GAS UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2015 and 2014

	2015	2014
ASSETS		
Current assets		
Cash and cash equivalents	$ 507,992	$ 391,195
Certificates of deposit	151,184	150,580
Receivables		
Accounts (net)	223,882	197,696
Interest	167	167
Inventories	113,649	129,641
Prepaid items	1,960	2,357
Total current assets	998,834	871,636
Restricted assets		
Construction		
Cash and cash equivalents	133,122	0
Customer Deposits		
Cash and cash equivalents	51,130	42,538
Total restricted assets	184,252	42,538
Capital assets		
Land	23,687	23,687
Buildings	99,433	99,433
Vehicles and equipment	391,604	358,854
Natural gas system	3,832,289	3,795,822
Construction in progress	667,933	52,519
Accumulated depreciation	(2,285,780)	(2,205,212)
Total capital assets (net of accumulated depreciation)	2,729,166	2,125,103
Total assets	3,912,252	3,039,277
DEFERRED OUTFLOWS OF RESOURCES		
Pension contributions subsequent to the measurement date	18,228	0
Pension experience differences	7,658	0
Total deferred outflows of resources	25,886	0

CITY OF ROYSTON, GEORGIA
NATURAL GAS UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2015 and 2014

	2015	2014
LIABILITIES		
Current liabilities		
Payables		
Accounts	$ 10,361	$ 31,243
Retainages	34,475	0
Sales tax	2,898	334
Interest	5,812	0
Accrued salaries	7,012	5,825
Compensated absences	11,383	8,637
Unearned revenue	26,891	28,098
Capital leases	102,576	58,672
Total current liabilities	201,408	132,809
Current liabilities payable from restricted assets		
Customer deposits payable	51,130	42,538
Long-term liabilities		
Compensated absences	1,265	960
Net pension liability	103,230	0
Capital leases	934,286	352,382
Total long-term liabilities	1,038,781	353,342
Total liabilities	1,291,319	528,689
DEFERRED INFLOWS OF RESOURCES		
Pension assumption changes	771	0
Pension investment return	3,693	0
Total deferred inflows of resources	4,464	0
NET POSITION		
Net investment in capital assets	1,789,949	1,694,664
Unrestricted	852,406	815,924
Total net position	$ 2,642,355	$ 2,510,588

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, 2015 and 2014

	2015	2014
OPERATING REVENUES		
Charges for sales and services		
Gas sales	$ 2,598,193	$ 2,706,474
Gas services and repairs	44,452	27,382
Other	41,374	38,986
Total operating revenues	2,684,019	2,772,842
OPERATING EXPENSES		
Costs of sales and services	1,455,177	1,629,565
Personal services	379,599	384,700
Depreciation	80,568	91,899
Total operating expenses	1,915,344	2,106,164
Operating income (loss)	768,675	666,678
Non-operating revenues (expenses)		
Other	2,841	0
Interest revenue	1,094	832
Interest expense	(24,657)	(12,021)
Total non-operating revenues (expenses)	(20,722)	(11,189)
Income (loss) before capital contributions and transfers	747,953	655,489
Capital contributions	25,000	0
Income (loss) before transfers	772,953	655,489
Transfers in (out)		
General Fund	(558,407)	(486,815)
Change in net position	214,546	168,674
Net position, July 1 (original)	2,510,588	2,341,914
Prior period adjustments	(82,779)	0
Net position, July 1 (restated)	2,427,809	2,341,914
Net position, June 30	$ 2,642,355	$ 2,510,588

CITY OF ROYSTON, GEORGIA
NATURAL GAS UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Receipts from customers	$ 2,626,408	$ 2,727,835
Payments to suppliers	(1,460,672)	(1,625,467)
Payments to employees	(376,332)	(390,599)
Other receipts	41,374	38,986
Other payments	0	(6,586)
Net cash provided (used) by operating activities	830,778	744,169
Cash flows from non-capital financing activities:		
Payments to other funds	(558,407)	(486,815)
Cash flows from capital and related financing activities:		
Principal payments - capital lease	(58,671)	(57,120)
Issuance of capital leases	684,479	0
Capital contributions	27,841	0
Interest paid	(18,846)	(12,021)
Acquisition of capital assets	(649,153)	(35,724)
Net cash provided (used) by capital and related financing activities	(14,350)	(104,865)
Cash flows from investing activities:		
Interest received	1,094	769
Proceeds from maturities of investments	150,580	150,205
Purchase of investments	(151,184)	(150,580)
Net cash provided (used) by investing activities	490	394
Net increase (decrease) in cash and cash equivalents	258,511	152,883
Cash and cash equivalents, July 1	433,733	280,850
Cash and cash equivalents, June 30	$ 692,244	$ 433,733

CITY OF ROYSTON, GEORGIA
NATURAL GAS UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2015 and 2014

	2015	2014
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 768,675	$ 666,678
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	80,568	91,899
(Increase) decrease in accounts receivable	(26,186)	(3,425)
(Increase) decrease in inventory	15,992	(5,077)
(Increase) decrease in prepaid items	397	459
(Increase) decrease in pension experience differences	(7,658)	0
(Increase) decrease in pension contributions made after measurement date	(18,228)	0
Increase (decrease) in accounts payable	(21,884)	2,130
Increase (decrease) in deposits payable	8,592	(477)
Increase (decrease) in sales tax payable	2,564	(3,668)
Increase (decrease) in unearned revenue	(1,207)	1,549
Increase (decrease) in pension assumption differences	771	0
Increase (decrease) in pension investment return differences	3,693	0
Increase (decrease) in net pension liability	20,451	0
Increase (decrease) in accrued payroll liabilities	4,238	(5,899)
Total adjustments	62,103	77,491
Net cash provided (used) by operating activities	$ 830,778	$ 744,169
Cash and cash equivalents reconciliation:		
Cash and cash eqivalents	$ 507,992	$ 391,195
Construction Fund		
Cash and cash equivalents	133,122	0
Customer deposits		
Cash and cash equivalents	51,130	42,538
Total cash and cash equivalents	$ 692,244	$ 433,733

Noncash investing, capital, and financing activities:

Acquistion of capital assets through accounts payable totaled $35,477 for the fiscal year ended June 30, 2015.

CITY OF ROYSTON, GEORGIA
SANITATION ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2015 and 2014

	2015	2014
ASSETS		
Current assets		
Cash and cash equivalents	$ 347	$ 0
Accounts receivable (net)	42,343	33,193
Prepaid items	1,279	1,619
Total current assets	43,969	34,812
Capital assets		
Land	6,429	6,429
Buildings	47,100	47,100
Vehicles and equipment	516,686	516,686
Accumulated depreciation	(480,249)	(442,856)
Total capital assets (net of accumulated depreciation)	89,966	127,359
Total assets	133,935	162,171
DEFERRED OUTFLOWS OF RESOURCES		
Pension contributions subsequent to the measurement date	8,658	0
Pension experience differences	3,637	0
Total deferred outflows of resources	12,295	0
LIABILITIES		
Current liabilities		
Payables		
Accounts	2,168	1,754
Interest	1,799	1,799
Accrued salaries	1,397	1,031
Compensated absences	6,847	5,819
Unearned revenue	1,191	1,244
Due to other funds	15,777	0
Notes payable	19,233	18,471
Total current liabilities	48,412	30,118

CITY OF ROYSTON, GEORGIA
SANITATION ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2015 and 2014

	2015	2014
Long-term liabilities		
Compensated absences	$ 761	$ 647
Net pension liability	49,034	0
Notes payable	19,259	38,492
Total long-term liabilities	69,054	39,139
Total liabilities	117,466	69,257
DEFERRED INFLOWS OF RESOURCES		
Pension assumption changes	366	0
Pension investment return	1,754	0
Total deferred inflows of resources	2,120	0
NET POSITION		
Net investment in capital assets	51,474	70,396
Unrestricted	(24,830)	22,518
Total net position	$ 26,644	$ 92,914

CITY OF ROYSTON, GEORGIA
SANITATION ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the fiscal years ended June 30, 2015 and 2014

	2015	2014
OPERATING REVENUES		
Charges for sales and services		
Sanitation fees	$ 298,032	$ 281,833
Other	7,381	6,707
Total operating revenues	305,413	288,540
OPERATING EXPENSES		
Costs of sales and services	137,520	120,698
Personal services	133,667	124,324
Depreciation	37,392	36,711
Total operating expenses	308,579	281,733
Operating income (loss)	(3,166)	6,807
Non-operating revenue (expenses)		
Intergovernmental revenue	6,265	5,280
Interest revenue	0	108
Interest expense	(2,381)	(2,352)
Total non-operating revenue (expenses)	3,884	3,036
Income (loss) before transfers	718	9,843
Transfers in (out)		
Franklin County SPLOST #4	14,567	0
General Fund	(39,754)	(216,483)
Total transfers	(25,187)	(216,483)
Change in net position	(24,469)	(206,640)
Net position, July 1 (original)	92,914	299,554
Prior period adjustments	(41,801)	0
Net position, July 1 (restated)	51,113	299,554
Net position, June 30	$ 26,644	$ 92,914

CITY OF ROYSTON, GEORGIA
SANITATION ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Receipts from customers	$ 288,831	$ 283,716
Payments to suppliers	(136,766)	(119,795)
Payments to employees	(135,101)	(124,642)
Other receipts	7,381	6,707
Net cash provided (used) by operating activities	24,345	45,986
Cash flows from non-capital financing activities		
Receipts from other governments	6,265	5,280
Receipts from other funds	15,777	0
Payments to other funds	(39,754)	(216,483)
Net cash provided (used) by non-capital financing activities	(17,712)	(211,203)
Cash flows from capital and related financing activities:		
Receipts from other funds	14,567	0
Acquisition of capital assets	0	(4,171)
Interest paid	(2,383)	(2,352)
Principal payments - notes	(18,470)	(18,500)
Net cash provided (used) by capital and related financing activities	(6,286)	(25,023)
Cash flows from investing activities:		
Interest received	0	108
Net increase (decrease) in cash and cash equivalents	347	(190,132)
Cash and cash equivalents, July 1	0	190,132
Cash and cash equivalents, June 30	$ 347	$ 0

CITY OF ROYSTON, GEORGIA
SANITATION ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2015 and 2014

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (3,166)	$ 6,807
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	37,392	36,711
(Increase) decrease in accounts receivable	(9,148)	1,496
(Increase) decrease in prepaid items	340	411
(Increase) decrease in pension experience differences	(3,637)	0
(Increase) decrease in pension contributions made after measurement date	(8,658)	0
Increase (decrease) in accounts payable	414	492
Increase (decrease) in unearned revenue	(53)	387
Increase (decrease) in pension assumption differences	365	0
Increase (decrease) in pension investment return differences	1,754	0
Increase (decrease) in net pension liability	7,233	0
Increase (decrease) in accrued payroll liabilities	1,509	(318)
Total adjustments	27,511	39,179
Net cash provided by operating activities	$ 24,345	$ 45,986

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, 2015 and 2014

	2015	2014
ASSETS		
Equity in pooled cash	$ 21,034	$ 18,422
LIABILITIES		
Due to other agencies	$ 21,034	$ 18,422

CITY OF ROYSTON, GEORGIA
MUNICIPAL COURT AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the fiscal year ended June 30, 2015

	Balance July 1	Additions	Deletions	Balance June 30
ASSETS				
Equity in pooled cash	$ 18,422	$ 87,373	$ (84,761)	$ 21,034
LIABILITIES				
Due to other agencies	$ 18,422	$ 87,373	$ (84,761)	$ 21,034

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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, 2015 and 2014

	2015	2014
ASSETS		
Cash	$ 9,998	$ 7,436
FUND BALANCES		
Assigned for Housing and Development	$ 9,998	$ 7,436

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, 2015
(With comparative actual amounts for the fiscal year ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	$ 5,500	$ 7,099	$ 1,599	$ 261
Contributions	8,000	1,460	(6,540)	2,820
Miscellaneous	7,900	9,335	1,435	7,476
Total revenues	21,400	17,894	(3,506)	10,557
EXPENDITURES				
Current				
Housing and Development				
Contractual services	8,000	4,276	3,724	3,010
Materials and supplies	12,400	11,056	1,344	9,313
Payment to other agencies	0	0	0	800
Total expenditures	20,400	15,332	5,068	13,123
Excess (deficiency) of revenues over (under) expenditures	1,000	2,562	1,562	(2,566)
Other financing sources (uses)				
Contingency	(1,000)	0	1,000	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	2,562	2,562	(2,566)
Fund balances, July 1	0	7,436	7,436	10,002
Fund balances, June 30	$ 0	$ 9,998	$ 9,998	$ 7,436

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OTHER REPORTING SECTION

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RUSHTON & COMPANY

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 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, 2015, and the related notes to the financial statements, which collectively comprise the City of Royston, Georgia's the basic financial statements and have issued our report thereon dated November 20, 2015.

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.

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 below as item 15-1 that we consider to be a significant deficiency.

Comment 15-1

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.

Comment 15-1, continued

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.

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 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

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

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
November 20, 2015

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, 2015

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	195,945	0	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	696,846	0	696,846
Total	$ 1,372,247	$ 1,405,927	$ 1,400,889	$ 0	$ 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			$ 150,699	$ 0	$ 150,699
Fire Facilities and Equipment			39,097	52,002	91,099
Library Facillities and Equipment			45,000	0	45,000
Recreation Facilities and Equipment			24,609	36	24,645
Street Improvements and Equipment			14,118	24,383	38,501
Water and Sewer Facilities and Equipment			4,590	66,200	70,790
Sanitation Facilities and Equipment			0	14,567	14,567
Total	$ 1,402,140	$ 1,402,140	$ 278,113	$ 157,188	$ 435,301

CITY OF ROYSTON, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended June 30, 2015

Project	Estimated Cost * Original	Estimated Cost * Current	Expenditures Prior Years	Expenditures Current Year	Expenditures Total
HART COUNTY SPLOST #3					
Streets	$ 59,400	$ 51,595	$ 40,851	$ 0	$ 40,851
Recreation	39,600	39,600	39,631	0	39,631
Water and Sewer	0	7,805	7,805	0	7,805
Total	$ 99,000	$ 99,000	$ 88,287	$ 0	$ 88,287
HART COUNTY SPLOST #4					
Recreation; Public Safety; Water, Wastewater; Streets, Roads, Bridges:	$ 358,400	$ 358,400			
Fire Facilities and Equipment			$ 7,651	$ 12,213	$ 19,864
Street Improvements and Equipment			28,532	101,337	129,869
Recreation Facilities and Equipment			0	7,822	7,822
Water and Sewer Facilities and Equipment			55,523	27,323	82,846
	$ 358,400	$ 358,400	$ 91,706	$ 148,695	$ 240,401

* 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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