CITY OF ROYSTON, GEORGIA

Annual Financial Report

For the fiscal year ended June 30, 2016

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CITY OF ROYSTON, GEORGIA
FINANCIAL REPORT
For the fiscal year ended June 30, 2016

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Royston, Georgia, as of and for the year ended June 30, 2016, 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, 2016, 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 16 and 63 through 66, 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, 2015, which are not presented with the accompanying financial statements. In our report dated November 20, 2015, 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 2015 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 2015 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 2015 individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2016, 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
October 31, 2016

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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, 2016. 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, 2016 by $12,331,454 (reported as *net position).*
- As of June 30, 2016 Royston's governmental funds reported combined ending fund balances of $1,197,079. Approximately 41% of this total amount, $495,974, 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 17-18) 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 19), 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 17-19.

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 67. 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 20-24 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 25-29.

- ***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 30.

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 32-62 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 63-66.

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 21 and 23), 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 17-19):

City of Royston
Net Position (Financial Position)
Fiscal Years 2015 and 2016

	Governmental Activities		Business-Type Activities		Total	
	2015	**2016**	**2015**	**2016**	**2015**	**2016**
Current assets	$ 1,262,964	$ 1,386,049	$ 1,462,433	$ 1,429,097	$ 2,725,397	$ 2,815,146
Capital assets	5,772,415	5,782,038	6,047,721	6,104,025	11,820,136	11,886,063
Total assets	7,035,379	7,168,087	7,510,154	7,533,122	14,545,533	14,701,209
Total deferred outflows of resources	92,868	128,982	68,921	95,725	161,789	224,707
Current liabilities	118,471	226,597	403,702	446,686	522,173	673,283
Noncurrent liabilities	376,501	419,129	1,654,548	1,480,725	2,031,049	1,899,854
Total liabilities	494,972	645,726	2,058,250	1,927,411	2,553,222	2,573,137
Total deferred inflows of resources	16,014	12,240	11,885	9,085	27,899	21,325
Net Position						
Net invested in capital assets	5,772,415	5,750,128	4,463,883	4,828,006	10,236,298	10,578,134
Restricted	697,728	672,839	133,122	0	830,850	672,839
Unrestricted	147,118	216,136	911,935	864,345	1,059,053	1,080,481
Total net position	$ 6,617,261	$ 6,639,103	$ 5,508,940	$ 5,692,351	12,126,201	$ 12,331,454

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 $12,331,454 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.

Factors that affected the City's original budget forecast for FY-16 were contributed to the city having several infrastructure issues to address, taking corrective action for Waste Water Plant issues identified by the City and EPD, along with unforeseen legal and additional engineering fees expenses due to the RR. In many of the infrastructures areas, this was mostly because of aging equipment that had served its life potential from an efficiency standpoint. In addition to having unanticipated legal expenses related to an issue lingering with the Railroad that runs directly through the downtown district with rail crossings.

GAS DEPT:
The Bold Springs expansion which is at now 80% complete with 100% of the Main trunk line in with Gas available to many growers. This is a 40% increase from last year of construction which has allowed the city to start generating revenue and have so for the last 10 months. However, the revenue is just beginning to cover the quarterly payments and building about 10% of the 75% expected revenue by 1 December 2016. The City has made necessary arrangements with subcontracting supply line connections that will enable the city to achieve revenue that should show a substantial growth from last year. As for this year's forecast, the City is steadfast to have 90% of customers on, or with availability of Gas for the customers in the Bold Springs area. Forecast 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. There is one factor that will or could impact the process of connection for the poultry customers that the city has no control over, it is the ability for the poultry grower the convert to natural gas between flocks and the time associated with the conversion, the city has provided assistance when we can to ease this process. In addition, the city has added a small expansion to two poultry farms in another area that are currently generating revenue that was covered through the 2016 budget.

WATER DEPT:
Overall, during the past year the city has addressed issues with the waste water treatment facility, along with lift stations that were beyond their life cycle. The city has implemented many of the planning ideas with significant impact overall in WWTP and Lift Station Repair. Currently the city, working with engineer consultants have approved the WWTP upgrade which will cost upwards of 2M dollars, as well as the proposal to implement new water rates that will aid in supporting any financial debt resulting in this capital project, furthermore, this will also allow for building a fund balance that also is needed to support future capital projects. The city has been proactive in following the proposed plan from last year's report to follow the five year lift station rehab plan, with 4 lift stations of its 10, fully completed this past year with budgeted funding & SPLOST. The city's goal is to continue to plan, schedule, upgrade current infrastructure and develop a capitol program to help off-set many of these cost, in addition to qualifying 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.

Positive impact by implementing new water rates will add flexibility to achieve infrastructure needs and goals to continue to provide quality services for years to come, as well as financially supporting itself.

GENERAL FUND
The Police department by upgrading their capabilities with a new ticket tracking and fines and fee process through new computer software and computers, has been somewhat of a challenge. The city continues to refine this process and will continue to make adjustments that will account for discrepancies. PD will incur a capital expenditure this year for a new patrol unit.

Street department has had several areas that cost, but in a direct and positive way, the city has been able to complete a major Street Scape Project, repair and replace over 800' of sidewalk, and maintain a 100 acre plus green space, i.e. parks, road ways, cemetery and right-of-ways. LMIG still aids in cost on street paving which we had 1.4 miles of resurfacing completed last year. In the cost area of sanitation, additional cost that involved new dumpsters throughout the city and new carts for customers is consistent with planning from last year, with a customer base having serviceable receptacle's, dumpsters and carts.

Future planned projects: Renovation for Old Train Depot downtown / in question as to when to start and the completion of the GA DOT Off Site Safety Project which is near completion as of September 15, 2016.

Other areas of consideration will be the addition of the Old Ty Cobb Hospital that may be donated early October 2016 to the city. (Cost, Development and planning for this will be a concern for the city)

Although the unrestricted net position of our business-type activities represents 15% ($864,345) 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.

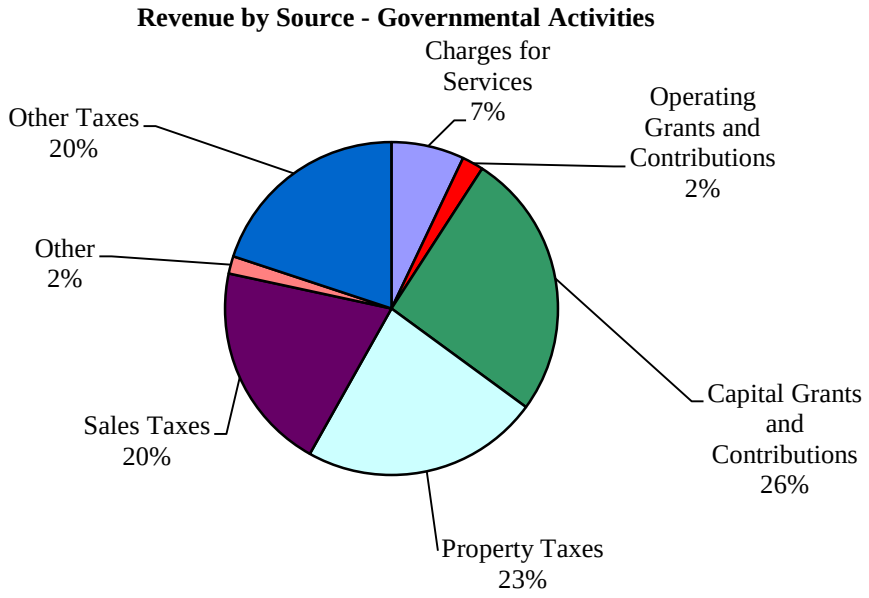
The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the City of Royston's net position changed during the year.

City of Royston
Changes in Net Position
For Fiscal Years 2015 and 2016

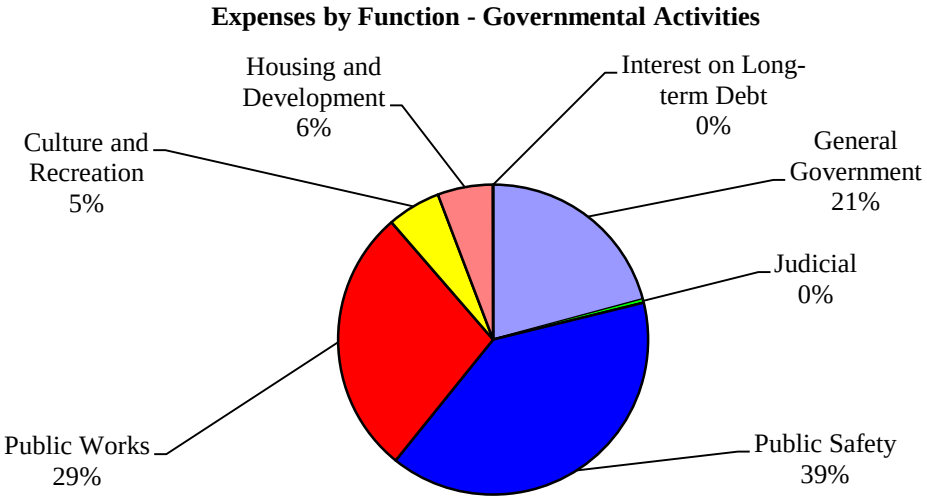
	Governmental Activities		Business-Type Activities		Total	
	2015	**2016**	**2015**	**2016**	**2015**	**2016**
Program revenues:						
Charges for services	$ 196,099	$ 165,999	$ 3,945,351	$ 3,638,295	$ 4,141,450	$ 3,804,294
Operating grants and contributions	45,841	48,808	6,265	6,240	52,106	55,048
Capital grants and contributions	608,436	608,848	25,000	0	633,436	608,848
General revenues:						
Property taxes	555,375	541,736	0	0	555,375	541,736
Sales tax	502,992	475,369	0	0	502,992	475,369
Other taxes	454,524	467,673	0	0	454,524	467,673
Interest and investment earnings	813	879	1,303	1,169	2,116	2,048
Miscellaneous revenue	27,812	39,246	2,841	0	30,653	39,246
Total revenues	2,391,892	2,348,558	3,980,760	3,645,704	6,372,652	5,994,262
Expenses						
General Government	526,971	592,411	0	0	526,971	592,411
Judicial	7,964	10,157	0	0	7,964	10,157
Public Safety	1,174,101	1,127,987	0	0	1,174,101	1,127,987
Public Works	700,346	792,093	0	0	700,346	792,093
Culture and Recreation	161,993	158,402	0	0	161,993	158,402
Housing and Development	157,155	164,021	0	0	157,155	164,021
Interest on long-term debt	0	0	0	0	0	0
Water and sewer	0	0	1,040,484	967,374	1,040,484	967,374
Natural gas	0	0	1,940,001	1,672,695	1,940,001	1,672,695
Sanitation	0	0	310,960	303,869	310,960	303,869
Total expenses	2,728,530	2,845,071	3,291,445	2,943,938	6,019,975	5,789,009
Increase (decrease) in net position before tranfers	(336,638)	(496,513)	689,315	701,766	352,677	205,253
Transfers	518,964	518,355	(518,964)	(518,355)	0	0
Increase (decrease) in net position	182,326	21,842	170,351	183,411	352,677	205,253
Net position - beginning (original)	6,729,063	6,617,261	5,561,419	5,508,940	12,290,482	12,126,201
Prior period adjustments	(294,128)	0	(222,830)	0	(516,958)	0
Net position - beginning (restated)	6,434,935	6,617,261	5,338,589	5,508,940	11,773,524	12,126,201
Net position - ending	$ 6,617,261	$ 6,639,103	$ 5,508,940	$ 5,692,351	$ 12,126,201	$ 12,331,454

Governmental Activities –

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



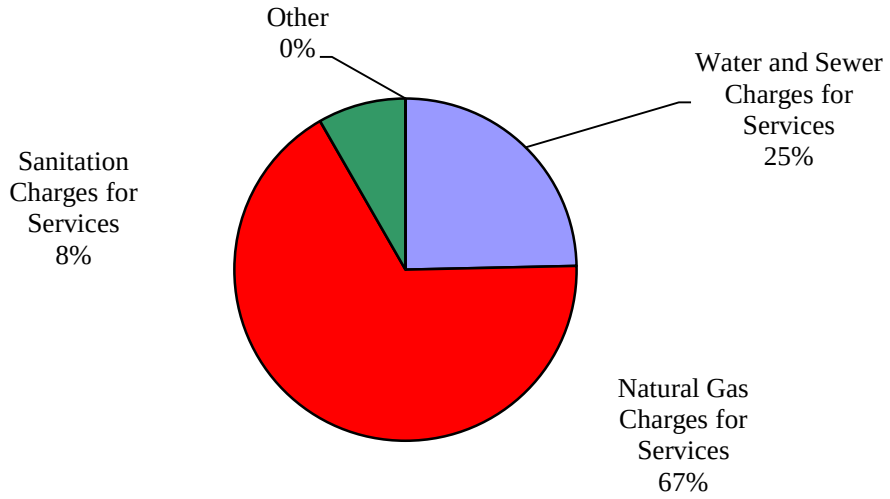
The following chart depicts the expenses of the governmental activities for the year:



Business-type Activities –

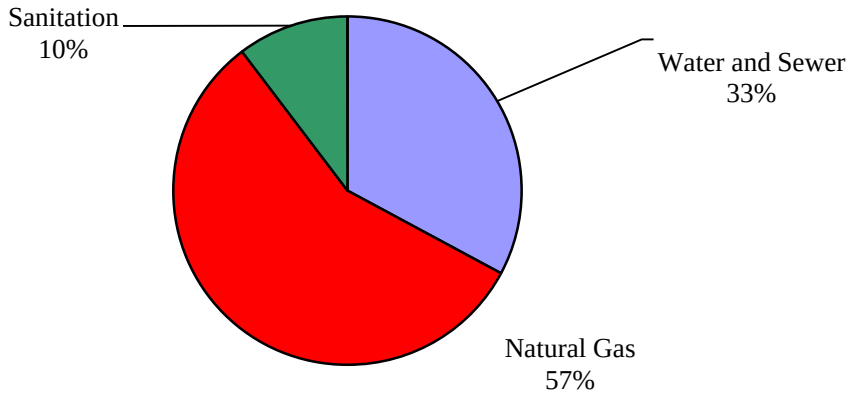
The following chart depicts the revenues of the business-type activities:

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 $1,197,079. Of this amount, $495,974 (41%) 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 $495,974 and the unreserved, designated for budget amount was $0, while total fund balance reached $522,602. 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 21% of the total General Fund expenditures, while total fund balance represents 22% 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. The overall General Fund has remained under budget for the past several years, by in part from the continuous efforts to reduce the general fund budget each year. As we approach FY17, the city has taken action on reviewing priority capital projects and working budgetary efforts to ensure sustainability of revenue sources.

General Fund expenditures were $2,387,359 with appropriations of $2,421,785; with required WWTP evaluations and engineering cost required by the EPD. The WWTP will be an ongoing project and cost over the next sixty months and the payback of funding that is expected to be a twenty year, low interest GEFA loan. However, the city will be retiring one debt from the sanitation in Dec, 2016. There were no appropriations or approval for police vehicles for FY16 due to the fact that the donation of the GOHS vehicle made it possible to push out our replacement of police vehicles to FY17.

The city will incur a few more legal fees and engineering cost for FY17, mainly due to some unfinished processes and demands to the Hartwell Railroad for the petition of crossing closures.

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 $2,755,058
- Water and Sewer Utility $2,870,201
- Sanitation $ 67,092

The total increase in net position for the three funds was $183,411. 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 had additional cost in chemicals in efforts to bring our WWTP back into compliance with the EPD requirements, this is an ongoing effort that will continue until a new WWTP is implemented. However, the

water department has brought some major infrastructure projects back up to efficient standards which required additional funding. We have also seen additional increase in water taps for FY17. The city will also be recommending water rate increase to meet budgetary and GEFA requirement for FY17.

Gas department has completed a small expansion that has aided in continued profit margins, as well as added customers to the major expansion in the Bold Spring project which has added customers to the gas system, this effort will continue throughout this fall with the intent of having available gas to 90% of the customer base within the Bold Springs area.

Capital Assets and Debt Administration

Capital Assets. The City of Royston has invested $11,854,240 in capital assets (net of accumulated depreciation). Capital assets include infrastructure, land, buildings, and machinery and equipment. Approximately 51% of these investments are related to business-type activities and approximately 49% 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	4,650,520	240,933	4,891,453
Land improvements	2,445,968	24,644	2,470,612
Distribution system	0	11,155,143	11,155,143
Vehicles and equipment	2,751,913	1,535,774	4,287,687
Furniture and fixtures	213,719	0	213,719
Construction in progress	15,237	829,315	844,552
Total	10,503,471	13,869,170	24,372,641
Accumulated depreciation	(4,721,433)	(7,765,145)	(12,486,578)
Net Capital Assets	$ 5,782,038	$ 6,104,025	$ 11,886,063

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 49-50 of this report.

Long-term debt. At June 30, 2016, the City of Royston had $441,347 in notes payable and $933,329 in capital leases outstanding.

City of Royston
Outstanding Debt
as of June 30 2016

	Business-type Activities
Capital leases	$ 933,329
Notes payable	441,347
Total	$ 1,374,676

The City decreased its long-term debt in FY2016 by $180,546. Additional information on the City's long-term debt can be found in the notes to the Financial Statements, Exhibit A-12, on pages 52-53 of this report.

ECONOMIC CONDITION AND OUTLOOK:

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 will experienced some business growth as more interested parties continue to inquire of the potential of growing a small business within the city of Royston. The city will continue to stay steadfast, that it compares well with other municipalities within the State of Georgia. Some of the governing factors considered for the FY 16/17 budget planning were:

- Ensure that we can better service the city and its responsibilities through planning.
- Continue to show accurate accountability process through proper procurement process.
- Bold Springs Natural Gas, functional with a small customer base with 19 poultry houses and several residential currently serving, with an additional 30 to be added for mid to late fall of 2016. (Currently Tracking)
- Improvements in sewer and WWTP upcoming for 2016-2019, which will incorporate the ability to add additional industry and residential. GEFA funding, 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.
- Continuous efforts, Street & Sidewalk resurfacing and replacing for FY 2016, Budget, LMIG, GDOT Grant and SPLOST to be used.
- Fiber optic capability for businesses, planning for 2016/2017, (funding will be researched)
- Revitalization of two addition parks, Memorial Park City Hall and Tony Jones Park.
- Plans for upgrading current wellness equipment within Wellness Park. This project was moved to spring of 2017. SPLOST Funds to be used.
- The ability to apply a Grant by FEMA to the Royston Fire Department for PPE will save the city $33,000.00.

Contacting the City's Financial Services Department

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

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

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BASIC FINANCIAL STATEMENTS

CITY OF ROYSTON, GEORGIA
STATEMENT OF NET POSITION
June 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Current assets				
Cash and cash equivalents	$ 1,080,779	$ 578,850	$ 1,659,629	$ 9,002
Certificates of deposit	80,915	151,791	232,706	0
Restricted assets				
Cash and cash equivalents	4,013	169,621	173,634	0
Receivables (net)				
Accounts	12,622	336,619	349,241	0
Taxes	60,846	0	60,846	0
Intergovernmental	118,662	0	118,662	0
Interest	121	167	288	0
Internal balances	5,476	(5,476)	0	0
Prepaid items	22,615	10,602	33,217	0
Inventories	0	186,923	186,923	0
Total current assets	1,386,049	1,429,097	2,815,146	9,002
Noncurrent assets				
Capital assets				
Non-depreciable	441,351	912,676	1,354,027	37,096
Depreciable (net)	5,340,687	5,191,349	10,532,036	0
Total noncurrent assets	5,782,038	6,104,025	11,886,063	37,096
Total assets	7,168,087	7,533,122	14,701,209	46,098
DEFERRED OUTFLOWS OF RESOURSES				
Pension contributions subsequent to the measurement date	66,015	48,993	115,008	0
Pension investment return differences	33,657	24,979	58,636	0
Pension experience differences	29,310	21,753	51,063	0
Total deferred outflows of resources	128,982	95,725	224,707	0
LIABILITIES				
Current liabilities				
Payables				
Accounts	84,757	68,900	153,657	0
Retainages	31,910	0	31,910	0
Sales tax	0	3,955	3,955	0
Interest	0	1,274	1,274	0
Intergovernmental	81	0	81	0
Refunds	3,644	0	3,644	0
Accrued salaries and expenses	54,391	21,646	76,037	0
Compensated absences	51,814	30,268	82,082	0
Unearned revenue	0	45,577	45,577	0
Customer deposits payable	0	70,964	70,964	0
Capital leases payable	0	132,739	132,739	0
Notes payable	0	71,363	71,363	0
Total current liabilities	226,597	446,686	673,283	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, 2016

	Primary Government			Component Unit Downtown Development Authority
	Governmental Activities	Business-type Activities	Total	
Noncurrent liabilities				
Compensated absences	$ 5,757	$ 3,363	$ 9,120	$ 0
Net pension liability	413,372	306,788	720,160	0
Capital leases payable	0	800,590	800,590	0
Notes payable	0	369,984	369,984	0
Total noncurrent liabilities	419,129	1,480,725	1,899,854	0
Total liabilities	645,726	1,927,411	2,573,137	0
DEFERRED INFLOWS OF RESOURCES				
Pension assumption changes	2,304	1,710	4,014	0
Pension investment return	9,936	7,375	17,311	0
Total deferred inflows of resources	12,240	9,085	21,325	0
NET POSITION				
Net invested in capital assets	5,750,128	4,828,006	10,578,134	37,096
Restricted for:				
Public Safety	36,951	0	36,951	0
Capital outlay	635,888	0	635,888	0
Unrestricted	216,136	864,345	1,080,481	9,002
Total net position	$ 6,639,103	$ 5,692,351	$ 12,331,454	$ 46,098

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, 2016

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	$ 592,411	$ 100,000	$ 0	$ 22,321	$ (470,090)
Judicial	10,157	0	0	0	(10,157)
Public Safety	1,127,987	51,918	48,808	42,199	(985,062)
Public Works	792,093	5,900	0	493,494	(292,699)
Culture and Recreation	158,402	6,060	0	50,834	(101,508)
Housing and Development	164,021	2,121	0	0	(161,900)
Total governmental activities	2,845,071	165,999	48,808	608,848	(2,021,416)
Business-type activities					
Water and Sewer Utility	967,374	897,180	0	0	(70,194)
Natural Gas Utility	1,672,695	2,438,933	0	0	766,238
Sanitation	303,869	302,182	6,240	0	4,553
Total business-type activities	2,943,938	3,638,295	6,240	0	700,597
Total primary government	5,789,009	3,804,294	55,048	608,848	(1,320,819)
Component Unit					
Downtown Development Authority					
Housing and Development	18,625	7,053	1,395	22,736	12,559

	Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit
Change in net position				
Net (expense) revenue	$ (2,021,416)	$ 700,597	$ (1,320,819)	$ 12,559
General revenues				
Taxes				
Property	541,736	0	541,736	0
Sales	475,369	0	475,369	0
Franchise	206,676	0	206,676	0
Insurance premium	148,257	0	148,257	0
Intangibles	7,761	0	7,761	0
Alcoholic beverage	67,532	0	67,532	0
Occupational	29,936	0	29,936	0
Hotel/Motel	7,511	0	7,511	0
Payments from City of Royston	0	0	0	9,156
Interest and investment earnings	879	1,169	2,048	0
Other	39,246	0	39,246	25
Transfers	518,355	(518,355)	0	0
Total general revenues and transfers	2,043,258	(517,186)	1,526,072	9,181
Change in net position	21,842	183,411	205,253	21,740
Net position - beginning	6,617,261	5,508,940	12,126,201	24,358
Net position - ending	$ 6,639,103	$ 5,692,351	$ 12,331,454	$ 46,098

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

CITY OF ROYSTON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	General	Franklin County SPLOST #4 Capital Projects	Nonmajor Governmental Funds	Total
ASSETS				
Cash and cash equivalents	$ 468,225	$ 573,965	$ 38,589	$ 1,080,779
Certificates of deposit	80,915	0	0	80,915
Restricted assets				
Cash and equivalents	4,013	0	0	4,013
Receivables (net)				
Accounts	12,622	0	0	12,622
Taxes	60,846	0	0	60,846
Intergovernmental	0	110,752	7,910	118,662
Interest	121	0	0	121
Due from other funds	5,476	0	0	5,476
Prepaid items	22,615	0	0	22,615
Total assets	$ 654,833	$ 684,717	$ 46,499	$ 1,386,049
LIABILITIES				
Payables				
Accounts	$ 59,928	$ 24,829	$ 0	$ 84,757
Retainages	0	31,910	0	31,910
Intergovernmental	81	0	0	81
Refunds	3,644	0	0	3,644
Accrued salaries	54,391	0	0	54,391
Total liabilities	118,044	56,739	0	174,783
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	14,187	0	0	14,187
FUND BALANCES				
Nonspendable prepaids	22,615	0	0	22,615
Restricted for:				
Public Safety	4,013	0	32,938	36,951
Capital projects	0	627,978	7,910	635,888
Assigned for:				
Housing and Development	0	0	5,651	5,651
Unassigned	495,974	0	0	495,974
Total fund balances	522,602	627,978	46,499	1,197,079
Total liabilities, deferred inflows, and fund balances	$ 654,833	$ 684,717	$ 46,499	$ 1,386,049

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, 2016

Total fund balance - total governmental funds		$ 1,197,079
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		5,782,038
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		14,187
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	$ 66,015	
Pension investment return differences	33,657	
Pension experience differences	29,310	
Deferred inflows of resources:		
Pension assumption changes	(2,304)	
Pension investment return differences	(9,936)	116,742
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are:		
Net pension liability	(413,372)	
Compensated absences	(57,571)	(470,943)
Net position of governmental activities		$ 6,639,103

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, 2016

	General	Franklin County SPLOST #4 Capital Projects	Nonmajor Governmental Funds	Total
REVENUES				
Taxes	$ 1,479,200	$ 0	$ 7,510	$ 1,486,710
Licenses and permits	14,121	0	0	14,121
Fines, fees and forfeitures	47,051	0	4,594	51,645
Charges for services	99,732	0	0	99,732
Intergovernmental	28,401	554,625	55,604	638,630
Interest	812	670	19	1,501
Contributions	17,624	0	729	18,353
Other	39,796	0	0	39,796
Total revenues	1,726,737	555,295	68,456	2,350,488
EXPENDITURES				
Current				
General Government	575,133	0	0	575,133
Judicial	10,156	0	0	10,156
Public Safety	968,120	0	16,028	984,148
Public Works	583,842	0	0	583,842
Culture and Recreation	78,907	0	0	78,907
Housing and Development	171,201	0	6,102	177,303
Capital outlay	0	406,140	54,772	460,912
Total expenditures	2,387,359	406,140	76,902	2,870,401
Excess (deficiency) of revenue over (under) expenditures	(660,622)	149,155	(8,446)	(519,913)
Other financing sources (uses)				
Transfers in (out)				
Transfers in	690,207	0	4,478	694,685
Transfers out	(4,478)	(171,852)	0	(176,330)
Sale of capital assets	14,783	0	0	14,783
Total other financing sources (uses)	700,512	(171,852)	4,478	533,138
Net change in fund balance	39,890	(22,697)	(3,968)	13,225
Fund balances, July 1	482,712	650,675	50,467	1,183,854
Fund balances, June 30	$ 522,602	$ 627,978	$ 46,499	$ 1,197,079

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

CITY OF ROYSTON, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2016

Net change in fund balances - total governmental funds		$ 13,225
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	$ 429,609	
Depreciation	(417,669)	11,940
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.		(1,932)
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	(55,345)	
Related accumulated depreciation	53,028	(2,317)
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	88,019	
Cost of benefits earned net of employee contributions	(91,165)	
		(3,146)
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	4,072	4,072
Change in net position of governmental activities		$ 21,842

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, 2016

	Budget			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Taxes	$ 1,378,866	$ 1,378,866	$ 1,479,200	$ 100,334
Licenses and permits	13,500	13,500	14,121	621
Fines, fees and forfeitures	68,000	68,000	47,051	(20,949)
Charges for services	102,400	102,400	99,732	(2,668)
Intergovernmental	17,000	35,499	28,401	(7,098)
Interest	725	725	812	87
Contributions	9,000	14,500	17,624	3,124
Other	31,740	31,742	39,796	8,054
Total revenues	1,621,231	1,645,232	1,726,737	81,505
EXPENDITURES				
Current				
General Government				
Mayor and Council	103,925	140,890	140,178	712
Administration	410,058	432,314	434,211	(1,897)
Elections	4,500	800	744	56
Judicial				
Municipal Court	9,780	10,179	10,156	23
Public Safety				
Police	1,012,026	910,862	895,306	15,556
Fire	82,288	81,788	65,927	15,861
Animal Control	7,200	7,200	6,887	313
Public Works				
Streets	451,350	501,064	498,746	2,318
Maintenance Shop	86,829	86,728	82,933	3,795
Cemetery	2,100	2,262	2,163	99
Culture and Recreation				
Library	40,600	45,442	48,240	(2,798)
Parks and Recreation	22,435	31,997	30,667	1,330
Housing and Development				
Code Enforcement	72,355	75,884	76,083	(199)
Better Hometown Program	77,676	88,375	89,118	(743)
Downtown Development Authority	6,000	6,000	6,000	0
Total expenditures	2,389,122	2,421,785	2,387,359	34,426
Excess (deficiency) of revenues over (under) expenditures	(767,891)	(776,553)	(660,622)	115,931
Other financing sources (uses)				
Transfers in (out)				
Transfers in	686,825	690,238	690,207	(31)
Transfers out	0	0	(4,478)	(4,478)
Sales of capital assets	31,000	31,000	14,783	(16,217)
Contingency	(8,000)	(2,751)	0	2,751
Total other financing sources (uses)	709,825	718,487	700,512	(17,975)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(58,066)	(58,066)	39,890	97,956
Fund balances, July 1	58,066	58,066	482,712	424,646
Fund balances, June 30	$ 0	$ 0	$ 522,602	$ 522,602

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

CITY OF ROYSTON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016

	Business Type			
	Water and Sewer Utility	Natural Gas Utility	Sanitation	Totals
ASSETS				
Current assets				
Cash and cash equivalents	$ 115,772	$ 453,224	$ 9,854	$ 578,850
Certificates of deposit	0	151,791	0	151,791
Restricted assets				
Cash and cash equivalents	21,255	148,366	0	169,621
Receivables (net)				
Accounts	103,208	186,644	46,767	336,619
Interest	0	167	0	167
Inventories	0	186,923	0	186,923
Prepaid items	4,540	4,038	2,024	10,602
Total current assets	244,775	1,131,153	58,645	1,434,573
Noncurrent assets				
Capital assets				
Non-depreciable	139,967	766,280	6,429	912,676
Depreciable (net)	3,086,820	2,020,089	84,440	5,191,349
Total noncurrent assets	3,226,787	2,786,369	90,869	6,104,025
Total assets	3,471,562	3,917,522	149,514	7,538,598
DEFERRED OUTFLOWS OF RESOURSES				
Pension contributions subsequent to the measurement date	21,851	18,401	8,741	48,993
Pension experience differences	11,141	9,382	4,456	24,979
Pension experience differences	9,702	8,170	3,881	21,753
Total deferred outflows of resources	42,694	35,953	17,078	95,725
LIABILITIES				
Current liabilities				
Payables				
Accounts	30,293	29,690	8,917	68,900
Sales tax	0	3,955	0	3,955
Interest	0	599	675	1,274
Accrued salaries	8,879	9,887	2,880	21,646
Compensated absences	14,266	12,212	3,790	30,268
Unearned revenue	4,807	39,041	1,729	45,577
Due to other funds	0	0	5,476	5,476
Capital leases payable	0	132,739	0	132,739
Notes payable	52,104	0	19,259	71,363
Liabilities payable from restricted assets:				
Customer deposits payable	21,255	49,709	0	70,964
Total current liabilities	131,604	277,832	42,726	452,162

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

CITY OF ROYSTON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016

	Business Type			
	Water and Sewer Utility	Natural Gas Utility	Sanitation	Totals
Noncurrent liabilities				
Compensated absences	$ 1,585	$ 1,357	$ 421	$ 3,363
Net pension liability	136,830	115,226	54,732	306,788
Capital leases payable	0	800,590	0	800,590
Notes payable	369,984	0	0	369,984
Total noncurrent liabilities	508,399	917,173	55,153	1,480,725
Total liabilities	640,003	1,195,005	97,879	1,932,887
DEFERRED INFLOWS OF RESOURCES				
Pension assumption changes	763	642	305	1,710
Pension investment return	3,289	2,770	1,316	7,375
Total deferred inflows of resources	4,052	3,412	1,621	9,085
NET POSITION				
Net invested in capital assets	2,804,699	1,951,697	71,610	4,828,006
Unrestricted	65,502	803,361	(4,518)	864,345
Total net position	$ 2,870,201	$ 2,755,058	$ 67,092	$ 5,692,351

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

CITY OF ROYSTON, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2016

	Business Type			
	Water and Sewer Utility	Natural Gas Utility	Sanitation	Totals
OPERATING REVENUES				
Charges for sales and services	$ 897,180	$ 2,438,933	$ 302,182	$ 3,638,295
Total operating revenues	897,180	2,438,933	302,182	3,638,295
OPERATING EXPENSES				
Costs of sales and services	451,304	1,236,615	123,126	1,811,045
Personal services	373,501	315,763	138,772	828,036
Depreciation	131,274	95,204	41,477	267,955
Total operating expenses	956,079	1,647,582	303,375	2,907,036
Operating income (loss)	(58,899)	791,351	(1,193)	731,259
Non-operating revenues (expenses)				
Intergovernmental revenue	0	0	6,240	6,240
Interest revenue	178	987	4	1,169
Interest expense	(11,295)	(25,113)	(494)	(36,902)
Total non-operating revenues (expenses)	(11,117)	(24,126)	5,750	(29,493)
Income (loss) before transfers	(70,016)	767,225	4,557	701,766
Transfers in (out)				
Transfers in	129,473	0	42,379	171,852
Transfers out	(29,197)	(654,522)	(6,488)	(690,207)
Total transfers	100,276	(654,522)	35,891	(518,355)
Change in net position	30,260	112,703	40,448	183,411
Net position, July 1	2,839,941	2,642,355	26,644	5,508,940
Net position, June 30	$ 2,870,201	$ 2,755,058	$ 67,092	$ 5,692,351

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, 2016

	Business Type			
	Water and Sewer Utility	Natural Gas Utility	Sanitation	Totals
Cash flows from operating activities:				
Receipts from customers	$ 865,695	$ 2,453,198	$ 291,808	$ 3,610,701
Payments to suppliers	(436,422)	(1,291,636)	(117,122)	(1,845,180)
Payments to employees	(375,357)	(311,090)	(140,270)	(826,717)
Other receipts	50,104	34,759	6,488	91,351
Net cash provided (used) by operating activities	104,020	885,231	40,904	1,030,155
Cash flows from non-capital financing activities:				
Receipts from other governments	0	0	6,240	6,240
Receipts from other funds	0	0	(10,302)	(10,302)
Payments to other funds	(29,197)	(654,522)	(6,488)	(690,207)
Net cash provided (used) by non-capital financing activities	(29,197)	(654,522)	(10,550)	(694,269)
Cash flows from capital and related financing activities:				
Receipts from other funds	129,473	0	42,379	171,852
Interest paid	(11,295)	(30,326)	(1,618)	(43,239)
Acquisition of capital assets	(129,473)	(152,407)	(42,379)	(324,259)
Payment of capital related accounts payable	0	(35,477)	0	(35,477)
Principal payments - notes	(50,919)	0	(19,233)	(70,152)
Principal payments - capital lease	0	(103,533)	0	(103,533)
Net cash provided (used) by capital and related financing activities	(62,214)	(321,743)	(20,851)	(404,808)
Cash flows from investing activities:				
Interest received	178	987	4	1,169
Proceeds from sale of investments	0	151,184	0	151,184
Purchase of investments	0	(151,791)	0	(151,791)
Net cash provided (used) by investing activities	178	380	4	562
Net increase (decrease) in cash and cash equivalents	12,787	(90,654)	9,507	(68,360)
Cash and cash equivalents, July 1	124,240	692,244	347	816,831
Cash and cash equivalents, June 30	$ 137,027	$ 601,590	$ 9,854	$ 748,471

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, 2016

	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)	$ (58,899)	$ 791,351	$ (1,193)	$ 731,259
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	131,274	95,204	41,477	267,955
(Increase) decrease in accounts receivable	16,865	37,238	(4,424)	49,679
(Increase) decrease in prepaids	2,302	(2,078)	(745)	(521)
(Increase) decrease in inventories	0	(73,275)	0	(73,275)
(Increase) decrease in pension experience differences	(608)	(512)	(244)	(1,364)
(Increase) decrease in pension contributions made after measurement date	(205)	(173)	(83)	(461)
Increase (decrease) in accounts payable	12,580	20,331	6,749	39,660
Increase (decrease) in sales tax payable	0	1,057	0	1,057
Increase (decrease) in unearned revenue	1,598	12,150	538	14,286
Increase (decrease) in pension assumption differences	(152)	(129)	(61)	(342)
Increase (decrease) in pension investment return differences	(12,238)	(10,305)	(4,894)	(27,437)
Increase (decrease) in net pension liability	14,244	11,996	5,698	31,938
Increase (decrease) in accrued payroll liabilities	(2,896)	3,797	(1,914)	(1,013)
Increase (decrease) in deposits payable	155	(1,421)	0	(1,266)
Total adjustments	162,919	93,880	42,097	298,896
Net cash provided (used) by operating activities	$ 104,020	$ 885,231	$ 40,904	$ 1,030,155
Cash and cash equivalents reconciliation:				
Cash and cash equivalents	$ 115,772	$ 453,224	$ 9,854	$ 578,850
Restricted assets				
Cash and cash equivalents	21,255	148,366	0	169,621
Total cash and cash equivalents	$ 137,027	$ 601,590	$ 9,854	$ 748,471

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

CITY OF ROYSTON, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2016

	Municipal Court Agency Fund
ASSETS	
Equity in pooled cash	$ 25,412
LIABILITIES	
Due to other agencies	$ 25,412

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 legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component 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 I). 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, 2016, 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 recorded at their acquisition 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, 2016, 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 2015 amounts have been reclassified to conform with the 2016 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, 2016 consist of the following:

Major Funds		
General Fund		$ 12,622
Enterprise Funds		
Water and Sewer Utility	$ 159,994	
Less: Allowances for Uncollectibles	(56,786)	
Natural Gas Utility	394,230	
Less: Allowances for Uncollectibles	(207,586)	
Sanitation	85,349	
Less: Allowances for Uncollectibles	(38,582)	336,619
Total Primary Government		$ 349,241

5. Intergovernmental Receivables

Intergovernmental receivables at June 30, 2016 consist of the following:

Major Funds	
Franklin County SPLOST #4	
Franklin County, Georgia	$ 110,752
Nonmajor Governmental Funds	
Hart County, Georgia	7,910
Total Primary Government	$ 118,662

6. Property Taxes

Taxes receivable as of June 30, 2016 consist of property taxes for five years as follows:

Year of Levy	Amount
2015	$ 12,931
2014	2,884
2013	2,332
2012	1,527
2011	594
Less allowance for uncollectible	(2,724)
Total	$ 17,544

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 2016, based upon the assessments of January 1, 2015, were billed on January 12, 2016, and due on March 12, 2016. Tax liens are issued 90 days after the due date. The tax rate of 10.0 mills for fiscal year 2016 was levied on December 10, 2015.

Other Taxes

$43,302 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, 2016 is as follows:

Receivable Fund	Payable Fund	Amount
General	Sanitation Enterprise Fund	$ 5,476

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
General	Nonmajor Governmental	$ 4,478
Natural Gas Utility	General	654,522
Water and Sewer Utility	General	29,197
Sanitation	General	6,488
Franklin County SPLOST #4	Water and Sewer Utility	129,473
	Sanitation	42,379
		$ 866,537

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, 2016 was as follows:

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Governmental activities				
Non-depreciable assets				
Land	$ 426,114	$ 0	$ 0	$ 426,114
Construction in progress	56,113	352,141	(393,017)	15,237
Total non-depreciable assets	482,227	352,141	(393,017)	441,351
Depreciable assets				
Buildings	4,641,956	8,564	0	4,650,520
Infrastructure	2,040,294	405,674	0	2,445,968
Vehicles and equipment	2,734,736	56,247	(39,070)	2,751,913
Furniture and fixtures	229,994	0	(16,275)	213,719
Total depreciable assets	9,646,980	470,485	(55,345)	10,062,120
Accumulated depreciation				
Buildings	(2,136,612)	(91,000)	0	(2,227,612)
Infrastructure	(333,701)	(47,321)	0	(381,022)
Vehicles and equipment	(1,666,077)	(277,244)	36,753	(1,906,568)
Furniture and fixtures	(220,402)	(2,104)	16,275	(206,231)
Total accumulated depreciation	(4,356,792)	(417,669)	53,028	(4,721,433)
Total depreciable assets, net	5,290,188	52,816	(2,317)	5,340,687
Governmental activities capital assets, net	$ 5,772,415	$ 404,957	$ (395,334)	$ 5,782,038
Business-type activities				
Non-depreciable assets				
Land	$ 83,361	$ 0	$ 0	$ 83,361
Construction in progress	667,933	161,382	0	829,315
Total non-depreciable assets	751,294	161,382	0	912,676
Depreciable assets				
Buildings	240,933	0	0	240,933
Land improvements	24,644	0	0	24,644
Distribution system	11,066,791	88,352	0	11,155,143
Vehicles and equipment	1,475,524	74,525	(14,275)	1,535,774
Total depreciable assets	12,807,892	162,877	(14,275)	12,956,494
Accumulated depreciation				
Buildings	(127,148)	(4,831)	0	(131,979)
Land improvements	(11,085)	(2,381)	0	(13,466)
Distribution system	(6,177,542)	(174,486)	0	(6,352,028)
Vehicles and equipment	(1,195,690)	(86,257)	14,275	(1,267,672)
Total accumulated depreciation	(7,511,465)	(267,955)	14,275	(7,765,145)
Total depreciable assets, net	5,296,427	(105,076)	0	5,191,349
Business-type activities capital assets, net	$ 6,047,721	$ 56,306	$ 0	$ 6,104,025

8. Capital Assets (continued)

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

	Balance 6/30/2015	Increases	Decreases	Balance 6/30/2016
Downtown Development Authority Component Unit				
Non-depreciable assets				
Construction in progress	$14,360	$22,736	$0	$37,096

Depreciation expense was charged to functions/programs as follows:

Primary Government	
Governmental activities	
General Government	$ 27,428
Public Safety	155,012
Public Works	150,423
Culture and Recreation	78,927
Housing and Development	5,879
Total depreciation expense for governmental activities	$ 417,669
Business-type activities	
Water and Sewer Utility	$ 131,274
Natural Gas Utility	95,204
Sanitation	41,477
Total depreciation expense for business-type activities	$ 267,955

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, 2016 are $0 and $933,329 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, 2016:

Year Ending June 30,	Business-type Activities
2017	$ 155,431
2018	155,431
2019	155,431
2020	155,431
2021	120,861
2022-2025	280,662
Total minimum lease payments	1,023,247
Less amounts representing interest	(89,918)
Present value of minimum lease payments	$ 933,329

Total assets leased under capital leases are classified as follows:

	Business-type Activities	
	Cost	Accumulated Depreciation
Construction in progress	$ 742,593	$ 0
Natural gas system infrastructure	500,000	67,902
Total assets under capital leases	$ 1,242,593	$ 67,902

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% ($197,182 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% ($224,906 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% ($19,259 outstanding).

Annual debt service requirements for notes payable are as follows:

Year Ending June 30,	Principal	Interest	Total
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	57,191	5,022	62,213
2022-2025	149,095	6,927	156,022
Totals	$ 441,347	$ 45,830	$ 487,177

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, 2016:

	Balance 6/30/2015	Additions	Deductions	Balance 6/30/2016	Due Within One Year
Governmental activities					
Compensated absences	$ 64,643	$ 48,407	$ (55,479)	$ 57,571	$ 51,814
Business-type activities					
Notes payable	$ 511,499	$ 0	$ (70,152)	$ 441,347	$ 71,363
Capital lease obligations	1,036,862	0	(103,533)	933,329	132,739
Compensated absences	40,492	29,581	(36,442)	33,631	30,268
Total business-type activities	$ 1,588,853	$ 29,581	$ (210,127)	$ 1,408,307	$ 234,370

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, 2016 was $0 and $36,902, 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 City has established provisions, which assign the authority to the City 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, 2016, the date of the most recent actuarial valuation, there were 72 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	14
Terminated vested participants entitled to but not yet receiving benefits	8
Active participants	50
Total number of participants	72

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, 2016, the City reported a net pension liability of $720,160. The net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2016. For the fiscal year ended June 30, 2016, the City recognized pension expense in the amount of $158,825.

11. Pension Plan (continued)

At June 30, 2016, 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	$ 51,063	$ 0
Changes of assumptions	0	(4,014)
Net difference between projected and actual earnings on pension plan investments	58,636	(17,311)
City contributions subsequent to the measurement date	115,008	0
Totals	$ 224,707	$ (21,325)

The $115,008 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, 2017. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30	
2017	$ 17,925
2018	17,925
2019	17,925
2020	23,696
2021	9,037
2022 and thereafter	1,866
Totals	$ 88,374

11. Pension Plan (continued)

Actuarial Assumptions. The total pension liability in the January 1, 2016 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, 2016 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, 2015 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 9/30/14	$ 1,643,699	$ 998,512	$ 645,187
Changes for the year:			
Service cost	90,691	0	90,691
Interest	125,255	0	125,255
Differences between expected and actual experience	13,041	0	13,041
Contributions—employer	0	152,263	(152,263)
Net investment income	0	7,630	(7,630)
Benefit payments, including refunds of employee contributions	(55,011)	(55,011)	0
Administrative expense	0	(5,879)	5,879
Net changes	173,976	99,003	74,973
Balances at 9/30/15	$ 1,817,675	$ 1,097,515	$ 720,160

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%	$ 972,201
Current discount rate	7.75%	720,160
1% increase	8.75%	509,678

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, 2016, there were 11 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 $4,268 to the plans based on covered salaries of $412,642. Plan members made voluntary contributions of $17,072 to the plans. Total payroll was $1,711,355.

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, 2016, follows:

Lodging Tax Receipts	$7,510	
Disbursements to		
Downtown Development Authority	$6,102	81.3% 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, 2016, the city paid $1,580 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 $18,971 as payment-in-lieu-of-taxes for fiscal year 2016. 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, 2016, 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.

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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, 2016
(Unaudited)

	Fiscal Year End 2015	Fiscal Year End 2016
Total pension liability		
Service cost	$ 97,099	$ 90,691
Interest	109,378	125,255
Differences between expected and actual experience	55,842	13,041
Benefit payments, including refunds of employee contributions	(48,664)	(55,011)
Other	(5,620)	0
Net change in total pension liability	208,035	173,976
Total pension liability - beginning	1,435,664	1,643,699
Total pension liability - ending (a)	$ 1,643,699	$ 1,817,675
Plan fiduciary net position		
Contributions - employer	$ 149,721	$ 152,263
Net investment income	95,129	7,629
Benefit payments, including refunds of employee contributions	(48,664)	(55,011)
Administrative expense	(4,551)	(5,878)
Net change in total pension liability	191,635	99,003
Plan fiduciary net position - beginning	806,877	998,512
Plan fiduciary net position - ending (b)	$ 998,512	$ 1,097,515
Net pension liability (asset) - ending : (a) - (b)	$ 645,187	$ 720,160
Plan's fiduciary net position as a percentage of the total pension liability	60.75%	60.38%
Covered-employee payroll	$ 1,566,779	$ 1,514,806
Net pension liabilty as a percentage of covered-employee payroll	41.18%	47.54%

Note: Fiscal year 2015 was the first year of implementation. Therefore, only two years are reported.

The accompanying notes to the required supplementary information are an intergral part of this schedule.

CITY OF ROYSTON, GEORGIA
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
June 30, 2016
(Unaudited)

	Fiscal Year End 2015	Fiscal Year End 2016
Actuarially determined contribution	$ 151,903	$ 153,343
Contributions in relation to the actuarially determined contribution	(151,903)	(153,343)
Contribution deficiency (excess)	$ 0	$ 0
Covered-employee payroll	$ 1,566,779	$ 1,514,806
Contributions as a percentage of covered-employee payroll	9.70%	10.12%

Note: Fiscal year 2015 was the first year of implementation. Therefore, only two years are reported.

1. Valuation Date

The actuarially determined contribution rate was determined as of January 1, 2016, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the 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 16 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, 2016

	Special Revenue	
	Confiscated Assets	**Hotel/Motel Tax**
ASSETS		
Cash and cash equivalents	$ 879	$ 5,651
Intergovernmental receivable	0	0
Total assets	$ 879	$ 5,651
FUND BALANCES		
Restricted for Public Safety	$ 879	$ 0
Assigned for Housing and Development	0	5,651
Total fund balances	879	5,651
Total liabilities and fund balances	$ 879	$ 5,651

Special Revenue		Capital Projects			Total
Technology Surcharge	Fire Department	Franklin County SPLOST #3	Hart County SPLOST #3	Hart County SPLOST #4	Nonmajor Governmental Funds
$ 19,277	$ 12,782	$ 0	$ 0	$ 0	$ 38,589
0	0	0	0	7,910	7,910
$ 19,277	$ 12,782	$ 0	$ 0	$ 7,910	$ 46,499
$ 19,277	$ 12,782	$ 0	$ 0	$ 0	$ 32,938
0	0	0	0	0	5,651
19,277	12,782	0	0	7,910	46,499
$ 19,277	$ 12,782	$ 0	$ 0	$ 7,910	$ 46,499

CITY OF ROYSTON, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2016

	Special Revenue	
	Confiscated Assets	**Hotel/Motel Tax**
REVENUES		
Taxes	$ 0	$ 7,510
Fines, fees, and forfeitures	0	0
Intergovernmental	0	0
Interest	0	0
Contributions	0	0
Total revenues	0	7,510
EXPENDITURES		
Current		
Public Safety	0	0
Housing and Development	0	6,102
Capital outlay	0	0
Total expenditures	0	6,102
Excess (deficiency) of revenues over (under) expenditures	0	1,408
Other financing sources (uses)		
Transfers in	0	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	1,408
Fund balances, July 1	879	4,243
Fund balances, June 30	$ 879	$ 5,651

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	$ 7,510
4,594	0	0	0	0	4,594
0	16,984	0	0	38,620	55,604
17	0	2	0	0	19
0	729	0	0	0	729
4,611	17,713	2	0	38,620	68,456
0	16,028	0	0	0	16,028
0	0	0	0	0	6,102
0	0	5,432	10,720	38,620	54,772
0	16,028	5,432	10,720	38,620	76,902
4,611	1,685	(5,430)	(10,720)	0	(8,446)
0	0	0	0	4,478	4,478
4,611	1,685	(5,430)	(10,720)	4,478	(3,968)
14,666	11,097	5,430	10,720	3,432	50,467
$ 19,277	$ 12,782	$ 0	$ 0	$ 7,910	$ 46,499

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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, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	$ 468,225	$ 338,493
Certificates of deposit	80,915	80,737
Restricted assets		
Cash and cash equivalents	4,013	830
Receivables (net)		
Accounts	12,622	10,030
Taxes	60,846	60,188
Intergovernmental	0	21,338
Interest	121	121
Due from other funds	5,476	23,028
Prepaid items	22,615	27,057
Total assets	$ 654,833	$ 561,822
LIABILITIES		
Payables		
Accounts	$ 59,928	$ 26,574
Intergovernmental	81	81
Refunds	3,644	5,222
Accrued salaries and payroll liabilities	54,391	31,115
Total liabilities	118,044	62,992
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property tax	14,187	16,118
FUND BALANCES		
Nonspendable prepaid items	22,615	27,057
Restricted for Public Safety	4,013	830
Assigned for budget	0	58,006
Unassigned	495,974	396,819
Total fund balances	522,602	482,712
Total liabilities, deferred inflows, and fund balances	$ 654,833	$ 561,822

CITY OF ROYSTON, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2016 and 2015

	2016	2015
REVENUES		
Taxes	$ 1,479,200	$ 1,522,176
Licenses and permits	14,121	16,883
Fines, fees and forfeitures	47,051	66,159
Charges for services	99,732	108,978
Intergovernmental	28,401	38,934
Interest	812	793
Contributions	17,624	10,424
Other	39,796	27,811
Total revenues	1,726,737	1,792,158
EXPENDITURES		
Current		
General Government	575,133	532,746
Judicial	10,156	7,963
Public Safety	968,120	1,021,346
Public Works	583,842	532,605
Culture and Recreation	78,907	75,306
Housing and Development	171,201	146,626
Total expenditures	2,387,359	2,316,592
Excess (deficiency) of revenues over (under) expenditures before transfers	(660,622)	(524,434)
Other financing sources (uses)		
Transfers in (out)		
Water and Sewer Utility Fund	29,197	28,893
Natural Gas Utility Fund	654,522	558,407
Sanitation Fund	6,488	39,754
Hart County SPLOST #4 Fund	(4,478)	0
Sales of capital assets	14,783	56,719
Total other financing sources (uses)	700,512	683,773
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	39,890	159,339
Fund balances, July 1	482,712	323,373
Fund balances, June 30	$ 522,602	$ 482,712

CITY OF ROYSTON, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2016
(With comparative actual amounts for the fiscal year ended June 30, 2015)

	2016			2015
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes				
General property taxes				
Property tax	$ 425,000	$ 450,614	$ 25,614	$ 469,317
Motor vehicle tax	62,000	82,054	20,054	78,124
Cost, penalties, and interest	12,000	7,363	(4,637)	20,709
Total general property taxes	499,000	540,031	41,031	568,150
Local option sales tax	438,000	475,369	37,369	502,992
Intangible tax	2,500	7,761	5,261	3,222
Franchise tax	206,000	206,677	677	207,822
Insurance premium tax	136,000	148,257	12,257	138,774
Beer and wine tax	68,000	67,532	(468)	71,149
Occupational tax	27,700	29,936	2,236	28,401
Other taxes	1,666	3,637	1,971	1,666
Total taxes	1,378,866	1,479,200	100,334	1,522,176
Licenses and Permits				
Building permits	1,500	2,121	621	6,083
Alcohol licenses and penalties	12,000	12,000	0	10,800
Total licenses and permits	13,500	14,121	621	16,883
Fines, fees and forfeitures	68,000	47,051	(20,949)	66,159
Charges for Services				
Cemetery lot sales	6,000	5,400	(600)	13,100
Fire protection	400	250	(150)	400
Civic Center rents	6,000	6,060	60	6,000
Indirect expenses	90,000	88,022	(1,978)	89,478
Total charges for services	102,400	99,732	(2,668)	108,978
Intergovernmental				
Grants and receipts	35,499	28,401	(7,098)	38,934
Interest	725	812	87	793
Contributions	14,500	17,624	3,124	10,424
Other	31,742	39,796	8,054	27,811
Total revenues	$ 1,645,232	$ 1,726,737	$ 81,505	$ 1,792,158

CITY OF ROYSTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2016
(With comparative actual amounts for the fiscal year ended June 30, 2015)

	2016			2015
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
Current				
General Government				
Mayor and Council				
Personal services	$ 89,407	$ 89,020	$ 387	$ 85,693
Contractual services	47,041	46,466	575	32,896
Materials and supplies	4,442	4,692	(250)	3,489
Total Mayor and Council	140,890	140,178	712	122,078
Administration				
Personal services	280,285	284,384	(4,099)	260,847
Contractual services	95,329	96,555	(1,226)	99,117
Materials and supplies	32,200	31,782	418	29,011
Capital outlay	12,000	13,290	(1,290)	18,321
Payments to other agencies	12,500	8,200	4,300	3,300
Total Administration	432,314	434,211	(1,897)	410,596
Elections				
Contract services	632	632	0	72
Materials and supplies	168	112	56	0
Total Elections	800	744	56	72
Total General Government	574,004	575,133	(1,129)	532,746
Judicial				
Municipal Court				
Personal Services	10,179	10,156	23	7,963
Public Safety				
Police				
Personal services	692,720	685,149	7,571	678,306
Contractual services	101,815	108,222	(6,407)	105,796
Materials and supplies	91,067	78,219	12,848	83,604
Capital outlay	16,102	14,965	1,137	56,268
Payments to other agencies	9,158	8,751	407	12,705
Total Police Department	910,862	895,306	15,556	936,679
Fire				
Personal services	32,538	21,905	10,633	27,437
Contractual services	30,250	27,273	2,977	30,293
Materials and supplies	16,867	16,749	118	19,855
Capital outlay	2,133	0	2,133	0
Total Fire Department	81,788	65,927	15,861	77,585
Animal Control				
Payments to others agencies	7,200	6,887	313	7,082
Total Public Safety	999,850	968,120	31,730	1,021,346

CITY OF ROYSTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2016
(With comparative actual amounts for the fiscal year ended June 30, 2015)

	2016			2015
	Final Budget	Actual	Variance	Actual
Public Works				
Streets				
Personal services	$ 220,493	$ 216,372	$ 4,121	$ 206,731
Contractual services	162,921	175,031	(12,110)	127,464
Materials and supplies	115,640	107,343	8,297	111,848
Capital outlay	2,010	0	2,010	0
Total Streets	501,064	498,746	2,318	446,043
Maintenance Shop				
Personal services	60,978	63,053	(2,075)	62,513
Contractual services	10,300	5,728	4,572	5,439
Materials and supplies	14,950	14,152	798	16,778
Capital outlay	500	0	500	0
Total Maintenance Shop	86,728	82,933	3,795	84,730
Cemetery				
Contractual services	1,600	1,501	99	1,564
Materials and supplies	662	662	0	268
Total Cemetery	2,262	2,163	99	1,832
Total Public Works	590,054	583,842	6,212	532,605
Culture and Recreation				
Library				
Contractual services	9,292	13,701	(4,409)	13,511
Materials and supplies	18,150	16,539	1,611	17,832
Payments to other agencies	18,000	18,000	0	19,500
Total Library	45,442	48,240	(2,798)	50,843
Parks and Recreation				
Contractual services	9,594	8,725	869	9,694
Materials and supplies	15,403	21,942	(6,539)	14,769
Capital outlay	7,000	0	7,000	0
Total Parks and Recreation	31,997	30,667	1,330	24,463
Total Culture and Recreation	77,439	78,907	(1,468)	75,306
Housing and Development				
Code Enforcement				
Personal services	58,034	59,782	(1,748)	54,049
Contractual services	13,550	12,478	1,072	13,708
Materials and supplies	4,300	3,823	477	3,791
Total Code Enforcement	75,884	76,083	(199)	71,548

CITY OF ROYSTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2016
(With comparative actual amounts for the fiscal year ended June 30, 2015)

	2016			2015
	Final Budget	Actual	Variance	Actual
Housing and Development				
Better Hometown Program				
Personal services	$ 49,550	$ 49,896	$ (346)	$ 47,293
Contractual services	21,125	14,596	6,529	19,181
Materials and supplies	7,400	3,484	3,916	4,904
Capital outlay	10,300	21,142	(10,842)	0
Total Better Hometown Program	88,375	89,118	(743)	71,378
Agency allocations				
Downtown Development Authority	6,000	6,000	0	3,700
Total Housing and Development	170,259	171,201	(942)	146,626
Total expenditures	$ 2,421,785	$ 2,387,359	$ 34,426	$ 2,316,592

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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, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	$ 879	$ 879
FUND BALANCES		
Restricted for Public Safety	$ 879	$ 879

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, 2016
(With comparative actual amounts for the fiscal year ended June 30, 2015)

	2016			2015
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees, and forfeitures	$ 174	$ 0	$ (174)	$ 237
Total revenues	174	0	(174)	237
EXPENDITURES				
Current				
Public Safety				
Materials and supplies	174	0	174	4,285
Total expenditures	174	0	174	4,285
Excess (deficiency) of revenues over (under) expenditures	0	0	0	(4,048)
Fund balances, July 1	0	879	879	4,927
Fund balances, June 30	$ 0	$ 879	$ 879	$ 879

CITY OF ROYSTON, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	$ 5,651	$ 4,243
FUND BALANCES		
Assigned for Housing and Development	$ 5,651	$ 4,243

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, 2016
(With comparative actual amounts for the fiscal year ended June 30, 2015

	2016			2015
	Final Budget	Actual	Variance	Actual
REVENUES				
Hotel/motel taxes	$ 7,204	$ 7,510	$ 306	$ 5,156
Total revenues	7,204	7,510	306	5,156
EXPENDITURES				
Current				
Housing and Development				
Agency allocations	7,204	6,102	1,102	3,398
Total expenditures	7,204	6,102	1,102	3,398
Excess (deficiency) of revenues over (under) expenditures	0	1,408	1,408	1,758
Fund balances, July 1	0	4,243	4,243	2,485
Fund balances, June 30	$ 0	$ 5,651	$ 5,651	$ 4,243

CITY OF ROYSTON, GEORGIA
TECHNOLOGY SURCHARGE SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	$ 19,277	$ 14,666
FUND BALANCES		
Restricted for Public Safety	$ 19,277	$ 14,666

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, 2016
(With comparative actual amounts for the fiscal year ended June 30, 2015)

	2016			2015
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees, and forfeitures	$ 3,700	$ 4,594	$ 894	$ 3,842
Interest	0	17	17	21
Total revenues	3,700	4,611	911	3,863
EXPENDITURES				
Current				
Public Safety				
Materials and supplies	2,500	0	2,500	0
Total expenditures	2,500	0	2,500	0
Excess (deficiency) of revenues over (under) expenditures	1,200	4,611	3,411	3,863
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	4,611	4,611	3,863
Fund balances, July 1	0	14,666	14,666	10,803
Fund balances, June 30	$ 0	$ 19,277	$ 19,277	$ 14,666

CITY OF ROYSTON, GEORGIA
FIRE DEPARTMENT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	$ 12,782	$ 11,097
FUND BALANCES		
Restricted for Public Safety	$ 12,782	$ 11,097

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, 2016
(With comparative actual amounts for the fiscal year ended June 30, 2015)

	2016			2015
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	$ 16,984	$ 16,984	$ 0	$ 16,984
Contributions	900	729	(171)	838
Total revenues	17,884	17,713	(171)	17,822
EXPENDITURES				
Current				
Public Safety				
Contract Services	0	0	0	1,387
Materials and supplies	13,000	16,028	(3,028)	13,160
Capital outlay	4,384	0	4,384	0
Payments to other agencies	500	0	500	500
Total expenditures	17,884	16,028	1,856	15,047
Excess (deficiency) of revenues over (under) expenditures	0	1,685	1,685	2,775
Fund balances, July 1	0	11,097	11,097	8,322
Fund balances, June 30	$ 0	$ 12,782	$ 12,782	$ 11,097

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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, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	$ 0	$ 5,430
LIABILITIES		
Accounts payable	$ 0	$ 0
FUND BALANCES		
Restricted for capital projects	0	5,430
Total liabilities and fund balances	$ 0	$ 5,430

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, 2016 and 2015

	2016	2015
REVENUES		
Interest	$ 2	$ 36
EXPENDITURES		
Capital outlay		
Public Safety		
Fire	5,432	0
Excess (deficiency) of revenues over (under) expenditures	(5,430)	36
Fund balances, July 1	5,430	5,394
Fund balances, June 30	$ 0	$ 5,430

CITY OF ROYSTON, GEORGIA
HART COUNTY SPECIAL PURPOSE LOCAL OPTION SALES TAX #3
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	$ 0	$ 10,720
FUND BALANCES		
Restricted for capital projects	$ 0	$ 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, 2016 and 2015

	2016	2015
REVENUES	$ 0	$ 0
EXPENDITURES		
Capital outlay		
Public Safety		
Fire	10,720	0
Excess (deficiency) of revenues over (under) expenditures	(10,720)	0
Fund balances, July 1	10,720	10,720
Fund balances, June 30	$ 0	$ 10,720

CITY OF ROYSTON, GEORGIA
FRANKLIN COUNTY SPECIAL PURPOSE LOCAL OPTION SALES TAX #4
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	$ 573,965	$ 609,485
Intergovernmental receivable	110,752	41,190
Total assets	$ 684,717	$ 650,675
LIABILITIES		
Payables		
Accounts	$ 24,829	$ 0
Retainages	31,910	0
Total liabilities	56,739	0
FUND BALANCES		
Restricted for capital projects	627,978	650,675
Total liabilities and fund balances	$ 684,717	$ 650,675

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, 2016 and 2015

	2016	2015
REVENUES		
Intergovernmental	$ 554,625	$ 276,681
Interest	670	728
Total revenues	555,295	277,409
EXPENDITURES		
Capital outlay		
Public Safety		
Fire	14,488	52,002
Public Works		
Streets	388,721	24,383
Culture and Recreation		
Parks	2,931	36
Total expenditures	406,140	76,421
Excess (deficiency) of revenues over (under) expenditures	149,155	200,988
Other financing sources (uses)		
Transfers in (out)		
Water and Sewer Utility Fund	(129,473)	(66,200)
Sanitation Fund	(42,379)	(14,567)
Total other financing sources (uses)	(171,852)	(80,767)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(22,697)	120,221
Fund balances, July 1	650,675	530,454
Fund balances, June 30	$ 627,978	$ 650,675

CITY OF ROYSTON, GEORGIA
HART COUNTY SPECIAL PURPOSE LOCAL OPTION SALES TAX #4
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2016 and 2015

ASSETS		
Intergovernmental Receivable	$ 7,910	$ 10,683
LIABILITIES		
Due to other fund	$ 0	$ 7,251
FUND BALANCES		
Restricted for capital projects	7,910	3,432
Total liabilities and fund balances	$ 7,910	$ 10,683

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, 2016 and 2015

	2016	2015
REVENUES		
Intergovernmental	$ 38,620	$ 152,127
EXPENDITURES		
Capital outlay		
Public Safety		
Fire	0	12,213
Public Works		
Streets	28,325	101,337
Culture and Recreation		
Parks	10,295	7,822
Total expenditures	38,620	121,372
Excess (deficiency) of revenues over (under) expenditures	0	30,755
Other financing sources (uses)		
Transfers in (out)		
General Fund	4,478	0
Water and Sewer Utility Fund	0	(27,323)
Total	4,478	(27,323)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	4,478	3,432
Fund balances, July 1	3,432	0
Fund balances, June 30	$ 7,910	$ 3,432

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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, 2016 and 2015

	2016	2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 115,772	$ 103,140
Accounts receivables (net)	103,208	120,073
Prepaid items	4,540	6,842
Total current assets	223,520	230,055
Restricted assets		
Customer Deposits		
Cash and cash equivalents	21,255	21,100
Capital assets		
Land	53,245	53,245
Land improvements	24,644	24,644
Buildings	94,400	94,400
Vehicles and equipment	556,060	567,236
Water system	7,274,153	7,234,501
Construction in progress	86,721	0
Accumulated depreciation	(4,862,436)	(4,745,437)
Total capital assets (net of accumulated depreciation)	3,226,787	3,228,589
Total assets	3,471,562	3,479,744
DEFERRED OUTFLOWS OF RESOURCES		
Pension contributions subsequent to the measurement date	21,851	21,646
Pension investment return differences	11,141	0
Pension experience differences	9,702	9,094
Total deferred outflows of resources	42,694	30,740
LIABILITIES		
Current liabilities		
Accounts payable	30,293	17,713
Accrued salaries	8,879	7,391
Compensated absences	14,266	18,212
Unearned revenue	4,807	3,209
Notes payable	52,104	50,904
Total current liabilities	110,349	97,429
Current liabilities payable from restricted assets		
Customer deposits payable	21,255	21,100

CITY OF ROYSTON, GEORGIA
WATER AND SEWER UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2016 and 2015

	2016	2015
Long-term liabilities		
Compensated absences	$ 1,585	$ 2,024
Net pension liability	136,830	122,586
Notes payable	369,984	422,103
Total long-term liabilities	508,399	546,713
Total liabilities	640,003	665,242
DEFERRED INFLOWS OF RESOURCES		
Pension assumption changes	763	915
Pension investment return	3,289	4,386
Total deferred inflows of resources	4,052	5,301
NET POSITION		
Net investment in capital assets	2,804,699	2,755,582
Unrestricted	65,502	84,359
Total net position	$ 2,870,201	$ 2,839,941

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, 2016 and 2015

	2016	2015
OPERATING REVENUES		
Charges for sales and services		
Water sales	$ 524,960	$ 578,298
Sewer charges	322,116	319,822
Other	50,104	57,799
Total operating revenues	897,180	955,919
OPERATING EXPENSES		
Costs of sales and services	451,304	492,261
Personal services	373,501	389,668
Depreciation	131,274	146,122
Total operating expenses	956,079	1,028,051
Operating income (loss)	(58,899)	(72,132)
Non-operating revenues (expenses)		
Interest revenue	178	209
Interest expense	(11,295)	(12,433)
Total non-operating revenues (expenses)	(11,117)	(12,224)
Income (loss) before transfers	(70,016)	(84,356)
Transfers in (out)		
General Fund	(29,197)	(28,893)
Franklin County SPLOST Fund #4	129,473	66,200
Hart County SPLOST #4	0	27,323
Total transfers	100,276	64,630
Change in net position	30,260	(19,726)
Net position, July 1 (original)	2,839,941	2,957,917
Period period adjustments	0	(98,250)
Net position, July 1 (restated)	2,839,941	2,859,667
Net position, June 30	$ 2,870,201	$ 2,839,941

CITY OF ROYSTON, GEORGIA
WATER AND SEWER UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Receipts from customers	$ 865,695	$ 887,489
Payments to suppliers	(436,422)	(486,982)
Payments to employees	(375,357)	(383,381)
Other receipts	50,104	56,239
Net cash provided (used) by operating activities	104,020	73,365
Cash flows from non-capital financing activities:		
Payments to other funds	(29,197)	(28,893)
Cash flows from capital and related financing activities:		
Receipts from other funds	129,473	93,523
Interest paid	(11,295)	(12,433)
Acquisition of capital assets	(129,473)	(74,105)
Principal payments - notes	(50,919)	(49,781)
Net cash provided (used) by capital and related financing activities	(62,214)	(42,796)
Cash flows from investing activities:		
Interest received	178	209
Net increase (decrease) in cash and cash equivalents	12,787	1,885
Cash and cash equivalents, July 1	124,240	122,355
Cash and cash equivalents, June 30	$ 137,027	$ 124,240

CITY OF ROYSTON, GEORGIA
WATER AND SEWER UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2016 and 2015

	2016	2015
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (58,899)	$ (72,132)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	131,274	146,122
(Increase) decrease in accounts receivable	16,865	(13,468)
(Increase) decrease in prepaid items	2,302	636
(Increase) decrease in pension experience differences	(608)	(9,094)
(Increase) decrease in pension contributions made after measurement date	(205)	(21,646)
Increase (decrease) in accounts payable	12,580	4,643
Increase (decrease) in unearned revenue	1,598	(488)
Increase (decrease) in deposits payable	155	1,765
Increase (decrease) in pension assumption differences	(152)	915
Increase (decrease) in pension investment return differences	(12,238)	4,386
Increase (decrease) in net pension liability	14,244	24,336
Increase (decrease) in accrued payroll liabilities	(2,896)	7,390
Total adjustments	162,919	145,497
Net cash provided (used) by operating activities	$ 104,020	$ 73,365
Cash and cash equivalents reconciliation:		
Cash and cash equivalents	$ 115,772	$ 103,140
Customers deposits Cash and cash equivalents	21,255	21,100
Total cash and cash equivalents	$ 137,027	$ 124,240

CITY OF ROYSTON, GEORGIA
NATURAL GAS UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2016 and 2015

	2016	2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 453,224	$ 507,992
Certificates of deposit	151,791	151,184
Receivables		
Accounts (net)	186,644	223,882
Interest	167	167
Inventories	186,923	113,649
Prepaid items	4,038	1,960
Total current assets	982,787	998,834
Restricted assets		
Construction		
Cash and cash equivalents	98,657	133,122
Customer Deposits		
Cash and cash equivalents	49,709	51,130
Total restricted assets	148,366	184,252
Capital assets		
Land	23,687	23,687
Buildings	99,433	99,433
Vehicles and equipment	420,650	391,604
Natural gas system	3,880,990	3,832,289
Construction in progress	742,593	667,933
Accumulated depreciation	(2,380,984)	(2,285,780)
Total capital assets (net of accumulated depreciation)	2,786,369	2,729,166
Total assets	3,917,522	3,912,252
DEFERRED OUTFLOWS OF RESOURCES		
Pension contributions subsequent to the measurement date	18,401	18,228
Pension investment return differences	9,382	0
Pension experience differences	8,170	7,658
Total deferred outflows of resources	35,953	25,886

CITY OF ROYSTON, GEORGIA
NATURAL GAS UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2016 and 2015

	2016	2015
LIABILITIES		
Current liabilities		
Payables		
Accounts	$ 29,690	$ 10,361
Retainages	0	34,475
Sales tax	3,955	2,898
Interest	599	5,812
Accrued salaries	9,887	7,012
Compensated absences	12,212	11,383
Unearned revenue	39,041	26,891
Capital leases	132,739	102,576
Total current liabilities	228,123	201,408
Current liabilities payable from restricted assets		
Customer deposits payable	49,709	51,130
Long-term liabilities		
Compensated absences	1,357	1,265
Net pension liability	115,226	103,230
Capital leases	800,590	934,286
Total long-term liabilities	917,173	1,038,781
Total liabilities	1,195,005	1,291,319
DEFERRED INFLOWS OF RESOURCES		
Pension assumption changes	642	771
Pension investment return	2,770	3,693
Total deferred inflows of resources	3,412	4,464
NET POSITION		
Net investment in capital assets	1,951,697	1,789,949
Unrestricted	803,361	852,406
Total net position	$ 2,755,058	$ 2,642,355

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, 2016 and 2015

	2016	2015
OPERATING REVENUES		
Charges for sales and services		
Gas sales	$ 2,380,921	$ 2,598,193
Gas services and repairs	23,253	44,452
Other	34,759	41,374
Total operating revenues	2,438,933	2,684,019
OPERATING EXPENSES		
Costs of sales and services	1,236,615	1,455,177
Personal services	315,763	379,599
Depreciation	95,204	80,568
Total operating expenses	1,647,582	1,915,344
Operating income (loss)	791,351	768,675
Non-operating revenues (expenses)		
Other	0	2,841
Interest revenue	987	1,094
Interest expense	(25,113)	(24,657)
Total non-operating revenues (expenses)	(24,126)	(20,722)
Income (loss) before capital contributions and transfers	767,225	747,953
Capital contributions	0	25,000
Income (loss) before transfers	767,225	772,953
Transfers in (out)		
General Fund	(654,522)	(558,407)
Change in net position	112,703	214,546
Net position, July 1 (original)	2,642,355	2,510,588
Prior period adjustments	0	(82,779)
Net position, July 1 (restated)	2,642,355	2,427,809
Net position, June 30	$ 2,755,058	$ 2,642,355

CITY OF ROYSTON, GEORGIA
NATURAL GAS UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Receipts from customers	$ 2,453,198	$ 2,626,408
Payments to suppliers	(1,291,636)	(1,460,672)
Payments to employees	(311,090)	(376,332)
Other receipts	34,759	41,374
Net cash provided (used) by operating activities	885,231	830,778
Cash flows from non-capital financing activities:		
Payments to other funds	(654,522)	(558,407)
Cash flows from capital and related financing activities:		
Principal payments - capital lease	(103,533)	(58,671)
Issuance of capital leases	0	684,479
Capital contributions	0	27,841
Interest paid	(30,326)	(18,846)
Payment of capital related accounts payable	(35,477)	
Acquisition of capital assets	(152,407)	(649,153)
Net cash provided (used) by capital and related financing activities	(321,743)	(14,350)
Cash flows from investing activities:		
Interest received	987	1,094
Proceeds from maturities of investments	151,184	150,580
Purchase of investments	(151,791)	(151,184)
Net cash provided (used) by investing activities	380	490
Net increase (decrease) in cash and cash equivalents	(90,654)	258,511
Cash and cash equivalents, July 1	692,244	433,733
Cash and cash equivalents, June 30	$ 601,590	$ 692,244

CITY OF ROYSTON, GEORGIA
NATURAL GAS UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2016 and 2015

	2016	2015
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 791,351	$ 768,675
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	95,204	80,568
(Increase) decrease in accounts receivable	37,238	(26,186)
(Increase) decrease in inventory	(73,275)	15,992
(Increase) decrease in prepaid items	(2,078)	397
(Increase) decrease in pension experience differences	(512)	(7,658)
(Increase) decrease in pension contributions made after measurement date	(173)	(18,228)
Increase (decrease) in accounts payable	20,331	(21,884)
Increase (decrease) in deposits payable	(1,421)	8,592
Increase (decrease) in sales tax payable	1,057	2,564
Increase (decrease) in unearned revenue	12,150	(1,207)
Increase (decrease) in pension assumption differences	(129)	771
Increase (decrease) in pension investment return differences	(10,305)	3,693
Increase (decrease) in net pension liability	11,996	20,451
Increase (decrease) in accrued payroll liabilities	3,797	4,238
Total adjustments	93,880	62,103
Net cash provided (used) by operating activities	$ 885,231	$ 830,778
Cash and cash equivalents reconciliation:		
Cash and cash eqivalents	$ 453,224	$ 507,992
Construction Fund Cash and cash equivalents	98,657	133,122
Customer deposits Cash and cash equivalents	49,709	51,130
Total cash and cash equivalents	$ 601,590	$ 692,244

Noncash investing, capital, and financing activities:

Acquistion of capital assets through accounts payable totaled $0 and $35,477 for the fiscal years ended June 30, 2016, and 2015, respectively.

CITY OF ROYSTON, GEORGIA
SANITATION ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2016 and 2015

	2016	2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 9,854	$ 347
Accounts receivable (net)	46,767	42,343
Prepaid items	2,024	1,279
Total current assets	58,645	43,969
Capital assets		
Land	6,429	6,429
Buildings	47,100	47,100
Vehicles and equipment	559,065	516,686
Accumulated depreciation	(521,725)	(480,249)
Total capital assets (net of accumulated depreciation)	90,869	89,966
Total assets	149,514	133,935
DEFERRED OUTFLOWS OF RESOURCES		
Pension contributions subsequent to the measurement date	8,741	8,658
Pension investment return differences	4,456	0
Pension experience differences	3,881	3,637
Total deferred outflows of resources	17,078	12,295
LIABILITIES		
Current liabilities		
Payables		
Accounts	8,917	2,168
Interest	675	1,799
Accrued salaries	2,880	1,397
Compensated absences	3,790	6,847
Unearned revenue	1,729	1,191
Due to other funds	5,476	15,777
Notes payable	19,259	19,233
Total current liabilities	42,726	48,412

CITY OF ROYSTON, GEORGIA
SANITATION ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2016 and 2015

	2016	2015
Long-term liabilities		
Compensated absences	$ 421	$ 761
Net pension liability	54,732	49,034
Notes payable	0	19,259
Total long-term liabilities	55,153	69,054
Total liabilities	97,879	117,466
DEFERRED INFLOWS OF RESOURCES		
Pension assumption changes	305	366
Pension investment return	1,316	1,754
Total deferred inflows of resources	1,621	2,120
NET POSITION		
Net investment in capital assets	71,610	51,474
Unrestricted	(4,518)	(24,830)
Total net position	$ 67,092	$ 26,644

CITY OF ROYSTON, GEORGIA
SANITATION ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the fiscal years ended June 30, 2016 and 2015

	2016	2015
OPERATING REVENUES		
Charges for sales and services		
Sanitation fees	$ 295,694	$ 298,032
Other	6,488	7,381
Total operating revenues	302,182	305,413
OPERATING EXPENSES		
Costs of sales and services	123,126	137,520
Personal services	138,772	133,667
Depreciation	41,477	37,392
Total operating expenses	303,375	308,579
Operating income (loss)	(1,193)	(3,166)
Non-operating revenue (expenses)		
Intergovernmental revenue	6,240	6,265
Interest revenue	4	0
Interest expense	(494)	(2,381)
Total non-operating revenue (expenses)	5,750	3,884
Income (loss) before transfers	4,557	718
Transfers in (out)		
Franklin County SPLOST #4	42,379	14,567
General Fund	(6,488)	(39,754)
Total transfers	35,891	(25,187)
Change in net position	40,448	(24,469)
Net position, July 1 (original)	26,644	92,914
Prior period adjustments	0	(41,801)
Net position, July 1 (restated)	26,644	51,113
Net position, June 30	$ 67,092	$ 26,644

CITY OF ROYSTON, GEORGIA
SANITATION ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Receipts from customers	$ 291,808	$ 288,831
Payments to suppliers	(117,122)	(136,766)
Payments to employees	(140,270)	(135,101)
Other receipts	6,488	7,381
Net cash provided (used) by operating activities	40,904	24,345
Cash flows from non-capital financing activities		
Receipts from other governments	6,240	6,265
Receipts from other funds	(10,302)	15,777
Payments to other funds	(6,488)	(39,754)
Net cash provided (used) by non-capital financing activities	(10,550)	(17,712)
Cash flows from capital and related financing activities:		
Receipts from other funds	42,379	14,567
Acquisition of capital assets	(42,379)	0
Interest paid	(1,618)	(2,383)
Principal payments - notes	(19,233)	(18,470)
Net cash provided (used) by capital and related financing activities	(20,851)	(6,286)
Cash flows from investing activities:		
Interest received	4	0
Net increase (decrease) in cash and cash equivalents	9,507	347
Cash and cash equivalents, July 1	347	0
Cash and cash equivalents, June 30	$ 9,854	$ 347

CITY OF ROYSTON, GEORGIA
SANITATION ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2016 and 2015

	2016	2015
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (1,193)	$ (3,166)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	41,477	37,392
(Increase) decrease in accounts receivable	(4,424)	(9,148)
(Increase) decrease in prepaid items	(745)	340
(Increase) decrease in pension experience differences	(244)	(3,637)
(Increase) decrease in pension contributions made after measurement date	(83)	(8,658)
Increase (decrease) in accounts payable	6,749	414
Increase (decrease) in unearned revenue	538	(53)
Increase (decrease) in pension assumption differences	(61)	365
Increase (decrease) in pension investment return differences	(4,894)	1,754
Increase (decrease) in net pension liability	5,698	7,233
Increase (decrease) in accrued payroll liabilities	(1,914)	1,509
Total adjustments	42,097	27,511
Net cash provided by operating activities	$ 40,904	$ 24,345

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, 2016 and 2015

	2016	2015
ASSETS		
Equity in pooled cash	$ 25,412	$ 21,034
LIABILITIES		
Due to other agencies	$ 25,412	$ 21,034

CITY OF ROYSTON, GEORGIA
MUNICIPAL COURT AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the fiscal year ended June 30, 2016

	Balance July 1	Additions	Deletions	Balance June 30
ASSETS				
Equity in pooled cash	$ 21,034	$ 69,899	$ (65,521)	$ 25,412
LIABILITIES				
Due to other agencies	$ 21,034	$ 69,899	$ (65,521)	$ 25,412

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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, 2016 and 2015

	2016	2015
ASSETS		
Cash	$ 9,002	$ 9,998
FUND BALANCES		
Assigned for Housing and Development	$ 9,002	$ 9,998

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, 2016
(With comparative actual amounts for the fiscal year ended June 30, 2015)

	2016			2015
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	$ 6,000	$ 9,158	$ 3,158	$ 7,099
Contributions	8,000	1,395	(6,605)	1,460
Miscellaneous	7,900	7,076	(824)	9,335
Total revenues	21,900	17,629	(4,271)	17,894
EXPENDITURES				
Current				
Housing and Development				
Contractual services	9,000	3,897	5,103	4,276
Materials and supplies	11,400	14,728	(3,328)	11,056
Total expenditures	20,400	18,625	1,775	15,332
Excess (deficiency) of revenues over (under) expenditures	1,500	(996)	(2,496)	2,562
Other financing sources (uses)				
Contingency	(1,500)	0	1,500	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(996)	(996)	2,562
Fund balances, July 1	0	9,998	9,998	7,436
Fund balances, June 30	$ 0	$ 9,002	$ 9,002	$ 9,998

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

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

We have audited, in accordance with 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, 2016, 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 October 31, 2016.

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 deficiencies in internal control, described below as item 2016-001 and 2016-002 that we consider to be significant deficiencies.

Comment 2016-001

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 2016-001, 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.

Comment 2016-002

Condition: During audit procedures on Municipal Court receipts, client was unable to locate supporting documentation for 4 of the 37 items selected for testing. In addition, we were unable to trace the corresponding receipts to the deposit on the bank statement due to lack of supporting documentation from the Municipal Court.

Criteria: Effective internal control requires that the City maintain supporting documentation for all cash receipts.

Effect: Failure to maintain supporting documentation for deposits increases risk and could lead to unaccounted receipts.

Recommendation: Adequate detail of supporting documentation should be maintained for all transactions to provide an audit trail to the deposit.

Management Response: Management concurs with this finding. The City will create a policy and procedure for Municipal Court deposits that is timely and documented. 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 are included above. 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
October 31, 2016

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STATE REPORTING SECTION

CITY OF ROYSTON, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended June 30, 2016

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	$ 5,432	$ 195,580
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	$ 5,432	$ 1,406,321
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			91,099	14,488	105,587
Library Facillities and Equipment			45,000	0	45,000
Recreation Facilities and Equipment			24,645	2,931	27,576
Street Improvements and Equipment			38,501	374,281	412,782
Water and Sewer Facilities and Equipment			70,790	129,473	200,263
Sanitation Facilities and Equipment			14,567	56,819	71,386
Total	$ 1,402,140	$ 1,402,140	$ 435,301	$ 577,992	$ 1,013,293

CITY OF ROYSTON, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended June 30, 2016

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
HART COUNTY SPLOST #3					
Streets	$ 59,400	$ 51,595	$ 40,851	$ 0	$ 40,851
Recreation	39,600	28,880	39,631	0	39,631
Public Safety	0	10,720	0	10,720	10,720
Water and Sewer	0	7,805	7,805	0	7,805
Total	$ 99,000	$ 99,000	$ 88,287	$ 10,720	$ 99,007
HART COUNTY SPLOST #4					
Recreation; Public Safety; Water, Wastewater; Streets, Roads, Bridges:	$ 358,400	$ 358,400			
Fire Facilities and Equipment			$ 19,864	$ 0	$ 19,864
Street Improvements and Equipment			129,869	23,847	153,716
Recreation Facilities and Equipment			7,822	10,295	18,117
Water and Sewer Facilities and Equipment			82,846	0	82,846
	$ 358,400	$ 358,400	$ 240,401	$ 34,142	$ 274,543

Current year SPLOST expenditures	$ 34,142
Expenditures financed through other revenues	4,478
Total expenditures of the Hart County SPLOST #4 Fund	$ 38,620

* 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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