CITY OF ROYSTON, GEORGIA

Annual Financial Report

For the fiscal year ended June 30, 2018

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CITY OF ROYSTON, GOERGIA
ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2018

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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, 2018, 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, 2018, 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 68, 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, 2017, which are not presented with the accompanying financial statements. In our report dated October 15, 2017, 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 2017 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 2017 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 2017 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 16, 2018, 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 16, 2018

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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, 2018. 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, 2018 by $13,186,846 (reported as *net position).*
- As of June 30, 2018, Royston's governmental funds reported combined ending fund balances of $1,641,046. Approximately 60% of this total amount, $992,042, 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 69. 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 63-68.

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 2017 and 2018

	Governmental Activities		Business-Type Activities		Total	
	2017	**2018**	**2017**	**2018**	**2017**	**2018**
Current assets	$ 1,294,136	$ 1,746,645	$ 1,313,792	$ 1,837,660	$ 2,607,928	$ 3,584,305
Capital assets	5,585,048	5,331,087	6,161,469	6,220,952	11,746,517	11,552,039
Total assets	6,879,184	7,077,732	7,475,261	8,058,612	14,354,445	15,136,344
Total deferred outflows of resources	114,024	95,001	84,624	70,506	198,648	165,507
Current liabilities	148,657	120,787	395,352	401,486	544,009	522,273
Noncurrent liabilities	340,475	292,182	1,232,501	1,159,083	1,572,976	1,451,265
Total liabilities	489,132	412,969	1,627,853	1,560,569	2,116,985	1,973,538
Total deferred inflows of resources	67,736	81,202	50,269	60,265	118,005	141,467
Net Position						
Net investment in capital assets	5,585,048	5,331,087	5,089,583	5,077,114	10,674,631	10,408,201
Restricted	597,127	599,904	0	0	597,127	599,904
Unrestricted	254,165	747,571	792,180	1,431,170	1,046,345	2,178,741
Total net position	$ 6,436,340	$ 6,678,562	$ 5,881,763	$ 6,508,284	12,318,103	$ 13,186,846

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 $13,186,846 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 fiscal year 2018 were contributed to the city having several infrastructure issues to address, taking corrective action for Waste Water Plant issues identified by the City and EPD, along with unforeseen legal and additional engineering fees expenses due to the RR. In many of the infrastructures areas, this was mostly because of aging equipment that had served its life potential from an efficiency standpoint. In addition to having unanticipated legal expenses related to an issue lingering with the Railroad that runs directly through the downtown district with rail crossings.

GAS DEPT:
The Bold Springs Natural Gas Expansion was completed during fiscal year 2018 as projected. Bold Springs expansion currently serves over 72 poultry houses, 11 residents and 2 Churches in the Bold Spring area of Franklin County, with potential customers inquiring about natural gas connections. During the winter of fiscal year 2018, natural gas usage increased from the previous fiscal year, but expected revenue was off from projections. Revenue from the sales of natural gas for the expansion have been adequate in terms of covering the quarterly payments of the lease used to fund the expansion project. As for fiscal year 2019, the Gas Department will focus on gas line maintenance and potential new customers that were outlined and approved in the fiscal year 2019 budget. The focus will be on new services, maintenance of existing lines and regulator stations, meter replacement and maintenance, and to ensure standards of service. Fiscal year 2019 has no capital projects within this budgeted year.

WATER DEPT:
Fiscal year 2018 was productive in many aspects for the City of Royston. The city has secured a GEFA loan in the amount of $2 million with a .25 % principal forgiveness for the improvements on the Waste Water Treatment Facility, as well as awarded the contract to Sole Construction in the amount of $1.6 million to construct the facility under the new EPD permit. The new permit allows a 59 month period for implementing a new process which will require construction of an Ideal Treatment System within the current treatment facility, which will satisfy the new EPD permit requirements. On January 1, 2017, the city implemented rate increases to current water rates which have increased revenue, with one final increase to be implemented in January 2019. These increases were needed to cover capital cost and the WWTP GEFA loan. These increases have been reflected in the increased revenue as well as securing an intergovernmental agreement with Franklin Springs water service for suppling water to 100% of their customers; this has also increased the city water revenue by an estimated $70,000 annually. The city continues to hold fast to the Lift Station Rehab projects with six of the ten lift stations completed since fiscal year 2015. The city has repaired the raw water intake pump as reflected in previous MDA's. The city was awarded a FEMA Grant that will be covering emergency power sources, purchase of Generators, and electrical contractors for adapting and connection work for backup power at lift stations. This project is near completion, with a balance due to the city of an estimated $24,000.

SANATION DEPT: During fiscal year 2018, the city had continued to focus on residential and business equipment replacement such as carts & dumpsters, with 85% of all dumpsters replaced and 60% of residential carts replaced. Sanitation rates and fees associated with roll off container services and residential fees will need to be addressed during fiscal year 2019 to better offset cost with equipment replacement, landfill fees and the cost of operating a sanitation service. Sanitation needs will focus on the replacement of a new rear load truck at the end of fiscal year 2019. This replacement will need to be done to reduce major maintenance and repairs cost over the next 3 years.

GENERAL FUND: During fiscal year 2018, the city has experienced some reductions in workers comp premiums, with added stability in employee medical insurance for fiscal year 2019. Tax collections continue to be above average for fiscal year 2018 & 2019. The city continues to look at cost savings process for all aspects of its departmental needs. There will be capital expenditures in fiscal year 2019 for a new police patrol unit along with building repairs. Within the Fire Department, there will be a request to purchase SCBA units and PPE for firefighters. Royston Fire Department has experienced growth in the past 8 months with new personnel, which has added equipment needs. The City is exploring a FEMA grant to cover most of the cost associated with the equipment needs. The Street Department will continue to have areas that cost, but in a direct and positive way. The city has been able to complete major projects, repair and replace over 300 feet of sidewalk, and maintain a 100 acre plus green space which includes parks, road ways, a cemetery and right-of-ways. LMIG continues to aid in the cost of street paving. The city completed 1 mile of resurfacing during fiscal year 2018. For fiscal year 2019, the city has new management within the Street Department, which will add a positive, proactive approach to expenditures, cost analysis and efficiency. Each contributing factor to continued growth and stability within the General Fund is

imperative to the financial strength, planning and continued services the City of Royston provides and is responsible for.

Future planned projects include WWTP upgrades, which was awarded in July to Sole Construction, this project is projected to finish early May 2019. Renovation of the Old Train Depot downtown began during October 2017, with the city being the general contractor. The project will be completed by November 1, 2018. The Depot Project was funded by an ARC Grant, with a match portion from the city. The paving of Lee St will be completed during October 2018. An unexpected paving project during fiscal years 2018 and 2019 was routing a new road extending Cherry Street to improve school traffic issues. This project will be funded with SPLOST funds.

Although the unrestricted net position of our business-type activities represents 66% ($1,431,170) 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.

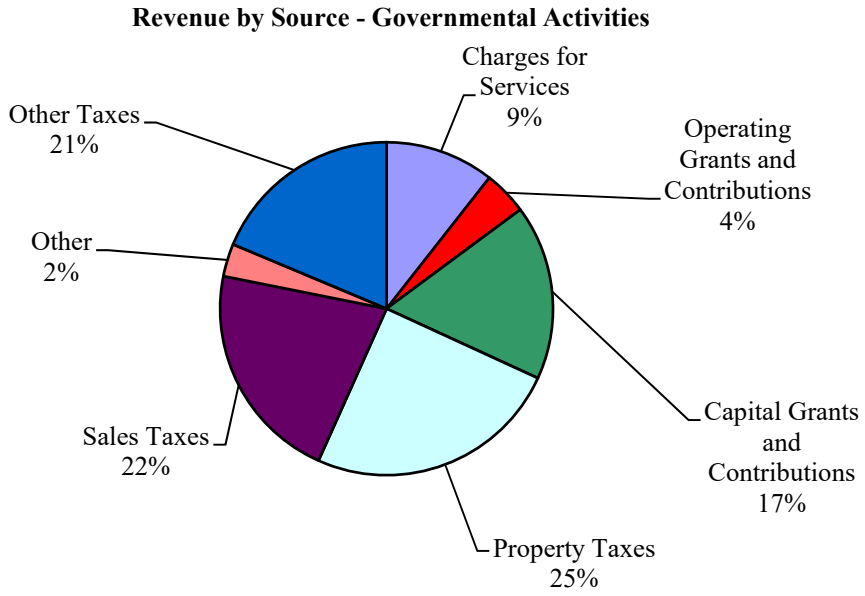
The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the City of Royston's net position changed during the year.

City of Royston
Changes in Net Position
For Fiscal Years 2017 and 2018

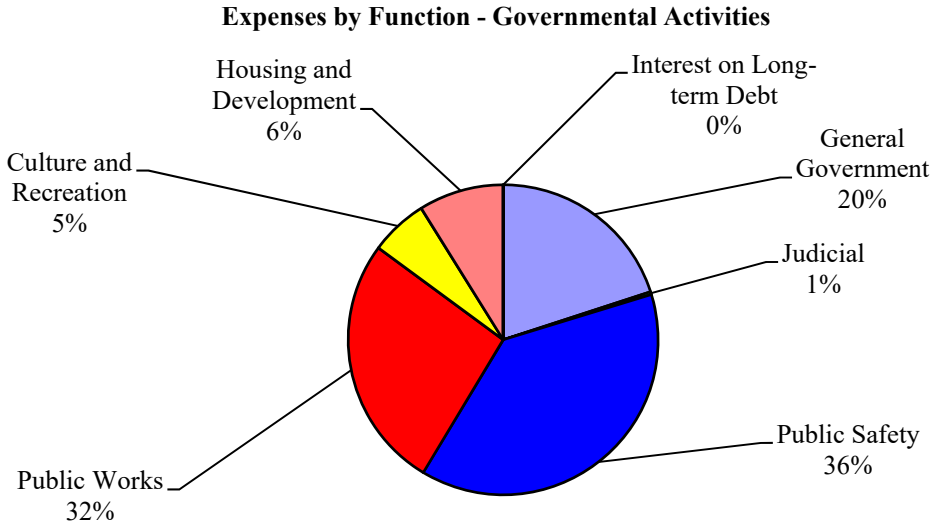
	Governmental Activities		Business-Type Activities		Total	
	2017	**2018**	**2017**	**2018**	**2017**	**2018**
Program revenues:						
Charges for services	$ 187,694	$ 263,220	$ 3,732,674	$ 4,156,040	$ 3,920,368	$ 4,419,260
Operating grants and contributions	86,157	105,777	0	0	86,157	105,777
Capital grants and contributions	360,454	422,371	0	51,182	360,454	473,553
General revenues:						
Property taxes	541,614	617,673	0	0	541,614	617,673
Sales tax	481,631	532,751	0	0	481,631	532,751
Other taxes	454,096	464,185	0	0	454,096	464,185
Interest and investment earnings	701	1,160	911	1,155	1,612	2,315
Miscellaneous revenue	45,614	77,864	0	15,850	45,614	93,714
Total revenues	2,157,961	2,485,001	3,733,585	4,224,227	5,891,546	6,709,228
Expenses						
General Government	599,920	541,806	0	0	599,920	541,806
Judicial	7,056	7,858	0	0	7,056	7,858
Public Safety	1,068,844	1,039,458	0	0	1,068,844	1,039,458
Public Works	953,845	717,669	0	0	953,845	717,669
Culture and Recreation	154,164	163,324	0	0	154,164	163,324
Housing and Development	162,746	240,424	0	0	162,746	240,424
Water and sewer	0	0	922,178	942,423	922,178	942,423
Natural gas	0	0	1,741,953	1,893,527	1,741,953	1,893,527
Sanitation	0	0	294,191	293,996	294,191	293,996
Total expenses	2,946,575	2,710,539	2,958,322	3,129,946	5,904,897	5,840,485
Increase (decrease) in net position before tranfers	(788,614)	(225,538)	775,263	1,094,281	(13,351)	868,743
Transfers	585,851	467,760	(585,851)	(467,760)	0	0
Increase (decrease) in net position	(202,763)	242,222	189,412	626,521	(13,351)	868,743
Net position - beginning	6,639,103	6,436,340	5,692,351	5,881,763	12,331,454	12,318,103
Net position - ending	$ 6,436,340	$ 6,678,562	$ 5,881,763	$ 6,508,284	$ 12,318,103	$ 13,186,846

Governmental Activities –

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

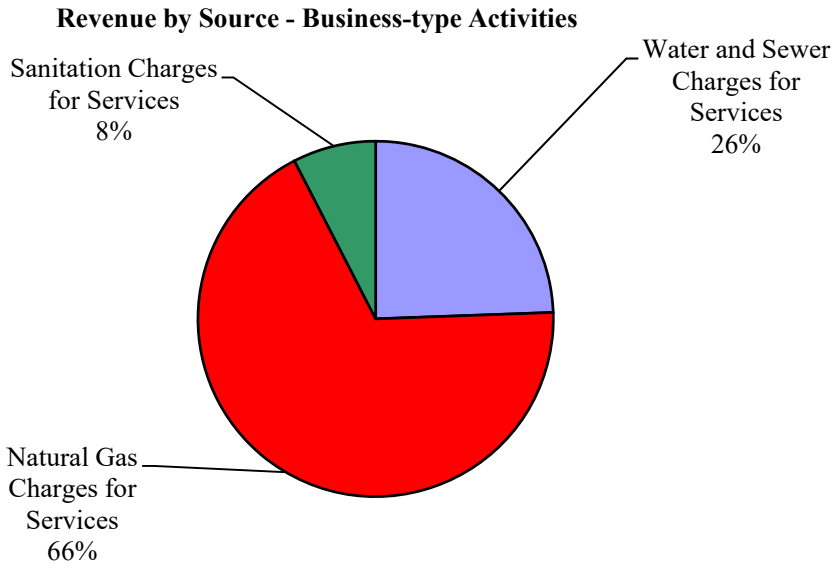


The following chart depicts the expenses of the governmental activities for the year:

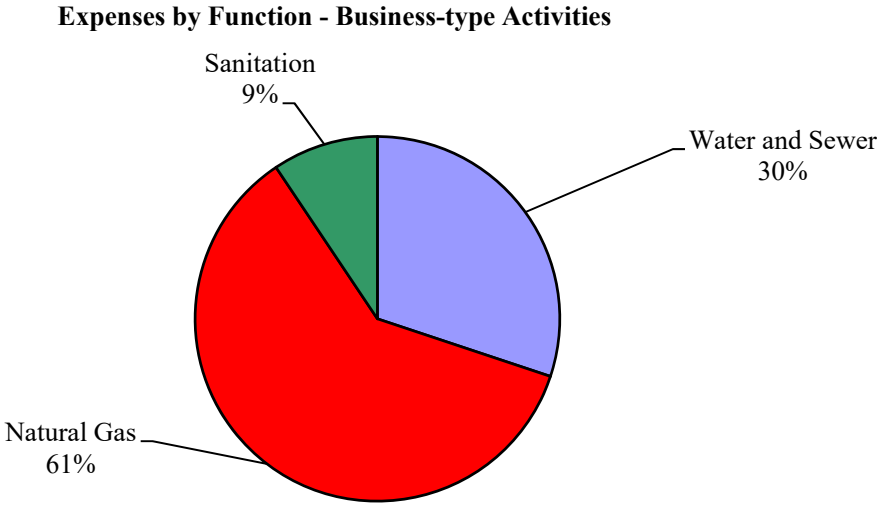


Business-type Activities –

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 $1,641,046. Of this amount, $992,042 (60%) 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 $992,042 and the total fund balance reached $1,039,273. 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 43% of the total General Fund expenditures, while total fund balance represents 45% 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 fiscal year 2019, the city has taken action on reviewing priority capital projects and working budgetary efforts to ensure sustainability of revenue sources.

General Fund expenditures were $2,298,666 with appropriations of $2,506,019; 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:

- Water and Sewer Utility $3,228,034
- Natural Gas Utility $3,187,316
- Sanitation $ 92,934

The total increase in net position for the three funds was $626,521. 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. The city will be implementing the third water rate increase that was passed by council in fiscal year 2016 to meet the budgetary and GEFA requirements.

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. The city has now made natural gas available to 90% of the customer base within the Bold Springs area.

Capital Assets and Debt Administration

Capital Assets. The City of Royston has invested $11,552,039 in capital assets (net of accumulated depreciation). Capital assets include infrastructure, land, buildings, and machinery and equipment. Approximately 53% of these investments are related to business-type activities and approximately 47% 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	$ 473,994	$ 73,361	$ 547,355
Buildings	4,441,650	201,501	4,643,151
Land improvements	2,460,011	24,644	2,484,655
Distribution system	0	12,165,508	12,165,508
Vehicles and equipment	2,944,342	1,726,445	4,670,787
Furniture and fixtures	190,789	0	190,789
Construction in progress	0	200,976	200,976
Total	10,510,786	14,392,435	24,903,221
Accumulated depreciation	(5,179,699)	(8,171,483)	(13,351,182)
Net Capital Assets	$ 5,331,087	$ 6,220,952	$ 11,552,039

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, 2018, the City of Royston had $470,231 in notes payable and $664,757 in capital leases outstanding.

City of Royston
Outstanding Debt
as of June 30, 2018

	Business-type Activities
Capital leases	$ 664,757
Notes payable	470,231
Total	$ 1,134,988

The City decreased its long-term debt in FY2018 by $35,565. 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 experience 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, ensuring that it compares well with other municipalities within the State of Georgia. Some of the governing factors considered for the fiscal year 2019 budget planning were:

- Ensure that we can better service the city and its responsibilities through planning.
- Implement quarterly financial planning and committee involvement.
- Hiring qualified, competent employees to fill key positions left by retirees.
- Ensure educational needs of staff are adequately met
- Continue to show accurate accountability through proper procurement process.
- Bold Springs Natural Gas, now 100% functional, is serving over 72 poultry houses and additional customers and additional growth.
- Construction of WWTP which will incorporate the ability to add additional industry and residential. GEFA funding, SPLOST and Grant funding to be used.
- Street & Sidewalk resurfacing and replacing. Budget, LMIG, GDOT Grant and SPLOST to be used.
- Equipment replacement (Police Dept Cruiser / Water Dept Service Truck/ Rear Load 20yd Sanitation Truck)
- Planning for new Amphitheater in wellness park (SPLOST funding, local funding late fiscal year 2019-2020)
- Fiber optic capability for businesses in the works for fiscal year 2019/2020 (Possible revenue source, still planning).
- Revitalization of two additional 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 2019 and currently still active and ongoing. SPLOST Funds to be used.
- The ability to apply for grants for the Fire Dept, Police Dept, and Parks allow for reduced cost to the General Fund.

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, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Current assets				
Cash and cash equivalents	$ 1,446,625	$ 1,064,919	$ 2,511,544	$ 11,926
Certificates of deposit	81,483	152,856	234,339	0
Restricted assets				
Cash and cash equivalents	3,612	88,949	92,561	0
Receivables (net)				
Accounts	5,984	379,954	385,938	0
Taxes	85,570	0	85,570	0
Intergovernmental	73,664	0	73,664	0
Interest	136	97	233	0
Due from component unit	476	0	476	0
Internal balances	5,476	(5,476)	0	0
Prepaid items	43,619	16,327	59,946	0
Inventories	0	140,034	140,034	0
Total current assets	1,746,645	1,837,660	3,584,305	11,926
Noncurrent assets				
Capital assets				
Non-depreciable	473,994	274,337	748,331	146,415
Depreciable (net)	4,857,093	5,946,615	10,803,708	0
Total noncurrent assets	5,331,087	6,220,952	11,552,039	146,415
Total assets	7,077,732	8,058,612	15,136,344	158,341
DEFERRED OUTFLOWS OF RESOURSES				
Pension contributions subsequent to the measurement date	59,595	44,229	103,824	0
Pension experience differences	21,589	16,022	37,611	0
Pension assumption differences	13,817	10,255	24,072	0
Total deferred outflows of resources	95,001	70,506	165,507	0
LIABILITIES				
Current liabilities				
Payables				
Accounts	53,105	30,113	83,218	0
Sales tax	0	4,230	4,230	0
Interest	0	516	516	0
Refunds	2,031	0	2,031	0
Accrued salaries and expenses	24,604	9,397	34,001	0
Other payroll liabilities	0	1,759	1,759	
Due to others	10,057	0	10,057	476
Compensated absences	30,990	26,104	57,094	0
Unearned revenue	0	47,323	47,323	0
Customer deposits payable	0	88,949	88,949	0
Capital leases payable	0	138,539	138,539	0
Notes payable	0	54,556	54,556	0
Total current liabilities	120,787	401,486	522,273	476

CITY OF ROYSTON, GEORGIA
STATEMENT OF NET POSITION
June 30, 2018

	Primary Government			Component Unit Downtown Development Authority
	Governmental Activities	Business-type Activities	Total	
Noncurrent liabilities				
Compensated absences	$ 3,443	$ 2,900	$ 6,343	$ 0
Net pension liability	288,739	214,290	503,029	0
Capital leases payable	0	526,218	526,218	0
Notes payable	0	415,675	415,675	0
Total noncurrent liabilities	292,182	1,159,083	1,451,265	0
Total liabilities	412,969	1,560,569	1,973,538	476
DEFERRED INFLOWS OF RESOURCES				
Pension assumption changes	1,383	1,026	2,409	0
Pension investment return differences	45,063	33,445	78,508	0
Pension experience differences	34,756	25,794	60,550	0
Total deferred inflows of resources	81,202	60,265	141,467	0
NET POSITION				
Net investment in capital assets	5,331,087	5,077,114	10,408,201	146,415
Restricted for:				
Public Safety	63,475	0	63,475	0
Capital outlay	536,429	0	536,429	0
Unrestricted	747,571	1,431,170	2,178,741	11,450
Total net position	$ 6,678,562	$ 6,508,284	$ 13,186,846	$ 157,865

See accompanying notes to the financial statements.

CITY OF ROYSTON, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2018

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	$ 541,806	$ 132,684	$ 0	$ 16,251	$ (392,871)
Judicial	7,858	0	0	0	(7,858)
Public Safety	1,039,458	115,740	56,683	37,281	(829,754)
Public Works	717,669	7,700	0	266,066	(443,903)
Culture and Recreation	163,324	6,000	49,094	102,773	(5,457)
Housing and Development	240,424	1,096	0	0	(239,328)
Total governmental activities	2,710,539	263,220	105,777	422,371	(1,919,171)
Business-type activities					
Water and Sewer Utility	942,423	1,015,103	0	51,182	123,862
Natural Gas Utility	1,893,527	2,826,974	0	0	933,447
Sanitation	293,996	313,963	0	0	19,967
Total business-type activities	3,129,946	4,156,040	0	51,182	1,077,276
Total primary government	5,840,485	4,419,260	105,777	473,553	(841,895)
Component Unit					
Downtown Development Authority					
Housing and Development	14,359	5,233	500	0	(8,626)

	Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit
Change in net position				
Net (expense) revenue	$ (1,919,171)	$ 1,077,276	$ (841,895)	$ (8,626)
General revenues				
Taxes				
Property	617,673	0	617,673	0
Sales	532,751	0	532,751	0
Franchise	191,185	0	191,185	0
Insurance premium	171,004	0	171,004	0
Intangibles	7,371	0	7,371	0
Alcoholic beverage	59,680	0	59,680	0
Occupational	28,961	0	28,961	0
Hotel/Motel	5,984	0	5,984	0
Payments from City of Royston	0	0	0	115,367
Interest and investment earnings	1,160	1,155	2,315	0
Other	77,864	0	77,864	4,982
Gain on sale of assets	0	15,850	15,850	0
Transfers	467,760	(467,760)	0	0
Total general revenues and transfers	2,161,393	(450,755)	1,710,638	120,349
Change in net position	242,222	626,521	868,743	111,723
Net position - beginning	6,436,340	5,881,763	12,318,103	46,142
Net position - ending	$ 6,678,562	$ 6,508,284	$ 13,186,846	$ 157,865

See accompanying notes to the financial statements.

CITY OF ROYSTON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General	Nonmajor Governmental Funds	Total
ASSETS			
Cash and cash equivalents	$ 865,078	$ 581,547	$ 1,446,625
Certificates of deposit	81,483	0	81,483
Restricted assets			
Cash and equivalents	3,612	0	3,612
Receivables (net)			
Accounts	5,984	0	5,984
Taxes	85,075	495	85,570
Intergovernmental	13,081	60,583	73,664
Interest	136	0	136
Due from other funds	29,210	0	29,210
Due from component unit	476	0	476
Prepaid items	43,619	0	43,619
Total assets	$ 1,127,754	$ 642,625	$ 1,770,379
LIABILITIES			
Payables			
Accounts	$ 35,987	$ 17,118	$ 53,105
Refunds	2,031	0	2,031
Accrued salaries	24,604	0	24,604
Due to other funds	0	23,734	23,734
Due to others	10,057	0	10,057
Total liabilities	72,679	40,852	113,531
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	15,802	0	15,802
FUND BALANCES			
Nonspendable prepaid items	43,619	0	43,619
Restricted for:			
Public Safety	3,612	59,863	63,475
Capital projects	0	536,429	536,429
Assigned for:			
Housing and Development	0	5,481	5,481
Unassigned	992,042	0	992,042
Total fund balances	1,039,273	601,773	1,641,046
Total liabilities, deferred inflows of resources, and fund balances	$ 1,127,754	$ 642,625	$ 1,770,379

CITY OF ROYSTON, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
June 30, 2018

Total fund balance - total governmental funds		$ 1,641,046
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		5,331,087
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		15,802
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	$ 59,595	
Pension experience differences	21,589	
Pension assumption changes	13,817	
Deferred inflows of resources:		
Pension assumption changes	(1,383)	
Pension experience differences	(34,756)	
Pension investment return differences	(45,063)	13,799
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are:		
Net pension liability	(288,739)	
Compensated absences	(34,433)	(323,172)
Net position of governmental activities		$ 6,678,562

CITY OF ROYSTON, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2018

	General	Nonmajor Governmental Funds	Total
REVENUES			
Taxes	$ 1,605,419	$ 5,985	$ 1,611,404
Licenses and permits	15,296	0	15,296
Fines, fees and forfeitures	110,201	5,440	115,641
Charges for services	132,284	0	132,284
Intergovernmental	102,013	397,610	499,623
Interest	1,102	404	1,506
Contributions	21,770	6,407	28,177
Other	77,864	0	77,864
Total revenues	2,065,949	415,846	2,481,795
EXPENDITURES			
Current			
General Government	548,218	0	548,218
Judicial	7,858	0	7,858
Public Safety	960,793	12,227	973,020
Public Works	554,267	0	554,267
Culture and Recreation	65,279	0	65,279
Housing and Development	162,251	6,048	168,299
Capital outlay	0	187,266	187,266
Total expenditures	2,298,666	205,541	2,504,207
Excess (deficiency) of revenue over (under) expenditures	(232,717)	210,305	(22,412)
Other financing sources (uses)			
Transfers in (out)			
Transfers in	676,649	0	676,649
Transfers out	0	(208,889)	(208,889)
Sale of capital assets	12,513	0	12,513
Total other financing sources (uses)	689,162	(208,889)	480,273
Net change in fund balance	456,445	1,416	457,861
Fund balances, July 1	582,828	600,357	1,183,185
Fund balances, June 30	$ 1,039,273	$ 601,773	$ 1,641,046

See accompanying notes to the 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, 2018

Net change in fund balances - total governmental funds		$ 457,861
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	$ 149,174	
Depreciation	(393,540)	(244,366)
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	(75,738)	
Related accumulated depreciation	66,144	(9,594)
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.		3,204
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	80,507	
Cost of benefits earned net of employee contributions	(66,850)	
		13,657
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	21,460	21,460
Change in net position of governmental activities		$ 242,222

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, 2018

	Budget			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Taxes	$ 1,460,007	$ 1,460,007	$ 1,605,419	$ 145,412
Licenses and permits	15,000	15,000	15,296	296
Fines, fees and forfeitures	58,000	58,000	110,201	52,201
Charges for services	130,783	130,783	132,284	1,501
Intergovernmental	66,759	66,759	102,013	35,254
Interest	885	885	1,102	217
Contributions	9,000	9,000	21,770	12,770
Other	63,882	63,882	77,864	13,982
Total revenues	1,804,316	1,804,316	2,065,949	261,633
EXPENDITURES				
Current				
General Government				
Mayor and Council	130,150	130,150	130,494	(344)
Administration	411,017	411,017	407,623	3,394
Clerk	9,300	9,300	9,283	17
Elections	4,020	4,020	818	3,202
Judicial				
Municipal Court	11,195	11,195	7,858	3,337
Public Safety				
Police	982,281	982,281	846,554	135,727
Fire	108,565	108,565	108,556	9
Animal Control	5,685	5,685	5,683	2
Public Works				
Streets	520,599	520,599	473,616	46,983
Maintenance Shop	79,575	79,575	78,460	1,115
Cemetery	3,180	3,180	2,191	989
Culture and Recreation				
Library	44,800	44,800	44,730	70
Parks and Recreation	33,494	33,494	20,549	12,945
Housing and Development				
Code Enforcement	78,320	78,320	78,506	(186)
Better Hometown Program	77,838	66,838	66,370	468
Downtown Development Authority	6,000	17,000	17,375	(375)
Total expenditures	2,506,019	2,506,019	2,298,666	207,353
Excess (deficiency) of revenues over (under) expenditures	(701,703)	(701,703)	(232,717)	468,986
Other financing sources (uses)				
Transfers in (out)				
Transfers in	679,403	679,403	676,649	(2,754)
Sales of capital assets	25,000	25,000	12,513	(12,487)
Contingency	(2,700)	(2,700)	0	2,700
Total other financing sources (uses)	701,703	701,703	689,162	(12,541)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	456,445	456,445
Fund balances, July 1	0	0	582,828	582,828
Fund balances, June 30	$ 0	$ 0	$ 1,039,273	$ 1,039,273

See accompanying notes to the financial statements.

CITY OF ROYSTON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018

	Business Type			
	Water and Sewer Utility	Natural Gas Utility	Sanitation	Totals
ASSETS				
Current assets				
Cash and cash equivalents	$ 482,165	$ 542,235	$ 40,519	$ 1,064,919
Certificates of deposit	0	152,856	0	152,856
Restricted assets				
Cash and cash equivalents	24,995	63,954	0	88,949
Receivables (net)				
Accounts	125,473	219,233	35,248	379,954
Interest	0	97	0	97
Inventories	0	140,034	0	140,034
Prepaid items	5,958	7,676	2,693	16,327
Total current assets	638,591	1,126,085	78,460	1,843,136
Noncurrent assets				
Capital assets				
Non-depreciable	254,221	13,687	6,429	274,337
Depreciable (net)	2,967,236	2,916,100	63,279	5,946,615
Total noncurrent assets	3,221,457	2,929,787	69,708	6,220,952
Total assets	3,860,048	4,055,872	148,168	8,064,088
DEFERRED OUTFLOWS OF RESOURSES				
Pension contributions subsequent to measurement date	19,726	16,612	7,891	44,229
Pension experience differences	7,146	6,018	2,858	16,022
Pension assumption changes	4,574	3,852	1,829	10,255
Total deferred outflows of resources	31,446	26,482	12,578	70,506
LIABILITIES				
Current liabilities				
Payables				
Accounts	19,764	5,647	4,702	30,113
Sales tax	0	4,230	0	4,230
Interest	0	516	0	516
Accrued salaries	3,807	4,578	1,012	9,397
Other payroll liabilities	0	1,436	323	1,759
Compensated absences	11,761	8,472	5,871	26,104
Unearned revenue	9,141	37,388	794	47,323
Due to other funds	0	0	5,476	5,476
Capital leases payable	0	138,539	0	138,539
Notes payable	54,556	0	0	54,556
Liabilities payable from restricted assets:				
Customer deposits payable	24,995	63,954	0	88,949
Total current liabilities	124,024	264,760	18,178	406,962

See accompanying notes to the financial statements.

CITY OF ROYSTON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018

	Business Type			
	Water and Sewer Utility	Natural Gas Utility	Sanitation	Totals
Noncurrent liabilities				
Compensated absences	$ 1,307	$ 941	$ 652	$ 2,900
Net pension liability	95,575	80,485	38,230	214,290
Capital leases payable	0	526,218	0	526,218
Notes payable	415,675	0	0	415,675
Total noncurrent liabilities	512,557	607,644	38,882	1,159,083
Total liabilities	636,581	872,404	57,060	1,566,045
DEFERRED INFLOWS OF RESOURCES				
Pension assumption changes	458	385	183	1,026
Pension investment return differences	14,917	12,561	5,967	33,445
Pension experience differences	11,504	9,688	4,602	25,794
Total deferred inflows of resources	26,879	22,634	10,752	60,265
NET POSITION				
Net investment in capital assets	2,742,376	2,265,030	69,708	5,077,114
Unrestricted	485,658	922,286	23,226	1,431,170
Total net position	$ 3,228,034	$ 3,187,316	$ 92,934	$ 6,508,284

See accompanying notes to the 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, 2018

	Business Type			
	Water and Sewer Utility	Natural Gas Utility	Sanitation	Totals
OPERATING REVENUES				
Charges for sales and services	$ 1,015,103	$ 2,826,974	$ 313,963	$ 4,156,040
Total operating revenues	1,015,103	2,826,974	313,963	4,156,040
OPERATING EXPENSES				
Costs of sales and services	452,881	1,379,725	154,432	1,987,038
Personal services	341,718	379,452	122,860	844,030
Depreciation	137,521	114,273	16,704	268,498
Total operating expenses	932,120	1,873,450	293,996	3,099,566
Operating income (loss)	82,983	953,524	19,967	1,056,474
Non-operating revenues (expenses)				
Interest revenue	343	805	7	1,155
Interest expense	(10,303)	(20,077)	0	(30,380)
Gain (loss) on sale of capital assets	0	15,850	0	15,850
Total non-operating revenues (expenses)	(9,960)	(3,422)	7	(13,375)
Income (loss) before capital contributions and transfers	73,023	950,102	19,974	1,043,099
Capital contributions				
Capital contributions	51,182	0	0	51,182
Income (loss) before transfers	124,205	950,102	19,974	1,094,281
Transfers in (out)				
Transfers in	208,889	0	0	208,889
Transfers out	(27,335)	(643,239)	(6,075)	(676,649)
Total transfers	181,554	(643,239)	(6,075)	(467,760)
Change in net position	305,759	306,863	13,899	626,521
Net position, July 1	2,922,275	2,880,453	79,035	5,881,763
Net position, June 30	$ 3,228,034	$ 3,187,316	$ 92,934	$ 6,508,284

CITY OF ROYSTON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2018

	Business Type			
	Water and Sewer Utility	Natural Gas Utility	Sanitation	Totals
Cash flows from operating activities:				
Receipts from customers	$ 952,112	$ 2,764,074	$ 310,930	$ 4,027,116
Payments to suppliers	(465,437)	(1,371,734)	(156,559)	(1,993,730)
Payments to employees	(349,256)	(382,278)	(123,365)	(854,899)
Other receipts	44,244	31,363	12,330	87,937
Net cash provided (used) by operating activities	181,663	1,041,425	43,336	1,266,424
Cash flows from non-capital financing activities:				
Payments to other funds	(27,335)	(643,239)	(6,075)	(676,649)
Net cash provided (used) by non-capital financing activities	(27,335)	(643,239)	(6,075)	(676,649)
Cash flows from capital and related financing activities:				
Receipts of capital contributions	51,182	0	0	51,182
Receipts from other funds	208,889	0	0	208,889
Interest paid	(10,303)	(20,160)	0	(30,463)
Proceeds - sale of capital assets	0	15,850	0	15,850
Acquisition of capital assets	(202,986)	(109,625)	(6,520)	(319,131)
Proceeds - notes	153,546	0	0	153,546
Principal payments - notes	(53,310)	0	0	(53,310)
Principal payments - capital lease	0	(135,801)	0	(135,801)
Net cash provided (used) by capital and related financing activities	147,018	(249,736)	(6,520)	(109,238)
Cash flows from investing activities:				
Interest received	343	875	7	1,225
Proceeds from sale of investments	0	152,322	0	152,322
Purchase of investments	0	(152,856)	0	(152,856)
Net cash provided (used) by investing activities	343	341	7	691
Net increase (decrease) in cash and cash equivalents	301,689	148,791	30,748	481,228
Cash and cash equivalents, July 1	205,471	457,398	9,771	672,640
Cash and cash equivalents, June 30	$ 507,160	$ 606,189	$ 40,519	$ 1,153,868

See accompanying notes to the financial statements.

CITY OF ROYSTON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2018

	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)	$ 82,983	$ 953,524	$ 19,967	$ 1,056,474
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	137,521	114,273	16,704	268,498
(Increase) decrease in accounts receivable	(25,856)	(37,237)	10,348	(52,745)
(Increase) decrease in prepaids	(1,032)	(3,365)	(485)	(4,882)
(Increase) decrease in inventories	0	15,451	0	15,451
(Increase) decrease in pension contributions made subsequent to measurement date	1,829	1,540	731	4,100
Increase (decrease) in accounts payable	(11,524)	(4,095)	(1,642)	(17,261)
Increase (decrease) in sales tax payable	0	(124)	0	(124)
Increase (decrease) in unearned revenue	3,989	(4,275)	(1,051)	(1,337)
Increase (decrease) in pension assumption differences	(4,726)	(3,981)	(1,890)	(10,597)
Increase (decrease) in pension investment return differences	15,268	12,856	6,107	34,231
Increase (decrease) in pension experience differences	(1,615)	(1,360)	(645)	(3,620)
Increase (decrease) in net pension liability	(15,275)	(12,863)	(6,110)	(34,248)
Increase (decrease) in accrued payroll liabilities	(3,019)	982	1,302	(735)
Increase (decrease) in deposits payable	3,120	10,099	0	13,219
Total adjustments	98,680	87,901	23,369	209,950
Net cash provided (used) by operating activities	$ 181,663	$ 1,041,425	$ 43,336	$ 1,266,424
Cash and cash equivalents reconciliation:				
Cash and cash equivalents	$ 482,165	$ 542,235	$ 40,519	$ 1,064,919
Restricted assets				
Cash and cash equivalents	24,995	63,954	0	88,949
Total cash and cash equivalents	$ 507,160	$ 606,189	$ 40,519	$ 1,153,868

Noncash investing, capital, and financing activities:

Acquisition of capital assets through accounts payable totaled $8,850.

CITY OF ROYSTON, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2018

	Municipal Court Agency Fund
ASSETS	
Cash and cash equivalents	$ 7,973
LIABILITIES	
Due to other agencies	$ 7,973

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.

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 the end of the current fiscal year 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 fiscal year end 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.

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, 2018 consist of the following:

Major Funds		
General Fund		$ 5,984
Enterprise Funds		
Water and Sewer Utility	$ 313,887	
Less: Allowances for Uncollectibles	(188,414)	
Natural Gas Utility	341,496	
Less: Allowances for Uncollectibles	(122,263)	
Sanitation	51,384	
Less: Allowances for Uncollectibles	(16,136)	379,954
Total Primary Government		$ 385,938

5. Intergovernmental Receivables

Intergovernmental receivables at June 30, 2018 consist of the following:

Major Funds	
General Fund	
State of Georgia	$ 13,081
Nonmajor Governmental Funds	
Franklin County, Georgia	24,961
Hart County, Georgia	35,622
Total Primary Government	$ 73,664

6. Property Taxes

Taxes receivable as of June 30, 2018 consist of property taxes for five years as follows:

Year of Levy	Amount
2017	$ 20,389
2016	953
2015	1,309
2014	775
2013	3,928
Less allowance for uncollectible	(5,312)
Total	$ 22,042

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 2018, based upon the assessments of January 1, 2017, were billed on December 8, 2017, and due on February 6, 2018. Tax liens are issued 90 days after the due date. The tax rate of 10.0 mills for fiscal year 2018 was levied on September 14, 2017.

Other Taxes

$50,882 of sales taxes and $12,646 of other taxes are also included in taxes receivable.

7. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables as of June 30, 2018 is as follows:

Receivable Fund	Payable Fund	Amount
General	Sanitation	$ 5,476
	Nonmajor governmental	23,734
		$ 29,210

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	$ 643,239
Water and Sewer Utility	General	27,335
Sanitation	General	6,075
Nonmajor governmental	Water and Sewer Utility	208,889
		$ 885,538

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 current fiscal year is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Non-depreciable assets				
Land	$ 473,994	$ 0	$ 0	$ 473,994
Construction in progress	23,637	0	(23,637)	0
Total non-depreciable assets	497,631	0	(23,637)	473,994
Depreciable assets				
Buildings	4,441,650	0	0	4,441,650
Infrastructure	2,445,968	14,043	0	2,460,011
Vehicles and equipment	2,861,312	149,174	(66,144)	2,944,342
Furniture and fixtures	190,789	0	0	190,789
Total depreciable assets	9,939,719	163,217	(66,144)	10,036,792
Accumulated depreciation				
Buildings	(2,103,247)	(93,081)	0	(2,196,328)
Infrastructure	(449,744)	(61,942)	0	(511,686)
Vehicles and equipment	(2,112,666)	(236,560)	66,144	(2,283,082)
Furniture and fixtures	(186,646)	(1,957)	0	(188,603)
Total accumulated depreciation	(4,852,303)	(393,540)	66,144	(5,179,699)
Total depreciable assets, net	5,087,416	(230,323)	0	4,857,093
Governmental activities capital assets, net	$ 5,585,047	$ (230,323)	$ (23,637)	$ 5,331,087
Business-type activities				
Non-depreciable assets				
Land	$ 73,361	$ 0	$ 0	$ 73,361
Construction in progress	984,249	0	(783,273)	200,976
Total non-depreciable assets	1,057,610	0	(783,273)	274,337
Depreciable assets				
Buildings	201,501	0	0	201,501
Land improvements	24,644	0	0	24,644
Distribution system	11,255,602	909,906	0	12,165,508
Vehicles and equipment	1,606,759	201,348	(81,662)	1,726,445
Total depreciable assets	13,088,506	1,111,254	(81,662)	14,118,098
Accumulated depreciation				
Buildings	(115,502)	(13,007)	0	(128,509)
Land improvements	(15,109)	(1,643)	0	(16,752)
Distribution system	(6,517,674)	(169,420)	0	(6,687,094)
Vehicles and equipment	(1,336,362)	(84,428)	81,662	(1,339,128)
Total accumulated depreciation	(7,984,647)	(268,498)	81,662	(8,171,483)
Total depreciable assets, net	5,103,859	842,756	0	5,946,615
Business-type activities capital assets, net	$ 6,161,469	$ 842,756	$ (783,273)	$ 6,220,952

8. Capital Assets (continued)

Decreases in construction in progress for the governmental activities consist of projects placed into service in the amount of $14,043 and projects abandoned in the amount of $9,594.

Capital asset activity for the Downtown Development Authority Component Unit for the current fiscal year is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Downtown Development Authority Component Unit				
Non-depreciable assets				
Construction in progress	$37,096	$109,319	$0	$146,415

Depreciation expense was charged to functions/programs as follows:

Primary Government	
Governmental activities	
General Government	$ 26,695
Public Safety	132,351
Public Works	151,425
Culture and Recreation	83,069
Total depreciation expense for governmental activities	$ 393,540
Business-type activities	
Water and Sewer Utility	$ 137,521
Natural Gas Utility	114,273
Sanitation	16,704
Total depreciation expense for business-type activities	$ 268,498

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 the end of the current fiscal year is $664,757 for the business-type activities

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

Year Ending June 30,	Business-type Activities
2019	$ 157,553
2020	157,553
2021	122,687
2022	87,820
2023	87,820
2024	87,820
2025	21,956
Total minimum lease payments	723,209
Less amounts representing interest	(58,452)
Present value of minimum lease payments	$ 664,757

Total assets leased under capital leases are classified as follows:

	Business-type Activities	
	Cost	Accumulated Depreciation
Natural gas system infrastructure	$ 1,716,983	$ 80,400

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% ($155,819 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% ($160,867 outstanding).

On November 7, 2017, the City entered into an agreement the Georgia Environmental Facilities Authority for improvements to the City's water and sewerage system. The City agreed to borrow up to $2,000,000 due in 239 consecutive monthly installments of principal and interest beginning on the earlier of the project completion date or October 1, 2019; interest at 1.55%. As of the end of the current fiscal year, this note is still in the drawdown phase ($153,545 outstanding) and is not included in the amortization schedule below.

Annual debt service requirements for notes payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 54,556	$ 7,658	$ 62,214
2020	55,840	6,373	62,213
2021	57,191	5,022	62,213
2022	58,565	3,648	62,213
2023	54,286	2,224	56,510
2024	27,008	989	27,997
2025	9,240	79	9,319
Totals	$ 316,686	$ 25,993	$ 342,679

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 the current fiscal year:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	$ 55,893	$ 28,844	$ (50,304)	$ 34,433	$ 30,990
Business-type activities					
Notes payable	$ 369,995	$ 153,546	$ (53,310)	$ 470,231	$ 54,556
Capital lease obligations	800,558	0	(135,801)	664,757	138,539
Compensated absences	29,291	29,981	(30,268)	29,004	26,104
Total business-type activities	$ 1,199,844	$ 183,527	$ (219,379)	$ 1,163,992	$ 219,199

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 current fiscal year is $30,380.

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, 2018, the date of the most recent actuarial valuation, there were 75 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	14
Terminated vested participants entitled to but not yet receiving benefits	10
Active participants	51
Total number of participants	75

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 2018, the city made contributions in the amount as a percentage of covered payroll of 10.07%. 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, 2018, the City reported a net pension liability of $503,029. The net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2018. For the fiscal year ended June 30, 2018, the City recognized pension expense in the amount of $114,639.

11. Pension Plan (continued)

At June 30, 2018, 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	$ 37,611	$ (60,550)
Changes of assumptions	24,072	(2,409)
Net difference between projected and actual earnings on pension plan investments	0	(78,508)
City contributions subsequent to the measurement date	103,824	0
Totals	$ 165,507	$ (141,467)

The $103,824 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, 2019. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30	
2019	$ (16,561)
2020	(10,790)
2021	(25,449)
2022	(24,975)
2023	(7,060)
2024 and thereafter	5,051
Totals	$ (79,784)

11. Pension Plan (continued)

Actuarial Assumptions. The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Projected salary increases	2.75% plus service based merit increases
Cost of living adjustments	0.00%
Net investment rate of return	7.50%

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, 2018 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, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.71%
International equity	20%	7.71%
Real estate	10%	5.21%
Global fixed income	5%	3.36%
Domestic fixed income	20%	2.11%
Total	100%	

11. Pension Plan (continued)

Discount Rate. The discount rate used to measure the total pension liability was 7.50 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 9/30/16	$ 1,894,236	$ 1,310,811	$ 583,425
Changes for the year:			
Service cost	81,578	0	81,578
Interest	144,637	0	144,637
Differences between expected and actual experience	7,268	0	7,268
Contributions—employer	0	148,055	(148,055)
Net investment income	0	203,670	(203,670)
Benefit payments, including refunds of employee contributions	(55,901)	(55,901)	0
Administrative expense	0	(9,765)	9,765
Other	28,081	0	28,081
Net changes	205,663	286,059	(80,396)
Balances at 9/30/17	$ 2,099,899	$ 1,596,870	$ 503,029

Plan fiduciary net position as a percentage of the total pension liability	76.05%
Covered payroll	$ 1,541,958
Employer's net pension liability as percentage of covered payroll	32.62%

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 (6.50 percent) or one percentage-point higher (8.50 percent) than the current rate:

	Discount Rate	Net Pension Liabilty (Asset)
1% decrease	6.50%	$ 797,166
Current discount rate	7.50%	503,029
1% increase	8.50%	257,914

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. These plans are immaterial to the financial statements.

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 the end of the current fiscal year, there were 10 members of the Plans.

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

During the current fiscal year, the City contributed $4,153 to the plans based on covered salaries of $412,663. Plan members made voluntary contributions of $16,610 to the plans. Total payroll was $1,642,139.

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 current fiscal year are as follows:

Lodging Tax Receipts	$5,985	
Disbursements to		
Downtown Development Authority	$5,985	100% 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 the current fiscal year, the city paid $2,112 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 $21,224 as payment-in-lieu-of-taxes during the current fiscal year. 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 the end of the current fiscal year, the City has no losses that are probable or estimable and accordingly has not recognized any liability.

17. 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 paid the Georgia Environmental Finance Authority note payable dated October 1, 2004 in full in the amount of $155,819.

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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, 2018
(Unaudited)

	Fiscal Year	
	2018	**2017**
Total pension liability		
Service cost	$ 81,578	$ 83,644
Interest	144,637	138,514
Differences between expected and actual experience	7,268	(84,767)
Benefit payments, including refunds of employee contributions	(55,901)	(60,829)
Other	28,081	0
Net change in total pension liability	205,663	76,562
Total pension liability - beginning	1,894,236	1,817,675
Total pension liability - ending (a)	2,099,899	1,894,237
Plan fiduciary net position		
Contributions - employer	$ 148,055	$ 152,823
Net investment income	203,670	126,653
Benefit payments, including refunds of employee contributions	(55,901)	(60,829)
Administrative expense	(9,766)	(5,350)
Net change in total pension liability	286,058	213,297
Plan fiduciary net position - beginning	1,310,812	1,097,515
Plan fiduciary net position - ending (b)	$ 1,596,870	$ 1,310,812
Net pension liability (asset) - ending : (a) - (b)	$ 503,029	$ 583,425
Plan's fiduciary net position as a percentage of the total pension liability	76.05%	69.20%
Covered payroll	$ 1,541,958	$ 1,579,149
Net pension liabilty as a percentage of covered payroll	32.62%	36.95%

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

Fiscal Year	
2016	2015
$ 90,691	$ 97,099
125,255	109,378
13,041	55,842
(55,011)	(48,664)
0	(5,620)
173,976	208,035
1,643,699	1,435,664
$ 1,817,675	$ 1,643,699
$ 152,263	$ 149,721
7,629	95,129
(55,011)	(48,664)
(5,878)	(4,551)
99,003	191,635
998,512	806,877
$ 1,097,515	$ 998,512
$ 720,160	$ 645,187
60.38%	60.75%
$ 1,514,806	$ 1,566,779
47.54%	41.18%

See accompanying notes to the required supplementary information.

CITY OF ROYSTON, GEORGIA
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
June 30, 2018
(Unaudited)

	Fiscal Year	
	2018	**2017**
Actuarially determined contribution	$ 148,055	$ 151,263
Contributions in relation to the actuarially determined contribution	(148,055)	(151,263)
Contribution deficiency (excess)	$ 0	$ 0
Covered payroll	$ 1,469,871	$ 1,580,444
Contributions as a percentage of covered payroll	10.07%	9.57%

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

See accompanying notes to the required supplementary information.

Fiscal Year	
2016	2015
$ 153,343	$ 151,903
(153,343)	(151,903)
$ 0	$ 0
$ 1,696,036	$ 1,669,519
9.04%	9.10%

See accompanying notes to the required supplementary information.

1. Valuation Date

The actuarially determined contribution rate was determined as of January 1, 2018, 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, 2019.

2. Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method = Projected Unit Credit

Amortization method = Closed level dollar for remaining unfunded liability

Remaining amortization period = Remaining amortization period varies for the bases, with a net effective amortization period of 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 = 7.50%

Projected salary increases = 2.75% 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

Amounts reported for the fiscal year ending in 2018 and later reflect the following assumption changes based on an actuarial study conducted in September 2017:

The investment return assumption was decreased from 7.75% to 7.50%

The inflation assumption was decreased from 3.25% to 2.75%

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COMBINING STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

CITY OF ROYSTON, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2018

	Special Revenue			
	Confiscated Assets	Hotel/Motel Tax	Technology Surcharge	Fire Department
ASSETS				
Cash and cash equivalents	$ 3,873	$ 4,986	$ 28,533	$ 25,975
Accounts receivable	0	495	0	0
Intergovernmental receivable	0	0	0	1,482
Total assets	$ 3,873	$ 5,481	$ 28,533	$ 27,457
LIABILITIES				
Accounts payable	$ 0	$ 0	$ 0	$ 0
Due to other funds	0	0	0	0
Total liabilities	0	0	0	0
FUND BALANCES				
Restricted:				
Public Safety	3,873	0	28,533	27,457
Capital projects	0	0	0	0
Assigned for Housing and Development	0	5,481	0	0
Total fund balances	3,873	5,481	28,533	27,457
Total liabilities and fund balances	$ 3,873	$ 5,481	$ 28,533	$ 27,457

Capital Projects			Total
Franklin County SPLOST #4	Hart County SPLOST #4	Franklin County SPLOST #5	Nonmajor Governmental Funds
$ 249,282	$ 0	$ 268,898	$ 581,547
0	0	0	495
0	35,622	23,479	60,583
$ 249,282	$ 35,622	$ 292,377	$ 642,625
$ 5,464	$ 11,654	$ 0	$ 17,118
0	23,734	0	23,734
5,464	35,388	0	40,852
0	0	0	59,863
243,818	234	292,377	536,429
0	0	0	5,481
243,818	234	292,377	601,773
$ 249,282	$ 35,622	$ 292,377	$ 642,625

CITY OF ROYSTON, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2018

	Special Revenue			
	Confiscated Assets	Hotel/Motel Tax	Technolgy Surcharge	Fire Department
REVENUES				
Taxes	$ 0	$ 5,985	$ 0	$ 0
Fines, fees, and forfeitures	0	0	5,440	0
Intergovernmental	0	0	0	16,984
Interest	0	0	28	0
Contributions	0	0	0	6,407
Total revenues	0	5,985	5,468	23,391
EXPENDITURES				
Current				
Public Safety	464	0	0	11,763
Housing and Development	0	6,048	0	0
Capital outlay	0	0	0	0
Total expenditures	464	6,048	0	11,763
Excess (deficiency) of revenues over (under) expenditures	(464)	(63)	5,468	11,628
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	(464)	(63)	5,468	11,628
Fund balances, July 1	4,337	5,544	23,065	15,829
Fund balances, June 30	$ 3,873	$ 5,481	$ 28,533	$ 27,457

Capital Projects			Total
Franklin County SPLOST #4	Hart County SPLOST #4	Franklin County SPLOST #5	Nonmajor Governmental Funds
$ 0	$ 0	$ 0	$ 5,985
0	0	0	5,440
112,840	35,622	232,164	397,610
348	0	28	404
0	0	0	6,407
113,188	35,622	232,192	415,846
0	0	0	12,227
0	0	0	6,048
151,644	35,622	0	187,266
151,644	35,622	0	205,541
(38,456)	0	232,192	210,305
(208,889)	0	0	(208,889)
(247,345)	0	232,192	1,416
491,163	234	60,185	600,357
$ 243,818	$ 234	$ 292,377	$ 601,773

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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, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	$ 865,078	$ 507,318
Certificates of deposit	81,483	81,198
Restricted assets		
Cash and cash equivalents	3,612	2,314
Receivables (net)		
Accounts	5,984	11,965
Taxes	85,075	57,254
Intergovernmental	13,081	0
Interest	136	121
Due from other funds	29,210	5,476
Due from component unit	476	(81)
Prepaid items	43,619	28,133
Total assets	$ 1,127,754	$ 693,698
LIABILITIES		
Payables		
Accounts	$ 35,987	$ 45,726
Refunds	2,031	2,346
Accrued salaries and payroll liabilities	24,604	40,143
Due to others	10,057	10,057
Total liabilities	72,679	98,272
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property tax	15,802	12,598
FUND BALANCES		
Nonspendable prepaid items	43,619	28,133
Restricted for Public Safety	3,612	2,314
Unassigned	992,042	552,381
Total fund balances	1,039,273	582,828
Total liabilities, deferred inflows of resources, and fund balances	$ 1,127,754	$ 693,698

CITY OF ROYSTON, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2018 and 2017

	2018	2017
REVENUES		
Taxes	$ 1,605,419	$ 1,472,564
Licenses and permits	15,296	13,607
Fines, fees and forfeitures	110,201	46,906
Charges for services	132,284	119,860
Intergovernmental	102,013	52,223
Interest	1,102	679
Contributions	21,770	12,916
Other	77,864	45,614
Total revenues	2,065,949	1,764,369
EXPENDITURES		
Current		
General Government	548,218	598,051
Judicial	7,858	7,056
Public Safety	960,793	991,886
Public Works	554,267	538,708
Culture and Recreation	65,279	72,688
Housing and Development	162,251	154,266
Total expenditures	2,298,666	2,362,655
Excess (deficiency) of revenues over (under) expenditures before transfers	(232,717)	(598,286)
Other financing sources (uses)		
Transfers in (out)		
Water and Sewer Utility Fund	27,335	25,904
Natural Gas Utility Fund	643,239	606,752
Sanitation Fund	6,075	5,757
Sales of capital assets	12,513	20,099
Total other financing sources (uses)	689,162	658,512
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	456,445	60,226
Fund balances, July 1	582,828	522,602
Fund balances, June 30	$ 1,039,273	$ 582,828

CITY OF ROYSTON, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2018
(With comparative actual amounts for the fiscal year ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes				
General property taxes				
Property tax	$ 440,000	$ 513,164	$ 73,164	$ 462,294
Motor vehicle tax	57,000	95,038	38,038	73,317
Cost, penalties, and interest	8,800	3,967	(4,833)	5,705
Total general property taxes	505,800	612,169	106,369	541,316
Local option sales tax	477,000	532,751	55,751	481,631
Intangible tax	7,000	7,370	370	4,641
Franchise tax	199,800	191,185	(8,615)	197,512
Insurance premium tax	170,900	171,004	104	160,592
Beer and wine tax	68,000	59,680	(8,320)	57,259
Occupational tax	29,700	28,961	(739)	27,726
Other taxes	1,807	2,299	492	1,887
Total taxes	1,460,007	1,605,419	145,412	1,472,564
Licenses and Permits				
Building permits	1,000	1,096	96	807
Alcohol licenses and penalties	14,000	14,200	200	12,800
Total licenses and permits	15,000	15,296	296	13,607
Fines, fees and forfeitures	58,000	110,201	52,201	46,906
Charges for Services				
Cemetery lot sales	6,000	7,700	1,700	5,000
Fire protection	300	100	(200)	250
Civic Center rents	6,000	6,000	0	6,000
Indirect expenses	118,483	118,484	1	108,610
Total charges for services	130,783	132,284	1,501	119,860
Intergovernmental				
Grants and receipts	66,759	102,013	35,254	52,223
Interest	885	1,102	217	679
Contributions	9,000	21,770	12,770	12,916
Other	63,882	77,864	13,982	45,614
Total revenues	$ 1,804,316	$ 2,065,949	$ 261,633	$ 1,764,369

CITY OF ROYSTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2018
(With comparative actual amounts for the fiscal year ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
Current				
General Government				
Mayor and Council				
Personal services	$ 92,100	$ 90,394	$ 1,706	$ 97,464
Contractual services	34,580	36,503	(1,923)	42,038
Materials and supplies	3,470	3,597	(127)	1,450
Total Mayor and Council	130,150	130,494	(344)	140,952
Administration				
Personal services	262,200	238,173	24,027	285,843
Contractual services	92,878	109,584	(16,706)	119,034
Materials and supplies	23,839	26,817	(2,978)	24,520
Capital outlay	23,100	23,769	(669)	15,381
Payments to other agencies	9,000	9,280	(280)	8,750
Total Administration	411,017	407,623	3,394	453,528
Clerk				
Contract services	9,300	9,283	17	3,394
Elections				
Contract services	3,300	680	2,620	177
Materials and supplies	720	138	582	0
Total Elections	4,020	818	3,202	177
Total General Government	554,487	548,218	6,269	598,051
Judicial				
Municipal Court				
Personal Services	11,195	7,858	3,337	7,056
Public Safety				
Police				
Personal services	761,151	649,659	111,492	677,157
Contractual services	93,005	101,050	(8,045)	101,356
Materials and supplies	78,625	70,917	7,708	80,214
Capital outlay	36,500	7,883	28,617	35,113
Payments to other agencies	13,000	17,045	(4,045)	7,316
Total Police Department	982,281	846,554	135,727	901,156
Fire				
Personal services	27,450	20,146	7,304	20,308
Contractual services	32,685	33,441	(756)	26,572
Materials and supplies	14,600	11,833	2,767	12,318
Capital outlay	33,830	43,136	(9,306)	25,443
Total Fire Department	108,565	108,556	9	84,641
Animal Control				
Payments to others agencies	5,685	5,683	2	6,089
Total Public Safety	1,096,531	960,793	135,738	991,886

CITY OF ROYSTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2018
(With comparative actual amounts for the fiscal year ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	Actual
Public Works				
Streets				
Personal services	$ 228,700	$ 177,409	$ 51,291	$ 222,012
Contractual services	130,370	129,996	374	118,129
Materials and supplies	111,050	119,282	(8,232)	105,128
Capital outlay	50,479	46,929	3,550	11,888
Total Streets	520,599	473,616	46,983	457,157
Maintenance Shop				
Personal services	60,975	60,416	559	61,275
Contractual services	6,515	5,598	917	5,800
Materials and supplies	12,085	11,446	639	12,015
Capital outlay	0	1,000	(1,000)	0
Total Maintenance Shop	79,575	78,460	1,115	79,090
Cemetery				
Contractual services	2,400	1,681	719	1,961
Materials and supplies	780	510	270	500
Total Cemetery	3,180	2,191	989	2,461
Total Public Works	603,354	554,267	49,087	538,708
Culture and Recreation				
Library				
Contractual services	5,300	6,189	(889)	6,734
Materials and supplies	20,800	20,541	259	19,714
Capital Outlay	700	0	700	0
Payments to other agencies	18,000	18,000	0	21,000
Total Library	44,800	44,730	70	47,448
Parks and Recreation				
Contractual services	10,295	8,002	2,293	7,573
Materials and supplies	9,625	12,547	(2,922)	17,667
Capital outlay	13,574	0	13,574	0
Total Parks and Recreation	33,494	20,549	12,945	25,240
Total Culture and Recreation	78,294	65,279	13,015	72,688
Housing and Development				
Code Enforcement				
Personal services	57,320	59,413	(2,093)	56,043
Contractual services	17,500	16,011	1,489	12,615
Materials and supplies	3,500	3,082	418	3,629
Total Code Enforcement	78,320	78,506	(186)	72,287

CITY OF ROYSTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2018
(With comparative actual amounts for the fiscal year ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	Actual
Housing and Development				
Better Hometown Program				
Personal services	$ 43,668	$ 44,586	$ (918)	$ 50,721
Contractual services	16,220	15,484	736	22,019
Materials and supplies	6,950	6,300	650	3,239
Total Better Hometown Program	66,838	66,370	468	75,979
Agency allocations				
Downtown Development Authority	17,000	17,375	(375)	6,000
Total Housing and Development	162,158	162,251	(93)	154,266
Total expenditures	$ 2,506,019	$ 2,298,666	$ 207,353	$ 2,362,655

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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, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	$ 3,873	$ 4,337
FUND BALANCES		
Restricted for Public Safety	$ 3,873	$ 4,337

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, 2018
(With comparative actual amounts for the fiscal year ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees, and forfeitures	$ 1,089	$ 0	$ (1,089)	$ 3,550
Total revenues	1,089	0	(1,089)	3,550
EXPENDITURES				
Current				
Public Safety				
Materials and supplies	1,089	464	625	92
Total expenditures	1,089	464	625	92
Excess (deficiency) of revenues over (under) expenditures	0	(464)	(464)	3,458
Fund balances, July 1	0	4,337	4,337	879
Fund balances, June 30	$ 0	$ 3,873	$ 3,873	$ 4,337

CITY OF ROYSTON, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	$ 4,986	$ 5,544
Taxes receivable	495	0
Total assets	$ 5,481	$ 5,544
FUND BALANCES		
Assigned for Housing and Development	$ 5,481	$ 5,544

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, 2018
(With comparative actual amounts for the fiscal year ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	Actual
REVENUES				
Hotel/motel taxes	$ 7,000	$ 5,985	$ (1,015)	$ 6,368
Total revenues	7,000	5,985	(1,015)	6,368
EXPENDITURES				
Current				
Housing and Development				
Agency allocations	7,000	6,048	952	6,475
Total expenditures	7,000	6,048	952	6,475
Excess (deficiency) of revenues over (under) expenditures	0	(63)	(63)	(107)
Fund balances, July 1	0	5,544	5,544	5,651
Fund balances, June 30	$ 0	$ 5,481	$ 5,481	$ 5,544

CITY OF ROYSTON, GEORGIA
TECHNOLOGY SURCHARGE SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	$ 28,533	$ 23,065
FUND BALANCES		
Restricted for Public Safety	$ 28,533	$ 23,065

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, 2018
(With comparative actual amounts for the fiscal year ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees, and forfeitures	$ 3,000	$ 5,440	$ 2,440	$ 3,770
Interest	0	28	28	18
Total revenues	3,000	5,468	2,468	3,788
EXPENDITURES				
Current				
Public Safety				
Materials and supplies	2,500	0	2,500	0
Total expenditures	2,500	0	2,500	0
Excess (deficiency) of revenues over (under) expenditures	500	5,468	4,968	3,788
Other financing sources (uses)				
Contingency	(500)	0	500	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	5,468	5,468	3,788
Fund balances, July 1	0	23,065	23,065	19,277
Fund balances, June 30	$ 0	$ 28,533	$ 28,533	$ 23,065

CITY OF ROYSTON, GEORGIA
FIRE DEPARTMENT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	$ 25,975	$ 15,829
Intergovernmental receivable	1,482	0
Total assets	$ 27,457	$ 15,829
FUND BALANCES		
Restricted for Public Safety	$ 27,457	$ 15,829

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, 2018
(With comparative actual amounts for the fiscal year ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	$ 16,984	$ 16,984	$ 0	$ 16,984
Contributions	2,000	6,407	4,407	4,034
Total revenues	18,984	23,391	4,407	21,018
EXPENDITURES				
Current				
Public Safety				
Contract services	0	338	(338)	240
Materials and supplies	9,000	9,425	(425)	8,086
Capital outlay	2,000	0	2,000	9,645
Payments to other agencies	500	2,000	(1,500)	0
Total expenditures	11,500	11,763	(263)	17,971
Excess (deficiency) of revenues over (under) expenditures	7,484	11,628	4,144	3,047
Other financing sources (uses)				
Contingency	(7,484)	0	7,484	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	11,628	11,628	3,047
Fund balances, July 1	0	15,829	15,829	12,782
Fund balances, June 30	$ 0	$ 27,457	$ 27,457	$ 15,829

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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 #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 #4
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	$ 249,282	$ 491,163
LIABILITIES		
Accounts payable	$ 5,464	$ 0
FUND BALANCES		
Restricted for capital projects	243,818	491,163
Total liabilities and fund balances	$ 249,282	$ 491,163

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, 2018 and 2017

	2018	2017
REVENUES		
Intergovernmental	$ 112,840	$ 238,802
Interest	348	514
Total revenues	113,188	239,316
EXPENDITURES		
Capital outlay		
Public Safety		
Fire	29,000	71,698
Public Works		
Streets	24,599	17,557
Culture and Recreation		
Parks	98,045	8,400
Total expenditures	151,644	97,655
Excess (deficiency) of revenues over (under) expenditures	(38,456)	141,661
Other financing sources (uses)		
Transfers in (out)		
Water and Sewer Utility Fund	(208,889)	(267,108)
Sanitation Fund	0	(11,368)
Total other financing sources (uses)	(208,889)	(278,476)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(247,345)	(136,815)
Fund balances, July 1	491,163	627,978
Fund balances, June 30	$ 243,818	$ 491,163

CITY OF ROYSTON, GEORGIA
HART COUNTY SPECIAL PURPOSE LOCAL OPTION SALES TAX #4
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	$ 0	$ 234
Intergovernmental receivable	35,622	0
Total assets	$ 35,622	$ 234
LIABILITIES		
Accounts payable	$ 11,654	$ 0
Due to other funds	23,734	0
Total liabilities	35,388	0
FUND BALANCES		
Restricted for capital projects	234	234
Total liabilities and fund balances	$ 35,622	$ 234

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, 2018 and 2017

	2018	2017
REVENUES		
Intergovernmental	$ 35,622	$ 28,452
EXPENDITURES		
Capital outlay		
Public Safety		
Fire	4,532	0
Public Works		
Streets	31,090	26,633
Culture and Recreation		
Parks	0	4,500
Total expenditures	35,622	31,133
Excess (deficiency) of revenues over (under) expenditures	0	(2,681)
Other financing sources (uses)		
Transfers in (out)		
Water and Sewer Utility Fund	0	(4,995)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(7,676)
Fund balances, July 1	234	7,910
Fund balances, June 30	$ 234	$ 234

CITY OF ROYSTON, GEORGIA
FRANKLIN COUNTY SPECIAL PURPOSE LOCAL OPTION SALES TAX #5
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	$ 268,898	$ 0
Intergovernmental receivable	23,479	60,185
Total assets	$ 292,377	$ 60,185
FUND BALANCES		
Restricted for capital projects	$ 292,377	$ 60,185

CITY OF ROYSTON, GEORGIA
FRANKLIN COUNTY SPECIAL PURPOSE LOCAL OPTION SALES TAX #5
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2018 and 2017

	2018	2017
REVENUES		
Intergovernmental	$ 232,164	$ 60,185
Interest	28	0
Total revenues	232,192	60,185
EXPENDITURES		
Capital outlay	0	0
Excess (deficiency) of revenues over (under) expenditures	232,192	60,185
Fund balances, July 1	60,185	0
Fund balances, June 30	$ 292,377	$ 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, 2018 and 2017

	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 482,165	$ 183,596
Accounts receivables (net)	125,473	99,617
Prepaid items	5,958	4,926
Total current assets	613,596	288,139
Restricted assets		
Customer Deposits		
Cash and cash equivalents	24,995	21,875
Capital assets		
Land	53,245	53,245
Land improvements	24,644	24,644
Buildings	94,400	94,400
Vehicles and equipment	677,840	580,258
Water system	7,301,241	7,301,241
Construction in progress	200,975	86,721
Accumulated depreciation	(5,130,888)	(4,993,367)
Total capital assets (net of accumulated depreciation)	3,221,457	3,147,142
Total assets	3,860,048	3,457,156
DEFERRED OUTFLOWS OF RESOURCES		
Pension contributions subsequent to measurement date	19,726	21,555
Pension investment return differences	0	351
Pension experience differences	7,146	7,832
Pension assumption changes	4,574	0
Total deferred outflows of resources	31,446	29,738
LIABILITIES		
Current liabilities		
Accounts payable	19,764	22,438
Accrued salaries	3,807	4,960
Compensated absences	11,761	13,441
Unearned revenue	9,141	5,152
Notes payable	54,556	53,303
Total current liabilities	99,029	99,294
Current liabilities payable from restricted assets		
Customer deposits payable	24,995	21,875

CITY OF ROYSTON, GEORGIA
WATER AND SEWER UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2018 and 2017

	2018	2017
Noncurrent liabilities		
Compensated absences	$ 1,307	$ 1,493
Net pension liability	95,575	110,850
Notes payable	415,675	316,692
Total noncurrent liabilities	512,557	429,035
Total liabilities	636,581	550,204
DEFERRED INFLOWS OF RESOURCES		
Pension assumption changes	458	610
Pension investment return differences	14,917	0
Pension experience differences	11,504	13,805
Total deferred inflows of resources	26,879	14,415
NET POSITION		
Net investment in capital assets	2,742,376	2,777,147
Unrestricted	485,658	145,128
Total net position	$ 3,228,034	$ 2,922,275

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, 2018 and 2017

	2018	2017
OPERATING REVENUES		
Charges for sales and services		
Water sales	$ 649,011	$ 583,922
Sewer charges	321,848	323,218
Other	44,244	51,704
Total operating revenues	1,015,103	958,844
OPERATING EXPENSES		
Costs of sales and services	452,881	420,325
Personal services	341,718	360,801
Depreciation	137,521	130,931
Total operating expenses	932,120	912,057
Operating income (loss)	82,983	46,787
Non-operating revenues (expenses)		
Interest revenue	343	118
Interest expense	(10,303)	(10,121)
Total non-operating revenues (expenses)	(9,960)	(10,003)
Income (loss) before capital contributions and transfers	73,023	36,784
Capital contributions		
Intergovernmental revenue	51,182	0
Income (loss) before transfers	124,205	36,784
Transfers in (out)		
General Fund	(27,335)	(25,904)
Franklin County SPLOST #4 Fund	208,889	36,199
Hart County SPLOST #4 Fund	0	4,995
Total transfers	181,554	15,290
Change in net position	305,759	52,074
Net position, July 1	2,922,275	2,870,201
Net position, June 30	$ 3,228,034	$ 2,922,275

CITY OF ROYSTON, GEORGIA
WATER AND SEWER UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Receipts from customers	$ 952,112	$ 911,696
Payments to suppliers	(465,437)	(428,567)
Payments to employees	(349,256)	(368,298)
Other receipts	44,244	51,704
Net cash provided (used) by operating activities	181,663	166,535
Cash flows from non-capital financing activities:		
Payments to other funds	(27,335)	(25,904)
Cash flows from capital and related financing activities:		
Receipts from capital contributions	51,182	0
Receipts from other funds	208,889	41,194
Interest paid	(10,303)	(10,121)
Acquisition of capital assets	(202,986)	(51,285)
Proceeds - notes	153,546	0
Principal payments - notes	(53,310)	(52,093)
Net cash provided (used) by capital and related financing activities	147,018	(72,305)
Cash flows from investing activities:		
Interest received	343	118
Net increase (decrease) in cash and cash equivalents	301,689	68,444
Cash and cash equivalents, July 1	205,471	137,027
Cash and cash equivalents, June 30	$ 507,160	$ 205,471

CITY OF ROYSTON, GEORGIA
WATER AND SEWER UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2018 and 2017

	2018	2017
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 82,983	$ 46,787
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	137,521	130,931
(Increase) decrease in accounts receivable	(25,856)	3,591
(Increase) decrease in prepaid items	(1,032)	(386)
(Increase) decrease in pension contributions made subsequent to measurement date	1,829	296
Increase (decrease) in accounts payable	(11,524)	(7,855)
Increase (decrease) in unearned revenue	3,989	345
Increase (decrease) in deposits payable	3,120	620
Increase (decrease) in pension assumption differences	(4,726)	(153)
Increase (decrease) in pension investment return differences	15,268	7,501
Increase (decrease) in pension experience differences	(1,615)	15,674
Increase (decrease) in net pension liability	(15,275)	(25,980)
Increase (decrease) in accrued payroll liabilities	(3,019)	(4,836)
Total adjustments	98,680	119,748
Net cash provided (used) by operating activities	$ 181,663	$ 166,535
Cash and cash equivalents reconciliation:		
Cash and cash equivalents	$ 482,165	$ 183,596
Customers Deposits		
Cash and cash equivalents	24,995	21,875
Total cash and cash equivalents	$ 507,160	$ 205,471

Noncash investing, capital, and financing activities:

Acquisition of capital assets through accounts payable totaled $8,850 and $0 for the fiscal years ended June 30, 2018 and 2017, respectively.

CITY OF ROYSTON, GEORGIA
NATURAL GAS UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2018 and 2017

	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 542,235	$ 304,876
Certificates of deposit	152,856	152,322
Receivables		
Accounts (net)	219,233	181,996
Interest	97	167
Inventories	140,034	155,485
Prepaid items	7,676	4,311
Total current assets	1,062,131	799,157
Restricted assets		
Construction Fund		
Cash and cash equivalents	0	98,667
Customer Deposits		
Cash and cash equivalents	63,954	53,855
Total restricted assets	63,954	152,522
Capital assets		
Land	13,687	13,687
Buildings	60,000	60,000
Vehicles and equipment	471,654	456,070
Natural gas system	4,864,267	3,954,361
Construction in progress	0	897,527
Accumulated depreciation	(2,479,821)	(2,447,210)
Total capital assets (net of accumulated depreciation)	2,929,787	2,934,435
Total assets	4,055,872	3,886,114
DEFERRED OUTFLOWS OF RESOURCES		
Pension contributions subsequent to measurement date	16,612	18,152
Pension investment return differences	0	295
Pension experience differences	6,018	6,596
Pension assumption changes	3,852	0
Total deferred outflows of resources	26,482	25,043

CITY OF ROYSTON, GEORGIA
NATURAL GAS UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2018 and 2017

	2018	2017
LIABILITIES		
Current liabilities		
Payables		
Accounts	$ 5,647	$ 9,742
Sales tax	4,230	4,354
Interest	516	599
Accrued salaries	4,578	4,994
Other payroll liabilities	1,436	0
Compensated absences	8,472	8,506
Unearned revenue	37,388	41,663
Capital leases	138,539	136,216
Total current liabilities	200,806	206,074
Current liabilities payable from restricted assets		
Customer deposits payable	63,954	53,855
Noncurrent liabilities		
Compensated absences	941	945
Net pension liability	80,485	93,348
Capital leases	526,218	664,342
Total noncurrent liabilities	607,644	758,635
Total liabilities	872,404	1,018,564
DEFERRED INFLOWS OF RESOURCES		
Pension assumption changes	385	514
Pension investment return differences	12,561	0
Pension experience differences	9,688	11,626
Total deferred inflows of resources	22,634	12,140
NET POSITION		
Net investment in capital assets	2,265,030	2,232,544
Unrestricted	922,286	647,909
Total net position	$ 3,187,316	$ 2,880,453

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, 2018 and 2017

	2018	2017
OPERATING REVENUES		
Charges for sales and services		
Gas sales	$ 2,775,576	$ 2,420,468
Gas services and repairs	20,035	17,707
Other	31,363	35,138
Total operating revenues	2,826,974	2,473,313
OPERATING EXPENSES		
Costs of sales and services	1,379,725	1,260,871
Personal services	379,452	342,763
Depreciation	114,273	87,421
Total operating expenses	1,873,450	1,691,055
Operating income (loss)	953,524	782,258
Non-operating revenues (expenses)		
Interest revenue	805	787
Interest expense	(20,077)	(22,660)
Gain (loss) on sale of assets	15,850	(28,238)
Total non-operating revenues (expenses)	(3,422)	(50,111)
Income (loss) before transfers	950,102	732,147
Transfers in (out)		
General Fund	(643,239)	(606,752)
Change in net position	306,863	125,395
Net position, July 1	2,880,453	2,755,058
Net position, June 30	$ 3,187,316	$ 2,880,453

CITY OF ROYSTON, GEORGIA
NATURAL GAS UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Receipts from customers	$ 2,764,074	$ 2,449,991
Payments to suppliers	(1,371,734)	(1,249,654)
Payments to employees	(382,278)	(354,015)
Other receipts	31,363	35,138
Net cash provided (used) by operating activities	1,041,425	881,460
Cash flows from non-capital financing activities:		
Payments to other funds	(643,239)	(606,752)
Cash flows from capital and related financing activities:		
Principal payments - capital lease	(135,801)	(132,771)
Interest paid	(20,160)	(22,660)
Proceeds - sale of capital assets	15,850	0
Acquisition of capital assets	(109,625)	(263,725)
Net cash provided (used) by capital and related financing activities	(249,736)	(419,156)
Cash flows from investing activities:		
Interest received	875	787
Proceeds from maturities of investments	152,322	151,791
Purchase of investments	(152,856)	(152,322)
Net cash provided (used) by investing activities	341	256
Net increase (decrease) in cash and cash equivalents	148,791	(144,192)
Cash and cash equivalents, July 1	457,398	601,590
Cash and cash equivalents, June 30	$ 606,189	$ 457,398

CITY OF ROYSTON, GEORGIA
NATURAL GAS UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2018 and 2017

	2018	2017
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 953,524	$ 782,258
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	114,273	87,421
(Increase) decrease in accounts receivable	(37,237)	4,648
(Increase) decrease in inventory	15,451	31,438
(Increase) decrease in prepaid items	(3,365)	(273)
(Increase) decrease in pension contributions made subsequent to measurement date	1,540	249
Increase (decrease) in accounts payable	(4,095)	(19,948)
Increase (decrease) in deposits payable	10,099	4,146
Increase (decrease) in sales tax payable	(124)	399
Increase (decrease) in unearned revenue	(4,275)	2,622
Increase (decrease) in pension assumption differences	(3,981)	(128)
Increase (decrease) in pension investment return differences	12,856	6,318
Increase (decrease) in pension experience differences	(1,360)	13,200
Increase (decrease) in net pension liability	(12,863)	(21,878)
Increase (decrease) in accrued payroll liabilities	982	(9,012)
Total adjustments	87,901	99,202
Net cash provided (used) by operating activities	$ 1,041,425	$ 881,460
Cash and cash equivalents reconciliation:		
Cash and cash eqivalents	$ 542,235	$ 304,876
Construction Fund		
Cash and cash equivalents	0	98,667
Customer deposits		
Cash and cash equivalents	63,954	53,855
Total cash and cash equivalents	$ 606,189	$ 457,398

CITY OF ROYSTON, GEORGIA
SANITATION ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2018 and 2017

	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 40,519	$ 9,771
Accounts receivable (net)	35,248	45,596
Prepaid items	2,693	2,208
Total current assets	78,460	57,575
Capital assets		
Land	6,429	6,429
Buildings	47,100	47,100
Vehicles and equipment	576,953	570,433
Accumulated depreciation	(560,774)	(544,070)
Total capital assets (net of accumulated depreciation)	69,708	79,892
Total assets	148,168	137,467
DEFERRED OUTFLOWS OF RESOURCES		
Pension contributions subsequent to measurement date	7,891	8,622
Pension investment return differences	0	140
Pension experience differences	2,858	3,133
Pension assumption changes	1,829	0
Total deferred outflows of resources	12,578	11,895
LIABILITIES		
Current liabilities		
Accounts payable	4,702	6,344
Accrued salaries	1,012	1,650
Other payroll liablities	323	0
Compensated absences	5,871	4,415
Unearned revenue	794	1,845
Due to other funds	5,476	5,476
Total current liabilities	18,178	19,730

CITY OF ROYSTON, GEORGIA
SANITATION ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2018 and 2017

	2018	2017
Noncurrent liabilities		
Compensated absences	$ 652	$ 491
Net pension liability	38,230	44,340
Total noncurrent liabilities	38,882	44,831
Total liabilities	57,060	64,561
DEFERRED INFLOWS OF RESOURCES		
Pension assumption changes	183	244
Pension investment return differences	5,967	0
Pension experience differences	4,602	5,522
Total deferred inflows of resources	10,752	5,766
NET POSITION		
Investment in capital assets	69,708	79,892
Unrestricted	23,226	(857)
Total net position	$ 92,934	$ 79,035

CITY OF ROYSTON, GEORGIA
SANITATION ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the fiscal years ended June 30, 2018 and 2017

	2018	2017
OPERATING REVENUES		
Charges for sales and services		
Sanitation fees	$ 301,633	$ 289,931
Other	12,330	10,586
Total operating revenues	313,963	300,517
OPERATING EXPENSES		
Costs of sales and services	154,432	135,197
Personal services	122,860	135,731
Depreciation	16,704	22,345
Total operating expenses	293,996	293,273
Operating income (loss)	19,967	7,244
Non-operating revenue (expenses)		
Interest revenue	7	6
Interest expense	0	(918)
Total non-operating revenue (expenses)	7	(912)
Income (loss) before transfers	19,974	6,332
Transfers in (out)		
Franklin County SPLOST #4	0	11,368
General Fund	(6,075)	(5,757)
Total transfers	(6,075)	5,611
Change in net position	13,899	11,943
Net position, July 1	79,035	67,092
Net position, June 30	$ 92,934	$ 79,035

CITY OF ROYSTON, GEORGIA
SANITATION ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Receipts from customers	$ 310,930	$ 291,217
Payments to suppliers	(156,559)	(137,954)
Payments to employees	(123,365)	(137,329)
Other receipts	12,330	10,586
Net cash provided (used) by operating activities	43,336	26,520
Cash flows from non-capital financing activities		
Payments to other funds	(6,075)	(5,757)
Cash flows from capital and related financing activities:		
Receipts from other funds	0	11,368
Acquisition of capital assets	(6,520)	(11,368)
Interest paid	0	(1,593)
Principal payments - notes	0	(19,259)
Net cash provided (used) by capital and related financing activities	(6,520)	(20,852)
Cash flows from investing activities:		
Interest received	7	6
Net increase (decrease) in cash and cash equivalents	30,748	(83)
Cash and cash equivalents, July 1	9,771	9,854
Cash and cash equivalents, June 30	$ 40,519	$ 9,771

CITY OF ROYSTON, GEORGIA
SANITATION ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2018 and 2017

	2018	2017
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 19,967	$ 7,244
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	16,704	22,345
(Increase) decrease in accounts receivable	10,348	1,170
(Increase) decrease in prepaid items	(485)	(184)
(Increase) decrease in pension contributions made subsequent to measurement date	731	119
Increase (decrease) in accounts payable	(1,642)	(2,573)
Increase (decrease) in unearned revenue	(1,051)	116
Increase (decrease) in pension assumption differences	(1,890)	(61)
Increase (decrease) in pension investment return differences	6,107	3,000
Increase (decrease) in pension experience differences	(645)	6,270
Increase (decrease) in net pension liability	(6,110)	(10,392)
Increase (decrease) in accrued payroll liabilities	1,302	(534)
Total adjustments	23,369	19,276
Net cash provided by operating activities	$ 43,336	$ 26,520

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, 2018 and 2017

	2018	2017
ASSETS		
Equity in pooled cash	$ 7,973	$ 37,076
LIABILITIES		
Due to other agencies	$ 7,973	$ 37,076

CITY OF ROYSTON, GEORGIA
MUNICIPAL COURT AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the fiscal year ended June 30, 2018

	Balance July 1	Additions	Deletions	Balance June 30
ASSETS				
Equity in pooled cash	$ 37,076	$ 100,619	$ (129,722)	$ 7,973
LIABILITIES				
Due to other agencies	$ 37,076	$ 100,619	$ (129,722)	$ 7,973

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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, 2018 and 2017

	2018	2017
ASSETS		
Cash	$ 11,926	$ 9,046
LIABILITIES		
Accounts payable	$ 476	$ 0
FUND BALANCES		
Assigned for Housing and Development	11,450	9,046
Total liabilities and fund balances	$ 11,926	$ 9,046

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, 2018
(With comparative actual amounts for the fiscal year ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	$ 10,000	$ 6,048	$ (3,952)	$ 5,789
Contributions	2,000	500	(1,500)	7,032
Event Fees	0	270	270	0
Miscellaneous	5,600	9,945	4,345	6,374
Total revenues	17,600	16,763	(837)	19,195
EXPENDITURES				
Current				
Housing and Development				
Contract services	6,674	5,084	1,590	4,761
Materials and supplies	10,926	9,275	1,651	14,390
Total expenditures	17,600	14,359	3,241	19,151
Excess (deficiency) of revenues over (under) expenditures	0	2,404	2,404	44
Fund balances, July 1	0	9,046	9,046	9,002
Fund balances, June 30	$ 0	$ 11,450	$ 11,450	$ 9,046

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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, 2018, 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 16, 2018.

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 2018-001, that we consider to be significant deficiencies.

2018-001

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.

2018-001, 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 is 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 it.

Purpose of this Report

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

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
October 16, 2018

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, 2018

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			177,285	29,000	206,285
Library Facillities and Equipment			45,000	0	45,000
Recreation Facilities and Equipment			35,976	98,045	134,021
Street Improvements and Equipment			661,248	24,599	685,847
Water and Sewer Facilities and Equipment			236,462	208,889	445,351
Sanitation Facilities and Equipment			82,754	0	82,754
Total	$ 1,402,140	$ 1,402,140	$ 1,389,424	$ 360,533	$ 1,749,957
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, 2018

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	$ 4,532	$ 24,396
Street Improvements and Equipment			180,349	31,090	211,439
Recreation Facilities and Equipment			22,617	0	22,617
Water and Sewer Facilities and Equipment			87,841	0	87,841
	$ 358,400	$ 358,400	$ 310,671	$ 35,622	$ 346,293
HART COUNTY SPLOST #5					
Recreation; Public Safety; Water Sytem Capital and Debt Service; Streets:	$ 358,400	$ 358,400	$ 0	$ 0	$ 0
	$ 358,400	$ 358,400	$ 0	$ 0	$ 0

* 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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