# *CITY OF ROYSTON, GEORGIA*

## *Annual Financial Report*

## *For the fiscal year ended June 30, 2017*

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# *CITY OF ROYSTON, GEORGIA*
## *FINANCIAL REPORT*
## *For the fiscal year ended June 30, 2017*

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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, 2017, 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, 2017, 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 schedule of projects financed with special purpose local option sales tax 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 schedule of projects financed with special purpose local option sales tax 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, 2016, which are not presented with the accompanying financial statements. In our report dated October 31, 2016, 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 2016 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 2016 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 15, 2017, 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 15, 2017

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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, 2017. 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, 2017 by $12,318,103 (reported as *net position).*
- As of June 30, 2017, Royston's governmental funds reported combined ending fund balances of $1,183,185. Approximately 47% of this total amount, $552,381, 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 31-62 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 2016 and 2017**

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | **2016** | **2017** | **2016** | **2017** | **2016** | **2017** |
| Current assets | $ 1,386,049 | $ 1,294,136 | $ 1,429,097 | $ 1,313,792 | $ 2,815,146 | $ 2,607,928 |
| Capital assets | 5,782,038 | 5,585,048 | 6,104,025 | 6,161,469 | 11,886,063 | 11,746,517 |
| **Total assets** | 7,168,087 | 6,879,184 | 7,533,122 | 7,475,261 | 14,701,209 | 14,354,445 |
| **Total deferred outflows of resources** | 128,982 | 114,024 | 95,725 | 84,624 | 224,707 | 198,648 |
| Current liabilities | 226,597 | 148,657 | 446,686 | 395,352 | 673,283 | 544,009 |
| Noncurrent liabilities | 419,129 | 340,475 | 1,480,725 | 1,232,501 | 1,899,854 | 1,572,976 |
| **Total liabilities** | 645,726 | 489,132 | 1,927,411 | 1,627,853 | 2,573,137 | 2,116,985 |
| **Total deferred inflows of resources** | 12,240 | 67,736 | 9,085 | 50,269 | 21,325 | 118,005 |
| **Net Position** | | | | | | |
| Net investment in capital assets | 5,750,128 | 5,585,048 | 4,828,006 | 5,089,583 | 10,578,134 | 10,674,631 |
| Restricted | 672,839 | 597,127 | 0 | 0 | 672,839 | 597,127 |
| Unrestricted | 216,136 | 254,165 | 864,345 | 792,180 | 1,080,481 | 1,046,345 |
| **Total net position** | $ 6,639,103 | $ 6,436,340 | $ 5,692,351 | $ 5,881,763 | 12,331,454 | $ 12,318,103 |

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 $12,318,103 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-17 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:**
Bold Springs Natural Gas Expansion has been completed, this expansion currently serves over sixty-five poultry houses, nine residents and a few Churches in the Bold Spring area of Franklin County, with potential customers inquiring about NG connections. Although the mild winter we had this past year did not yield the expected revenue; the revenue from the sales of NG for the expansion were adequate in terms of covering the quarterly payments of the lease funding for the expansion project. Furthermore, with the expansion project completed and the mild winter; expenditures for NG purchases and project cost were down. As for FY 18 the Gas Department will be making a few capitol purchases that were outlined and approved in FY18 budget. This FY will be focused on new services, maintenance of existing lines and regulator stations, meter replacement and maintenance.

**WATER DEPT:**
FY17, has been productive in many aspects of the City of Royston. The city has addressed and has moved forward on securing a GEFA loan in the amount of 2M dollars with a .25 % principal forgiveness for the improvements on the Waste Water Treatment Facility. Furthermore, with this the city has been issued there EPD permit, no longer work under the constraints of a conditional permit. The new permit allows for a 59- month process of implementing a new process which will require construction of a Biolac Treatment System within the current treatment facility. As of 1, January 17 the city has implemented a rate increase to current water rates which have increased revenue, with two additional increases to implement, January 2018, January 2019, increase, were needed to cover capitol cost and the GEFA loan. The city has held fast to the Lift Station Rehab projects with six of the ten lift stations completed since FY15. The city water department is still experiencing raw water pump issues at the plant and water intake, which will require replacement of two major pumps, these pumps will be paid from SPLOST funding. The city has been awarded a FEMA Grant that will be covering emergency power sources for lift stations and raw water intake, in short no fund have been requested to date, but request for quotes have been sent for the purchase of Generators, and electrical contractor for adapting / connection work for backup power for lift stations. Continued positive impacts, 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.

**SANATION DEPT:**
For the next two years FY18 and FY19 a continued focus on replacing new residential carts and dumpsters, to ensure this to continue the city will need to focus on residential rates and fees associated with roll off container services to better offset cost with equipment replacement, landfill fees and the cost of operating a sanitation service.

**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 incurred 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 .75 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 will begin October, 2017 with an expected date of completion around mid to late December. Paving identified LIMIG streets, LEE St will begin in October.

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). For FY18, this is still a concern for the city, City council would like to sale for property redevelopment and economic growth.

Although the unrestricted net position of our business-type activities represents 15% ($792,180) 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.

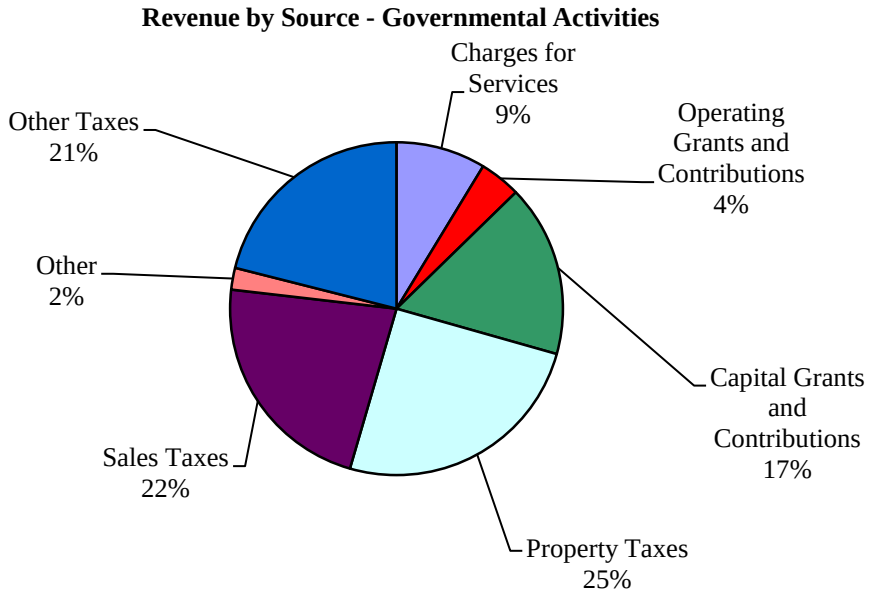
The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the City of Royston's net position changed during the year.

**City of Royston**
**Changes in Net Position**
**For Fiscal Years 2016 and 2017**

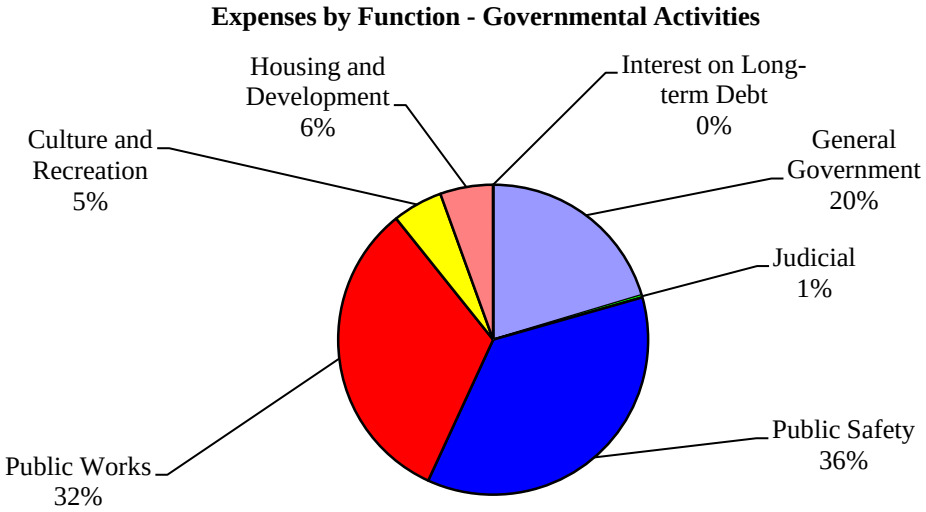
| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | **2016** | **2017** | **2016** | **2017** | **2016** | **2017** |
| Program revenues: | | | | | | |
| Charges for services | $ 165,999 | $ 187,694 | $ 3,638,295 | $ 3,732,674 | $ 3,804,294 | $ 3,920,368 |
| Operating grants and contributions | 48,808 | 86,157 | 6,240 | 0 | 55,048 | 86,157 |
| Capital grants and contributions | 608,848 | 360,454 | 0 | 0 | 608,848 | 360,454 |
| General revenues: | | | | | | |
| Property taxes | 541,736 | 541,614 | 0 | 0 | 541,736 | 541,614 |
| Sales tax | 475,369 | 481,631 | 0 | 0 | 475,369 | 481,631 |
| Other taxes | 467,673 | 454,096 | 0 | 0 | 467,673 | 454,096 |
| Interest and investment earnings | 879 | 701 | 1,169 | 911 | 2,048 | 1,612 |
| Miscellaneous revenue | 39,246 | 45,614 | 0 | 0 | 39,246 | 45,614 |
| **Total revenues** | 2,348,558 | 2,157,961 | 3,645,704 | 3,733,585 | 5,994,262 | 5,891,546 |
| **Expenses** | | | | | | |
| General Government | 592,411 | 599,920 | 0 | 0 | 592,411 | 599,920 |
| Judicial | 10,157 | 7,056 | 0 | 0 | 10,157 | 7,056 |
| Public Safety | 1,127,987 | 1,068,844 | 0 | 0 | 1,127,987 | 1,068,844 |
| Public Works | 792,093 | 953,845 | 0 | 0 | 792,093 | 953,845 |
| Culture and Recreation | 158,402 | 154,164 | 0 | 0 | 158,402 | 154,164 |
| Housing and Development | 164,021 | 162,746 | 0 | 0 | 164,021 | 162,746 |
| Water and sewer | 0 | 0 | 967,374 | 922,178 | 967,374 | 922,178 |
| Natural gas | 0 | 0 | 1,672,695 | 1,741,953 | 1,672,695 | 1,741,953 |
| Sanitation | 0 | 0 | 303,869 | 294,191 | 303,869 | 294,191 |
| **Total expenses** | 2,845,071 | 2,946,575 | 2,943,938 | 2,958,322 | 5,789,009 | 5,904,897 |
| **Increase (decrease) in net position before tranfers** | (496,513) | (788,614) | 701,766 | 775,263 | 205,253 | (13,351) |
| Transfers | 518,355 | 585,851 | (518,355) | (585,851) | 0 | 0 |
| **Increase (decrease) in net position** | 21,842 | (202,763) | 183,411 | 189,412 | 205,253 | (13,351) |
| **Net position - beginning** | 6,617,261 | 6,639,103 | 5,508,940 | 5,692,351 | 12,126,201 | 12,331,454 |
| **Net position - ending** | $ 6,639,103 | $ 6,436,340 | $ 5,692,351 | $ 5,881,763 | $ 12,331,454 | $ 12,318,103 |

**Governmental Activities –**

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

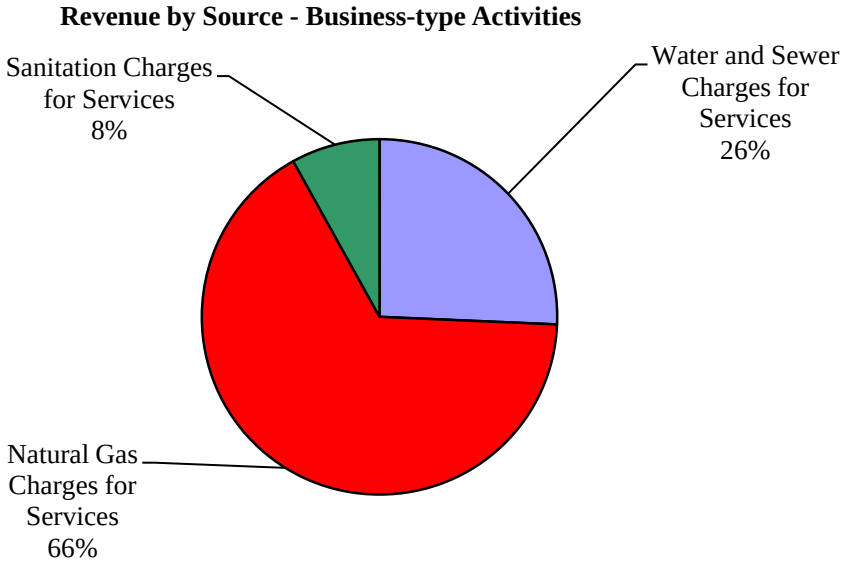



The following chart depicts the expenses of the governmental activities for the year:

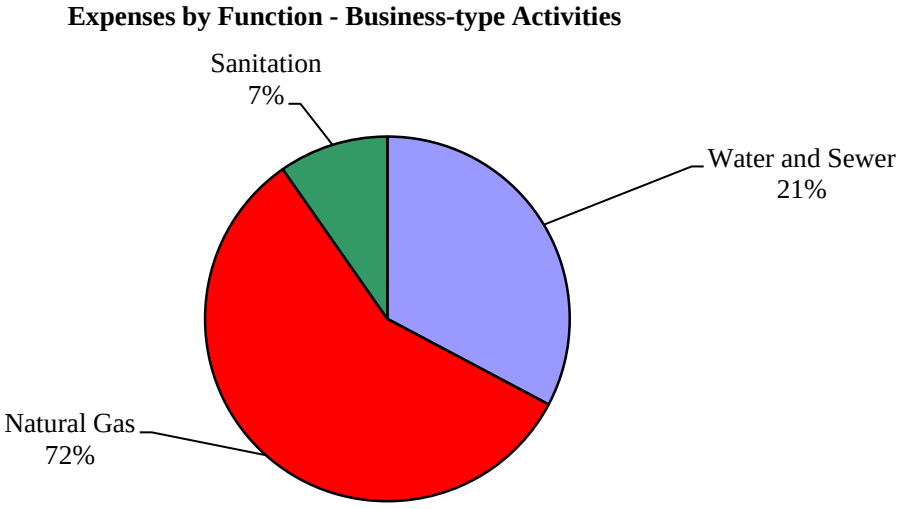


**Business-type Activities –**

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




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



**Financial Analysis of the City's Funds**

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

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

As the City completed this year, its governmental funds reported a combined ending fund balance of $1,183,185. Of this amount, $552,381 (47%) 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 $552,381 and the total fund balance reached $582,828. 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 23% of the total General Fund expenditures, while total fund balance represents 24% 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 FY18, the city has taken action on reviewing priority capital projects and working budgetary efforts to ensure sustainability of revenue sources.

General Fund expenditures were $2,362,655 with appropriations of $2,431,690; 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. Appropriations were made in the FY18 budget to purchase a new patrol unit which allowed the PD to continue on the replacement plan for new units, FY19 an additional unit will be required to comply with replacement program.

**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 Utility $2,880,453
- Water and Sewer Utility $2,922,275
- Sanitation $ 79,035

The total increase in net position for the three funds was $189,412. 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 $11,746,517 in capital assets (net of accumulated depreciation). Capital assets include infrastructure, land, buildings, and machinery and equipment. Approximately 52% of these investments are related to business-type activities and approximately 48% 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 | $ 473,995 | $ 73,361 | $ 547,356 |
| Buildings | 4,441,650 | 201,500 | 4,643,150 |
| Land improvements | 2,445,968 | 24,644 | 2,470,612 |
| Distribution system | 0 | 11,255,603 | 11,255,603 |
| Vehicles and equipment | 2,861,312 | 1,606,760 | 4,468,072 |
| Furniture and fixtures | 190,789 | 0 | 190,789 |
| Construction in progress | 23,637 | 984,248 | 1,007,885 |
| Total | 10,437,351 | 14,146,116 | 24,583,467 |
| Accumulated depreciation | (4,852,303) | (7,984,647) | (12,836,950) |
| **Net Capital Assets** | $ 5,585,048 | $ 6,161,469 | $ 11,746,517 |

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, 2017, 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 2017**

| | Business-type Activities |
|---|---|
| Capital leases | $ 800,558 |
| Notes payable | 369,995 |
| **Total** | $ 1,170,553 |

The City decreased its long-term debt in FY2017 by $204,123. 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 17/18 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, 100% functional, serving over 65 poultry houses and additional customers and additional growth.
- 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.
- Continuous efforts, Street & Sidewalk resurfacing and replacing for FY 2017, Budget, LMIG, GDOT Grant and SPLOST to be used.
- Equipment replacement (Trencher, Service Trucks, Roll Containers)
- Planning for new Amphitheater in wellness park (SPLOST funding, local funding)
- Fiber optic capability for businesses, planning for 2016/2017, (Possible revenue source, still planning)
- Revitalization of two addition parks, Memorial Park City Hall and Tony Jones Park. (will require funding)
- Plans for upgrading current wellness equipment within Wellness Park. (This project was moved to spring of 2017 and currently still active and ongoing. 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. (Grant funding was received and applied to specified PPE which outfitted 11 firefighters with needed gear)!
- A MICRO Grant was awarded to the city 1,September1017, in the amount of $6,662.00 dollars for the purchase of a Thermal Imaging Camera for the Fire Department to replace a 12 year old device, which is a critical device for Firefighters.

**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
634 Franklin Springs Street
Royston, GA 30662

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***BASIC FINANCIAL STATEMENTS***

## *CITY OF ROYSTON, GEORGIA*
## *STATEMENT OF NET POSITION*
## *June 30, 2017*

| | Primary Government | | | Component Unit |
|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | Downtown Development Authority |
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | $ 1,047,256 | $ 498,243 | $ 1,545,499 | $ 9,046 |
| Certificates of deposit | 81,198 | 152,322 | 233,520 | 0 |
| Restricted assets | | | | |
| Cash and cash equivalents | 2,314 | 174,397 | 176,711 | 0 |
| Receivables (net) | | | | |
| Accounts | 11,965 | 327,209 | 339,174 | 0 |
| Taxes | 57,254 | 0 | 57,254 | 0 |
| Intergovernmental | 60,419 | 0 | 60,419 | 0 |
| Interest | 121 | 167 | 288 | 0 |
| Internal balances | 5,476 | (5,476) | 0 | 0 |
| Prepaid items | 28,133 | 11,445 | 39,578 | 0 |
| Inventories | 0 | 155,485 | 155,485 | 0 |
| Total current assets | 1,294,136 | 1,313,792 | 2,607,928 | 9,046 |
| **Noncurrent assets** | | | | |
| Capital assets | | | | |
| Non-depreciable | 497,632 | 1,057,610 | 1,555,242 | 37,096 |
| Depreciable (net) | 5,087,416 | 5,103,859 | 10,191,275 | 0 |
| Total noncurrent assets | 5,585,048 | 6,161,469 | 11,746,517 | 37,096 |
| **Total assets** | 6,879,184 | 7,475,261 | 14,354,445 | 46,142 |
| **DEFERRED OUTFLOWS OF RESOURSES** | | | | |
| Pension contributions subsequent to the measurement date | 65,119 | 48,329 | 113,448 | 0 |
| Pension investment return differences | 25,243 | 18,734 | 43,977 | 0 |
| Pension experience differences | 23,662 | 17,561 | 41,223 | 0 |
| **Total deferred outflows of resources** | 114,024 | 84,624 | 198,648 | 0 |
| **LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Payables | | | | |
| Accounts | 45,726 | 38,524 | 84,250 | 0 |
| Sales tax | 0 | 4,354 | 4,354 | 0 |
| Interest | 0 | 599 | 599 | 0 |
| Intergovernmental | 81 | 0 | 81 | 0 |
| Refunds | 2,346 | 0 | 2,346 | 0 |
| Accrued salaries and expenses | 40,143 | 11,604 | 51,747 | 0 |
| Due to others | 10,057 | 0 | 10,057 | 0 |
| Compensated absences | 50,304 | 26,362 | 76,666 | 0 |
| Unearned revenue | 0 | 48,660 | 48,660 | 0 |
| Customer deposits payable | 0 | 75,730 | 75,730 | 0 |
| Capital leases payable | 0 | 136,216 | 136,216 | 0 |
| Notes payable | 0 | 53,303 | 53,303 | 0 |
| Total current liabilities | 148,657 | 395,352 | 544,009 | 0 |

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

## *CITY OF ROYSTON, GEORGIA*
## *STATEMENT OF NET POSITION*
## *June 30, 2017*

| | Primary Government | | | Component Unit Downtown Development Authority |
|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | |
| **Noncurrent liabilities** | | | | |
| Compensated absences | $ 5,589 | $ 2,929 | $ 8,518 | $ 0 |
| Net pension liability | 334,886 | 248,538 | 583,424 | 0 |
| Capital leases payable | 0 | 664,342 | 664,342 | 0 |
| Notes payable | 0 | 316,692 | 316,692 | 0 |
| Total noncurrent liabilities | 340,475 | 1,232,501 | 1,572,976 | 0 |
| **Total liabilities** | 489,132 | 1,627,853 | 2,116,985 | 0 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Pension assumption changes | 1,844 | 1,368 | 3,212 | 0 |
| Pension investment return differences | 24,185 | 17,948 | 42,133 | 0 |
| Pension experience differences | 41,707 | 30,953 | 72,660 | 0 |
| **Total deferred inflows of resources** | 67,736 | 50,269 | 118,005 | 0 |
| **NET POSITION** | | | | |
| Net investment in capital assets | 5,585,048 | 5,089,583 | 10,674,631 | 37,096 |
| Restricted for: | | | | |
| Public Safety | 45,545 | 0 | 45,545 | 0 |
| Capital outlay | 551,582 | 0 | 551,582 | 0 |
| Unrestricted | 254,165 | 792,180 | 1,046,345 | 9,046 |
| **Total net position** | $ 6,436,340 | $ 5,881,763 | $ 12,318,103 | $ 46,142 |

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

***Exhibit A-1, continued***

## *CITY OF ROYSTON, GEORGIA*
## *STATEMENT OF ACTIVITIES*
## *For the fiscal year ended June 30, 2017*

| 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 | $ 599,920 | $ 121,410 | $ 0 | $ 24,996 | $ (453,514) |
| Judicial | 7,056 | 0 | 0 | 0 | (7,056) |
| Public Safety | 1,068,844 | 54,477 | 53,494 | 66,376 | (894,497) |
| Public Works | 953,845 | 5,000 | 0 | 249,238 | (699,607) |
| Culture and Recreation | 154,164 | 6,000 | 32,663 | 19,844 | (95,657) |
| Housing and Development | 162,746 | 807 | 0 | 0 | (161,939) |
| Total governmental activities | 2,946,575 | 187,694 | 86,157 | 360,454 | (2,312,270) |
| Business-type activities | | | | | |
| Water and Sewer Utility | 922,178 | 958,844 | 0 | 0 | 36,666 |
| Natural Gas Utility | 1,741,953 | 2,473,313 | 0 | 0 | 731,360 |
| Sanitation | 294,191 | 300,517 | 0 | 0 | 6,326 |
| Total business-type activities | 2,958,322 | 3,732,674 | 0 | 0 | 774,352 |
| Total primary government | 5,904,897 | 3,920,368 | 86,157 | 360,454 | (1,537,918) |
| **Component Unit** | | | | | |
| Downtown Development Authority | | | | | |
| Housing and Development | 19,149 | 2,959 | 7,032 | 0 | (9,158) |

| | Primary Government: Governmental Activities | Primary Government: Business-Type Activities | Primary Government: Total | Component Unit |
|---|---|---|---|---|
| **Change in net position** | | | | |
| Net (expense) revenue | $ (2,312,270) | $ 774,352 | $ (1,537,918) | $ (9,158) |
| General revenues | | | | |
| Taxes | | | | |
| Property | 541,614 | 0 | 541,614 | 0 |
| Sales | 481,631 | 0 | 481,631 | 0 |
| Franchise | 197,512 | 0 | 197,512 | 0 |
| Insurance premium | 160,592 | 0 | 160,592 | 0 |
| Intangibles | 4,641 | 0 | 4,641 | 0 |
| Alcoholic beverage | 57,259 | 0 | 57,259 | 0 |
| Occupational | 27,726 | 0 | 27,726 | 0 |
| Hotel/Motel | 6,366 | 0 | 6,366 | 0 |
| Payments from City of Royston | 0 | 0 | 0 | 5,787 |
| Interest and investment earnings | 701 | 911 | 1,612 | 0 |
| Other | 45,614 | 0 | 45,614 | 3,415 |
| Transfers | 585,851 | (585,851) | 0 | 0 |
| Total general revenues and transfers | 2,109,507 | (584,940) | 1,524,567 | 9,202 |
| Change in net position | (202,763) | 189,412 | (13,351) | 44 |
| Net position - beginning | 6,639,103 | 5,692,351 | 12,331,454 | 46,098 |
| Net position - ending | $ 6,436,340 | $ 5,881,763 | $ 12,318,103 | $ 46,142 |

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

*CITY OF ROYSTON, GEORGIA*
*BALANCE SHEET*
*GOVERNMENTAL FUNDS*
*June 30, 2017*

| | General | Franklin County SPLOST #4 Capital Projects | Nonmajor Governmental Funds | Total |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 507,318 | $ 491,163 | $ 48,775 | $ 1,047,256 |
| Certificates of deposit | 81,198 | 0 | 0 | 81,198 |
| Restricted assets | | | | |
| Cash and equivalents | 2,314 | 0 | 0 | 2,314 |
| Receivables (net) | | | | |
| Accounts | 11,965 | 0 | 0 | 11,965 |
| Taxes | 57,254 | 0 | 0 | 57,254 |
| Intergovernmental | 0 | 0 | 60,419 | 60,419 |
| Interest | 121 | 0 | 0 | 121 |
| Due from other funds | 5,476 | 0 | 0 | 5,476 |
| Prepaid items | 28,133 | 0 | 0 | 28,133 |
| **Total assets** | $ 693,779 | $ 491,163 | $ 109,194 | $ 1,294,136 |
| **LIABILITIES** | | | | |
| Payables | | | | |
| Accounts | $ 45,726 | $ 0 | $ 0 | $ 45,726 |
| Intergovernmental | 81 | 0 | 0 | 81 |
| Refunds | 2,346 | 0 | 0 | 2,346 |
| Accrued salaries | 40,143 | 0 | 0 | 40,143 |
| Due to others | 10,057 | 0 | 0 | 10,057 |
| Total liabilities | 98,353 | 0 | 0 | 98,353 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Unavailable revenue - property taxes | 12,598 | 0 | 0 | 12,598 |
| **FUND BALANCES** | | | | |
| Nonspendable prepaid items | 28,133 | 0 | 0 | 28,133 |
| Restricted for: | | | | |
| Public Safety | 2,314 | 0 | 43,231 | 45,545 |
| Capital projects | 0 | 491,163 | 60,419 | 551,582 |
| Assigned for: | | | | |
| Housing and Development | 0 | 0 | 5,544 | 5,544 |
| Unassigned | 552,381 | 0 | 0 | 552,381 |
| Total fund balances | 582,828 | 491,163 | 109,194 | 1,183,185 |
| **Total liabilities, deferred inflows, and fund balances** | $ 693,779 | $ 491,163 | $ 109,194 | $ 1,294,136 |

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, 2017***

| | | | |
|---|---|---|---|
| **Total fund balance - total governmental funds** | | | $ 1,183,185 |
| 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 | | | 5,585,048 |
| 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 | | | 12,598 |
| Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds. These are: | | | |
| Deferred outflows of resources: | | | |
| Pension contributions subsequent to measurement date | $ 65,119 | | |
| Pension investment return differences | 25,243 | | |
| Pension experience differences | 23,662 | | |
| Deferred inflows of resources: | | | |
| Pension assumption changes | (1,844) | | |
| Pension experience differences | (41,707) | | |
| Pension investment return differences | (24,185) | | 46,288 |
| Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are: | | | |
| Net pension liability | (334,886) | | |
| Compensated absences | (55,893) | | (390,779) |
| Net position of governmental activities | | | $ 6,436,340 |

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, 2017***

| | General | Franklin County SPLOST #4 Capital Projects | Nonmajor Governmental Funds | Total |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Taxes | $ 1,472,564 | $ 0 | $ 6,368 | $ 1,478,932 |
| Licenses and permits | 13,607 | 0 | 0 | 13,607 |
| Fines, fees and forfeitures | 46,906 | 0 | 7,320 | 54,226 |
| Charges for services | 119,860 | 0 | 0 | 119,860 |
| Intergovernmental | 52,223 | 238,802 | 105,621 | 396,646 |
| Interest | 679 | 514 | 18 | 1,211 |
| Contributions | 12,916 | 0 | 4,034 | 16,950 |
| Other | 45,614 | 0 | 0 | 45,614 |
| **Total revenues** | 1,764,369 | 239,316 | 123,361 | 2,127,046 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| General Government | 598,051 | 0 | 0 | 598,051 |
| Judicial | 7,056 | 0 | 0 | 7,056 |
| Public Safety | 991,886 | 0 | 18,063 | 1,009,949 |
| Public Works | 538,708 | 0 | 0 | 538,708 |
| Culture and Recreation | 72,688 | 0 | 0 | 72,688 |
| Housing and Development | 154,266 | 0 | 6,475 | 160,741 |
| Capital outlay | 0 | 328,564 | 31,133 | 359,697 |
| **Total expenditures** | 2,362,655 | 328,564 | 55,671 | 2,746,890 |
| Excess (deficiency) of revenue over (under) expenditures | (598,286) | (89,248) | 67,690 | (619,844) |
| Other financing sources (uses) | | | | |
| Transfers in (out) | | | | |
| Transfers in | 638,413 | 0 | 0 | 638,413 |
| Transfers out | 0 | (47,567) | (4,995) | (52,562) |
| Sale of capital assets | 20,099 | 0 | 0 | 20,099 |
| Total other financing sources (uses) | 658,512 | (47,567) | (4,995) | 605,950 |
| Net change in fund balance | 60,226 | (136,815) | 62,695 | (13,894) |
| Fund balances, July 1 | 522,602 | 627,978 | 46,499 | 1,197,079 |
| **Fund balances, June 30** | $ 582,828 | $ 491,163 | $ 109,194 | $ 1,183,185 |

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, 2017*

| | | |
|---|---|---|
| **Net change in fund balances - total governmental funds** | | $ (13,894) |
| 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 | $ 189,188 | |
| Depreciation | (417,440) | (228,252) |
| 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 | (287,808) | |
| Related accumulated depreciation | 286,570 | (1,238) |
| Contributions of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources. | | 32,500 |
| 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. | | (1,588) |
| 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 | 86,821 | |
| Cost of benefits earned net of employee contributions | (78,790) | |
| | | 8,031 |
| 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 | 1,678 | 1,678 |
| Change in net position of governmental activities | | $ (202,763) |

***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, 2017***

| | Budget | | | Variance with Final |
|---|---|---|---|---|
| | Original | Final | Actual | Budget |
| **REVENUES** | | | | |
| Taxes | $ 1,443,007 | $ 1,447,007 | $ 1,472,564 | $ 25,557 |
| Licenses and permits | 13,500 | 13,500 | 13,607 | 107 |
| Fines, fees and forfeitures | 68,000 | 68,000 | 46,906 | (21,094) |
| Charges for services | 130,833 | 130,833 | 119,860 | (10,973) |
| Intergovernmental | 17,000 | 17,445 | 52,223 | 34,778 |
| Interest | 900 | 900 | 679 | (221) |
| Contributions | 8,000 | 9,000 | 12,916 | 3,916 |
| Other | 35,250 | 35,252 | 45,614 | 10,362 |
| **Total revenues** | 1,716,490 | 1,721,937 | 1,764,369 | 42,432 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| General Government | | | | |
| Mayor and Council | 117,417 | 141,417 | 140,952 | 465 |
| Administration | 427,757 | 452,757 | 453,528 | (771) |
| Clerk | 0 | 3,400 | 3,394 | 6 |
| Elections | 1,000 | 1,000 | 177 | 823 |
| Judicial | | | | |
| Municipal Court | 10,924 | 10,924 | 7,056 | 3,868 |
| Public Safety | | | | |
| Police | 997,285 | 910,130 | 901,156 | 8,974 |
| Fire | 72,445 | 97,445 | 84,641 | 12,804 |
| Animal Control | 7,000 | 7,000 | 6,089 | 911 |
| Public Works | | | | |
| Streets | 484,747 | 484,351 | 457,157 | 27,194 |
| Maintenance Shop | 80,420 | 80,420 | 79,090 | 1,330 |
| Cemetery | 2,500 | 2,500 | 2,461 | 39 |
| Culture and Recreation | | | | |
| Library | 43,968 | 48,168 | 47,448 | 720 |
| Parks and Recreation | 21,197 | 28,197 | 25,240 | 2,957 |
| Housing and Development | | | | |
| Code Enforcement | 74,879 | 74,879 | 72,287 | 2,592 |
| Better Hometown Program | 83,102 | 83,102 | 75,979 | 7,123 |
| Downtown Development Authority | 6,000 | 6,000 | 6,000 | 0 |
| **Total expenditures** | 2,430,641 | 2,431,690 | 2,362,655 | 69,035 |
| Excess (deficiency) of revenues over (under) expenditures | (714,151) | (709,753) | (598,286) | 111,467 |
| Other financing sources (uses) | | | | |
| Transfers in (out) | | | | |
| Transfers in | 696,151 | 696,151 | 638,413 | (57,738) |
| Sales of capital assets | 20,000 | 20,000 | 20,099 | 99 |
| Contingency | (2,000) | (6,398) | 0 | 6,398 |
| Total other financing sources (uses) | 714,151 | 709,753 | 658,512 | (51,241) |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 0 | 0 | 60,226 | 60,226 |
| Fund balances, July 1 | 0 | 0 | 522,602 | 522,602 |
| **Fund balances, June 30** | $ 0 | $ 0 | $ 582,828 | $ 582,828 |

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

*CITY OF ROYSTON, GEORGIA*
*STATEMENT OF NET POSITION*
*PROPRIETARY FUNDS*
*June 30, 2017*

| | Business Type | | | |
|---|---|---|---|---|
| | Water and Sewer Utility | Natural Gas Utility | Sanitation | Totals |
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | $ 183,596 | $ 304,876 | $ 9,771 | $ 498,243 |
| Certificates of deposit | 0 | 152,322 | 0 | 152,322 |
| Restricted assets | | | | |
| Cash and cash equivalents | 21,875 | 152,522 | 0 | 174,397 |
| Receivables (net) | | | | |
| Accounts | 99,617 | 181,996 | 45,596 | 327,209 |
| Interest | 0 | 167 | 0 | 167 |
| Inventories | 0 | 155,485 | 0 | 155,485 |
| Prepaid items | 4,926 | 4,311 | 2,208 | 11,445 |
| Total current assets | 310,014 | 951,679 | 57,575 | 1,319,268 |
| **Noncurrent assets** | | | | |
| Capital assets | | | | |
| Non-depreciable | 139,967 | 911,214 | 6,429 | 1,057,610 |
| Depreciable (net) | 3,007,175 | 2,023,221 | 73,463 | 5,103,859 |
| Total noncurrent assets | 3,147,142 | 2,934,435 | 79,892 | 6,161,469 |
| **Total assets** | 3,457,156 | 3,886,114 | 137,467 | 7,480,737 |
| **DEFERRED OUTFLOWS OF RESOURSES** | | | | |
| Pension contributions subsequent to the measurement date | 21,555 | 18,152 | 8,622 | 48,329 |
| Pension investment return differences | 8,356 | 7,036 | 3,342 | 18,734 |
| Pension experience differences | 7,832 | 6,596 | 3,133 | 17,561 |
| **Total deferred outflows of resources** | 37,743 | 31,784 | 15,097 | 84,624 |
| **LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Payables | | | | |
| Accounts | 22,438 | 9,742 | 6,344 | 38,524 |
| Sales tax | 0 | 4,354 | 0 | 4,354 |
| Interest | 0 | 599 | 0 | 599 |
| Accrued salaries | 4,960 | 4,994 | 1,650 | 11,604 |
| Compensated absences | 13,441 | 8,506 | 4,415 | 26,362 |
| Unearned revenue | 5,152 | 41,663 | 1,845 | 48,660 |
| Due to other funds | 0 | 0 | 5,476 | 5,476 |
| Capital leases payable | 0 | 136,216 | 0 | 136,216 |
| Notes payable | 53,303 | 0 | 0 | 53,303 |
| Liabilities payable from restricted assets: | | | | |
| Customer deposits payable | 21,875 | 53,855 | 0 | 75,730 |
| Total current liabilities | 121,169 | 259,929 | 19,730 | 400,828 |

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

*CITY OF ROYSTON, GEORGIA*
*STATEMENT OF NET POSITION*
*PROPRIETARY FUNDS*
*June 30, 2017*

| | Business Type | | | |
|---|---|---|---|---|
| | Water and Sewer Utility | Natural Gas Utility | Sanitation | Totals |
| **Noncurrent liabilities** | | | | |
| Compensated absences | $ 1,493 | $ 945 | $ 491 | $ 2,929 |
| Net pension liability | 110,850 | 93,348 | 44,340 | 248,538 |
| Capital leases payable | 0 | 664,342 | 0 | 664,342 |
| Notes payable | 316,692 | 0 | 0 | 316,692 |
| Total noncurrent liabilities | 429,035 | 758,635 | 44,831 | 1,232,501 |
| **Total liabilities** | 550,204 | 1,018,564 | 64,561 | 1,633,329 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Pension assumption changes | 610 | 514 | 244 | 1,368 |
| Pension investment return differences | 8,005 | 6,741 | 3,202 | 17,948 |
| Pension experience differences | 13,805 | 11,626 | 5,522 | 30,953 |
| **Total deferred inflows of resources** | 22,420 | 18,881 | 8,968 | 50,269 |
| **NET POSITION** | | | | |
| Net investment in capital assets | 2,777,147 | 2,232,544 | 79,892 | 5,089,583 |
| Unrestricted | 145,128 | 647,909 | (857) | 792,180 |
| **Total net position** | $ 2,922,275 | $ 2,880,453 | $ 79,035 | $ 5,881,763 |

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, 2017***

| | Business Type | | | |
|---|---|---|---|---|
| | Water and Sewer Utility | Natural Gas Utility | Sanitation | Totals |
| **OPERATING REVENUES** | | | | |
| Charges for sales and services | $ 958,844 | $ 2,473,313 | $ 300,517 | $ 3,732,674 |
| **Total operating revenues** | 958,844 | 2,473,313 | 300,517 | 3,732,674 |
| **OPERATING EXPENSES** | | | | |
| Costs of sales and services | 420,325 | 1,260,871 | 135,197 | 1,816,393 |
| Personal services | 360,801 | 342,763 | 135,731 | 839,295 |
| Depreciation | 130,931 | 87,421 | 22,345 | 240,697 |
| **Total operating expenses** | 912,057 | 1,691,055 | 293,273 | 2,896,385 |
| Operating income (loss) | 46,787 | 782,258 | 7,244 | 836,289 |
| Non-operating revenues (expenses) | | | | |
| Interest revenue | 118 | 787 | 6 | 911 |
| Interest expense | (10,121) | (22,660) | (918) | (33,699) |
| Gain (loss) on sale of capital assets | 0 | (28,238) | 0 | (28,238) |
| Total non-operating revenues (expenses) | (10,003) | (50,111) | (912) | (61,026) |
| Income (loss) before transfers | 36,784 | 732,147 | 6,332 | 775,263 |
| Transfers in (out) | | | | |
| Transfers in | 41,194 | 0 | 11,368 | 52,562 |
| Transfers out | (25,904) | (606,752) | (5,757) | (638,413) |
| Total transfers | 15,290 | (606,752) | 5,611 | (585,851) |
| Change in net position | 52,074 | 125,395 | 11,943 | 189,412 |
| Net position, July 1 | 2,870,201 | 2,755,058 | 67,092 | 5,692,351 |
| **Net position, June 30** | $ 2,922,275 | $ 2,880,453 | $ 79,035 | $ 5,881,763 |

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, 2017*

| | Business Type | | | |
|---|---|---|---|---|
| | Water and Sewer Utility | Natural Gas Utility | Sanitation | Totals |
| **Cash flows from operating activities:** | | | | |
| Receipts from customers | $ 911,696 | $ 2,449,991 | $ 291,217 | $ 3,652,904 |
| Payments to suppliers | (428,567) | (1,249,654) | (137,954) | (1,816,175) |
| Payments to employees | (368,298) | (354,015) | (137,329) | (859,642) |
| Other receipts | 51,704 | 35,138 | 10,586 | 97,428 |
| Net cash provided (used) by operating activities | 166,535 | 881,460 | 26,520 | 1,074,515 |
| **Cash flows from non-capital financing activities:** | | | | |
| Payments to other funds | (25,904) | (606,752) | (5,757) | (638,413) |
| Net cash provided (used) by non-capital financing activities | (25,904) | (606,752) | (5,757) | (638,413) |
| **Cash flows from capital and related financing activities:** | | | | |
| Receipts from other funds | 41,194 | 0 | 11,368 | 52,562 |
| Interest paid | (10,121) | (22,660) | (1,593) | (34,374) |
| Acquisition of capital assets | (51,285) | (263,725) | (11,368) | (326,378) |
| Principal payments - notes | (52,093) | 0 | (19,259) | (71,352) |
| Principal payments - capital lease | 0 | (132,771) | 0 | (132,771) |
| Net cash provided (used) by capital and related financing activities | (72,305) | (419,156) | (20,852) | (512,313) |
| **Cash flows from investing activities:** | | | | |
| Interest received | 118 | 787 | 6 | 911 |
| Proceeds from sale of investments | 0 | 151,791 | 0 | 151,791 |
| Purchase of investments | 0 | (152,322) | 0 | (152,322) |
| Net cash provided (used) by investing activities | 118 | 256 | 6 | 380 |
| Net increase (decrease) in cash and cash equivalents | 68,444 | (144,192) | (83) | (75,831) |
| Cash and cash equivalents, July 1 | 137,027 | 601,590 | 9,854 | 748,471 |
| **Cash and cash equivalents, June 30** | $ 205,471 | $ 457,398 | $ 9,771 | $ 672,640 |

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, 2017*

| | 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) | $ 46,787 | $ 782,258 | $ 7,244 | $ 836,289 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Depreciation expense | 130,931 | 87,421 | 22,345 | 240,697 |
| (Increase) decrease in accounts receivable | 3,591 | 4,648 | 1,170 | 9,409 |
| (Increase) decrease in prepaids | (386) | (273) | (184) | (843) |
| (Increase) decrease in inventories | 0 | 31,438 | 0 | 31,438 |
| (Increase) decrease in pension contributions made after measurement date | 296 | 249 | 119 | 664 |
| Increase (decrease) in accounts payable | (7,855) | (19,948) | (2,573) | (30,376) |
| Increase (decrease) in sales tax payable | 0 | 399 | 0 | 399 |
| Increase (decrease) in unearned revenue | 345 | 2,622 | 116 | 3,083 |
| Increase (decrease) in pension assumption differences | (153) | (128) | (61) | (342) |
| Increase (decrease) in pension investment return differences | 7,501 | 6,318 | 3,000 | 16,819 |
| Increase (decrease) in pension experience differences | 15,674 | 13,200 | 6,270 | 35,144 |
| Increase (decrease) in net pension liability | (25,980) | (21,878) | (10,392) | (58,250) |
| Increase (decrease) in accrued payroll liabilities | (4,836) | (9,012) | (534) | (14,382) |
| Increase (decrease) in deposits payable | 620 | 4,146 | 0 | 4,766 |
| Total adjustments | 119,748 | 99,202 | 19,276 | 238,226 |
| Net cash provided (used) by operating activities | $ 166,535 | $ 881,460 | $ 26,520 | $ 1,074,515 |
| **Cash and cash equivalents reconciliation:** | | | | |
| Cash and cash equivalents | $ 183,596 | $ 304,876 | $ 9,771 | $ 498,243 |
| Restricted assets | | | | |
| Cash and cash equivalents | 21,875 | 152,522 | 0 | 174,397 |
| Total cash and cash equivalents | $ 205,471 | $ 457,398 | $ 9,771 | $ 672,640 |

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, 2017*

| | Municipal Court Agency Fund |
|---|---|
| **ASSETS** | |
| Cash and cash equivalents | $ 37,076 |
| **LIABILITIES** | |
| Due to other agencies | $ 37,076 |

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, 2017, 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, 2017, 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 2016 amounts have been reclassified to conform with the 2017 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, 2017 consist of the following:

| | | |
|---|---|---|
| **Major Funds** | | |
| General Fund | | $ 11,965 |
| Enterprise Funds | | |
| Water and Sewer Utility | $ 159,425 | |
| Less: Allowances for Uncollectibles | (59,808) | |
| Natural Gas Utility | 390,001 | |
| Less: Allowances for Uncollectibles | (208,005) | |
| Sanitation | 95,446 | |
| Less: Allowances for Uncollectibles | (49,850) | 327,209 |
| Total Primary Government | | $ 339,174 |

## 5. Intergovernmental Receivables

Intergovernmental receivables at June 30, 2017 consist of the following:

| | |
|---|---|
| **Nonmajor Governmental Funds** | |
| Franklin County, Georgia | $ 60,185 |
| Hart County, Georgia | 234 |
| Total Primary Government | $ 60,419 |

## 6. Property Taxes

Taxes receivable as of June 30, 2017 consist of property taxes for five years as follows:

| Year of Levy | Amount |
|---|---|
| 2016 | $ 12,562 |
| 2015 | 1,220 |
| 2014 | 748 |
| 2013 | 1,836 |
| 2012 | 1,879 |
| Less allowance for uncollectible | (4,196) |
| Total | $ 14,049 |

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 2017, based upon the assessments of January 1, 2016, were billed on December 29, 2016, and due on February 27, 2017. Tax liens are issued 90 days after the due date. The tax rate of 10.0 mills for fiscal year 2017 was levied on September 13, 2016.

### *Other Taxes*

$43,205 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, 2017 is as follows:

| Receivable Fund | Payable Fund | Amount |
|---|---|---|
| General | Sanitation | $ 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 |
|---|---|---|
| Natural Gas Utility | General | $ 606,752 |
| Water and Sewer Utility | General | 25,904 |
| Sanitation | General | 5,757 |
| Nonmajor governmental | Water and Sewer Utility | 4,995 |
| Franklin County SPLOST #4 | Water and Sewer Utility | 36,199 |
| | Sanitation | 11,368 |
| | | $ 690,975 |

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, 2017 was as follows:

| | Balance June 30, 2016 | Increases | Decreases | Balance June 30, 2017 |
|---|---|---|---|---|
| **Governmental activities** | | | | |
| Non-depreciable assets | | | | |
| Land | $ 426,114 | $ 47,881 | $ 0 | $ 473,995 |
| Construction in progress | 15,237 | 8,400 | 0 | 23,637 |
| Total non-depreciable assets | 441,351 | 56,281 | 0 | 497,632 |
| Depreciable assets | | | | |
| Buildings | 4,650,520 | 3,830 | (212,700) | 4,441,650 |
| Infrastructure | 2,445,968 | 0 | 0 | 2,445,968 |
| Vehicles and equipment | 2,751,913 | 161,577 | (52,178) | 2,861,312 |
| Furniture and fixtures | 213,719 | 0 | (22,930) | 190,789 |
| Total depreciable assets | 10,062,120 | 165,407 | (287,808) | 9,939,719 |
| Accumulated depreciation | | | | |
| Buildings | (2,227,612) | (88,345) | 212,710 | (2,103,247) |
| Infrastructure | (381,022) | (68,722) | 0 | (449,744) |
| Vehicles and equipment | (1,906,568) | (258,275) | 52,177 | (2,112,666) |
| Furniture and fixtures | (206,231) | (2,098) | 21,683 | (186,646) |
| Total accumulated depreciation | (4,721,433) | (417,440) | 286,570 | (4,852,303) |
| Total depreciable assets, net | 5,340,687 | (252,033) | (1,238) | 5,087,416 |
| Governmental activities capital assets, net | $ 5,782,038 | $ (195,752) | $ (1,238) | $ 5,585,048 |
| **Business-type activities** | | | | |
| Non-depreciable assets | | | | |
| Land | $ 83,361 | $ 0 | $ (10,000) | $ 73,361 |
| Construction in progress | 829,315 | 154,934 | 0 | 984,249 |
| Total non-depreciable assets | 912,676 | 154,934 | (10,000) | 1,057,610 |
| Depreciable assets | | | | |
| Buildings | 240,933 | 0 | (39,432) | 201,501 |
| Land improvements | 24,644 | 0 | 0 | 24,644 |
| Distribution system | 11,155,143 | 100,459 | 0 | 11,255,602 |
| Vehicles and equipment | 1,535,774 | 70,985 | 0 | 1,606,759 |
| Total depreciable assets | 12,956,494 | 171,444 | (39,432) | 13,088,506 |
| Accumulated depreciation | | | | |
| Buildings | (131,979) | (4,718) | 21,195 | (115,502) |
| Land improvements | (13,466) | (1,643) | 0 | (15,109) |
| Distribution system | (6,352,028) | (165,646) | 0 | (6,517,674) |
| Vehicles and equipment | (1,267,672) | (68,690) | 0 | (1,336,362) |
| Total accumulated depreciation | (7,765,145) | (240,697) | 21,195 | (7,984,647) |
| Total depreciable assets, net | 5,191,349 | (69,251) | (18,237) | 5,103,859 |
| Business-type activities capital assets, net | $ 6,104,025 | $ 85,683 | $ (28,237) | $ 6,161,469 |

## 8. Capital Assets (continued)

Capital asset activity for the Downtown Development Authority Component Unit for the year ended June 30, 2017 was as follows:

| | Balance 6/30/2016 | Increases | Decreases | Balance 6/30/2017 |
|---|---|---|---|---|
| **Downtown Development Authority Component Unit** | | | | |
| Non-depreciable assets | | | | |
| Construction in progress | $37,096 | $0 | $0 | $37,096 |

Depreciation expense was charged to functions/programs as follows:

| | |
|---|---|
| **Primary Government** | |
| **Governmental activities** | |
| General Government | $ 22,289 |
| Public Safety | 155,008 |
| Public Works | 158,668 |
| Culture and Recreation | 81,475 |
| Total depreciation expense for governmental activities | $ 417,440 |
| **Business-type activities** | |
| Water and Sewer Utility | $ 130,931 |
| Natural Gas Utility | 87,421 |
| Sanitation | 22,345 |
| Total depreciation expense for business-type activities | $ 240,697 |

## 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, 2017 are $800,558 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, 2017:

| Year Ending June 30, | Business-type Activities |
|---|---|
| 2018 | $ 155,431 |
| 2019 | 155,431 |
| 2020 | 155,431 |
| 2021 | 120,861 |
| 2022 | 86,290 |
| 2023-2025 | 194,340 |
| Total minimum lease payments | 867,784 |
| Less amounts representing interest | (67,226) |
| Present value of minimum lease payments | $ 800,558 |

Total assets leased under capital leases are classified as follows:

| | Business-type Activities | |
|---|---|---|
| | Cost | Accumulated Depreciation |
| Construction in progress | $ 897,526 | $ 0 |
| Natural gas system infrastructure | 500,000 | 85,141 |
| Total assets under capital leases | $ 1,397,526 | $ 85,141 |

Amortization of leased assets under capital leases is included with depreciation expense.

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

# 10. Long-Term Debt

## *Notes Payable*

On October 1, 2004, the City entered into an agreement the Georgia Environmental Facilities Authority for expansion of the City's water and sewerage system. The City borrowed $381,024 due in monthly installments of $2,333 principal and interest through October 1, 2024; interest at 4.12% ($176,928 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% ($193,067 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% ($0 outstanding).

Annual debt service requirements for notes payable are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2018 | $ 53,303 | $ 8,910 | $ 62,213 |
| 2019 | 54,555 | 7,658 | 62,213 |
| 2020 | 55,840 | 6,373 | 62,213 |
| 2021 | 57,191 | 5,022 | 62,213 |
| 2022 | 58,565 | 3,648 | 62,213 |
| 2023-2025 | 90,541 | 3,292 | 93,833 |
| Totals | $ 369,995 | $ 34,903 | $ 404,898 |

# 10. Long-Term Debt (continued)

## *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, 2017:

| | Balance 6/30/2016 | Additions | Deductions | Balance 6/30/2017 | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental activities** | | | | | |
| Compensated absences | $ 57,571 | $ 50,136 | $ (51,814) | $ 55,893 | $ 50,304 |
| **Business-type activities** | | | | | |
| Notes payable | $ 441,347 | $ 0 | $ (71,352) | $ 369,995 | $ 53,303 |
| Capital lease obligations | 933,329 | 0 | (132,771) | 800,558 | 136,216 |
| Compensated absences | 33,631 | 25,928 | (30,268) | 29,291 | 26,362 |
| Total business-type activities | $ 1,408,307 | $ 25,928 | $ (234,391) | $ 1,199,844 | $ 215,881 |

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 business type activities for the fiscal ended June 30, 2017 was $33,699.

## 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, 2017, the date of the most recent actuarial valuation, there were 73 participants consisting of the following:

| | |
|---|---|
| Retirees and beneficiaries currently receiving benefits | 12 |
| Terminated vested participants entitled to but not yet receiving benefits | 9 |
| Active participants | 52 |
| Total number of participants | 73 |

## 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. During 2017, the city made contributions in the amount as a percentage of covered payroll of 9.68%. 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, 2017, the City reported a net pension liability of $583,424. The net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2017. For the fiscal year ended June 30, 2017, the City recognized pension expense in the amount of $137,264.

## 11. Pension Plan (continued)

At June 30, 2017, 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 | $ 41,223 | $ (72,660) |
| Changes of assumptions | 0 | (3,212) |
| Net difference between projected and actual earnings on pension plan investments | 43,977 | (42,133) |
| City contributions subsequent to the measurement date | 113,448 | 0 |
| Totals | $ 198,648 | $ (118,005) |

The $113,448 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, 2018. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

| Year Ending June 30 | |
|---|---|
| 2018 | $ (1,833) |
| 2019 | (1,833) |
| 2020 | 3,938 |
| 2021 | (10,721) |
| 2022 | (10,247) |
| 2023 and thereafter | (12,109) |
| Totals | $ (32,805) |

## 11. Pension Plan (continued)

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

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

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2016 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Domestic equity | 45% | 6.75% |
| International equity | 20% | 7.45% |
| Real estate | 10% | 4.55% |
| Global fixed income | 5% | 3.30% |
| Domestic fixed income | 20% | 1.75% |
| 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 9/30/15** | $ 1,817,675 | $ 1,097,515 | $ 720,160 |
| **Changes for the year:** | | | |
| Service cost | 83,644 | 0 | 83,644 |
| Interest | 138,513 | 0 | 138,513 |
| Differences between expected and actual experience | (84,767) | 0 | (84,767) |
| Contributions—employer | 0 | 152,823 | (152,823) |
| Net investment income | 0 | 126,653 | (126,653) |
| Benefit payments, including refunds of employee contributions | (60,829) | (60,829) | 0 |
| Administrative expense | 0 | (5,350) | 5,350 |
| **Net changes** | 76,561 | 213,297 | (136,736) |
| **Balances at 9/30/16** | $ 1,894,236 | $ 1,310,812 | $ 583,424 |

| | |
|---|---|
| Plan fiduciary net position as a percentage of the total pension liability | 69.20% |
| Covered payroll | $ 1,579,149 |
| Employer's net pension liability as percentage of covered payroll | 36.95% |

## 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% | $ 846,926 |
| Current discount rate | 7.75% | 583,424 |
| 1% increase | 8.75% | 362,864 |

*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, 2017, there were 12 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 $4,266 to the plans based on covered salaries of $439,817. Plan members made voluntary contributions of $17,063 to the plans. Total payroll was $1,748,181.

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, 2017, follows:

| | | |
|---|---|---|
| Lodging Tax Receipts | $6,368 | |
| Disbursements to | | |
| Downtown Development Authority | $6,475 | 101.7% 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, 2017, the city paid $2,114 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 RC. 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 $19,560 as payment-in-lieu-of-taxes for fiscal year 2017. 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, 2017, the City has no losses that are probable or estimable and accordingly has not recognized any liability.

## 17. Contingencies

### *Contingencies*

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

## 18. Subsequent Event

Subsequent to the current fiscal year, the City entered into an agreement with the Georgia Environmental Finance Authority in amount of $2,000,000. GEFA agrees to forgive $500,000 if all funds are drawn. The proceeds of the note payable will be used to finance improvements to the infrastructure at the sewerage treatment plant.

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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, 2017***
***(Unaudited)***

| | Fiscal Year | | |
|---|---|---|---|
| | **2015** | **2016** | **2017** |
| **Total pension liability** | | | |
| Service cost | $ 97,099 | $ 90,691 | $ 83,644 |
| Interest | 109,378 | 125,255 | 138,513 |
| Differences between expected and actual experience | 55,842 | 13,041 | (84,767) |
| Benefit payments, including refunds of employee contributions | (48,664) | (55,011) | (60,829) |
| Other | (5,620) | 0 | 0 |
| Net change in total pension liability | 208,035 | 173,976 | 76,561 |
| Total pension liability - beginning | 1,435,664 | 1,643,699 | 1,817,675 |
| **Total pension liability - ending (a)** | $ 1,643,699 | $ 1,817,675 | 1,894,236 |
| **Plan fiduciary net position** | | | |
| Contributions - employer | $ 149,721 | $ 152,263 | $ 152,823 |
| Net investment income | 95,129 | 7,629 | 126,653 |
| Benefit payments, including refunds of employee contributions | (48,664) | (55,011) | (60,829) |
| Administrative expense | (4,551) | (5,878) | (5,350) |
| Net change in total pension liability | 191,635 | 99,003 | 213,297 |
| Plan fiduciary net position - beginning | 806,877 | 998,512 | 1,097,515 |
| **Plan fiduciary net position - ending (b)** | $ 998,512 | $ 1,097,515 | $ 1,310,812 |
| **Net pension liability (asset) - ending : (a) - (b)** | $ 645,187 | $ 720,160 | $ 583,424 |
| Plan's fiduciary net position as a percentage of the total pension liability | 60.75% | 60.38% | 69.20% |
| Covered payroll | $ 1,566,779 | $ 1,514,806 | $ 1,579,149 |
| Net pension liabilty as a percentage of covered payroll | 41.18% | 47.54% | 36.95% |

Note: Fiscal year 2015 was the first year of implementation. Therefore, only three 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, 2017***
***(Unaudited)***

| | Fiscal Year | | |
|---|---|---|---|
| | **2015** | **2016** | **2017** |
| Actuarially determined contribution | $ 151,903 | $ 153,343 | $ 152,823 |
| Contributions in relation to the actuarially determined contribution | (151,903) | (153,343) | (152,823) |
| Contribution deficiency (excess) | $ 0 | $ 0 | $ 0 |
| Covered payroll | $ 1,566,779 | $ 1,514,806 | $ 1,579,149 |
| Contributions as a percentage of covered payroll | 9.70% | 10.12% | 9.68% |

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

## 1. Valuation Date

The actuarially determined contribution rate was determined as of January 1, 2017, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2018.

## 2. Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method = Entry age

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 15 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

There were no changes in benefit provisions in the last two fiscal years.

## 4. Changes of Assumptions

As a result of the new administrative fee structure approved by the Board, the administrative expense assumption was updated for fiscal years beginning in 2016.

Base fee - $4000

Per active and terminated vested participant - $48

Per retiree and beneficiary - $60

Percentage of the market value of assets – 0.06%

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# *COMBINING STATEMENTS*

## *NONMAJOR GOVERNMENTAL FUNDS*

*CITY OF ROYSTON, GEORGIA*
*COMBINING BALANCE SHEET*
*NONMAJOR GOVERNMENTAL FUNDS*
*June 30, 2017*

| | Special Revenue | | | |
|---|---|---|---|---|
| | Confiscated Assets | Hotel/Motel Tax | Technology Surcharge | Fire Department |
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 4,337 | $ 5,544 | $ 23,065 | $ 15,829 |
| Intergovernmental receivable | 0 | 0 | 0 | 0 |
| **Total assets** | $ 4,337 | $ 5,544 | $ 23,065 | $ 15,829 |
| **FUND BALANCES** | | | | |
| Restricted: | | | | |
| Public Safety | $ 4,337 | $ 0 | $ 23,065 | $ 15,829 |
| Capital projects | 0 | 0 | 0 | 0 |
| Assigned for Housing and Development | 0 | 5,544 | 0 | 0 |
| **Total fund balances** | $ 4,337 | $ 5,544 | $ 23,065 | $ 15,829 |

| Capital Projects | | Total |
|---|---|---|
| Hart County SPLOST #4 | Franklin County SPLOST #5 | Nonmajor Governmental Funds |
| $ 0 | $ 0 | $ 48,775 |
| 234 | 60,185 | 60,419 |
| $ 234 | $ 60,185 | $ 109,194 |
| $ 0 | $ 0 | $ 43,231 |
| 234 | 60,185 | 60,419 |
| 0 | 0 | 5,544 |
| $ 234 | $ 60,185 | $ 109,194 |

*CITY OF ROYSTON, GEORGIA*
*COMBINING STATEMENT OF REVENUES, EXPENDITURES*
*AND CHANGES IN FUND BALANCES*
*NONMAJOR GOVERNMENTAL FUNDS*
*For the fiscal year ended June 30, 2017*

| | Special Revenue | | | |
|---|---|---|---|---|
| | Confiscated Assets | Hotel/Motel Tax | Technolgy Surcharge | Fire Department |
| **REVENUES** | | | | |
| Taxes | $ 0 | $ 6,368 | $ 0 | $ 0 |
| Fines, fees, and forfeitures | 3,550 | 0 | 3,770 | 0 |
| Intergovernmental | 0 | 0 | 0 | 16,984 |
| Interest | 0 | 0 | 18 | 0 |
| Contributions | 0 | 0 | 0 | 4,034 |
| **Total revenues** | 3,550 | 6,368 | 3,788 | 21,018 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| Public Safety | 92 | 0 | 0 | 17,971 |
| Housing and Development | 0 | 6,475 | 0 | 0 |
| Capital outlay | 0 | 0 | 0 | 0 |
| **Total expenditures** | 92 | 6,475 | 0 | 17,971 |
| Excess (deficiency) of revenues over (under) expenditures | 3,458 | (107) | 3,788 | 3,047 |
| Other financing sources (uses) | | | | |
| Transfers out | 0 | 0 | 0 | 0 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 3,458 | (107) | 3,788 | 3,047 |
| Fund balances, July 1 | 879 | 5,651 | 19,277 | 12,782 |
| **Fund balances, June 30** | $ 4,337 | $ 5,544 | $ 23,065 | $ 15,829 |

| Capital Projectes | | Total |
|---|---|---|
| Hart County SPLOST #4 | Franklin County SPLOST #5 | Nonmajor Governmental Funds |
| $ 0 | $ 0 | $ 6,368 |
| 0 | 0 | 7,320 |
| 28,452 | 60,185 | 105,621 |
| 0 | 0 | 18 |
| 0 | 0 | 4,034 |
| 28,452 | 60,185 | 123,361 |
| 0 | 0 | 18,063 |
| 0 | 0 | 6,475 |
| 31,133 | 0 | 31,133 |
| 31,133 | 0 | 55,671 |
| (2,681) | 60,185 | 67,690 |
| (4,995) | 0 | (4,995) |
| (7,676) | 60,185 | 62,695 |
| 7,910 | 0 | 46,499 |
| $ 234 | $ 60,185 | $ 109,194 |

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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, 2017 and 2016*

| | 2017 | 2016 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 507,318 | $ 468,225 |
| Certificates of deposit | 81,198 | 80,915 |
| Restricted assets | | |
| Cash and cash equivalents | 2,314 | 4,013 |
| Receivables (net) | | |
| Accounts | 11,965 | 12,759 |
| Taxes | 57,254 | 60,846 |
| Interest | 121 | 121 |
| Due from other funds | 5,476 | 5,476 |
| Prepaid items | 28,133 | 22,615 |
| **Total assets** | $ 693,779 | $ 654,970 |
| **LIABILITIES** | | |
| Payables | | |
| Accounts | $ 45,726 | $ 59,928 |
| Intergovernmental | 81 | 81 |
| Refunds | 2,346 | 3,644 |
| Accrued salaries and payroll liabilities | 40,143 | 54,528 |
| Due to others | 10,057 | 0 |
| Total liabilities | 98,353 | 118,181 |
| **DEFERRED INFLOWS OF RESOURCES** | | |
| Unavailable revenue - property tax | 12,598 | 14,187 |
| **FUND BALANCES** | | |
| Nonspendable prepaid items | 28,133 | 22,615 |
| Restricted for Public Safety | 2,314 | 4,013 |
| Unassigned | 552,381 | 495,974 |
| Total fund balances | 582,828 | 522,602 |
| **Total liabilities, deferred inflows, and fund balances** | $ 693,779 | $ 654,970 |

***CITY OF ROYSTON, GEORGIA***
***GENERAL FUND***
***COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES***
***AND CHANGES IN FUND BALANCES***
***For the fiscal years ended June 30, 2017 and 2016***

| | 2017 | 2016 |
|---|---|---|
| **REVENUES** | | |
| Taxes | $ 1,472,564 | $ 1,479,200 |
| Licenses and permits | 13,607 | 14,121 |
| Fines, fees and forfeitures | 46,906 | 47,051 |
| Charges for services | 119,860 | 99,732 |
| Intergovernmental | 52,223 | 28,401 |
| Interest | 679 | 812 |
| Contributions | 12,916 | 17,624 |
| Other | 45,614 | 39,796 |
| **Total revenues** | 1,764,369 | 1,726,737 |
| **EXPENDITURES** | | |
| Current | | |
| General Government | 598,051 | 575,133 |
| Judicial | 7,056 | 10,156 |
| Public Safety | 991,886 | 968,120 |
| Public Works | 538,708 | 583,842 |
| Culture and Recreation | 72,688 | 78,907 |
| Housing and Development | 154,266 | 171,201 |
| **Total expenditures** | 2,362,655 | 2,387,359 |
| Excess (deficiency) of revenues over (under) expenditures before transfers | (598,286) | (660,622) |
| Other financing sources (uses) | | |
| Transfers in (out) | | |
| Water and Sewer Utility Fund | 25,904 | 29,197 |
| Natural Gas Utility Fund | 606,752 | 654,522 |
| Sanitation Fund | 5,757 | 6,488 |
| Hart County SPLOST #4 Fund | 0 | (4,478) |
| Sales of capital assets | 20,099 | 14,783 |
| Total other financing sources (uses) | 658,512 | 700,512 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 60,226 | 39,890 |
| Fund balances, July 1 | 522,602 | 482,712 |
| **Fund balances, June 30** | $ 582,828 | $ 522,602 |

***CITY OF ROYSTON, GEORGIA***
***GENERAL FUND***
***SCHEDULE OF REVENUES***
***BUDGET (GAAP BASIS) AND ACTUAL***
***For the fiscal year ended June 30, 2017***
***(With comparative actual amounts for the fiscal year ended June 30, 2016)***

| | 2017 | | | 2016 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| **Taxes** | | | | |
| General property taxes | | | | |
| Property tax | $ 465,000 | $ 462,294 | $ (2,706) | $ 450,614 |
| Motor vehicle tax | 70,000 | 73,317 | 3,317 | 82,054 |
| Cost, penalties, and interest | 11,000 | 5,705 | (5,295) | 7,363 |
| Total general property taxes | 546,000 | 541,316 | (4,684) | 540,031 |
| Local option sales tax | 442,000 | 481,631 | 39,631 | 475,369 |
| Intangible tax | 5,500 | 4,641 | (859) | 7,761 |
| Franchise tax | 208,000 | 197,512 | (10,488) | 206,677 |
| Insurance premium tax | 146,000 | 160,592 | 14,592 | 148,257 |
| Beer and wine tax | 68,000 | 57,259 | (10,741) | 67,532 |
| Occupational tax | 29,700 | 27,726 | (1,974) | 29,936 |
| Other taxes | 1,807 | 1,887 | 80 | 3,637 |
| Total taxes | 1,447,007 | 1,472,564 | 25,557 | 1,479,200 |
| **Licenses and Permits** | | | | |
| Building permits | 1,500 | 807 | (693) | 2,121 |
| Alcohol licenses and penalties | 12,000 | 12,800 | 800 | 12,000 |
| Total licenses and permits | 13,500 | 13,607 | 107 | 14,121 |
| **Fines, fees and forfeitures** | 68,000 | 46,906 | (21,094) | 47,051 |
| **Charges for Services** | | | | |
| Cemetery lot sales | 6,000 | 5,000 | (1,000) | 5,400 |
| Fire protection | 350 | 250 | (100) | 250 |
| Civic Center rents | 6,000 | 6,000 | 0 | 6,060 |
| Indirect expenses | 118,483 | 108,610 | (9,873) | 88,022 |
| Total charges for services | 130,833 | 119,860 | (10,973) | 99,732 |
| **Intergovernmental** | | | | |
| Grants and receipts | 17,445 | 52,223 | 34,778 | 28,401 |
| **Interest** | 900 | 679 | (221) | 812 |
| **Contributions** | 9,000 | 12,916 | 3,916 | 17,624 |
| **Other** | 35,252 | 45,614 | 10,362 | 39,796 |
| **Total revenues** | $ 1,721,937 | $ 1,764,369 | $ 42,432 | $ 1,726,737 |

***CITY OF ROYSTON, GEORGIA***
***GENERAL FUND***
***SCHEDULE OF EXPENDITURES***
***BUDGET (GAAP BASIS) AND ACTUAL***
***For the fiscal year ended June 30, 2017***
***(With comparative actual amounts for the fiscal year ended June 30, 2016)***

| | 2017 | | | 2016 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **EXPENDITURES** | | | | |
| **Current** | | | | |
| **General Government** | | | | |
| Mayor and Council | | | | |
| Personal services | $ 84,617 | $ 97,464 | $ (12,847) | $ 89,020 |
| Contractual services | 52,944 | 42,038 | 10,906 | 46,466 |
| Materials and supplies | 3,856 | 1,450 | 2,406 | 4,692 |
| Total Mayor and Council | 141,417 | 140,952 | 465 | 140,178 |
| Administration | | | | |
| Personal services | 287,627 | 285,843 | 1,784 | 284,384 |
| Contractual services | 119,630 | 119,034 | 596 | 96,555 |
| Materials and supplies | 28,750 | 24,520 | 4,230 | 31,782 |
| Capital outlay | 6,750 | 15,381 | (8,631) | 13,290 |
| Payments to other agencies | 10,000 | 8,750 | 1,250 | 8,200 |
| Total Administration | 452,757 | 453,528 | (771) | 434,211 |
| Clerk | | | | |
| Contract services | 3,400 | 3,394 | 6 | 0 |
| Elections | | | | |
| Contract services | 900 | 177 | 723 | 632 |
| Materials and supplies | 100 | 0 | 100 | 112 |
| Total Elections | 1,000 | 177 | 823 | 744 |
| Total General Government | 598,574 | 598,051 | 523 | 575,133 |
| **Judicial** | | | | |
| Municipal Court | | | | |
| Personal Services | 10,924 | 7,056 | 3,868 | 10,156 |
| **Public Safety** | | | | |
| Police | | | | |
| Personal services | 691,815 | 677,157 | 14,658 | 685,149 |
| Contractual services | 91,345 | 101,356 | (10,011) | 108,222 |
| Materials and supplies | 79,470 | 80,214 | (744) | 78,219 |
| Capital outlay | 37,500 | 35,113 | 2,387 | 14,965 |
| Payments to other agencies | 10,000 | 7,316 | 2,684 | 8,751 |
| Total Police Department | 910,130 | 901,156 | 8,974 | 895,306 |
| Fire | | | | |
| Personal services | 27,770 | 20,308 | 7,462 | 21,905 |
| Contractual services | 29,400 | 26,572 | 2,828 | 27,273 |
| Materials and supplies | 14,775 | 12,318 | 2,457 | 16,749 |
| Capital outlay | 25,500 | 25,443 | 57 | 0 |
| Total Fire Department | 97,445 | 84,641 | 12,804 | 65,927 |
| Animal Control | | | | |
| Payments to others agencies | 7,000 | 6,089 | 911 | 6,887 |
| Total Public Safety | 1,014,575 | 991,886 | 22,689 | 968,120 |

***CITY OF ROYSTON, GEORGIA***
***GENERAL FUND***
***SCHEDULE OF EXPENDITURES***
***BUDGET (GAAP BASIS) AND ACTUAL***
***For the fiscal year ended June 30, 2017***
***(With comparative actual amounts for the fiscal year ended June 30, 2016)***

| | 2017 | | | 2016 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **Public Works** | | | | |
| Streets | | | | |
| Personal services | $ 223,700 | $ 222,012 | $ 1,688 | $ 216,372 |
| Contractual services | 124,516 | 118,129 | 6,387 | 175,031 |
| Materials and supplies | 120,635 | 105,128 | 15,507 | 107,343 |
| Capital outlay | 15,500 | 11,888 | 3,612 | 0 |
| Total Streets | 484,351 | 457,157 | 27,194 | 498,746 |
| Maintenance Shop | | | | |
| Personal services | 61,220 | 61,275 | (55) | 63,053 |
| Contractual services | 6,948 | 5,800 | 1,148 | 5,728 |
| Materials and supplies | 12,252 | 12,015 | 237 | 14,152 |
| Total Maintenance Shop | 80,420 | 79,090 | 1,330 | 82,933 |
| Cemetery | | | | |
| Contractual services | 2,000 | 1,961 | 39 | 1,501 |
| Materials and supplies | 500 | 500 | 0 | 662 |
| Total Cemetery | 2,500 | 2,461 | 39 | 2,163 |
| Total Public Works | 567,271 | 538,708 | 28,563 | 583,842 |
| **Culture and Recreation** | | | | |
| Library | | | | |
| Contractual services | 6,718 | 6,734 | (16) | 13,701 |
| Materials and supplies | 20,450 | 19,714 | 736 | 16,539 |
| Payments to other agencies | 21,000 | 21,000 | 0 | 18,000 |
| Total Library | 48,168 | 47,448 | 720 | 48,240 |
| Parks and Recreation | | | | |
| Contractual services | 7,462 | 7,573 | (111) | 8,725 |
| Materials and supplies | 17,735 | 17,667 | 68 | 21,942 |
| Capital outlay | 3,000 | 0 | 3,000 | 0 |
| Total Parks and Recreation | 28,197 | 25,240 | 2,957 | 30,667 |
| Total Culture and Recreation | 76,365 | 72,688 | 3,677 | 78,907 |
| **Housing and Development** | | | | |
| Code Enforcement | | | | |
| Personal services | 56,261 | 56,043 | 218 | 59,782 |
| Contractual services | 14,518 | 12,615 | 1,903 | 12,478 |
| Materials and supplies | 4,100 | 3,629 | 471 | 3,823 |
| Total Code Enforcement | 74,879 | 72,287 | 2,592 | 76,083 |

## *GENERAL FUND*
## *SCHEDULE OF EXPENDITURES*
## *BUDGET (GAAP BASIS) AND ACTUAL*
## *For the fiscal year ended June 30, 2017*
## *(With comparative actual amounts for the fiscal year ended June 30, 2016)*

| | 2017 | | | 2016 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **Housing and Development** | | | | |
| Better Hometown Program | | | | |
| Personal services | $ 50,007 | $ 50,721 | $ (714) | $ 49,896 |
| Contractual services | 25,745 | 22,019 | 3,726 | 14,596 |
| Materials and supplies | 7,350 | 3,239 | 4,111 | 3,484 |
| Capital outlay | 0 | 0 | 0 | 21,142 |
| Total Better Hometown Program | 83,102 | 75,979 | 7,123 | 89,118 |
| Agency allocations | | | | |
| Downtown Development Authority | 6,000 | 6,000 | 0 | 6,000 |
| Total Housing and Development | 163,981 | 154,266 | 9,715 | 171,201 |
| **Total expenditures** | $ 2,431,690 | $ 2,362,655 | $ 69,035 | $ 2,387,359 |

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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, 2017 and 2016***

| | 2017 | 2016 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 4,337 | $ 879 |
| **FUND BALANCES** | | |
| Restricted for Public Safety | $ 4,337 | $ 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, 2017***
***(With comparative actual amounts for the fiscal year ended June 30, 2016)***

| | 2017 | | | 2016 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| Fines, fees, and forfeitures | $ 174 | $ 3,550 | $ 3,376 | $ 0 |
| **Total revenues** | 174 | 3,550 | 3,376 | 0 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| Public Safety | | | | |
| Materials and supplies | 174 | 92 | 82 | 0 |
| **Total expenditures** | 174 | 92 | 82 | 0 |
| Excess (deficiency) of revenues over (under) expenditures | 0 | 3,458 | 3,458 | 0 |
| Fund balances, July 1 | 0 | 879 | 879 | 879 |
| **Fund balances, June 30** | $ 0 | $ 4,337 | $ 4,337 | $ 879 |

***CITY OF ROYSTON, GEORGIA***
***HOTEL/MOTEL TAX SPECIAL REVENUE FUND***
***COMPARATIVE BALANCE SHEETS***
***June 30, 2017 and 2016***

| | 2017 | 2016 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 5,544 | $ 5,651 |
| **FUND BALANCES** | | |
| Assigned for Housing and Development | $ 5,544 | $ 5,651 |

***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, 2017***
***(With comparative actual amounts for the fiscal year ended June 30, 2016)***

| | 2017 | | | 2016 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| Hotel/motel taxes | $ 8,500 | $ 6,368 | $ (2,132) | $ 7,510 |
| **Total revenues** | 8,500 | 6,368 | (2,132) | 7,510 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| Housing and Development | | | | |
| Agency allocations | 8,500 | 6,475 | 2,025 | 6,102 |
| **Total expenditures** | 8,500 | 6,475 | 2,025 | 6,102 |
| Excess (deficiency) of revenues over (under) expenditures | 0 | (107) | (107) | 1,408 |
| Fund balances, July 1 | 0 | 5,651 | 5,651 | 4,243 |
| **Fund balances, June 30** | $ 0 | $ 5,544 | $ 5,544 | $ 5,651 |

***CITY OF ROYSTON, GEORGIA***
***TECHNOLOGY SURCHARGE SPECIAL REVENUE FUND***
***COMPARATIVE BALANCE SHEETS***
***June 30, 2017 and 2016***

| | 2017 | 2016 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 23,065 | $ 19,277 |
| **FUND BALANCES** | | |
| Restricted for Public Safety | $ 23,065 | $ 19,277 |

***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, 2017***
***(With comparative actual amounts for the fiscal year ended June 30, 2016)***

| | 2017 | | | 2016 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| Fines, fees, and forfeitures | $ 3,000 | $ 3,770 | $ 770 | $ 4,594 |
| Interest | 0 | 18 | 18 | 17 |
| **Total revenues** | 3,000 | 3,788 | 788 | 4,611 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| Public Safety | | | | |
| Materials and supplies | 500 | 0 | 500 | 0 |
| **Total expenditures** | 500 | 0 | 500 | 0 |
| Excess (deficiency) of revenues over (under) expenditures | 2,500 | 3,788 | 1,288 | 4,611 |
| Other financing sources (uses) | | | | |
| Contingency | (2,500) | 0 | 2,500 | 0 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 0 | 3,788 | 3,788 | 4,611 |
| Fund balances, July 1 | 0 | 19,277 | 19,277 | 14,666 |
| **Fund balances, June 30** | $ 0 | $ 23,065 | $ 23,065 | $ 19,277 |

***CITY OF ROYSTON, GEORGIA***
***FIRE DEPARTMENT SPECIAL REVENUE FUND***
***COMPARATIVE BALANCE SHEETS***
***June 30, 2017 and 2016***

| | 2017 | 2016 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 15,829 | $ 12,782 |
| **FUND BALANCES** | | |
| Restricted for Public Safety | $ 15,829 | $ 12,782 |

***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, 2017***
***(With comparative actual amounts for the fiscal year ended June 30, 2016)***

| | 2017 | | | 2016 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| Intergovernmental | $ 16,984 | $ 16,984 | $ 0 | $ 16,984 |
| Contributions | 3,394 | 4,034 | 640 | 729 |
| **Total revenues** | 20,378 | 21,018 | 640 | 17,713 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| Public Safety | | | | |
| Contract services | 0 | 240 | (240) | 0 |
| Materials and supplies | 7,639 | 8,086 | (447) | 16,028 |
| Capital outlay | 12,239 | 9,645 | 2,594 | 0 |
| Payments to other agencies | 500 | 0 | 500 | 0 |
| **Total expenditures** | 20,378 | 17,971 | 2,407 | 16,028 |
| Excess (deficiency) of revenues over (under) expenditures | 0 | 3,047 | 3,047 | 1,685 |
| Fund balances, July 1 | 0 | 12,782 | 12,782 | 11,097 |
| **Fund balances, June 30** | $ 0 | $ 15,829 | $ 15,829 | $ 12,782 |

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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.

Franklin County Special Purpose Local Option Sales #5 Tax Fund – Used to account for long-term projects financed by the passage of the Franklin County special purpose local option sales tax #5.

***CITY OF ROYSTON, GEORGIA***
***FRANKLIN COUNTY SPECIAL PURPOSE LOCAL OPTION SALES TAX #3***
***CAPITAL PROJECTS FUND***
***COMPARATIVE BALANCE SHEETS***
***June 30, 2017 and 2016***

| | 2017 | 2016 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 0 | $ 0 |
| **FUND BALANCES** | | |
| Restricted for capital projects | $ 0 | $ 0 |

***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, 2017 and 2016***

| | 2017 | 2016 |
|---|---|---|
| **REVENUES** | | |
| Interest | $ 0 | $ 2 |
| **EXPENDITURES** | | |
| Capital outlay | | |
| Public Safety | | |
| Fire | 0 | 5,432 |
| Excess (deficiency) of revenues over (under) expenditures | 0 | (5,430) |
| Fund balances, July 1 | 0 | 5,430 |
| **Fund balances, June 30** | $ 0 | $ 0 |

***CITY OF ROYSTON, GEORGIA***
***HART COUNTY SPECIAL PURPOSE LOCAL OPTION SALES TAX #3***
***CAPITAL PROJECTS FUND***
***COMPARATIVE BALANCE SHEETS***
***June 30, 2017 and 2016***

| | 2017 | 2016 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 0 | $ 0 |
| **FUND BALANCES** | | |
| Restricted for capital projects | $ 0 | $ 0 |

***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, 2017 and 2016***

| | 2017 | 2016 |
|---|---|---|
| **REVENUES** | $ 0 | $ 0 |
| **EXPENDITURES** | | |
| Capital outlay | | |
| Public Safety | | |
| Fire | 0 | 10,720 |
| Excess (deficiency) of revenues over (under) expenditures | 0 | (10,720) |
| Fund balances, July 1 | 0 | 10,720 |
| **Fund balances, June 30** | $ 0 | $ 0 |

***CITY OF ROYSTON, GEORGIA***
***FRANKLIN COUNTY SPECIAL PURPOSE LOCAL OPTION SALES TAX #4***
***CAPITAL PROJECTS FUND***
***COMPARATIVE BALANCE SHEETS***
***June 30, 2017 and 2016***

| | 2017 | 2016 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 491,163 | $ 573,965 |
| Intergovernmental receivable | 0 | 110,752 |
| **Total assets** | $ 491,163 | $ 684,717 |
| **LIABILITIES** | | |
| Payables | | |
| Accounts | $ 0 | $ 24,829 |
| Retainages | 0 | 31,910 |
| **Total liabilities** | 0 | 56,739 |
| **FUND BALANCES** | | |
| Restricted for capital projects | 491,163 | 627,978 |
| **Total liabilities and fund balances** | $ 491,163 | $ 684,717 |

***CITY OF ROYSTON, GEORGIA***
***FRANKLIN COUNTY SPECIAL PURPOSE LOCAL OPTION SALES TAX #4***
***CAPITAL PROJECTS FUND***
***COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES***
***For the fiscal years ended June 30, 2017 and 2016***

| | 2017 | 2016 |
|---|---|---|
| **REVENUES** | | |
| Intergovernmental | $ 238,802 | $ 554,625 |
| Interest | 514 | 670 |
| **Total revenues** | 239,316 | 555,295 |
| **EXPENDITURES** | | |
| Capital outlay | | |
| Public Safety | | |
| Fire | 71,698 | 14,488 |
| Public Works | | |
| Streets | 248,466 | 388,721 |
| Culture and Recreation | | |
| Parks | 8,400 | 2,931 |
| **Total expenditures** | 328,564 | 406,140 |
| Excess (deficiency) of revenues over (under) expenditures | (89,248) | 149,155 |
| Other financing sources (uses) | | |
| Transfers in (out) | | |
| Water and Sewer Utility Fund | (36,199) | (129,473) |
| Sanitation Fund | (11,368) | (42,379) |
| Total other financing sources (uses) | (47,567) | (171,852) |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (136,815) | (22,697) |
| Fund balances, July 1 | 627,978 | 650,675 |
| **Fund balances, June 30** | $ 491,163 | $ 627,978 |

***CITY OF ROYSTON, GEORGIA***
***HART COUNTY SPECIAL PURPOSE LOCAL OPTION SALES TAX #4***
***CAPITAL PROJECTS FUND***
***COMPARATIVE BALANCE SHEETS***
***June 30, 2017 and 2016***

| | 2017 | 2016 |
|---|---|---|
| **ASSETS** | | |
| Intergovernmental receivable | $ 234 | $ 7,910 |
| **FUND BALANCES** | | |
| Restricted for capital projects | $ 234 | $ 7,910 |

***CITY OF ROYSTON, GEORGIA***
***HART COUNTY SPECIAL PURPOSE LOCAL OPTION SALES TAX #4***
***CAPITAL PROJECTS FUND***
***COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES***
***For the fiscal years ended June 30, 2017 and 2016***

| | 2017 | 2016 |
|---|---|---|
| **REVENUES** | | |
| Intergovernmental | $ 28,452 | $ 38,620 |
| **EXPENDITURES** | | |
| Capital outlay | | |
| Public Works | | |
| Streets | 26,633 | 28,325 |
| Culture and Recreation | | |
| Parks | 4,500 | 10,295 |
| **Total expenditures** | 31,133 | 38,620 |
| Excess (deficiency) of revenues over (under) expenditures | (2,681) | 0 |
| Other financing sources (uses) | | |
| Transfers in (out) | | |
| General Fund | 0 | 4,478 |
| Water and Sewer Utility Fund | (4,995) | 0 |
| Total other financing sources (uses) | (4,995) | 4,478 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (7,676) | 4,478 |
| Fund balances, July 1 | 7,910 | 3,432 |
| **Fund balances, June 30** | $ 234 | $ 7,910 |

***CITY OF ROYSTON, GEORGIA***
***FRANKLIN COUNTY SPECIAL PURPOSE LOCAL OPTION SALES TAX #5***
***CAPITAL PROJECTS FUND***
***BALANCE SHEET***
***June 30, 2017***

| | |
|---|---|
| **ASSETS** | |
| Intergovernmental receivable | $ 60,185 |
| **FUND BALANCES** | |
| Restricted for capital projects | $ 60,185 |

***CITY OF ROYSTON, GEORGIA***
***FRANKLIN COUNTY SPECIAL PURPOSE LOCAL OPTION SALES TAX #5***
***CAPITAL PROJECTS FUND***
***STATEMENT OF REVENUES, EXPENDITURES, AND***
***CHANGES IN FUND BALANCES***
***For the fiscal year ended June 30, 2017***

| | |
|---|---|
| **REVENUES** | |
| Intergovernmental | $ 60,185 |
| **EXPENDITURES** | |
| Capital outlay | 0 |
| Excess (deficiency) of revenues over (under) expenditures | 60,185 |
| Fund balances, July 1 | 0 |
| **Fund balances, June 30** | $ 60,185 |

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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, 2017 and 2016*

| | 2017 | 2016 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents | $ 183,596 | $ 115,772 |
| Accounts receivables (net) | 99,617 | 103,207 |
| Prepaid items | 4,926 | 4,540 |
| Total current assets | 288,139 | 223,519 |
| **Restricted assets** | | |
| Customer Deposits | | |
| Cash and cash equivalents | 21,875 | 21,255 |
| **Capital assets** | | |
| Land | 53,245 | 53,245 |
| Land improvements | 24,644 | 24,644 |
| Buildings | 94,400 | 94,400 |
| Vehicles and equipment | 580,258 | 556,060 |
| Water system | 7,301,241 | 7,274,154 |
| Construction in progress | 86,721 | 86,721 |
| Accumulated depreciation | (4,993,367) | (4,862,436) |
| Total capital assets (net of accumulated depreciation) | 3,147,142 | 3,226,788 |
| **Total assets** | 3,457,156 | 3,471,562 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | |
| Pension contributions subsequent to the measurement date | 21,555 | 21,851 |
| Pension investment return differences | 8,356 | 11,141 |
| Pension experience differences | 7,832 | 9,702 |
| **Total deferred outflows of resources** | 37,743 | 42,694 |
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Accounts payable | 22,438 | 30,293 |
| Accrued salaries | 4,960 | 8,879 |
| Compensated absences | 13,441 | 14,266 |
| Unearned revenue | 5,152 | 4,807 |
| Notes payable | 53,303 | 52,104 |
| Total current liabilities | 99,294 | 110,349 |
| **Current liabilities payable from restricted assets** | | |
| Customer deposits payable | 21,875 | 21,255 |

*CITY OF ROYSTON, GEORGIA*
*WATER AND SEWER UTILITY ENTERPRISE FUND*
*COMPARATIVE STATEMENTS OF NET POSITION*
*June 30, 2017 and 2016*

| | 2017 | 2016 |
|---|---|---|
| **Long-term liabilities** | | |
| Compensated absences | $ 1,493 | $ 1,585 |
| Net pension liability | 110,850 | 136,830 |
| Notes payable | 316,692 | 369,984 |
| Total long-term liabilities | 429,035 | 508,399 |
| **Total liabilities** | 550,204 | 640,003 |
| **DEFERRED INFLOWS OF RESOURCES** | | |
| Pension assumption changes | 610 | 763 |
| Pension investment return | 8,005 | 3,289 |
| Pension experience differences | 13,805 | 0 |
| **Total deferred inflows of resources** | 22,420 | 4,052 |
| **NET POSITION** | | |
| Net investment in capital assets | 2,777,147 | 2,804,699 |
| Unrestricted | 145,128 | 65,502 |
| **Total net position** | $ 2,922,275 | $ 2,870,201 |

***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, 2017 and 2016***

| | 2017 | 2016 |
|---|---|---|
| **OPERATING REVENUES** | | |
| Charges for sales and services | | |
| Water sales | $ 583,922 | $ 524,960 |
| Sewer charges | 323,218 | 322,116 |
| Other | 51,704 | 50,104 |
| **Total operating revenues** | 958,844 | 897,180 |
| **OPERATING EXPENSES** | | |
| Costs of sales and services | 420,325 | 451,304 |
| Personal services | 360,801 | 373,501 |
| Depreciation | 130,931 | 131,274 |
| **Total operating expenses** | 912,057 | 956,079 |
| Operating income (loss) | 46,787 | (58,899) |
| Non-operating revenues (expenses) | | |
| Interest revenue | 118 | 178 |
| Interest expense | (10,121) | (11,295) |
| Total non-operating revenues (expenses) | (10,003) | (11,117) |
| Income (loss) before transfers | 36,784 | (70,016) |
| Transfers in (out) | | |
| General Fund | (25,904) | (29,197) |
| Franklin County SPLOST Fund #4 | 36,199 | 129,473 |
| Hart County SPLOST #4 | 4,995 | 0 |
| Total transfers | 15,290 | 100,276 |
| Change in net position | 52,074 | 30,260 |
| Net position, July 1 | 2,870,201 | 2,839,941 |
| **Net position, June 30** | $ 2,922,275 | $ 2,870,201 |

***CITY OF ROYSTON, GEORGIA***
***WATER AND SEWER UTILITY ENTERPRISE FUND***
***COMPARATIVE STATEMENTS OF CASH FLOWS***
***For the fiscal years ended June 30, 2017 and 2016***

| | 2017 | 2016 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Receipts from customers | $ 911,696 | $ 865,695 |
| Payments to suppliers | (428,567) | (436,422) |
| Payments to employees | (368,298) | (375,357) |
| Other receipts | 51,704 | 50,104 |
| Net cash provided (used) by operating activities | 166,535 | 104,020 |
| **Cash flows from non-capital financing activities:** | | |
| Payments to other funds | (25,904) | (29,197) |
| **Cash flows from capital and related financing activities:** | | |
| Receipts from other funds | 41,194 | 129,473 |
| Interest paid | (10,121) | (11,295) |
| Acquisition of capital assets | (51,285) | (129,473) |
| Principal payments - notes | (52,093) | (50,919) |
| Net cash provided (used) by capital and related financing activities | (72,305) | (62,214) |
| **Cash flows from investing activities:** | | |
| Interest received | 118 | 178 |
| Net increase (decrease) in cash and cash equivalents | 68,444 | 12,787 |
| Cash and cash equivalents, July 1 | 137,027 | 124,240 |
| **Cash and cash equivalents, June 30** | $ 205,471 | $ 137,027 |

***CITY OF ROYSTON, GEORGIA***
***WATER AND SEWER UTILITY ENTERPRISE FUND***
***COMPARATIVE STATEMENTS OF CASH FLOWS***
***For the fiscal years ended June 30, 2017 and 2016***

| | 2017 | 2016 |
|---|---|---|
| **Reconciliation of operating income (loss) to net cash provided (used) by operating activities:** | | |
| Operating income (loss) | $ 46,787 | $ (58,899) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation expense | 130,931 | 131,274 |
| (Increase) decrease in accounts receivable | 3,591 | 16,865 |
| (Increase) decrease in prepaid items | (386) | 2,302 |
| (Increase) decrease in pension contributions made after measurement date | 296 | (205) |
| Increase (decrease) in accounts payable | (7,855) | 12,580 |
| Increase (decrease) in unearned revenue | 345 | 1,598 |
| Increase (decrease) in deposits payable | 620 | 155 |
| Increase (decrease) in pension assumption differences | (153) | (152) |
| Increase (decrease) in pension investment return differences | 7,501 | (12,238) |
| Increase (decrease) in pension experience differences | 15,674 | (608) |
| Increase (decrease) in net pension liability | (25,980) | 14,244 |
| Increase (decrease) in accrued payroll liabilities | (4,836) | (2,896) |
| Total adjustments | 119,748 | 162,919 |
| Net cash provided (used) by operating activities | $ 166,535 | $ 104,020 |
| **Cash and cash equivalents reconciliation:** | | |
| Cash and cash equivalents | $ 183,596 | $ 115,772 |
| Customers deposits Cash and cash equivalents | 21,875 | 21,255 |
| Total cash and cash equivalents | $ 205,471 | $ 137,027 |

*CITY OF ROYSTON, GEORGIA*
*NATURAL GAS UTILITY ENTERPRISE FUND*
*COMPARATIVE STATEMENTS OF NET POSITION*
*June 30, 2017 and 2016*

| | 2017 | 2016 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents | $ 304,876 | $ 453,224 |
| Certificates of deposit | 152,322 | 151,791 |
| Receivables | | |
| Accounts (net) | 181,996 | 186,644 |
| Interest | 167 | 167 |
| Inventories | 155,485 | 186,923 |
| Prepaid items | 4,311 | 4,038 |
| Total current assets | 799,157 | 982,787 |
| **Restricted assets** | | |
| Construction | | |
| Cash and cash equivalents | 98,667 | 98,657 |
| Customer Deposits | | |
| Cash and cash equivalents | 53,855 | 49,709 |
| Total restricted assets | 152,522 | 148,366 |
| **Capital assets** | | |
| Land | 13,687 | 23,687 |
| Buildings | 60,000 | 99,433 |
| Vehicles and equipment | 456,070 | 420,650 |
| Natural gas system | 3,954,361 | 3,880,990 |
| Construction in progress | 897,527 | 742,593 |
| Accumulated depreciation | (2,447,210) | (2,380,984) |
| Total capital assets (net of accumulated depreciation) | 2,934,435 | 2,786,369 |
| **Total assets** | 3,886,114 | 3,917,522 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | |
| Pension contributions subsequent to the measurement date | 18,152 | 18,401 |
| Pension investment return differences | 7,036 | 9,382 |
| Pension experience differences | 6,596 | 8,170 |
| **Total deferred outflows of resources** | 31,784 | 35,953 |

*CITY OF ROYSTON, GEORGIA*
*NATURAL GAS UTILITY ENTERPRISE FUND*
*COMPARATIVE STATEMENTS OF NET POSITION*
*June 30, 2017 and 2016*

| | 2017 | 2016 |
|---|---|---|
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Payables | | |
| Accounts | $ 9,742 | $ 29,690 |
| Sales tax | 4,354 | 3,955 |
| Interest | 599 | 599 |
| Accrued salaries | 4,994 | 9,887 |
| Compensated absences | 8,506 | 12,212 |
| Unearned revenue | 41,663 | 39,041 |
| Capital leases | 136,216 | 132,739 |
| Total current liabilities | 206,074 | 228,123 |
| **Current liabilities payable from restricted assets** | | |
| Customer deposits payable | 53,855 | 49,709 |
| **Long-term liabilities** | | |
| Compensated absences | 945 | 1,357 |
| Net pension liability | 93,348 | 115,226 |
| Capital leases | 664,342 | 800,590 |
| Total long-term liabilities | 758,635 | 917,173 |
| **Total liabilities** | 1,018,564 | 1,195,005 |
| **DEFERRED INFLOWS OF RESOURCES** | | |
| Pension assumption changes | 514 | 642 |
| Pension investment return | 6,741 | 2,770 |
| Pension experience differences | 11,626 | 0 |
| **Total deferred inflows of resources** | 18,881 | 3,412 |
| **NET POSITION** | | |
| Net investment in capital assets | 2,232,544 | 1,951,697 |
| Restricted for capital | 0 | 133,122 |
| Unrestricted | 647,909 | 670,239 |
| **Total net position** | $ 2,880,453 | $ 2,755,058 |

***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, 2017 and 2016***

| | 2017 | 2016 |
|---|---|---|
| **OPERATING REVENUES** | | |
| Charges for sales and services | | |
| Gas sales | $ 2,420,468 | $ 2,380,921 |
| Gas services and repairs | 17,707 | 23,253 |
| Other | 35,138 | 34,759 |
| **Total operating revenues** | 2,473,313 | 2,438,933 |
| **OPERATING EXPENSES** | | |
| Costs of sales and services | 1,260,871 | 1,236,615 |
| Personal services | 342,763 | 315,763 |
| Depreciation | 87,421 | 95,204 |
| **Total operating expenses** | 1,691,055 | 1,647,582 |
| Operating income (loss) | 782,258 | 791,351 |
| Non-operating revenues (expenses) | | |
| Interest revenue | 787 | 987 |
| Interest expense | (22,660) | (25,113) |
| Gain (loss) on sale of assets | (28,238) | 0 |
| Total non-operating revenues (expenses) | (50,111) | (24,126) |
| Income (loss) before transfers | 732,147 | 767,225 |
| Transfers in (out) | | |
| General Fund | (606,752) | (654,522) |
| Change in net position | 125,395 | 112,703 |
| Net position, July 1 | 2,755,058 | 2,642,355 |
| **Net position, June 30** | $ 2,880,453 | $ 2,755,058 |

***CITY OF ROYSTON, GEORGIA***
***NATURAL GAS UTILITY ENTERPRISE FUND***
***COMPARATIVE STATEMENTS OF CASH FLOWS***
***For the fiscal years ended June 30, 2017 and 2016***

| | 2017 | 2016 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Receipts from customers | $ 2,449,991 | $ 2,453,198 |
| Payments to suppliers | (1,249,654) | (1,291,636) |
| Payments to employees | (354,015) | (311,090) |
| Other receipts | 35,138 | 34,759 |
| Net cash provided (used) by operating activities | 881,460 | 885,231 |
| **Cash flows from non-capital financing activities:** | | |
| Payments to other funds | (606,752) | (654,522) |
| **Cash flows from capital and related financing activities:** | | |
| Principal payments - capital lease | (132,771) | (103,533) |
| Interest paid | (22,660) | (30,326) |
| Payment of capital related accounts payable | 0 | (35,477) |
| Acquisition of capital assets | (263,725) | (152,407) |
| Net cash provided (used) by capital and related financing activities | (419,156) | (321,743) |
| **Cash flows from investing activities:** | | |
| Interest received | 787 | 987 |
| Proceeds from maturities of investments | 151,791 | 151,184 |
| Purchase of investments | (152,322) | (151,791) |
| Net cash provided (used) by investing activities | 256 | 380 |
| Net increase (decrease) in cash and cash equivalents | (144,192) | (90,654) |
| Cash and cash equivalents, July 1 | 601,590 | 692,244 |
| **Cash and cash equivalents, June 30** | $ 457,398 | $ 601,590 |

***CITY OF ROYSTON, GEORGIA***
***NATURAL GAS UTILITY ENTERPRISE FUND***
***COMPARATIVE STATEMENTS OF CASH FLOWS***
***For the fiscal years ended June 30, 2017 and 2016***

| | 2017 | 2016 |
|---|---|---|
| **Reconciliation of operating income (loss) to net cash provided (used) by operating activities:** | | |
| Operating income (loss) | $ 782,258 | $ 791,351 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation expense | 87,421 | 95,204 |
| (Increase) decrease in accounts receivable | 4,648 | 37,238 |
| (Increase) decrease in inventory | 31,438 | (73,275) |
| (Increase) decrease in prepaid items | (273) | (2,078) |
| (Increase) decrease in pension contributions made after measurement date | 249 | (173) |
| Increase (decrease) in accounts payable | (19,948) | 20,331 |
| Increase (decrease) in deposits payable | 4,146 | (1,421) |
| Increase (decrease) in sales tax payable | 399 | 1,057 |
| Increase (decrease) in unearned revenue | 2,622 | 12,150 |
| Increase (decrease) in pension assumption differences | (128) | (129) |
| Increase (decrease) in pension investment return differences | 6,318 | (10,305) |
| Increase (decrease) in pension experience differences | 13,200 | (512) |
| Increase (decrease) in net pension liability | (21,878) | 11,996 |
| Increase (decrease) in accrued payroll liabilities | (9,012) | 3,797 |
| Total adjustments | 99,202 | 93,880 |
| Net cash provided (used) by operating activities | $ 881,460 | $ 885,231 |
| **Cash and cash equivalents reconciliation:** | | |
| Cash and cash eqivalents | $ 304,876 | $ 453,224 |
| Construction Fund Cash and cash equivalents | 98,667 | 98,657 |
| Customer deposits Cash and cash equivalents | 53,855 | 49,709 |
| Total cash and cash equivalents | $ 457,398 | $ 601,590 |

*CITY OF ROYSTON, GEORGIA*
*SANITATION ENTERPRISE FUND*
*COMPARATIVE STATEMENTS OF NET POSITION*
*June 30, 2017 and 2016*

| | 2017 | 2016 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents | $ 9,771 | $ 9,854 |
| Accounts receivable (net) | 45,596 | 46,769 |
| Prepaid items | 2,208 | 2,024 |
| Total current assets | 57,575 | 58,647 |
| **Capital assets** | | |
| Land | 6,429 | 6,429 |
| Buildings | 47,100 | 47,100 |
| Vehicles and equipment | 570,433 | 559,065 |
| Accumulated depreciation | (544,070) | (521,725) |
| Total capital assets (net of accumulated depreciation) | 79,892 | 90,869 |
| **Total assets** | 137,467 | 149,516 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | |
| Pension contributions subsequent to the measurement date | 8,622 | 8,741 |
| Pension investment return differences | 3,342 | 4,456 |
| Pension experience differences | 3,133 | 3,881 |
| **Total deferred outflows of resources** | 15,097 | 17,078 |
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Payables | | |
| Accounts | 6,344 | 8,919 |
| Interest | 0 | 675 |
| Accrued salaries | 1,650 | 2,880 |
| Compensated absences | 4,415 | 3,790 |
| Unearned revenue | 1,845 | 1,729 |
| Due to other funds | 5,476 | 5,476 |
| Notes payable | 0 | 19,259 |
| Total current liabilities | 19,730 | 42,728 |

***CITY OF ROYSTON, GEORGIA***
***SANITATION ENTERPRISE FUND***
***COMPARATIVE STATEMENTS OF NET POSITION***
***June 30, 2017 and 2016***

| | 2017 | 2016 |
|---|---|---|
| **Long-term liabilities** | | |
| Compensated absences | $ 491 | $ 421 |
| Net pension liability | 44,340 | 54,732 |
| Total long-term liabilities | 44,831 | 55,153 |
| **Total liabilities** | 64,561 | 97,881 |
| **DEFERRED INFLOWS OF RESOURCES** | | |
| Pension assumption changes | 244 | 305 |
| Pension investment return | 3,202 | 1,316 |
| Pension experience differences | 5,522 | 0 |
| **Total deferred inflows of resources** | 8,968 | 1,621 |
| **NET POSITION** | | |
| Net investment in capital assets | 79,892 | 71,610 |
| Unrestricted | (857) | (4,518) |
| **Total net position** | $ 79,035 | $ 67,092 |

***CITY OF ROYSTON, GEORGIA***
***SANITATION ENTERPRISE FUND***
***COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION***
***For the fiscal years ended June 30, 2017 and 2016***

| | 2017 | 2016 |
|---|---|---|
| **OPERATING REVENUES** | | |
| Charges for sales and services | | |
| Sanitation fees | $ 289,931 | $ 295,694 |
| Other | 10,586 | 12,728 |
| **Total operating revenues** | 300,517 | 308,422 |
| **OPERATING EXPENSES** | | |
| Costs of sales and services | 135,197 | 123,126 |
| Personal services | 135,731 | 138,772 |
| Depreciation | 22,345 | 41,477 |
| **Total operating expenses** | 293,273 | 303,375 |
| Operating income (loss) | 7,244 | 5,047 |
| Non-operating revenue (expenses) | | |
| Interest revenue | 6 | 4 |
| Interest expense | (918) | (494) |
| Total non-operating revenue (expenses) | (912) | (490) |
| Income (loss) before transfers | 6,332 | 4,557 |
| Transfers in (out) | | |
| Franklin County SPLOST #4 | 11,368 | 42,379 |
| General Fund | (5,757) | (6,488) |
| Total transfers | 5,611 | 35,891 |
| Change in net position | 11,943 | 40,448 |
| Net position, July 1 | 67,092 | 26,644 |
| **Net position, June 30** | $ 79,035 | $ 67,092 |

## *CITY OF ROYSTON, GEORGIA*
## *SANITATION ENTERPRISE FUND*
## *COMPARATIVE STATEMENTS OF CASH FLOWS*
## *For the fiscal years ended June 30, 2017 and 2016*

| | 2017 | 2016 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Receipts from customers | $ 291,217 | $ 291,808 |
| Payments to suppliers | (137,954) | (117,122) |
| Payments to employees | (137,329) | (140,270) |
| Other receipts | 10,586 | 12,728 |
| Net cash provided (used) by operating activities | 26,520 | 47,144 |
| **Cash flows from non-capital financing activities** | | |
| Receipts from other funds | 0 | (10,302) |
| Payments to other funds | (5,757) | (6,488) |
| Net cash provided (used) by non-capital financing activities | (5,757) | (16,790) |
| **Cash flows from capital and related financing activities:** | | |
| Receipts from other funds | 11,368 | 42,379 |
| Acquisition of capital assets | (11,368) | (42,379) |
| Interest paid | (1,593) | (1,618) |
| Principal payments - notes | (19,259) | (19,233) |
| Net cash provided (used) by capital and related financing activities | (20,852) | (20,851) |
| **Cash flows from investing activities:** | | |
| Interest received | 6 | 4 |
| Net increase (decrease) in cash and cash equivalents | (83) | 9,507 |
| Cash and cash equivalents, July 1 | 9,854 | 347 |
| **Cash and cash equivalents, June 30** | $ 9,771 | $ 9,854 |

***CITY OF ROYSTON, GEORGIA***
***SANITATION ENTERPRISE FUND***
***COMPARATIVE STATEMENTS OF CASH FLOWS***
***For the fiscal years ended June 30, 2017 and 2016***

| | 2017 | 2016 |
|---|---|---|
| **Reconciliation of operating income (loss) to net cash provided (used) by operating activities:** | | |
| Operating income (loss) | $ 7,244 | $ 5,047 |
| Adjustments to reconcile operating loss to net cash provided (used) by operating activities: | | |
| Depreciation expense | 22,345 | 41,477 |
| (Increase) decrease in accounts receivable | 1,170 | (4,424) |
| (Increase) decrease in prepaid items | (184) | (745) |
| (Increase) decrease in pension contributions made after measurement date | 119 | (83) |
| Increase (decrease) in accounts payable | (2,573) | 6,749 |
| Increase (decrease) in unearned revenue | 116 | 538 |
| Increase (decrease) in pension assumption differences | (61) | (61) |
| Increase (decrease) in pension investment return differences | 3,000 | (4,894) |
| Increase (decrease) in pension experience differences | 6,270 | (244) |
| Increase (decrease) in net pension liability | (10,392) | 5,698 |
| Increase (decrease) in accrued payroll liabilities | (534) | (1,914) |
| Total adjustments | 19,276 | 42,097 |
| Net cash provided by operating activities | $ 26,520 | $ 47,144 |

***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, 2017 and 2016***

| | 2017 | 2016 |
|---|---|---|
| **ASSETS** | | |
| Equity in pooled cash | $ 37,076 | $ 25,412 |
| **LIABILITIES** | | |
| Due to other agencies | $ 37,076 | $ 25,412 |

***CITY OF ROYSTON, GEORGIA***
***MUNICIPAL COURT AGENCY FUND***
***STATEMENT OF CHANGES IN ASSETS AND LIABILITIES***
***For the fiscal year ended June 30, 2017***

| | Balance July 1 | Additions | Deletions | Balance June 30 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Equity in pooled cash | $ 25,412 | $ 75,682 | $ (64,018) | $ 37,076 |
| **LIABILITIES** | | | | |
| Due to other agencies | $ 25,412 | $ 75,682 | $ (64,018) | $ 37,076 |

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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, 2017 and 2016*

| | 2017 | 2016 |
|---|---|---|
| **ASSETS** | | |
| Cash | $ 9,046 | $ 9,002 |
| **FUND BALANCES** | | |
| Assigned for Housing and Development | $ 9,046 | $ 9,002 |

***CITY OF ROYSTON, GEORGIA***
***DOWNTOWN DEVELOPMENT AUTHORITY (A COMPONENT UNIT)***
***SCHEDULE OF REVENUES, EXPENDITURES AND***
***CHANGES IN FUND BALANCES***
***BUDGET (GAAP BASIS) AND ACTUAL***
***For the fiscal year ended June 30, 2017***
***(With comparative actual amounts for the fiscal year ended June 30, 2016)***

| | 2017 | | | 2016 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| Intergovernmental | $ 11,400 | $ 5,789 | $ (5,611) | $ 9,158 |
| Contributions | 5,832 | 7,032 | 1,200 | 1,395 |
| Miscellaneous | 10,214 | 6,374 | (3,840) | 7,076 |
| **Total revenues** | 27,446 | 19,195 | (8,251) | 17,629 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| Housing and Development | | | | |
| Contract services | 9,059 | 4,761 | 4,298 | 3,897 |
| Materials and supplies | 18,387 | 14,390 | 3,997 | 14,728 |
| **Total expenditures** | 27,446 | 19,151 | 8,295 | 18,625 |
| Excess (deficiency) of revenues over (under) expenditures | 0 | 44 | 44 | (996) |
| Fund balances, July 1 | 0 | 9,002 | 9,002 | 9,998 |
| **Fund balances, June 30** | $ 0 | $ 9,046 | $ 9,046 | $ 9,002 |

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***OTHER REPORTING SECTION***

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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, 2017, and the related notes to the financial statements, which collectively comprise the City of Royston, Georgia's basic financial statements and have issued our report thereon dated October 15, 2017.

### 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 2017-001, that we consider to be significant deficiencies.

**2017-001**

*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.

**2017-001, 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.

**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 15, 2017

***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, 2017*

| Project | Estimated Cost * Original | Estimated Cost * Current | Expenditures Prior Years | Expenditures Current Year | Expenditures Total |
|---|---|---|---|---|---|
| **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 | | | 105,587 | 71,698 | 177,285 |
| Library Facillities and Equipment | | | 45,000 | 0 | 45,000 |
| Recreation Facilities and Equipment | | | 27,576 | 8,400 | 35,976 |
| Street Improvements and Equipment | | | 412,782 | 248,466 | 661,248 |
| Water and Sewer Facilities and Equipment | | | 200,263 | 36,199 | 236,462 |
| Sanitation Facilities and Equipment | | | 71,386 | 11,368 | 82,754 |
| Total | $ 1,402,140 | $ 1,402,140 | $ 1,013,293 | $ 376,131 | $ 1,389,424 |
| **FRANKLIN COUNTY SPLOST #5** | | | | | |
| Library; Roads, Streets, Bridges, and Sanitation; Water, Sewer, and Stormwater; Recreation; Administrative Buildings/ Government Buildings/ Facilities; Fire: | $ 1,440,000 | $ 1,440,000 | 0 | 0 | 0 |
| Total | $ 1,440,000 | $ 1,440,000 | $ 0 | $ 0 | $ 0 |

## *CITY OF ROYSTON, GEORGIA*
## *SCHEDULE OF PROJECTS FINANCED WITH*
## *SPECIAL PURPOSE LOCAL OPTION SALES TAX*
## *For the fiscal year ended June 30, 2017*

| Project | Estimated Cost * Original | Estimated Cost * Current | Expenditures Prior Years | Expenditures Current Year | Expenditures Total |
|---|---|---|---|---|---|
| **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 | | | 153,716 | 26,633 | 180,349 |
| Recreation Facilities and Equipment | | | 18,117 | 4,500 | 22,617 |
| Water and Sewer Facilities and Equipment | | | 82,846 | 4,995 | 87,841 |
| | $ 358,400 | $ 358,400 | $ 274,543 | $ 36,128 | $ 310,671 |

* 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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