

CITY OF ROYSTON, GEORGIA

Annual Financial Report

For the fiscal year ended June 30, 2026

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CITY OF ROYSTON, GEORGIA
ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2026

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RUSHTON
ACCOUNTING & BUSINESS ADVISORS | CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

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, 2026 and the related notes to the financial statements, which collectively comprise the City of Royston, Georgia's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of 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, 2026 and the respective changes in the financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Royston, Georgia and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Royston, Georgia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 City of Royston, Georgia's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Royston, Georgia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplemental information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Royston, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements 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 basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 combining and individual fund financial statements and schedules and the schedule of projects financed with special purpose local option sales tax are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2026, on our consideration of the City of Royston, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Royston, Georgia's internal control over financial reporting and compliance.

Rushton, LLC

Gainesville, Georgia
October 5, 2026

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the City of Royston is pleased to provide this narrative discussion and analysis of the City's financial performance and activities for the fiscal year ended June 30, 2026. The City's financial performance is discussed and analyzed within the context, and in conjunction with, the City's financial statements following this section.

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 the basic financial statements.

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

The focus of the government-wide financial statements is the overall financial position and activities of the City of Royston. These statements are 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 the current year's revenues and expenses are considered regardless of when cash is received or paid.

The purpose of the *Statement of Net Position* (pages 17-18) is to report all the assets held and liabilities owed by the City. The City reports all its assets when it acquires ownership over the assets and reports all its liabilities when they are incurred. The difference between the total assets and total liabilities is labeled *net position.* As net position increases the financial position of the City generally 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, revenues are recognized when earned and expenses are recognized 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, Royston's services and functions are divided 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 track specific resources and expenditures, either for management purposes or because of legal mandates. 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 and (2) Capital Projects Funds.

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

The City's basic governmental fund financial statements are presented on pages 20-23 of this report.

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

Enterprise fund statements report the same functions presented in the business-type activities columns of the government-wide financial statements. The City of Royston uses enterprise funds to account for its natural gas system, water and sewer systems, and its sanitation functions.

The City's proprietary fund financial statements are presented on pages 24-28.

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

The City's fiduciary fund financial statements are presented on pages 29-30.

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 31-65 of this report.

Required Supplementary Information

The required supplementary information provides additional information on the City's budgetary comparison schedule and defined benefit pension plan. This information is necessary to provide a complete picture of the changes in the City's significant budgetary variances and net pension liability. The required supplementary information can be found on pages 66-73.

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, 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.

Financial Summary

- The City of Royston's assets and deferred outflows exceeded its liabilities and deferred inflows at June 30, 2026 by $26,595,163 (reported as *net position).*

- As of June 30, 2026, Royston's governmental funds reported combined ending fund balances of $3,836,873. Approximately 60% of this total amount, $2,300,196 is available for spending at the City Council's discretion (*unassigned fund balance*).

More detailed information regarding these activities and funds begins on page 12.

Overview of the City's Financial Position and Operations

The City's overall financial position and operations for this year are summarized as follows based on the information included in the government-wide financial statements (pages 17-19):

City of Royston
Net Position as of June 30, 2026 and 2025

	Governmental Activities		Business-Type Activities		Total	
	2025	2026	2025	2026	2025	2026
Current assets	$ 3,602,008	$ 3,961,995	$ 9,010,411	$ 9,666,395	$ 12,612,419	$ 13,628,390
Capital assets	5,225,008	5,203,469	8,308,927	19,748,505	13,533,935	24,951,974
Other noncurrent assets	382,602	359,812	0	0	382,602	359,812
Total assets	9,209,618	9,525,276	17,319,338	29,414,900	26,528,956	38,940,176
Total deferred outflows of resources	160,981	189,467	109,170	105,695	270,151	295,162
Current liabilities	266,951	271,268	536,813	1,717,759	803,764	1,989,027
Noncurrent liabilities	744,414	711,565	2,183,972	9,304,023	2,928,386	10,015,588
Total liabilities	1,011,365	982,833	2,720,785	11,021,782	3,732,150	12,004,615
Total deferred inflows of resources	511,821	528,383	100,055	107,177	611,876	635,560
Net Position						
Net investment in capital assets	4,919,773	4,876,052	6,322,592	10,405,925	11,242,365	15,281,977
Restricted	1,104,496	1,403,202	0	0	1,104,496	1,403,202
Unrestricted	1,823,144	1,924,273	8,285,076	7,985,711	10,108,220	9,909,984
Total net position	$ 7,847,413	$ 8,203,527	$ 14,607,668	$ 18,391,636	$ 22,455,081	$ 26,595,163

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 $26,595,163 at the close of the current year.

The largest portion of the City of Royston's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, or infrastructure), less any related debt outstanding that was needed to construct or acquire the assets. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position of $1,403,202 is constrained by legal requirements and is not available for day-to-day operations of the City. The remaining balance of *unrestricted net position* ($9,909,984) may be used to meet the City's ongoing obligations to citizens and creditors. The portion of unrestricted net position from business-type activities was $7,985,711 at the end of the fiscal year. The portion of unrestricted net position resulting from the City's governmental activities was $1,924,273 at the close of the fiscal year.

The City's net position increased by $4,140,082 during the current fiscal year. Governmental activities resulted in an increase in net position of $356,114 while business-type activities resulted in an increase of net position of $3,783,968.

The table on the following page was derived from the government-wide Statement of Activities and reflects how the City's net position changed during the fiscal year.

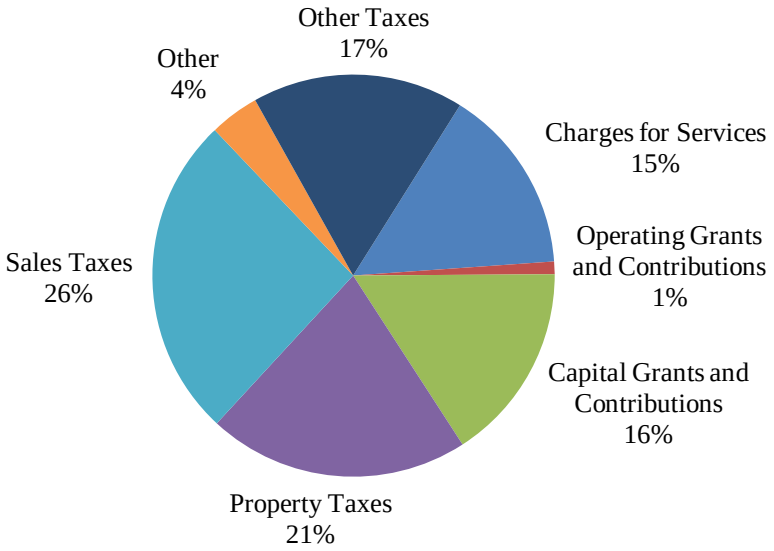
City of Royston
Changes in Net Position
for the Fiscal Years ended June 30, 2026 and 2025

	Governmental Activities		Business-Type Activities		Total	
	2025	2026	2025	2026	2025	2026
Program revenues:						
Charges for services	$ 562,813	$ 591,369	$ 5,859,401	$ 5,944,686	$ 6,422,214	$ 6,536,055
Operating grants and contributions	81,131	58,221	0	0	81,131	58,221
Capital grants and contributions	710,247	635,474	197,011	2,652,376	907,258	3,287,850
General revenues:						
Property taxes	848,671	831,548	0	0	848,671	831,548
Sales tax	979,190	1,022,127	0	0	979,190	1,022,127
Other taxes	602,327	652,249	0	0	602,327	652,249
Interest and investment earnings	80,575	84,026	256,983	249,708	337,558	333,734
Miscellaneous revenue	103,450	69,032	30,355	125,565	133,805	194,597
Total revenues	3,968,404	3,944,046	6,343,750	8,972,335	10,312,154	12,916,381
Expenses						
General Government	818,093	845,127	0	0	818,093	845,127
Judicial	19,972	24,317	0	0	19,972	24,317
Public Safety	1,474,546	1,546,183	0	0	1,474,546	1,546,183
Public Works	745,152	675,289	0	0	745,152	675,289
Culture and Recreation	255,541	284,313	0	0	255,541	284,313
Housing and Development	120,468	196,143	0	0	120,468	196,143
Interest on long term debt	17,586	16,560	0	0	17,586	16,560
Water and sewer	0	0	1,680,384	1,772,492	1,680,384	1,772,492
Natural gas	0	0	2,616,759	3,040,301	2,616,759	3,040,301
Sanitation	0	0	343,402	375,574	343,402	375,574
Total expenses	3,451,358	3,587,932	4,640,545	5,188,367	8,091,903	8,776,299
Increase (decrease) in net position before transfers	517,046	356,114	1,703,205	3,783,968	2,220,251	4,140,082
Transfers	(30,214)	0	30,214	0	0	0
Increase (decrease) in net position	486,832	356,114	1,733,419	3,783,968	2,220,251	4,140,082
Net position - beginning	7,360,581	7,847,413	12,874,249	14,607,668	20,234,830	22,455,081
Net position - ending	$ 7,847,413	$ 8,203,527	$ 14,607,668	$ 18,391,636	$ 22,455,081	$ 26,595,163

Governmental Activities. Governmental activities increased the net position of the City by $356,114. Revenues for the City's governmental activities decreased by $24,358 compared to fiscal year 2025, which equates to a decrease of only 0.6%. Expenses for governmental activities increased by $136,574, or 4%. The largest increases occurred in housing and development ($75,675) and public safety ($71,637), partially offset by a decrease of $69,863 in public works.

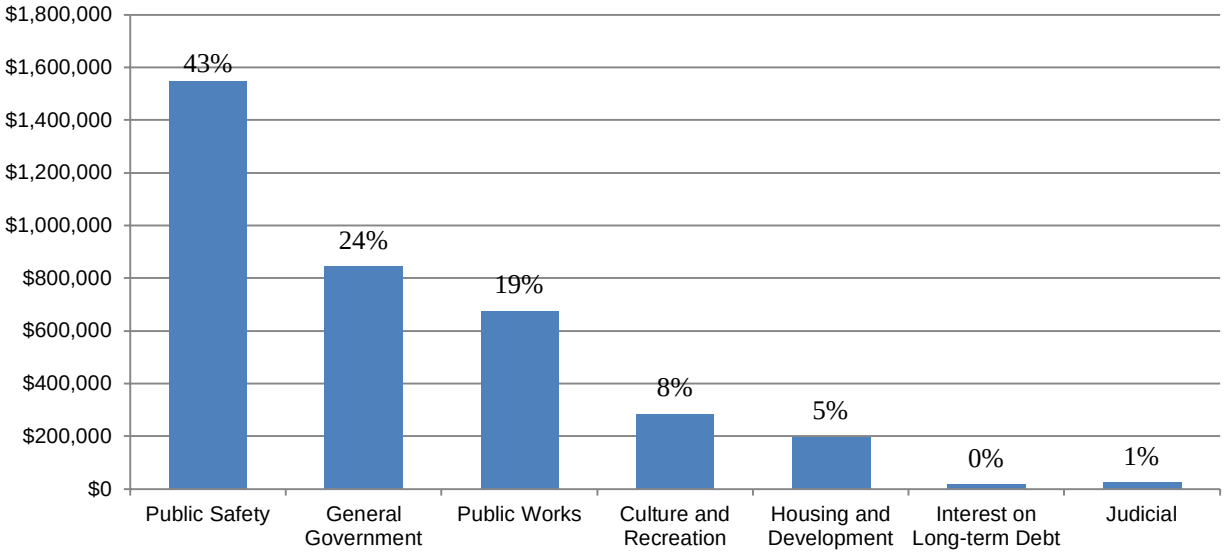
The following chart depicts revenues of the governmental activities for the year:

Revenue by Source - Governmental Activities



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

Expenses by Function - Governmental Activities



Detailed Analysis

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

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

At the end of fiscal year 2026, its governmental funds reported a combined ending fund balance of $3,836,873. Of this amount, $2,300,196 (60%) constitutes *unassigned fund balance* which is available for spending at the City's discretion. The remainder of fund balance is either (a) *nonspendable* to indicate that these amounts cannot be spent because they are either not in a spendable form such as inventory and prepaid insurance, (b) are legally or contractually *restricted* for a particular purpose such as special purpose sales tax proceeds, or (c) are *assigned* for a particular purpose or project by management.

At the end of the current year, unassigned fund balance of the General Fund was $2,300,196 and the total fund balance reached $2,447,209. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 69% of the total General Fund expenditures, while total fund balance represents 74% of that same amount.

Revenues in the General Fund modestly increased $124,903 or 4% in FY26 over FY25. A significant portion of this increase is attributable to the increase in charges for services due to an increase in budgeted charges by the General Fund to other funds for data processing. Expenditures in the General Fund increased substantially in FY26 by $409,371 or 14%. This is primarily due to purchasing public safety equipment such as tasers and body cameras. Two vacant public works positions were filled during the fiscal year.

The Franklin County Special Purpose Local Option Sales Tax #6 Capital Projects Fund (FC SPLOST #6) recognized intergovernmental revenues in FY26 of $595,845 and $329,712 of expenditures for the purchase of a fire service truck, installation of a new sidewalk on Smith Street, and a new electronic display sign outside of City Hall.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The change in net position in the proprietary funds is depicted in the following table. Factors concerning the performance of the major proprietary funds have already been addressed in the discussion of the City of Royston's business-type activities on page 12.

City of Royston Proprietary Funds
Net Position as of June 30, 2026

	Water & Sewer Fund	Natural Gas Fund	Sanitation Fund	Total
Operating Revenues	$ 1,868,045	$ 3,693,922	$ 382,719	$ 5,944,686
Operating Expenses	1,738,240	2,744,341	375,574	4,858,155
Operating income (loss)	129,805	949,581	7,145	1,086,531
Non-operating income (loss)	2,629,230	(63,418)	131,625	2,697,437
Change in net position	2,759,035	886,163	138,770	3,783,968
Net Position, July 1	4,933,264	9,463,577	210,827	14,607,668
Net Position, June 30	$ 7,692,299	$ 10,349,740	$ 349,597	$ 18,391,636

Business-type activities increased the City's net position by $3,783,968. Key elements of this increase are as follows:

- Capital grants and contributions for business-type activities were $2.7 million, which was an increase of 1246% over the prior year (or $2.5 million). The increase is due to the receipt of CDBG grant funding for the expansion of the Cook Street water main which will support the reconstruction of Dill's grocery store and increased GEFA funding for capital projects.

- Sales in the Water and Sewer Fund were $174,327 higher than in fiscal year 2025, an increase of 10%. The vast majority of this increase in revenue is a result of a rate increase implemented during the fiscal year. The rate increase was implemented to adjust for a higher cost of operating the water and sewer utilities over the last few years including price inflation on chemicals, electricity, and other operating supplies. Also, the number of water and sewer customers has increased from prior year due to growth in the City.

- The operating result of the Water and Sewer Fund increased from an operating income of $43,599 in FY25 to an operating income of $129,805 in FY26. This increase is mainly due to a larger increase in the operating revenues ($174,327) over the increase in operating expenses ($88,121) in FY26.

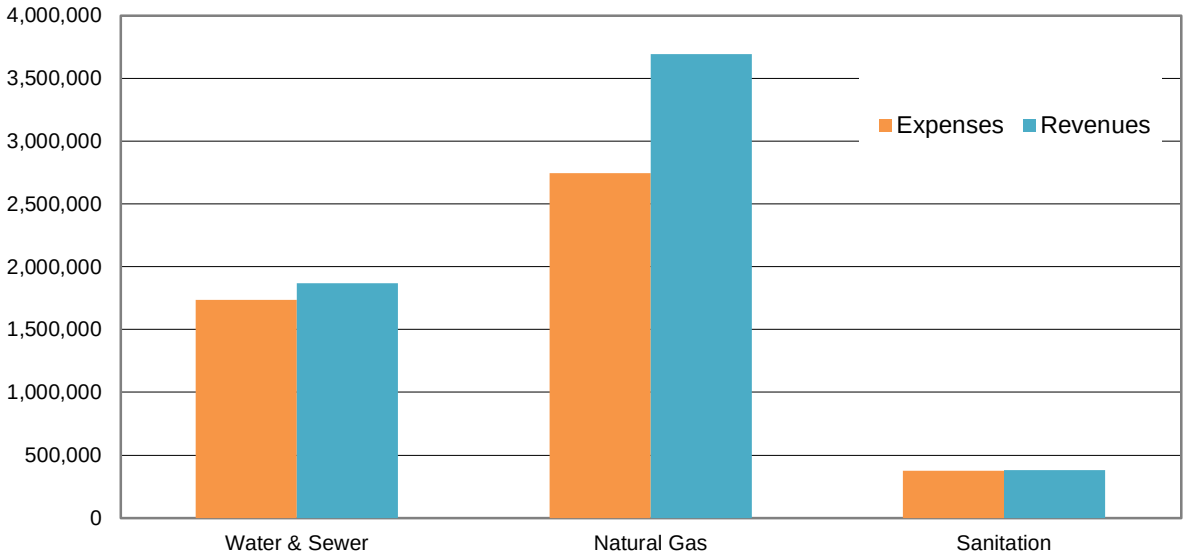
- Natural gas sales were about $3.7 million, which is a decrease of 3% over the prior year (or $103,823). Consumption of natural gas was lower in FY26 compared to FY25 due to warmer temperatures and more homeowners opting for electric utilities.

- Interest expense in the Natural Gas Fund increased in FY26 to $193,442 from $7,181 the prior year and debt issue costs increased to $102,518 from $0. These increases are associated with a new loan for the capacity expansion project for the natural gas system.

- Personal service and benefits expenses increased in the Natural Gas Fund in FY26 as a result of one vacant position being filled and having a full staff. Overall personal services and benefits expenses increased $53,702 or 11% over FY25.

- Sanitation sales increased slightly by $14,781 or 4%, but the expenses of the fund were increased by $32,172 or 9%. This resulted in a decrease in operating income for Sanitation activities to $7,145 compared to $24,536 in FY25. The increase in operating expenses is mainly due to the increased personal services and depreciation expense.

Operating Revenues and Expenses – Business-type Activities



General Fund Budget Highlights

There were several budget amendments approved during the fiscal year for the General Fund. The amendments transferred expenditure appropriations among departments and did not affect the total budget. The most significant amendments increased appropriations by $165,500 for the purchase of public safety equipment and increased proceeds from inception of debt by $117,500 for the financing of the public safety equipment.

General Fund revenues ended the year at 1.6%, or $53,966, below budget primarily due to decreasing intergovernmental funding. Expenditures in the General Fund were $120,136, or 3%, under budget for the fiscal year. This was due to lower than expected expenditures in the Main Street department.

Significant Capital Asset and Long-Term Financing Activity

Capital Assets. The City of Royston has invested $24,951,974 in capital assets (net of accumulated depreciation). Capital assets include land, buildings, vehicles and equipment, infrastructure, and other items with a useful life beyond one year. Approximately 79% of these investments are related to business-type activities and approximately 21% relate 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	$ 542,936	$ 86,085	$ 629,021
Construction in progress	0	6,150,280	6,150,280
Buildings	4,725,859	206,501	4,932,360
Infrastructure	2,609,313	0	2,609,313
Land improvements	0	46,824	46,824
Distribution system	0	19,809,100	19,809,100
Vehicles and equipment	2,813,157	2,466,815	5,279,972
Furniture and fixtures	48,813	0	48,813
Software	94,030	0	94,030
Intangible right-to-use assets			
Leases - Equipment	58,840	0	58,840
Software	58,691	0	58,691
Total	10,951,639	28,765,605	39,717,244
Accumulated depreciation	(5,748,170)	(9,017,100)	(14,765,270)
Net Capital Assets	$ 5,203,469	$ 19,748,505	$ 24,951,974

Additional information on the City of Royston's capital assets can be found in the Notes to the Financial Statements on pages 51-52 of this report.

Long-term Debt. On June 30, 2026, the City of Royston reported $9,822,519 in notes payable outstanding. Approximately 98% of these obligations are related to business-type activities and approximately 2% relate to governmental activities. The City reported a new lease payable in the amount of $58,840 in FY26 for the purchase of police tasers, $46,401 outstanding at June 30, 2026. The City also reported a new subscription payable in the amount of $58,691 in FY26 for the purchase of 60 body cameras and the related software, $46,283 outstanding. Additional information on the City's long-term debt can be found in the notes to the Financial Statements on pages 53-56 of this report.

	Governmental Activities	Business-type Activities	Total
Notes from direct borrowings	$ 234,733	$ 9,587,786	$ 9,822,519
Leases payable	46,401	0	46,401
Subscriptions payable	46,283	0	46,283
Total	$ 327,417	$ 9,587,786	$ 9,915,203

Economic Condition and Outlook

The City of Royston continues to meet the needs of the city, its citizens, and its customers through a managed spending plan and budgeting process. The City also has a long-term capital improvement plan for the water, sewer, and natural gas systems.

Sales tax and property tax revenue has experienced growth in the last few years and modest increases are projected going forward and with the fiscal year 2027 budget.

The local elementary school closed in December 2024 during this past fiscal year and relocated to a new facility several miles north of town. The Board of Education is in the process of selling the school facility to a non-profit group that will provide community development services and opportunities. Two new tenants are confirmed at the school that will serve pediatric patients and families with special needs children.

One major retail store, Dill's Food City, burned in early 2024, and the owners plan to begin reconstruction in 2027. The store will reopen as a new Food Lion grocery store who recently acquired the last Dill's Food City location in neighboring Lavonia, GA.

The City completed in FY26 a major upgrade at the wastewater treatment facility to meet current environmental standards at a cost of $3.5 million. A second project to improvement to the raw water intake facilities and the water treatment plant began in FY26 and will enhance the amount of water available for pumping and treatment. This project will be completed in FY27.

A major capacity expansion project for the natural gas system to bring more gas supply into the central part of Franklin County near, and just to the south of, Interstate 85 started in FY26 and will soon be completed in FY27 before the winter heating season. This capacity expansion, at a cost of $6 million, will help to facilitate future growth in natural gas sales for new or expanding industry, but it will also help to support existing customers in the local agricultural industry.

The City continues to work with the Franklin County Industrial Building Authority to support new and existing industry, and to make proposals to prospects. Royston is the natural gas provider for the immediate area in Franklin County and along parts of Interstate 85, and the City aims to support economic development in our region. Recently Governor Brian Kemp announced that Walmart will open a new logistics and e-commerce fulfilment center in Franklin County that will create nearly 1,000 jobs and bring a $1.3 billion investment to the community. Royston will be the natural gas provider to the new facility for supplemental heating.

Requests for Information

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the City Manager, 684 Franklin Springs Street, Royston, Georgia 30662.

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BASIC FINANCIAL STATEMENTS

CITY OF ROYSTON, GEORGIA
STATEMENT OF NET POSITION
June 30, 2026

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Current assets				
Cash and cash equivalents	$ 3,647,832	$ 6,396,516	$ 10,044,348	$ 15,519
Restricted assets				
Cash and cash equivalents	13,538	1,205,599	1,219,137	0
Receivables (net)				
Accounts	14,595	542,966	557,561	1,063
Taxes	127,991	0	127,991	0
Lease	22,790	0	22,790	0
Intergovernmental	48,117	1,354,041	1,402,158	768
Prepaid items	87,132	30,097	117,229	0
Inventories	0	137,176	137,176	0
Total current assets	3,961,995	9,666,395	13,628,390	17,350
Noncurrent assets				
Lease receivable	359,812	0	359,812	0
Capital assets				
Non-depreciable	542,936	6,236,365	6,779,301	0
Depreciable/amortizable (net)	4,660,533	13,512,140	18,172,673	142,663
Total noncurrent assets	5,563,281	19,748,505	25,311,786	142,663
Total assets	9,525,276	29,414,900	38,940,176	160,013
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	189,467	105,695	295,162	0
LIABILITIES				
Current liabilities				
Payables				
Accounts	38,297	489,580	527,877	0
Sales tax	0	5,030	5,030	0
Interest	10,177	9,287	19,464	0
Retainages	0	452,099	452,099	0
Due to others	68,058	0	68,058	0
Accrued salaries and expenses	24,008	27,239	51,247	0
Compensated absences	34,285	33,593	67,878	0
Unearned revenue	0	20,645	20,645	0
Customer deposits payable	0	126,814	126,814	0
Leases payable	11,116	0	11,116	0
Subscriptions payable	11,087	0	11,087	0
Notes payable	74,240	553,472	627,712	0
Total current liabilities	271,268	1,717,759	1,989,027	0

See accompanying notes to the financial statements.

CITY OF ROYSTON, GEORGIA
STATEMENT OF NET POSITION
June 30, 2026

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
Noncurrent liabilities				
Compensated absences	$ 3,809	$ 3,733	$ 7,542	$ 0
Net pension liability	476,782	265,976	742,758	0
Leases payable	35,285	0	35,285	0
Subscriptions payable	35,196	0	35,196	0
Notes payable	160,493	9,034,314	9,194,807	0
Total noncurrent liabilities	711,565	9,304,023	10,015,588	0
Total liabilities	982,833	11,021,782	12,004,615	0
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension	192,124	107,177	299,301	0
Deferred inflows related to leases	336,259	0	336,259	0
Total deferred inflows of resources	528,383	107,177	635,560	0
NET POSITION				
Net investment in capital assets	4,876,052	10,405,925	15,281,977	142,663
Restricted for:				
Public Safety	86,802	0	86,802	0
Capital outlay	1,316,400	0	1,316,400	0
Unrestricted	1,924,273	7,985,711	9,909,984	17,350
Total net position	$ 8,203,527	$ 18,391,636	$ 26,595,163	$ 160,013

See accompanying notes to the financial statements.

CITY OF ROYSTON, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2026

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	$ 845,127	$ 460,870	$ 0	$ 0	$ (384,257)
Judicial	24,317	794	0	0	(23,523)
Public Safety	1,546,183	110,295	58,221	0	(1,377,667)
Public Works	675,289	4,500	0	635,474	(35,315)
Culture and Recreation	284,313	0	0	0	(284,313)
Housing and Development	196,143	14,910	0	0	(181,233)
Interest on long term debt	16,560	0	0	0	(16,560)
Total governmental activities	3,587,932	591,369	58,221	635,474	(2,302,868)
Business-type activities					
Water and Sewer Utility	1,772,492	1,868,045	0	2,652,376	2,747,929
Natural Gas Utility	3,040,301	3,693,922	0	0	653,621
Sanitation	375,574	382,719	0	0	7,145
Total business-type activities	5,188,367	5,944,686	0	2,652,376	3,408,695
Total primary government	8,776,299	6,536,055	58,221	3,287,850	1,105,827
Component Unit					
Downtown Development Authority					
Housing and Development	43,483	34,638	6,400	0	(2,445)

	Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit
Change in net position				
Net (expense) revenue	$ (2,302,868)	$ 3,408,695	$ 1,105,827	$ (2,445)
General revenues				
Taxes				
Property	831,548	0	831,548	0
Sales	1,022,127	0	1,022,127	0
Franchise	229,480	0	229,480	0
Insurance premium	288,280	0	288,280	0
Intangibles	15,089	0	15,089	0
Alcoholic beverage	70,665	0	70,665	0
Occupational	39,052	0	39,052	0
Hotel/Motel	9,683	0	9,683	0
Payments from City of Royston	0	0	0	14,683
Interest and investment earnings	84,026	249,708	333,734	0
Other	68,032	0	68,032	0
Gain of sale of assets	1,000	125,565	126,565	0
Total general revenues	2,658,982	375,273	3,034,255	14,683
Change in net position	356,114	3,783,968	4,140,082	12,238
Net position - beginning	7,847,413	14,607,668	22,455,081	147,775
Net position - ending	$ 8,203,527	$ 18,391,636	$ 26,595,163	$ 160,013

See accompanying notes to the financial statements.

CITY OF ROYSTON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2026

	General	Franklin County SPLOST #6	Nonmajor Governmental Funds	Total
ASSETS				
Cash and cash equivalents	$ 2,305,890	$ 1,271,263	$ 70,679	$ 3,647,832
Restricted assets				
Cash and equivalents	13,538	0	0	13,538
Receivables (net)				
Accounts	14,595	0	0	14,595
Taxes	127,223	0	768	127,991
Leases	382,602	0	0	382,602
Intergovernmental	0	45,137	2,980	48,117
Prepaid items	87,132	0	0	87,132
Total assets	$ 2,930,980	$ 1,316,400	$ 74,427	$ 4,321,807
LIABILITIES				
Accounts payable	$ 37,134	$ 0	$ 1,163	$ 38,297
Accrued salaries	24,008	0	0	24,008
Due to others	68,058	0	0	68,058
Total liabilities	129,200	0	1,163	130,363
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	18,312	0	0	18,312
Leases	336,259	0	0	336,259
Total deferred inflows of resources	354,571	0	0	354,571
FUND BALANCES				
Nonspendable prepaid items	87,132	0	0	87,132
Nonspendable leases	46,343	0	0	46,343
Restricted for:				
Public Safety	13,538	0	73,264	86,802
Capital projects	0	1,316,400	0	1,316,400
Unassigned	2,300,196	0	0	2,300,196
Total fund balances	2,447,209	1,316,400	73,264	3,836,873
Total liabilities, deferred inflows of resources, and fund balances	$ 2,930,980	$ 1,316,400	$ 74,427	$ 4,321,807

See accompanying notes to the financial statements.

CITY OF ROYSTON, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
June 30, 2026

Total fund balance - total governmental funds		$ 3,836,873
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		5,203,469
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		18,312
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	$ 189,467	
Deferred inflows of resources:		
Pension	(192,124)	(2,657)
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are:		
Accrued interest payable	(10,177)	
Notes payable	(234,733)	
Leases payable	(46,401)	
Subscriptions payable	(46,283)	
Net pension liability	(476,782)	
Compensated absences	(38,094)	(852,470)
Net position of governmental activities		$ 8,203,527

See accompanying notes to the financial statements.

CITY OF ROYSTON, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2026

	General	Franklin County SPLOST #6	Nonmajor Governmental Funds	Total
REVENUES				
Taxes	$ 2,499,669	$ 0	$ 9,683	$ 2,509,352
Licenses and permits	43,158	0	0	43,158
Fines, fees and forfeitures	100,113	0	9,206	109,319
Charges for services	438,098	0	0	438,098
Intergovernmental	30,888	595,845	20,390	647,123
Interest	84,026	39,628	0	123,654
Contributions	0	0	6,944	6,944
Other	68,032	0	0	68,032
Total revenues	3,263,984	635,473	46,223	3,945,680
EXPENDITURES				
Current				
General Government	803,536	0	0	803,536
Judicial	24,317	0	0	24,317
Public Safety	1,427,239	0	22,773	1,450,012
Public Works	583,115	0	0	583,115
Culture and Recreation	210,792	0	0	210,792
Housing and Development	179,634	0	9,683	189,317
Capital outlay	0	329,712	0	329,712
Debt service	86,681	0	0	86,681
Total expenditures	3,315,314	329,712	32,456	3,677,482
Excess (deficiency) of revenue over (under) expenditures	(51,330)	305,761	13,767	268,198
Other financing sources (uses)				
Issuance of long-term debt	117,531	0	0	117,531
Sale of capital assets	1,000	0	0	1,000
Total other financing sources (uses)	118,531	0	0	118,531
Net change in fund balance	67,201	305,761	13,767	386,729
Fund balances, July 1	2,380,008	1,010,639	59,497	3,450,144
Fund balances, June 30	$ 2,447,209	$ 1,316,400	$ 73,264	$ 3,836,873

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, 2026

Net change in fund balances - total governmental funds		$ 386,729
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	$ 400,632	
Depreciation	(422,171)	(21,539)
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	(275,717)	
Related accumulated depreciation	275,717	0
The proceeds of debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In addition, interest on long-term debt is not recognized in the governmental funds until due, but is recognized in the statement of activities as it accrues. Further, governmental funds report bond premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of net position.		
Debt repayments	95,349	
Issuance of debt	(117,531)	
Net change in interest payable	(382)	(22,564)
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.		(2,635)
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	142,810	
Cost of benefits earned net of employee contributions	(130,164)	12,646
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		3,477
Change in net position of governmental activities		$ 356,114

See accompanying notes to the financial statements.

CITY OF ROYSTON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2026

	Business Type			
	Water and Sewer Utility	Natural Gas Utility	Nonmajor Sanitation	Totals
ASSETS				
Current assets				
Cash and cash equivalents	$ 0	$ 6,222,839	$ 173,677	$ 6,396,516
Restricted assets				
Cash and cash equivalents	41,840	1,163,759	0	1,205,599
Receivables (net)				
Accounts	272,645	244,210	26,111	542,966
Intergovernmental	1,354,041	0	0	1,354,041
Due from other funds	0	593,991	0	593,991
Inventories	0	137,176	0	137,176
Prepaid items	11,644	12,880	5,573	30,097
Total current assets	1,680,170	8,374,855	205,361	10,260,386
Noncurrent assets				
Capital assets				
Non-depreciable	127,064	6,102,872	6,429	6,236,365
Depreciable (net)	10,965,682	2,372,480	173,978	13,512,140
Total noncurrent assets	11,092,746	8,475,352	180,407	19,748,505
Total assets	12,772,916	16,850,207	385,768	30,008,891
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	42,822	53,086	9,787	105,695
LIABILITIES				
Current liabilities				
Payables				
Accounts	275,520	204,775	9,285	489,580
Sales tax	0	5,030	0	5,030
Interest	6,211	3,076	0	9,287
Retainages	189,876	262,223	0	452,099
Accrued salaries	13,355	12,133	1,751	27,239
Compensated absences	20,458	12,806	329	33,593
Unearned revenue	0	20,645	0	20,645
Due to other funds	593,991	0	0	593,991
Notes payable	112,216	441,256	0	553,472
Liabilities payable from restricted assets:				
Customer deposits payable	41,840	84,974	0	126,814
Total current liabilities	1,253,467	1,046,918	11,365	2,311,750

See accompanying notes to the financial statements.

CITY OF ROYSTON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2026

	Business Type			
	Water and Sewer Utility	Natural Gas Utility	Nonmajor Sanitation	Totals
Noncurrent liabilities				
Net pension liability	$ 107,759	$ 133,586	$ 24,631	$ 265,976
Compensated absences	2,273	1,423	37	3,733
Notes payable	3,716,518	5,317,796	0	9,034,314
Total noncurrent liabilities	3,826,550	5,452,805	24,668	9,304,023
Total liabilities	5,080,017	6,499,723	36,033	11,615,773
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension	43,422	53,830	9,925	107,177
NET POSITION				
Net investment in capital assets	6,844,736	3,380,782	180,407	10,405,925
Unrestricted	847,563	6,968,958	169,190	7,985,711
Total net position	$ 7,692,299	$ 10,349,740	$ 349,597	$ 18,391,636

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, 2026

	Business Type			
	Water and Sewer Utility	Natural Gas Utility	Nonmajor Sanitation	Totals
OPERATING REVENUES				
Charges for sales and services	$ 1,868,045	$ 3,693,922	$ 382,719	$ 5,944,686
OPERATING EXPENSES				
Costs of sales and services	872,904	2,050,577	237,076	3,160,557
Personal services	526,767	556,033	118,943	1,201,743
Depreciation	338,569	137,731	19,555	495,855
Total operating expenses	1,738,240	2,744,341	375,574	4,858,155
Operating income (loss)	129,805	949,581	7,145	1,086,531
OTHER NONOPERATING REVENUES (EXPENSES)				
Interest revenue	11,106	232,542	6,060	249,708
Interest expense	(34,252)	(193,442)	0	(227,694)
Intergovernmental revenue	2,487,452	0	0	2,487,452
Capital contributions	164,924	0	0	164,924
Gain (loss) on sale of capital assets	0	0	125,565	125,565
Debt issue costs	0	(102,518)	0	(102,518)
Total other nonoperating revenues (expenses)	2,629,230	(63,418)	131,625	2,697,437
Change in net position	2,759,035	886,163	138,770	3,783,968
Net position, July 1	4,933,264	9,463,577	210,827	14,607,668
Net position, June 30	$ 7,692,299	$ 10,349,740	$ 349,597	$ 18,391,636

See accompanying notes to the financial statements.

CITY OF ROYSTON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2026

	Business Type			
	Water and Sewer Utility	Natural Gas Utility	Nonmajor Sanitation	Totals
Cash flows from operating activities:				
Receipts from customers	$ 1,823,405	$ 3,730,225	$ 414,381	$ 5,968,011
Payments to suppliers	(886,299)	(2,031,091)	(237,965)	(3,155,355)
Payments to employees	(539,673)	(586,101)	(135,949)	(1,261,723)
Net cash provided (used) by operating activities	397,433	1,113,033	40,467	1,550,933
Cash flows from non-capital financing activities:				
Receipts from other funds	593,991	0	0	593,991
Payments to other funds	0	(593,991)	0	(593,991)
Net cash provided (used) by non-capital financing activities	593,991	(593,991)	0	0
Cash flows from capital and related financing activities:				
Receipts from other governments	2,032,536	0	0	2,032,536
Interest paid	(33,245)	(194,366)	0	(227,611)
Acquisition of capital assets	(5,024,690)	(5,726,666)	(185,574)	(10,936,930)
Payment of capital related accounts payable	(54,796)	(10,761)	0	(65,557)
Proceeds from sale of capital assets	0	0	125,565	125,565
Payment of debt issue costs	0	(102,518)	0	(102,518)
Issuance of notes payable	1,410,432	6,000,000	0	7,410,432
Principal payments - notes	(109,664)	(365,576)	0	(475,240)
Net cash provided (used) by capital and related financing activities	(1,779,427)	(399,887)	(60,009)	(2,239,323)
Cash flows from investing activities:				
Interest received	11,106	232,542	6,060	249,708
Net increase (decrease) in cash and cash equivalents	(776,897)	351,697	(13,482)	(438,682)
Cash and cash equivalents, July 1	818,737	7,034,901	187,159	8,040,797
Cash and cash equivalents, June 30	$ 41,840	$ 7,386,598	$ 173,677	$ 7,602,115

See accompanying notes to the financial statements.

CITY OF ROYSTON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2026

	Business Type			
	Water and Sewer Utility	Natural Gas Utility	Nonmajor Sanitation	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ 129,805	$ 949,581	$ 7,145	$ 1,086,531
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	338,569	137,731	19,555	495,855
(Increase) decrease in accounts receivable	(44,960)	36,751	31,662	23,453
(Increase) decrease in prepaids	75	19,924	(456)	19,543
(Increase) decrease in inventories	0	(5,726)	0	(5,726)
(Increase) decrease in deferred outflows related to pension	(808)	2,015	2,266	3,473
Increase (decrease) in accounts payable	(13,470)	5,288	(433)	(8,615)
Increase (decrease) in sales tax payable	0	5,027	0	5,027
Increase (decrease) in unearned revenue	0	5,043	0	5,043
Increase (decrease) in deferred inflows related to pension	4,915	3,329	(1,122)	7,122
Increase (decrease) in net pension liability	(24,178)	(39,445)	(13,220)	(76,843)
Increase (decrease) in accrued payroll liabilities	7,165	4,033	(4,930)	6,268
Increase (decrease) in gas assistance credit	0	(7,817)	0	(7,817)
Increase (decrease) in deposits payable	320	(2,701)	0	(2,381)
Total adjustments	267,628	163,452	33,322	464,402
Net cash provided (used) by operating activities	$ 397,433	$ 1,113,033	$ 40,467	$ 1,550,933
Cash and cash equivalents reconciliation:				
Cash and cash equivalents	$ 0	$ 6,222,839	$ 173,677	$ 6,396,516
Restricted assets				
Cash and cash equivalents	41,840	1,163,759	0	1,205,599
Total cash and cash equivalents	$ 41,840	$ 7,386,598	$ 173,677	$ 7,602,115

Noncash investing, capital, and financing activities:

Acquisitions of capital assets through accounts payable totaled $381,480.
Acquisitions of capital assets through retainage payable totaled $452,099.
Contributions of capital assets totaled $164,924.
Increase of notes payable through intergovernmental receivables totaled $677,020.

See accompanying notes to the financial statements.

CITY OF ROYSTON, GEORGIA
MUNICIPAL COURT CUSTODIAL FUND
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2026

ASSETS	
Equity in pooled cash	$ 1,947
LIABILITIES	
Due to other agencies	1,947
NET POSITION	
Restricted for individuals, organizations, and other governments	$ 0

See accompanying notes to the financial statements.

CITY OF ROYSTON, GEORGIA
MUNICIPAL COURT CUSTODIAL FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the fiscal year ended June 30, 2026

ADDITIONS		
Fines and forfeitures collected for other governments	$	40,336
DEDUCTIONS		
Distributions of fines and forfeitures to other governments		40,336
Change in net position		0
Net position, July 1		0
Net position, June 30	$	0

See accompanying notes to the financial statements.

1. Description of Government Unit

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

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

2. Summary of Significant Accounting Policies

A. Description of Government-wide Financial Statements

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

B. Reporting Entity

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

2. Summary of Significant Accounting Policies (continued)

B. Reporting Entity, continued

City of Royston Downtown Development Authority

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

The City of Royston Downtown Development Authority is reported in a separate column to emphasize that it is legally separate from the City. Individual financial statements are presented as part of the City's Annual Financial Report in the section labeled "Component Unit" (See Exhibit I). The City of Royston Downtown Development Authority has a June 30th year-end. Individual financial statements may be obtained by contacting the City of Royston Downtown Development Authority, 684 Franklin Springs Street, Royston, GA 30662.

C. Basis of Presentation – Government-wide Financial Statements

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

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

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

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements

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

The City reports the following major governmental funds:

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

Franklin County SPLOST #6 Capital Projects Fund – This fund is used to account for long-term projects financed by the passage of the 2022 Franklin County special purpose local option sales tax.

The City reports the following major proprietary funds:

Water and Sewer Utility Enterprise 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 Enterprise 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.

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

Custodial Funds – Custodial Funds are fiduciary in nature and are accounted for using the accrual basis of accounting. These funds are used to account for assets that are held for others. The City has a custodial 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 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 and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

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. Non-operating revenues and expenses include subsidies received and provided, revenue and expense related to financing, resources resulted from the disposal of capital assets and inventory, contributions of water and sewer infrastructure received from developers, and investment income and expenses. All revenues and expenses not meeting this definition are reported as operating revenues and expenses. 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.

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.

Early each year, the department heads submit budget requests to the City Manager. Meetings are held between the City Manager and department heads each April to discuss the preparation of the proposed budget. The City Manager then submits the proposed budget to the City Council in May.

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. 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 resolution, 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. Leases Receivable

Leases receivable are measured at the present value of lease payments expected to be received during the lease terms. Under the lease agreements, the City may receive variable lease payments that are dependent upon the lessees' revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for each of the leases. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the respective lease.

J. 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.

K. Inventories

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

L. 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.

M. 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.

2. Summary of Significant Accounting Policies (continued)

M. Capital Assets, continued

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.

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.

The City has recorded intangible right-to-use assets as a result of implementing GASB Statement No. 87, *Leases* and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The assets are initially measured at an amount equal to the initial measurement of the related lease or subscription liability plus any payments made prior to the lease or subscription term, less lease or subscription incentives, and plus ancillary charges necessary to place the lease or subscription into service. The intangible right-to-use assets are amortized on a straight-line basis over the shorter of the estimated useful life of the underlying asset or life of the related lease or subscription.

2. Summary of Significant Accounting Policies (continued)

M. Capital Assets, continued

Depreciation/amortization 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	$ 10,000
Distribution systems	50	$ 50,000
Roads	50	$ 100,000
Bridges and culverts	50	$ 50,000
Equipment	10	$ 10,000
Vehicles	7	$ 10,000
Furniture and fixtures	5	$ 10,000
Land improvements	15	$ 10,000
Intangible right-to-use assets		
Software	5	$ 10,000
Equipment	5	$ 10,000

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.

N. 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 assets 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 outflows of resources related to their defined benefit pension plans.

2. Summary of Significant Accounting Policies (continued)

N. Deferred Outflows/Inflows of Resources

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 assets 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 and leases receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

O. Compensated Absences

In accordance with Government Accounting Standards Board Statement No. 101, it is the City's policy to permit employees to accumulate earned but unused paid time off (PTO) benefits which will be paid to the employees upon separation from City service. Accumulated PTO 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)

P. 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.

Q. 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 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.

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.

R. 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)

S. 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)

S. 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.

T. 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.

U. 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)

V. 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.

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 the end of the current fiscal year consist of the following:

Major Funds		
General Fund		$ 14,595
Enterprise Funds		
Water and Sewer Utility	$ 330,800	
Less: Allowances for Uncollectibles	(58,155)	
Natural Gas Utility	305,684	
Less: Allowances for Uncollectibles	(61,474)	516,855
Nonmajor Funds		
Sanitation	45,210	
Less: Allowances for Uncollectibles	(19,099)	26,111
Total Primary Government		$ 557,561

5. Intergovernmental Receivables

Intergovernmental receivables at the end of the current fiscal year consist of the following:

Major Funds	
Governmental Funds	
Franklin County SPLOST #6	$ 45,137
Enterprise Funds	
Water and Sewer Utility	1,354,041
Nonmajor Governmental Funds	2,980
Total Primary Government	$ 1,402,158

6. Property Taxes

Taxes receivable at the end of the current year consist of property taxes for seven years as follows:

Tax Year	Amount
2025	$ 17,371
2024	3,523
2023	1,052
2022	259
2021	132
2020	36
2019	36
Less: allowance for uncollectible accounts	(2,379)
Totals	$ 20,030

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 2026, based upon the assessments of January 1, 2025, were billed on December 12, 2025, and due on February 12, 2026. Tax liens are issued 90 days after the due date. The tax rate of 7.907 mills for digest year 2025 was levied on November 10, 2025.

Other Taxes

$107,193 of sales taxes and $768 of other taxes are also included in taxes receivable.

7. Lease Receivable

In 2013, the City entered into a five year lease with a cell phone service provider to provide the tenant the right to a portion of real property, together with the right to use the tower located thereon. The lease provides for four additional, five-year terms. Under the lease, the tenant paid the City a monthly payment of $2,000 per month for the first 12 months of the lease. On the annual anniversary date of the commencement date, the monthly rent amount is increased by 2.5% of the rent paid in the previous year. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at an imputed discount rate of 2.784%. During the current fiscal year, the City recognized $28,089 of lease revenue (reported as other revenue on the statement of activities) and $10,976 of interest revenue under the lease.

Annual requirements to maturity are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2027	$ 22,790	$ 10,363	$ 33,153
2028	24,272	9,710	33,982
2029	25,817	9,015	34,832
2030	27,427	8,275	35,702
2031	29,104	7,491	36,595
2032-2036	173,220	23,944	197,164
2037-2038	79,972	2,259	82,231
Totals	$ 382,602	$ 71,057	$ 453,659

8. Interfund Receivables and Payables

A summary of interfund receivables and payables at the end of the current fiscal year is as follows:

Receivable Fund	Payable Fund	Amount
Natural Gas Utility	Water and Sewer Utility	$ 593,991

The balance reported as Due to/Due from represents loans between the borrower funds and the lender. Balances reported between the Natural Gas Utility and Water and Sewer Utility funds resulted from transactions to alleviate equity in pooled cash deficits at year-end.

Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”.

9. 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	$ 542,936	$ 0	$ 0	$ 542,936
Depreciable/amortizable assets				
Buildings	4,733,847	0	(7,988)	4,725,859
Infrastructure	2,552,746	56,567	0	2,609,313
Vehicles and equipment	2,842,901	226,534	(256,282)	2,813,153
Software	94,030	0	0	94,030
Furniture and fixtures	60,264	0	(11,451)	48,813
Intangible right-to-use assets				
Leases - Equipment	0	58,840	0	58,840
Software	0	58,691	0	58,691
Total depreciable/amortizable assets	10,283,788	400,632	(275,721)	10,408,699
Accumulated depreciation/amortization				
Buildings	(2,759,757)	(73,751)	7,988	(2,825,520)
Infrastructure	(920,400)	(62,623)	0	(983,023)
Vehicles and equipment	(1,834,011)	(248,092)	256,282	(1,825,821)
Software	(47,015)	(9,403)	0	(56,418)
Furniture and fixtures	(40,533)	(4,796)	11,451	(33,878)
Intangible right-to-use assets				
Leases - Equipment	0	(11,768)	0	(11,768)
Software	0	(11,738)	0	(11,738)
Total accumulated depreciation/amortization	(5,601,716)	(422,171)	275,721	(5,748,166)
Total depreciable/amortizable assets, net	4,682,072	(21,539)	0	4,660,533
Governmental activities capital assets, net	$ 5,225,008	$ (21,539)	$ 0	$ 5,203,469
Business-type activities				
Non-depreciable assets				
Land	$ 81,702	$ 4,383	$ 0	$ 86,085
Construction in progress	793,492	6,033,902	(677,114)	6,150,280
Total non-depreciable assets	875,194	6,038,285	(677,114)	6,236,365
Depreciable/amortizable assets				
Buildings	206,501	0	0	206,501
Land improvements	46,824	0	0	46,824
Distribution system	15,182,199	6,047,056	(1,420,155)	19,809,100
Vehicles and equipment	2,143,224	527,206	(203,615)	2,466,815
Total depreciable/amortizable assets	17,578,748	6,574,262	(1,623,770)	22,529,240
Accumulated depreciation/amortization				
Buildings	(161,730)	(4,030)	0	(165,760)
Land improvements	(28,929)	(1,614)	0	(30,543)
Distribution system	(8,441,060)	(323,772)	1,420,155	(7,344,677)
Vehicles and equipment	(1,513,296)	(166,439)	203,615	(1,476,120)
Total accumulated depreciation/amortization	(10,145,015)	(495,855)	1,623,770	(9,017,100)
Total depreciable/amortizable assets, net	7,433,733	6,078,407	0	13,512,140
Business-type activities capital assets, net	$ 8,308,927	$ 12,116,692	$ (677,114)	$ 19,748,505

9. Capital Assets (continued)

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

	Beginning Balance	Increases	Decreases	Ending Balance
Component Unit				
Depreciable assets				
Buildings	$ 167,208	$ 0	$ 0	$ 167,208
Accumulated Depreciation				
Buildings	(21,201)	(3,344)	0	(24,545)
Downtown Development Authority				
Component Unit, net	$ 146,007	$ (3,344)	$ 0	$ 142,663

Depreciation/amortization expense was charged to functions/programs as follows:

Primary Government	
Governmental activities	
General Government	$ 42,606
Public Safety	214,007
Public Works	85,133
Culture and Recreation	73,060
Housing and Development	7,365
Total depreciation/amortization expense for governmental activities	$ 422,171
Business-type activities	
Water and Sewer Utility	$ 338,569
Natural Gas Utility	137,731
Nonmajor Sanitation	19,555
Total depreciation/amortization expense for business-type activities	$ 495,855
Component Unit	
Downtown Development Authority	$ 3,344

10. Long-Term Debt

Governmental Activities

Notes from Direct Borrowings

On November 17, 2023, the City entered into an agreement to participate in a finance purchase program sponsored by the Georgia Municipal Association. A note from direct borrowing in the amount of $642,430 was issued with Magnolia Bank, Inc. to finance the purchase of multiple vehicles; interest at 5.30%, due in 5 consecutive annual payments beginning on November 17, 2024. The note is secured by the vehicles. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable. At the end of the current fiscal year, the outstanding balance of the note is $234,733.

Annual debt service requirements for notes from direct borrowings are as follows:

Year Ending June 30,	Principal	Interest	Total
2027	$ 74,240	$ 12,441	$ 86,681
2028	78,175	8,506	86,681
2029	82,318	4,363	86,681
Totals	$ 234,733	$ 25,310	$ 260,043

Lease Payable

During the current fiscal year, the City entered into a five-year lease for the right to use tasers. An initial lease liability was recorded in the amount of $58,840. As of June 30, 2026, the value of the lease liability was $46,401. The City is required to make annual principal and interest payments of $12,439. The lease has an interest rate of 2.816%. The value of the right-to-use asset at June 30, 2026 was $58,840 and had accumulated amortization of $11,768.

Annual debt service requirements for the lease payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2027	$ 11,116	$ 1,324	$ 12,440
2028	11,433	1,007	12,440
2029	11,759	680	12,439
2030	12,093	345	12,438
Totals	$ 46,401	$ 3,356	$ 49,757

10. Long-Term Debt (continued)

Subscription Payable

During the current fiscal year, the City entered into a five-year subscription-based information technology arrangement (SBITA) for the right to use body cameras and related software. An initial subscription liability was recorded in the amount of $58,691. As of June 30, 2026, the value of the subscription liability was $46,283. The City is required to make annual principal and interest payments of $12,408. The subscription liability has an interest rate of 2.816%. The value of the right-to-use asset at June 30, 2026 was $58,691 and had accumulated amortization of $11,738.

Annual debt service requirements for the subscription payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2027	$ 11,087	$ 1,320	$ 12,407
2028	11,404	1,004	12,408
2029	11,729	679	12,408
2030	12,063	344	12,407
Totals	$ 46,283	$ 3,347	$ 49,630

10. Long-Term Debt (continued)

Business-type Activities

Notes from Direct Borrowings

On November 7, 2017, the City entered into an agreement with the Georgia Environmental Finance 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%. On September 10, 2019, an amendment was made to the agreement, allowing the City to borrow $2,347,413 due in 239 consecutive monthly installments of principal and interest beginning on February 1, 2020; interest at 1.55%. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable. Note payments and performance obligations are secured by revenues on taxes, fees and charges collected by the City. At the end of the current fiscal year, the outstanding balance of the note is $1,383,000.

On November 17, 2023, the City entered into an agreement to participate in a finance purchase program sponsored by the Georgia Municipal Association. A note from direct borrowing in the amount of $642,430 was issued to Magnolia Bank, Inc to finance the purchase of multiple vehicles; interest at 5.30%, due in 5 consecutive annual payments beginning on November 17, 2024. The note is secured by the equipment. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable. At the end of the current fiscal year, the outstanding balance of the note is $170,609.

On January 26, 2024, the City entered into an agreement with the Georgia Environmental Finance Authority for improvements to the City's water treatment plant, water distribution system, and related appurtenances. The City agreed to borrow up to $2,500,000 due in 239 consecutive monthly installments of principal and interest beginning on the earlier of the project completion date or April 1, 2027; interest at 1.55%. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable. Note payments and performance obligations are secured by revenues on taxes, fees and charges collected by the City. At the end of the current fiscal year, the outstanding balance of the note is $1,500,000. This note is still in drawdown phase, therefore it is not included in the annual debt service requirement table below.

10. Long-Term Debt (continued)

Business-type Activities, continued

Notes from Direct Borrowings, continued

On January 26, 2024, the City entered into an agreement with the Georgia Environmental Finance Authority for construction of a tertiary treatment system, sludge handling system, and related appurtenances. The City agreed to borrow up to $3,000,000 due in 239 consecutive monthly installments of principal and interest beginning on the earlier of the project completion date or April 1, 2027; interest at 1.31%. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable. Note payments and performance obligations are secured by revenues on taxes, fees and charges collected by the City. At the end of the current fiscal year, the outstanding balance of the note is $870,972. This note is still in drawdown phase, therefore it is not included in the annual debt service requirement table below.

On September 1, 2025, the City entered into a note from direct borrowing with Northeast Georgia Bank through the Municipal Gas Authority of Georgia to finance the 2025 Natural Gas Capacity Expansion Project in the amount of $6,000,000; interest at 3.99%, due in 144 consecutive monthly installments of principal and interest beginning on October 1, 2025. At the end of the current fiscal year, the outstanding balance of the note is $5,663,205.

Annual debt service requirements for notes from direct borrowings are as follows:

Year Ending June 30,	Principal	Interest	Total
2027	$ 553,472	$ 248,371	$ 801,843
2028	574,414	227,428	801,842
2029	596,209	205,634	801,843
2030	555,889	182,952	738,841
2031	576,157	162,684	738,841
2032-2036	3,213,496	480,709	3,694,205
2037-2041	1,147,177	32,044	1,179,221
Totals	$ 7,216,814	$ 1,539,822	$ 8,756,636

11. Long-Term Liabilities

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities of the City for the current fiscal year:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
Notes from direct borrowings	$ 305,235	$ 0	$ (70,502)	$ 234,733	$ 74,240
Leases payable	0	58,840	(12,439)	46,401	11,116
Subscriptions payable	0	58,691	(12,408)	46,283	11,087
Compensated absences	41,571	0	(3,477)	38,094	34,285
Total governmental activities	$ 346,806	$ 117,531	$ (98,826)	$ 365,511	$ 130,728
Business-type activities					
Notes from direct borrowings	$ 1,975,574	$ 8,087,452	$ (475,240)	$ 9,587,786	$ 553,472
Compensated absences	40,233	0	(2,907)	37,326	33,593
Total business-type activities	$ 2,015,807	$ 8,087,452	$ (478,147)	$ 9,625,112	$ 587,065

The changes noted for compensated absences reflect the net change for the period.

Total interest expense in the governmental activities for the current fiscal year is $16,560. Total interest expense in the business-type activities for the current fiscal year is $227,694.

12. Net Investment in Capital Assets

The net investment in capital assets reported on the government-wide statement of net position is calculated as follows at the end of the current fiscal year:

	Governmental Activities	Business-type Activities	Component Unit
Cost of capital assets	$ 10,951,639	$ 28,765,605	$ 167,208
Accumulated Depreciation	(5,748,170)	(9,017,100)	(24,545)
Book value	5,203,469	19,748,505	142,663
Notes payable	(234,733)	(9,587,786)	0
Retainages payable	0	(452,099)	0
Leases payable	(46,401)	0	0
Subscriptions payable	(46,283)	0	0
Capital-related accounts payable	0	(381,480)	0
Unspent debt proceeds	0	1,078,785	0
Net investment in capital assets	$ 4,876,052	$ 10,405,925	$ 142,663

13. Restricted Fund Balances

A summary of restricted balances of the governmental funds as of the end of the current fiscal year is as follows:

	General	Franklin County SPLOST #6	Nonmajor Governmental Funds	Total Governmental Funds
Restricted for:				
Public Safety				
Police department	$ 6,595	$ 0	$ 0	$ 6,595
Fire department	6,943	0	73,264	80,207
Capital projects	0	1,316,400	0	1,316,400
	$ 13,538	$ 1,316,400	$ 73,264	$ 1,403,202

14. 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.

14. Pension Plan (continued)

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, 2026, the date of the most recent actuarial valuation, the participants consisted of the following:

Retirees and beneficiaries currently receiving benefits	21
Terminated vested participants entitled to but not yet receiving benefits	31
Active participants	33
Total number of participants	85

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 62 with no reduction in benefit. Officials and Class One members (City Manager and City Clerk) are eligible to retire at age 62 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 1.75% with a five year vesting schedule. Officials and Class One members benefit formula is 1.75% 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. The City's actuarially determined contribution rate for the current fiscal year was $227,966, or 11.49% of covered payroll. The City's covered payroll for employees participating in the Plan for the current fiscal year was $1,983,210. The Council provides for the benefits and funding policy through City ordinance and maintains the authority to change the policy. The administrative expenses set by contract with GMEBS are in addition to the state-required annual funding requirement. This funding policy, as specified by ordinance, has been the same since the inception of the plan.

14. Pension Plan (continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At the end of the current fiscal year, the City reported a net pension liability of $742,758. The net pension liability was measured as of September 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2026. For the governmental activities, the net pension liability is liquidated by the General Fund. For the current fiscal year, the City recognized pension expense in the amount of $143,582.

At the end of the current fiscal year, 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	$ 67,985	$ 0
Differences due to assumption changes	60,320	0
Net difference between projected and actual earnings on pension plan investments	0	(299,301)
City contributions subsequent to the measurement date	166,857	0
Totals	$ 295,162	$ (299,301)

The $166,857 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 pension liability during the next fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30	
2027	$ 55,489
2028	(83,092)
2029	(114,256)
2030	(29,137)
Totals	$ (170,996)

14. Pension Plan (continued)

Actuarial Assumptions. The total pension liability in the January 1, 2026 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Projected salary increases	2.50% plus service based merit increases
Cost of living adjustments	0.00%
Net investment rate of return	7.25%

Healthy mortality rates were based on the Sex-Distinct Pri-2012 Head-Count Weighted Healthy Retiree Mortality Table with rates multiplied by 1.20. Disabled mortality rates were based on the Sex-Distinct Pri-2012 Head-Count Weighted Disabled Retiree Mortality Table with rates multiplied by 1.20.

The mortality and economic actuarial assumptions used in the January 1, 2026 valuation were based on the results of an actuarial experience study for the period of January 1, 2020 through June 30, 2024.

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 March 31, 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.10%
International equity	20%	6.50%
Domestic fixed income	20%	2.70%
Real estate	10%	3.50%
Global fixed income	5%	3.60%
Total	100%	

14. Pension Plan (continued)

Discount Rate. The discount rate used to measure the total pension liability was 7.25 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 9/30/24	$ 4,067,093	$ 3,218,748	$ 848,345
Changes for the year:			
Service cost	95,659	0	95,659
Interest	301,118	0	301,118
Differences between expected and actual experience	10,719	0	10,719
Contributions—employer	0	227,966	(227,966)
Net investment income	0	385,235	(385,235)
Benefit payments, including refunds of employee contributions	(159,584)	(159,584)	0
Administrative expense	0	(9,638)	9,638
Other	90,480	0	90,480
Net changes	338,392	443,979	(105,587)
Balances at 9/30/25	$ 4,405,485	$ 3,662,727	$ 742,758

Plan fiduciary net position as a percentage of the total pension liability	83.14%
Covered payroll	$ 1,655,023
Employer's net pension liability as percentage of covered payroll	44.88%

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 (6.25 percent) or one percentage-point higher (8.25 percent) than the current rate:

	Discount Rate	Net Pension Liability (Asset)
1% decrease	6.25%	$ 1,319,157
Current discount rate	7.25%	742,758
1% increase	8.25%	258,317

14. Pension Plan (continued)

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. This plan is immaterial to the financial statements.

15. 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.

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 contributes 100% of the employee's contributions, up to 3% of compensation per year. At the end of the current fiscal year, there were 18 members of the Plans.

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 $26,293 to the plans based on covered salaries of $929,755. Plan members made voluntary contributions of $35,678 to the plans. Total payroll was $2,511,654.

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.

16. 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	$9,683	
Disbursements to		
Downtown Development Authority	$9,683	100% of Tax Receipts

17. 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. 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.

18. 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 $30,888 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.

19. 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.

20. Contingencies

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

21. New Accounting Pronouncements

The City implemented GASB Statement No. 103, *Financial Reporting Model Improvements,* effective for the City's current fiscal year. The requirements of this statement are effective for periods beginning after June 15, 2025. The changes primarily relate to the presentation and classification of certain financial statement information and disclosures. The implementation of this standard had no impact on the City's net position.

The City implemented GASB Statement No. 104, *Disclosure of Certain Capital Assets,* effective for the City's current fiscal year. The requirements of this statement are effective for periods beginning after June 15, 2025. Certain beginning capital asset balances have been reclassified to separately present applicable capital asset categories. The implementation of this standard did not result in any change to the City's total capital assets, accumulated depreciation/amortization, net capital assets or net position.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF ROYSTON, GEORGIA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2026

	Budget		Variance with Original Budget - over (under) Final Budget	Actual	Variance with Final Budget - over (under) Actual
	Original	Final			
REVENUES					
Taxes	$ 2,475,800	$ 2,475,800	$ 0	$ 2,499,669	$ 23,869
Licenses and permits	37,850	37,850	0	43,158	5,308
Fines, fees and forfeitures	132,650	132,650	0	100,113	(32,537)
Charges for services	429,850	429,850	0	438,098	8,248
Intergovernmental	117,500	117,500	0	30,888	(86,612)
Interest	74,940	74,940	0	84,026	9,086
Other	49,360	49,360	0	68,032	18,672
Total revenues	3,317,950	3,317,950	0	3,263,984	(53,966)
EXPENDITURES					
Current					
General Government					
Mayor and Council	169,453	169,453	0	162,538	6,915
Administration	650,272	650,272	0	638,488	11,784
Elections	6,200	6,200	0	2,510	3,690
Judicial					
Municipal Court	20,800	24,400	(3,600)	24,317	83
Public Safety					
Police	1,118,026	1,283,526	(165,500)	1,283,487	39
Fire	132,189	132,189	0	119,149	13,040
Animal Control	28,800	28,800	0	24,603	4,197
Public Works					
Streets	473,188	473,188	0	445,912	27,276
Maintenance Shop	92,904	92,904	0	89,324	3,580
Cemetery	48,334	48,334	0	47,879	455
Culture and Recreation					
Library	63,836	68,736	(4,900)	68,725	11
Parks and Recreation	137,137	142,137	(5,000)	142,067	70
Housing and Development					
Planning and Zoning	74,933	85,133	(10,200)	85,038	95
Main Street	215,122	143,422	71,700	94,596	48,826
Debt service	86,756	86,756	0	86,681	75
Total expenditures	3,317,950	3,435,450	(117,500)	3,315,314	120,136
Excess (deficiency) of revenues over (under) expenditures	0	(117,500)	(117,500)	(51,330)	66,170
Other financing sources (uses)					
Sale of capital assets	5,000	5,000	0	1,000	(4,000)
Issuance of long-term debt	0	117,500	117,500	117,531	31
Contingency	(5,000)	(5,000)	0	0	5,000
Total other financing sources (uses)	0	117,500	117,500	118,531	1,031
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	67,201	67,201
Fund balances, July 1	0	0	0	2,380,008	2,380,008
Fund balances, June 30	$ 0	$ 0	$ 0	$ 2,447,209	$ 2,447,209

See accompanying notes to the 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, 2026
(Unaudited)

	Fiscal Year		
	2026	**2025**	**2024**
Total pension liability			
Service cost	$ 95,659	$ 99,221	$ 86,510
Interest	301,118	277,611	256,634
Differences between expected and actual experience	10,719	95,501	52,354
Changes of benefit terms	0	0	0
Benefit payments, including refunds of employee contributions	(159,584)	(140,463)	(107,110)
Other	90,480	0	0
Net change in total pension liability	338,392	331,870	288,388
Total pension liability - beginning	4,067,093	3,735,223	3,446,835
Total pension liability - ending (a)	4,405,485	4,067,093	3,735,223
Plan fiduciary net position			
Contributions - employer	$ 227,966	$ 212,230	$ 153,529
Net investment income	385,235	615,265	296,329
Benefit payments, including refunds of employee contributions	(159,584)	(140,463)	(107,110)
Administrative expense	(9,638)	(8,384)	(9,271)
Net change in plan fiduciary net position	443,979	678,648	333,477
Plan fiduciary net position - beginning	3,218,748	2,540,100	2,206,623
Plan fiduciary net position - ending (b)	$ 3,662,727	$ 3,218,748	$ 2,540,100
Net pension liability (asset) - ending : (a) - (b)	$ 742,758	$ 848,345	$ 1,195,123
Plan's fiduciary net position as a percentage of the total pension liability	83.14%	79.14%	68.00%
Covered payroll	$ 1,655,023	$ 1,588,614	$ 1,729,388
Net pension liability as a percentage of covered payroll	44.88%	53.40%	69.11%

See accompanying notes to the required supplementary information.

Fiscal Year							
2023	2022	2021	2020	2019	2018	2017
$ 65,002	$ 66,304	$ 61,407	$ 64,130	$ 73,242	$ 81,578	$ 83,644
200,237	190,101	180,105	169,546	160,002	144,637	138,514
(18,937)	(15,255)	(13,799)	(4,561)	(11,124)	7,268	(84,767)
602,770						
(104,614)	(100,206)	(93,960)	(91,930)	(79,565)	(55,901)	(60,829)
0	0	0	48,041	0	28,081	0
744,458	140,944	133,753	185,226	142,555	205,663	76,562
2,702,377	2,561,433	2,427,680	2,242,454	2,099,899	1,894,236	1,817,675
3,446,835	2,702,377	2,561,433	2,427,680	2,242,454	2,099,899	1,894,237
$ 120,682	$ 129,561	$ 124,974	$ 133,511	$ 138,032	$ 148,055	$ 152,823
(432,954)	510,861	185,874	56,456	160,594	203,670	126,653
(104,614)	(100,206)	(93,960)	(91,930)	(79,565)	(55,901)	(60,829)
(11,652)	(9,257)	(8,914)	(8,590)	(9,150)	(9,766)	(5,350)
(428,538)	530,959	207,974	89,447	209,911	286,058	213,297
2,635,161	2,104,202	1,896,228	1,806,781	1,596,870	1,310,812	1,097,515
$ 2,206,623	$ 2,635,161	$ 2,104,202	$ 1,896,228	$ 1,806,781	$ 1,596,870	$ 1,310,812
$ 1,240,212	$ 67,216	$ 457,231	$ 531,452	$ 435,673	$ 503,029	$ 583,425
64.02%	97.51%	82.15%	78.11%	80.57%	76.05%	69.20%
$ 1,563,646	$ 1,571,624	$ 1,532,818	$ 1,444,009	$ 1,389,033	$ 1,541,958	$ 1,579,149
79.32%	4.28%	29.83%	36.80%	31.37%	32.62%	36.95%

See accompanying notes to the required supplementary information.

CITY OF ROYSTON, GEORGIA
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
June 30, 2026
(Unaudited)

	Fiscal Year		
	2026	**2025**	**2024**
Actuarially determined contribution	$ 227,966	$ 212,230	$ 153,529
Contributions in relation to the actuarially determined contribution	(227,966)	(212,230)	(153,529)
Contribution deficiency (excess)	$ 0	$ 0	$ 0
Covered payroll	$ 1,983,210	$ 1,680,430	$ 1,588,614
Contributions as a percentage of covered payroll	11.49%	12.63%	9.66%

See accompanying notes to the required supplementary information.

Fiscal Year							
2023	2022	2021	2020	2019	2018	2017
122,322	$ 129,250	$ 123,549	$ 136,831	$ 138,432	$ 148,055	$ 151,263
(122,322)	(129,250)	(123,549)	(136,831)	(138,432)	(148,055)	(151,263)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
1,705,596	$ 1,510,308	$ 1,492,413	$ 1,578,162	$ 1,518,135	$ 1,469,871	$ 1,580,444
7.17%	8.56%	8.28%	8.67%	9.12%	10.07%	9.57%

See accompanying notes to the required supplementary information.

Budgetary Comparison Schedules

The City Council adopts an operating budget for all governmental fund types, except for the Capital Projects Funds, for the upcoming fiscal year, prior to July 1. Capital budgets are adopted for Capital Projects Funds; additional capital projects are budgeted by the City Council as capital projects are approved throughout the year. The adopted budget includes proposed expenditures and the means of financing them. The budget is legally enacted by the passage of a resolution.

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.

1. Original budget compared to final budget

During fiscal year 2026, the City approved several budget amendments. The most notable amendments related to financing the acquisition of public safety equipment and related technology. Other amendments primarily reallocated appropriations among departments to address operational needs during the fiscal year.

2. Final budget compared to actual results

The most significant differences between estimated revenues and actual revenues were due to increased tax collections ($23,869) resulting from growth in property values and retail activity, and decreased intergovernmental revenues ($86,612) due to lower grant funding during the current fiscal year. In addition, budgeted expenditures and financing sources were affected by the acquisition of public safety equipment and related technology through financing arrangements.

Pension Plan

1. Valuation Date

The actuarially determined contribution rate was determined as of January 1, 2026, 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, 2027.

2. Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method = Projected unit credit

Amortization method = Closed level dollar for remaining unfunded liability

Remaining amortization period = Remaining amortization period varies for the bases, with a net effective amortization period of 16 years

Asset valuation method = Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 20% 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 = 7.25%

Projected salary increases = 2.50% plus service based merit increases

Cost of living adjustments = N/A

Retirement age for inactive vested participants = 65

Mortality = Healthy mortality rates were based on the Sex-Distinct Pri-2012 Head-Count Weighted Healthy Retiree Mortality Table with rates multiplied by 1.20. Disabled mortality rates were based on the Sex-Distinct Pri-2012 Head-Count Weighted Disabled Retiree Mortality Table with rates multiplied by 1.20.

3. Changes in Benefits

There were no changes in benefits in the last two fiscal years.

4. Changes of Assumptions

Amounts reported for fiscal years ending in 2026 and later reflect the following assumption changes based on an actuarial study conducted in November 2024 through September 2025:

The net investment return assumption was decreased from 7.375% to 7.25%.

The salary increase assumption was changed from a service-based salary scale starting at 8.50% for the first two years of service with an ultimate rate of 3.00% at 15 years of service to a service-based scale starting at 9.00% for the first two years of service with an ultimate rate of 3.25% at 18 years of service.

The inflation assumption was increased from 2.25% to 2.50%.

The payroll growth and Social Security wage base increase assumptions were increased from 2.25% per annum to 3.25% per annum.

The mortality table for healthy retirees and beneficiaries was changed from the sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table, with rates increased by 25% to using the same base table with rates increased by 20%.

The mortality table for disabled participants was changed from the sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table, with rates increased by 25% to using the same base table with rates increased by 20%.

Future mortality improvement was changed from projecting generationally from 2012 with 60% of the sex-distinct improvement rates under the 2019 OASDI Trustees Report used for the intermediate alternative to projecting generationally from 2012 with 60% of the sex-distinct improvement rates under the Society of Actuaries MP-2021 scale.

The disability rates were changed to 75% of the rates in the prior age-based table.
The headcount-weighted, service-based turnover rates were increased at all service levels.

COMBINING STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

CITY OF ROYSTON, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2026

	Special Revenue			Total Nonmajor Governmental Funds
	Hotel/Motel Tax	Technology Surcharge	Fire Department	
ASSETS				
Cash and cash equivalents	$ 0	$ 395	$ 70,284	$ 70,679
Taxes receivable	768	0	0	768
Intergovernmental receivable	0	0	2,980	2,980
Total assets	$ 768	$ 395	$ 73,264	$ 74,427
LIABILITIES				
Accounts payable	$ 768	$ 395	$ 0	$ 1,163
FUND BALANCES				
Restricted for Public Safety	0	0	73,264	73,264
Total liabilities and fund balances	$ 768	$ 395	$ 73,264	$ 74,427

CITY OF ROYSTON, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2026

	Special Revenue			Total Nonmajor Governmental Funds
	Hotel/Motel Tax	Technology Surcharge	Fire Department	
REVENUES				
Taxes	$ 9,683	$ 0	$ 0	$ 9,683
Fines, fees, and forfeitures	0	9,206	0	9,206
Intergovernmental	0	0	20,390	20,390
Contributions	0	0	6,944	6,944
Total revenues	9,683	9,206	27,334	46,223
EXPENDITURES				
Current				
Public Safety	0	14,073	8,700	22,773
Housing and Development	9,683	0	0	9,683
Total expenditures	9,683	14,073	8,700	32,456
Excess (deficiency) of revenues over (under) expenditures	0	(4,867)	18,634	13,767
Fund balances, July 1	0	4,867	54,630	59,497
Fund balances, June 30	$ 0	$ 0	$ 73,264	$ 73,264

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, 2026

	Final Budget	Actual	Variance
REVENUES			
Hotel/motel taxes	$ 9,800	$ 9,683	$ (117)
EXPENDITURES			
Current			
Housing and Development			
Agency allocations	9,800	9,683	117
Excess (deficiency) of revenues over (under) expenditures	0	0	0
Fund balances, July 1	0	0	0
Fund balances, June 30	$ 0	$ 0	$ 0

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, 2026

	Final Budget	Actual	Variance
REVENUES			
Fines, fees, and forfeitures	$ 23,000	$ 9,206	$ (13,794)
EXPENDITURES			
Current			
Public Safety			
Contract services	21,000	14,073	6,927
Materials and supplies	2,000	0	2,000
Total expenditures	23,000	14,073	8,927
Excess (deficiency) of revenues over (under) expenditures	0	(4,867)	(4,867)
Fund balances, July 1	0	4,867	4,867
Fund balances, June 30	$ 0	$ 0	$ 0

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, 2026

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	$ 21,340	$ 20,390	$ (950)
Contributions	3,000	6,944	3,944
Total revenues	24,340	27,334	2,994
EXPENDITURES			
Current			
Public Safety			
Contract services	7,000	3,314	3,686
Materials and supplies	17,340	5,386	11,954
Total expenditures	24,340	8,700	15,640
Excess (deficiency) of revenues over (under) expenditures	0	18,634	18,634
Fund balances, July 1	0	54,630	54,630
Fund balances, June 30	$ 0	$ 73,264	$ 73,264

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)
BALANCE SHEET
June 30, 2026

ASSETS		
Cash	$	15,519
Accounts receivable		1,063
Intergovernmental receivable		768
Total assets	$	17,350
FUND BALANCES		
Assigned for Housing and Development		17,350
Total liabilities and fund balances	$	17,350

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, 2026

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	$ 14,800	$ 14,683	$ (117)
Contributions	0	6,400	6,400
Event Fees	22,600	28,688	6,088
Miscellaneous	2,800	5,950	3,150
Total revenues	40,200	55,721	15,521
EXPENDITURES			
Current			
Housing and Development			
Contract services	2,000	4,131	(2,131)
Materials and supplies	34,200	33,758	442
Payments to others	4,000	2,250	1,750
Total expenditures	40,200	40,139	61
Excess (deficiency) of revenues over (under) expenditures	0	15,582	15,582
Fund balances, July 1	0	1,768	1,768
Fund balances, June 30	$ 0	$ 17,350	$ 17,350

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OTHER REPORTING SECTION

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RUSHTON
ACCOUNTING & BUSINESS ADVISORS | CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Royston, Georgia, as of and for the year ended June 30, 2026, 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 5, 2026.

Report on 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 City of Royston, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Royston, Georgia'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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 that might be material weaknesses or, significant deficiencies. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Royston, Georgia's financial statements are free from 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*.

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 City of Royston, Georgia'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, LLC

Gainesville, Georgia
October 5, 2026

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, 2026

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
FRANKLIN COUNTY SPLOST #6					
Water, sewer, stormwater and utilities	$ 900,000	$ 900,000	$ 0	$ 0	$ 0
Public safety and fire	300,000	300,000	37,240	227,773	265,013
Roads, streets, bridges and sanitation	300,000	406,685	168,117	63,367	231,484
Recreation	115,000	115,000	0	0	0
Administrative/Government Buildings	75,000	75,000	0	38,572	38,572
Library	35,000	35,000	0	0	0
Total	$ 1,725,000	$ 1,831,685	$ 205,357	$ 329,712	$ 535,069