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TOWN OF TYRONE, GEORGIA

Annual Financial Report

For the fiscal year ended June 30, 2013

Prepared by:

Department of Finance

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TOWN OF TYRONE, GEORGIA
ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2013

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Independent Auditor's Report

Honorable Mayor and
Members of the Town Council
Town of Tyrone, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Tyrone, Georgia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Tyrone, Georgia, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

The Town of Tyrone, Georgia, has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

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

The combining and individual fund financial statements, and the special local option sales tax schedule of expenditures are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and schedules, and the special purpose local option sales tax report are fairly stated in all material respects in relation to the financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States, the Town of Tyrone, Georgia's basic financial statements for the year ended June 30, 2012. In our report dated December 27, 2012, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Tyrone's basic financial statements as a whole. The individual fund financial statements and schedules related to the 2012 financial statements are presented for the purposes of additional analysis and are not a required part of the financial statements.

The individual fund financial statements and schedules related to the 2012 financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the 2012 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 2012 individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

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Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2013, on our consideration of the Town of Tyrone, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Tyrone, Georgia's internal control over financial reporting and compliance.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
December 23, 2013

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BASIC FINANCIAL STATEMENTS

TOWN OF TYRONE, GEORGIA
STATEMENT OF NET POSITION
June 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash	$ 3,685,971	$ 1,280,658	$ 4,966,629
Restricted assets			
Cash	19,254	0	19,254
Certificates of deposit	1,313,504	0	1,313,504
Receivables (net)			
Accounts	56,625	31,819	88,444
Taxes	165,952	0	165,952
Intergovernmental	910	0	910
Prepaid items	117,183	0	117,183
Total current assets	5,359,399	1,312,477	6,671,876
Noncurrent assets			
Capital assets			
Non-depreciable	1,445,384	53,174	1,498,558
Depreciable (net)	4,724,886	1,277,806	6,002,692
Total noncurrent assets	6,170,270	1,330,980	7,501,250
Total assets	11,529,669	2,643,457	14,173,126
LIABILITIES			
Current liabilities			
Payables			
Accounts	79,918	88,210	168,128
Retainages	0	5,317	5,317
Intergovernmental	80	0	80
Customer deposits	9,500	0	9,500
Accrued salaries and expenses	25,963	0	25,963
Compensated absences	27,481	0	27,481
Unearned revenue	66,179	41,789	107,968
Total current liabilities	209,121	135,316	344,437
Noncurrent liabilities			
Compensated absences	3,053	0	3,053
Total liabilities	212,174	135,316	347,490
NET POSITION			
Investment in capital assets	6,170,270	1,330,980	7,501,250
Restricted for:			
Public Safety	202,822	0	202,822
Health and Welfare	1,655	0	1,655
Culture and recreation	3,597	0	3,597
Capital outlay	185,159	0	185,159
Unrestricted	4,753,992	1,177,161	5,931,153
Total net position	$ 11,317,495	$ 2,508,141	$ 13,825,636

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

TOWN OF TYRONE, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2013

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	$ 746,754	$ 44,231	$ 11,565	$ 0	$ (690,958)
Judicial	133,339	0	0	0	(133,339)
Public Safety	1,336,682	249,222	28,546	0	(1,058,914)
Public Works	328,493	0	0	390	(328,103)
Culture and Recreation	510,034	32,503	21,941	0	(455,590)
Housing and Development	15,652	56,677	0	0	41,025
Total governmental activities	3,070,954	382,633	62,052	390	(2,625,879)
Business-type activities					
Sewer Utility	325,125	339,448	0	0	14,323
Sanitation	286,366	350,501	0	0	64,135
Total business-type activities	611,491	689,949	0	0	78,458
Total primary government	3,682,445	1,072,582	62,052	390	(2,547,421)

	Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Total
Change in net position			
Net (expense) revenue	$ (2,625,879)	$ 78,458	$ (2,547,421)
General revenues			
Taxes			
Property	965,916	0	965,916
Sales	879,171	0	879,171
Franchise	477,864	0	477,864
Insurance premium	342,873	0	342,873
Occupational	97,677	0	97,677
Alcoholic beverage	56,314	0	56,314
Intangibles	17,343	0	17,343
Interest and investment earnings	16,245	0	16,245
Other	62,376	0	62,376
Total general revenues	2,915,779	0	2,915,779
Change in net position	289,900	78,458	368,358
Net position - beginning	11,027,595	2,429,683	13,457,278
Net position - ending	$ 11,317,495	$ 2,508,141	$ 13,825,636

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

TOWN OF TYRONE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	General	Nonmajor Governmental Funds	Total
ASSETS			
Cash and cash equivalents	$ 3,297,291	$ 388,680	$ 3,685,971
Restricted assets			
Cash	19,254		19,254
Certificates of deposit	1,313,504	0	1,313,504
Receivables (net)			
Accounts	56,625	0	56,625
Taxes	165,952	0	165,952
Intergovernmental	910	0	910
Prepaid items	117,183	0	117,183
Total assets	$ 4,970,719	$ 388,680	$ 5,359,399
LIABILITIES			
Payables			
Accounts	$ 70,464	$ 9,454	$ 79,918
Intergovernmental	80	0	80
Deposits	9,500	0	9,500
Accrued salaries and payroll liabilities	25,963	0	25,963
Unearned revenue	66,179	0	66,179
Total liabilities	172,186	9,454	181,640
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues - property taxes	35,499	0	35,499
FUND BALANCES			
Nonspendable prepaids	117,183	0	117,183
Restricted for:			
Public Safety	8,755	194,067	202,822
Health and Welfare	1,655	0	1,655
Culture and Recreation	3,597	0	3,597
Capital projects	0	185,159	185,159
Assigned for:			
Budget	797,275	0	797,275
Culture and Recreation	2,063	0	2,063
Unassigned	3,832,506	0	3,832,506
Total fund balances	4,763,034	379,226	5,142,260
Total liabilities, deferred inflows, and fund balances	$ 4,970,719	$ 388,680	$ 5,359,399

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

TOWN OF TYRONE, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
June 30, 2013

Total fund balance - total governmental funds	$	5,142,260
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		6,170,270
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		35,499
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are:		
Compensated absences		(30,534)
Net position of governmental activities	$	11,317,495

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

TOWN OF TYRONE, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2013

	General	Nonmajor Governmental Funds	Total
REVENUES			
Taxes	$ 2,845,200	$ 0	$ 2,845,200
Licenses and permits	99,557	0	99,557
Fines, fees and forfeitures	245,752	27,015	272,767
Charges for services	57,573	0	57,573
Intergovernmental	11,565	1,531	13,096
Interest	16,245	0	16,245
Contributions	2,257	0	2,257
Other	28,508	33,868	62,376
Total revenues	3,306,657	62,414	3,369,071
EXPENDITURES			
Current			
General Government	736,204	0	736,204
Judicial	132,168	0	132,168
Public Safety	1,247,184	140,435	1,387,619
Public Works	254,510	0	254,510
Culture and Recreation	398,764	0	398,764
Housing and Development	15,652	0	15,652
Capital outlay	0	31,267	31,267
Total expenditures	2,784,482	171,702	2,956,184
Excess (deficiency) of revenues over (under) expenditures	522,175	(109,288)	412,887
Fund balances, July 1	4,240,859	488,514	4,729,373
Fund balances, June 30	$ 4,763,034	$ 379,226	$ 5,142,260

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

TOWN OF TYRONE, 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, 2013

Net change in fund balances - total governmental funds		$ 412,887
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlays	$ 244,655	
Depreciation	(361,833)	(117,178)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund. These include recognition of unavailable deferred inflows.		(8,217)
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		2,408
Change in net position of governmental activities		$ 289,900

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

TOWN OF TYRONE, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2013

	Budget			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Taxes	$ 2,940,101	$ 2,940,101	$ 2,845,200	$ (94,901)
Licenses and permits	83,425	83,425	99,557	16,132
Fines, fees and forfeitures	180,000	180,000	245,752	65,752
Charges for services	50,899	50,899	57,573	6,674
Intergovernmental	95,005	95,005	11,565	(83,440)
Interest	13,000	13,000	16,245	3,245
Contributions	7,400	7,400	2,257	(5,143)
Other	12,000	12,000	28,508	16,508
Total revenues	3,381,830	3,381,830	3,306,657	(75,173)
EXPENDITURES				
Current				
General Government				
Administration	901,746	906,746	736,204	170,542
Judicial				
Municipal Court	140,041	140,691	132,168	8,523
Public Safety				
Public Safety	1,270,564	1,275,695	1,247,184	28,511
Public Works				
Public Works	621,912	621,912	254,510	367,402
Health and Welfare				
Shop with a Cop	6,000	6,000	0	6,000
Culture and Recreation				
Library	191,099	191,099	168,555	22,544
Parks and Recreation	381,807	381,807	212,433	169,374
Founders Day	22,047	22,047	16,140	5,907
Shamrock Park	700	700	1,636	(936)
Housing and Development				
Code Enforcement	16,500	16,500	15,652	848
Total expenditures	3,552,416	3,563,197	2,784,482	778,715
Excess (deficiency) of revenues over (under) expenditures	(170,586)	(181,367)	522,175	703,542
Other financing sources (uses)				
Transfers in (out)				
Transfers in	7,063	7,063	0	(7,063)
Contingency	(113,131)	(103,000)	0	103,000
Total other financing sources (uses)	(106,068)	(95,937)	0	95,937
Net change in fund balances	(276,654)	(277,304)	522,175	799,479
Fund balances, July 1	276,654	277,304	4,240,859	3,963,555
Fund balances, June 30	$ 0	$ 0	$ 4,763,034	$ 4,763,034

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

TOWN OF TYRONE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2013

	Business-Type Activities		
	Sewer	Sanitation	Totals
ASSETS			
Current assets			
Cash and cash equivalents	$ 1,007,601	$ 273,057	$ 1,280,658
Accounts receivable (net)	29,087	2,732	31,819
Total current assets	1,036,688	275,789	1,312,477
Noncurrent assets			
Capital assets			
Nondepreciable	53,174	0	53,174
Depreciable (net)	1,277,806	0	1,277,806
Total noncurrent assets	1,330,980	0	1,330,980
Total assets	2,367,668	275,789	2,643,457
LIABILITIES			
Current liabilities			
Payables			
Accounts	68,234	19,976	88,210
Retainages	5,317	0	5,317
Unearned revenue	0	41,789	41,789
Total current liabilities	73,551	61,765	135,316
NET POSITION			
Investment in capital assets	1,330,980	0	1,330,980
Unrestricted	963,137	214,024	1,177,161
Total net position	$ 2,294,117	$ 214,024	$ 2,508,141

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

TOWN OF TYRONE, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2013

	Business-Type Activities		
	Sewer	**Sanitation**	**Totals**
OPERATING REVENUES			
Charges for sales and services	$ 339,448	$ 350,501	$ 689,949
Total operating revenue	339,448	350,501	689,949
OPERATING EXPENSES			
Costs of sales and services	135,075	245,700	380,775
Personal services	39,606	40,666	80,272
Depreciation	150,444	0	150,444
Total operating expenses	325,125	286,366	611,491
Operating income (loss)	14,323	64,135	78,458
Net position, July 1 (restated)	2,279,794	149,889	2,429,683
Net position, June 30	$ 2,294,117	$ 214,024	$ 2,508,141

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

TOWN OF TYRONE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2013

	Business-Type Activities		
	Sewer	Sanitation	Totals
Cash flows from operating activities:			
Receipts from customers	$ 338,283	$ 348,438	$ 686,721
Payments to suppliers	(140,919)	(247,214)	(388,133)
Payments to employees	(39,606)	(40,666)	(80,272)
Net cash provided (used) by operating activities	157,758	60,558	218,316
Cash and cash equivalents, July 1	849,843	212,499	1,062,342
Cash and cash equivalents, June 30	$ 1,007,601	$ 273,057	$ 1,280,658
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ 14,323	$ 64,135	$ 78,458
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	150,444	0	150,444
(Increase) decrease in accounts receivable	(1,165)	(110)	(1,275)
Increase (decrease) in accounts payable	(5,844)	(1,514)	(7,358)
Increase (decrease) in unearned revenue	0	(1,953)	(1,953)
Total adjustments	143,435	(3,577)	139,858
Net cash provided (used) by operating activities	$ 157,758	$ 60,558	$ 218,316

Noncash investing, capital, and financing activities:

Acquistion of capital assets through accounts payable totaled $53,174 for the fiscal year ended June 30, 2013.

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

TOWN OF TYRONE, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2013

	Municipal Escrow Agency Fund
ASSETS	
Cash and cash equivalents	$ 38,186
LIABILITIES	
Due to other agencies	$ 38,186

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

1. Description of Government Unit

The Town of Tyrone was incorporated on August 18, 1911. The Town operates under a council/mayor form of government and provides the following services: public safety, recreation, planning and zoning, and general and administrative services. In addition, the Town operates public utilities for sewer and sanitation for the incorporated and immediate surrounding areas.

The Town is governed by an elected five-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

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Town of Tyrone (the primary government) and material component units. Based upon generally accepted accounting principles, as set forth in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, as amended by Statement No. 61, the Town was determined to have no component units as of June 30, 2013.

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2. Summary of Significant Accounting Policies (continued)

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

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 Town reports the following major governmental fund:

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

The Town reports the following major proprietary funds:

The Sewer Fund – This fund accounts for the provision of sewer services to the residents of the Town and some residents of Fayette County. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

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2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

The Sanitation Fund – This fund accounts for the provision of sanitation collection services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Additionally, the Town reports the following fund types:

Governmental Fund Types

Special Revenue Funds - This fund type is used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

Capital Projects Funds - This fund type is used to account for financial resources to be used for the acquisition or construction of capital assets (other than those financed by the proprietary or fiduciary funds).

Fiduciary Fund Types

Agency Funds – Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that are held either for the Town or for others. The Town has an agency fund to account for the activity of the Municipal Court.

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2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, 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.

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2. Summary of Significant Accounting Policies (continued)

E. Measurement Focus and Basis of Accounting, continued

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.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

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2. Summary of Significant Accounting Policies (continued)

E. Measurement Focus and Basis of Accounting, continued

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

F. Revenues and Expenditures/Expenses

Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Certain indirect costs have been included as part of program expenses reported for the various functional activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Sewer and Sanitation Funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal services funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

G. Budgets and Budgetary Accounting

The Town Council adopts an annual budget for all governmental fund types, prior to July 1, except for the Capital Projects Fund. The Capital Projects Fund is budgeted by Town 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.

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2. Summary of Significant Accounting Policies (continued)

G. Budgets and Budgetary Accounting, continued

In April each year, the departments submit their budget requests to the Finance Director. The Finance Department compiles a complete Townwide budget and submits the proposed budget to the Town Manager for review. Meetings are held between the Town Manager, Finance Director, and department heads in April to review the proposed budget. The Town Manager then submits the proposed budget to the Town Council in the May Council meeting.

During June, the Mayor and Council conduct a public hearing to discuss the proposed budget and to obtain input from the citizens of the Town of Tyrone. This hearing is publicized in the local newspaper at least two weeks before the hearing. The final proposed budget is then adopted by the Town Council on or before June 30 during a regular Council meeting, which is also open to the public.

The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is the department level. Changes may be made within an operating budget by departmental request through the Town Manager except for equipment requests under $5,000, which must be approved by the Town Manager, and equipment requests over $5,000 and changes in personal services budgets, which must be approved by the Town Council. All operating budget transfers between departments and all changes to Capital Projects budgets must be approved by Town Council. Formal budgetary integration is employed as a management control device during the year.

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) at the legal level of budgetary control, which is the department level. Expenditures may not exceed the appropriations within a fund. Budgets, as reported in the financial statements, are as originally passed by ordinance and subsequently amended. During the year, several supplementary appropriations are made as needed. The results are increases and decreases to the appropriations within the funds. All annual appropriations lapse at year-end.

The Town does not use the encumbrance system of accounting.

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2. Summary of Significant Accounting Policies (continued)

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 vair 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.

I. Intergovernmental Receivables

Receivables for state, federal, and local governments are recorded as revenue for the period of the allocation or as earned based on expenditures made for which reimbursement is due.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2013, are recorded as prepaid items.

K. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

GASB Statement No. 34 required the Town 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 Town. Prior to July 1, 2003, neither their historical costs nor related depreciation had historically been reported in the financial statements. For entities the size of the Town of Tyrone, retroactive reporting of infrastructure assets was not required.

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2. Summary of Significant Accounting Policies (continued)

K. Capital Assets, continued

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets ranging as follows:

	Useful Life in Years	Capitalization Threshold
Buildings	30-50	$ 5,000
Infrastructure	20	$ 5,000
Intangibles	10-15	$ 5,000
Improvements other than buildings	30	$ 5,000
Library collections	4-20	$ 5,000
Vehicles & equipment	10	$ 5,000

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.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

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2. Summary of Significant Accounting Policies (continued)

L. Deferred Outflows/Inflows of Resources, continued

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

M. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation benefits which will be paid to the employees upon separation from Town service. Accumulated unpaid vacation pay amounts are accrued when incurred by the Town 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.

N. 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges and amortized over the term of the related debt.

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2. Summary of Significant Accounting Policies (continued)

N. Long-Term Obligations, continued

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.

O. 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.

P. Fund Balances – Governmental Funds

The Town implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011. In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at June 30, 2013, by the Town are nonspendable in form. The Town 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.

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2. Summary of Significant Accounting Policies (continued)

P. Fund Balances – Governmental Funds, continued

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Town Council, the Town of Tyrone'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 must be determined as soon as information is available.

Assigned – includes amounts that the Tonw intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the Town Council's adopted policy, amounts may be assigned by the Finance Director, under the authorization of the Town Council. Amounts appropriated to eliminate a projected deficit in the subsequent fiscal year's budget shall constitute assignments and are documented by adoption of the Town'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.

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 a positive amount in this category of fund balance.

For the purposes of fund balance classification, the Town 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, committed amounts are spent first, followed by assigned amounts, and then unassigned amounts.

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2. Summary of Significant Accounting Policies (continued)

Q. 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.

R. 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.

S. Restricted Assets and Restricted Net Position

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.

T. Comparative Data and Reclassifications

Comparative total data of the prior period has been presented in the accompanying individual fund financial statements in order to provide an understanding of changes in the City's financial position and operations. Certain 2012 amounts have been reclassified to conform with the 2013 presentation.

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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 Town's deposits may not be returned. The Town has no formal policy, but follows the State of Georgia requirement that all deposits be federally insured or fully collateralized.

Interest Rate Risk

The Town 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 Town has no investment policy that would further limit its investment choices. Investments are reported at fair value.

Concentration of Credit Risk

The Town has no formal policy on the amount the Town may invest in any one issuer.

Foreign currency risk

The Town has no investments denominated in a foreign currency.

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4. Accounts Receivable

Net accounts receivable at June 30, 2013 consist of the following:

Major Funds		
General Fund		$ 56,625
Enterprise Funds		
Sewer	$ 29,087	
Sanitation	24,502	
Less: Allowance for Uncollectibles	(21,770)	31,819
Total Primary Government		$ 88,444

5. Taxes Receivable

Taxes receivable as of June 30, 2013 consist of property taxes for seven years as follows:

Year of Levy	Amount
2012	$ 21,145
2011	12,953
2010	4,972
2009	5,729
2008	7,113
2007	4,795
2006	806
	57,513
Less allowance for uncollectible	(15,089)
	42,424
Add amount due from Fayette County Tax Commissioner	27,840
Total	$ 70,264

Property tax rates are set by the Town 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 2013, based upon the assessments of January 1, 2012, were billed on September 5, 2012 and due on November 15, 2012. Tax liens are issued 90 days after the due date. The tax rate of 2.889 mills for fiscal year 2013 was levied on August 30, 2012.

Other Taxes

$95,688 of sales taxes are included in taxes receivable.

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6. Capital Assets

Capital asset activity for the primary government for the year ended June 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Non-depreciable assets				
Land	$1,418,614	$0	$0	$1,418,614
Construction in progress	0	26,770	0	26,770
Total nondepreciable assets	1,418,614	26,770	0	1,445,384
Depreciable assets				
Buildings	2,193,020	0	0	2,193,020
Infrastructure	1,175,798	0	0	1,175,798
Improvements other than buildings	1,660,564	40,903	0	1,701,467
Library collections	621,094	15,974	(1,325)	635,743
Vehicles and equipment	1,235,164	161,008	0	1,396,172
Total depreciable assets	6,885,640	217,885	(1,325)	7,102,200
Accumulated depreciation				
Buildings	(354,651)	(46,303)	0	(400,954)
Infrastructure	(258,258)	(60,580)	0	(318,838)
Improvements other than buildings	(563,124)	(93,410)	0	(656,534)
Library collections	(222,844)	(36,334)	1,325	(257,853)
Vehicles and equipment	(617,929)	(125,206)	0	(743,135)
Total accumulated depreciation	(2,016,806)	(361,833)	1,325	(2,377,314)
Total depreciable assets, net	4,868,834	(143,948)	0	4,724,886
Governmental activities capital assets, net	$6,287,448	($117,178)	$0	$6,170,270
Business-type activities				
Non-depreciable assets				
Construction in progress	$0	$53,174	$0	$53,174
Depreciable assets				
Infrastructure	1,065,874	0	0	1,065,874
Intangibles	1,315,788	0	0	1,315,788
Equipment	25,991	0	0	25,991
Total depreciable assets	2,407,653	0	0	2,407,653
Accumulated depreciation				
Infrastructure	(317,106)	(30,306)	0	(347,412)
Intangibles	(659,393)	(119,618)	0	(779,011)
Equipment	(2,904)	(520)	0	(3,424)
Total accumulated depreciation	(979,403)	(150,444)	0	(1,129,847)
Total depreciable assets, net	1,428,250	(150,444)	0	1,277,806
Business-type activities capital assets, net	$1,428,250	($97,270)	$0	$1,330,980

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6. Capital Assets (continued)

Primary Government

Governmental activities		
General Government	$	9,441
Judicial		628
Public Safety		82,168
Public Works		60,941
Culture and Recreation		208,655
Total depreciation expense for governmental activities	$	361,833
Business-type activities		
Sewer	$	150,444
Sanitation		0
Total depreciation expense for business-type activities	$	150,444

7. Long-term Liabilities

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities of the Town for year ended June 30, 2013:

	June 30 2012	Additions	Deductions	June 30 2013	Due Within One Year
Governmental activities					
Compensated absences	$ 32,942	$ 30,534	$ 32,942	$ 30,534	$ 27,481

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8. Pension Plan

The Town contributes and participates in an agent multiple-employer plan. The plan's assets may be used only for the payment of benefits to the members of the plan, in accordance with the terms of the plan. See Note 2 – Summary of Significant Accounting Policies for basis of accounting and reporting of investments.

Plan Description and Contribution Information

The Town contributes to the Georgia Municipal Employees Benefit System Retirement Fund (GMEBSRF), an agent multiple-employer defined benefit plan that acts as a common investment and administrative agent for municipalities in the State. The plan is administered by the Georgia Municipal Association (GMA) and provides pension benefits, death and disability benefits, which were established and may be amended by Town Council ordinance and change of contract with GMA. All full-time Town employees are eligible to participate in GMEBSFR after one year of service. The normal retirement date of full-time Town employees is attainment of age 65 with 5 years of credited service. Town employees may elect early retirement on the first day of any month prior to his/her normal retirement date if he/she has attained age 55 and has a minimum of 10 years credited service. Upon retirement, the participant is entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1.25 to 2.00% percent of his/her average monthly earnings as defined in the plan for each year of credited service. The system also provides death and disability benefits. Employees vest in the plan after 5 years of full-time service with the Town.

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GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to Georgia Municipal Employees Benefit System, 201 Pryor Street SW, Atlanta, Georgia 30303.

8. Pension Plan (continued)

Plan Description and Contribution Information, continued

Current membership in the plan is as follows:

Retirees and beneficiaries currently receiving benefits	8
Terminated vested participants entitled to but not yet receiving benefits	14
Active participants	29
Total number of participants	51

Funding Policy. The contribution requirements of the Town are established and may be amended by Town Council. Plan members are not allowed to make contributions to this plan. The Town is required to contribute at an actuarially determined rate. The current rate is 7.60% of annual covered payroll. The Town Council provides for the benefits and funding policy through a Town ordinance and maintains the authority to change the policy. Costs of administering the plan are financed through contributions and earnings.

Annual Pension Cost and Net Pension Obligation

The net pension obligation was computed as part of an actuarial valuation performed as of January 1, 2012. Significant actuarial assumptions used in the valuation include:

Rate of return on investments of present and future assets compounded annually	7.75%
Projected salary increases:	
Inflation	3.5%
Merit or senority	0.5% - 2.5%
Post-retirement benefit increases	3.0%
Life expectancy before and after retirement (Group Annuity Mortality table)	1994

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8. Pension Plan (continued)

Annual Pension Cost and Net Pension Obligation, continued

The Plan's funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, accumulate funds so that sufficient assets will be available to pay benefits when due. The contribution rate for normal cost is determined using the projected unit credit actuarial funding method. The actuarial value of assets was determined by using the sum of actuarial value at the beginning of the year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 2008 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year. The remaining amortization period at January 1, 2013 varies for the bases. The significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the net pension obligations. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

The Town's annual pension cost and net pension obligations for the current year were as follows:

Annual pension cost	$	90,361
Contributions made		90,361
Increase (decrease) in net pension obligation		0
Net pension obligation - beginning of year		0
Net pension obligation - end of year	$	0

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8. Pension Plan (continued)

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Trend information for the pension plan is presented.

Schedule of Employer Contributions

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	$ 105,370	100%	0
2012	97,593	100%	0
2013	90,361	100%	0

Historical Trend Information

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll** (c)	AAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2011	$ 1,085,900	$ 1,274,039	$ 188,139	85.23%	$ 1,302,595	14.44%
1/1/2012	1,192,108	1,358,237	166,129	87.77%	1,168,272	14.22%
1/1/2013	1,309,034	1,439,617	130,583	90.93%	1,081,160	12.08%

** Payroll of participants whose attained age is less than the assumed retirement age

9. Joint Ventures

Under Georgia law, the Town, in conjunction with other cities and counties in the ten county Atlanta, Georgia area, is a member of the Atlanta Regional Commission and is required to pay annual dues thereto. During its year ended June 30, 2013, the Town's membership dues were paid by Fayette County, Georgia. 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 Atlanta Regional Commission, 40 Courtland Street, NE Atlanta, Georgia 30303-2538.

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10. 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 Town is exposed to various risks of loss related to torts; injuries to employees; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Town has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

As part of these risk pools, the Town is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The Town is also obligated to allow the pool's agents and attorneys to represent the Town in investigation, settlement discussions and all levels of litigation arising out of any claim made against the Town within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims in the past three years have not exceeded the coverages.

Management estimates liabilities for unpaid claims based on the probability of losses exceeding the occurrence limits and the reasonableness of estimating those losses. At June 30, 2013, the Town has no losses that are probable or estimable and accordingly has not recognized any liability.

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11. Commitments and Contingencies

Commitments

The Town has active construction projects as of June 30, 2013. At fiscal year end, the Town's commitments with contractors are as follows:

Project	Amount Expended to Date	Remaining Commitment
Improvements to sewer collection system	$ 53,174	$ 8,879

Contingencies

The Town is a defendant in several lawsuits. Management intends to contest the open cases vigorously. The Town's legal counsel has stated that the outcome of the lawsuit is not presently determinable.

12. Excess of Expenditures over Appropriations in Individual Governmental Funds for which Budgets are Adopted

During the fiscal year ended June 30, 2013, the Town incurred expenditures of $1,636 in the Shamrock Park Department of the General Fund that were materially in excess of appropriations of $700.

Management concurs with this finding. The Finance Director will be reviewing the comparative financial statements to budget and recommend any necessary budget revisions to the Town Council.

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COMBINING STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

TOWN OF TYRONE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2013

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
	Confiscated Assets	2005 SPLOST	
ASSETS			
Cash and cash equivalents	$ 194,067	$ 194,613	$ 388,680
LIABILITIES			
Accounts payable	$ 0	$ 9,454	$ 9,454
FUND BALANCES			
Restricted for:			
Public Safety	194,067	0	194,067
Capital Projects	0	185,159	185,159
Total fund balances	194,067	185,159	379,226
Total liabilities and fund balances	$ 194,067	$ 194,613	$ 388,680

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TOWN OF TYRONE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2013

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
	Confiscated Assets	2005 SPLOST	
REVENUES			
Fines, fees and forfeitures	$ 27,015	$ 0	$ 27,015
Intergovernmental	1,531	0	1,531
Other	33,868	0	33,868
Total revenues	62,414	0	62,414
EXPENDITURES			
Current			
Public Safety	140,435	0	140,435
Capital outlay	0	31,267	31,267
Total expenditures	140,435	31,267	171,702
Excess (deficiency) of revenues over (under) expenditures	(78,021)	(31,267)	(109,288)
Fund balances, July 1	272,088	216,426	488,514
Fund balances, June 30	$ 194,067	$ 185,159	$ 379,226

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GENERAL FUND

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

TOWN OF TYRONE, GEORGIA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	$ 3,297,291	$ 2,461,540
Restricted assets		
Cash	19,254	17,755
Certificate of deposit	1,313,504	1,609,026
Receivables (net)		
Accounts	56,625	41,651
Taxes	165,952	149,303
Intergovernmental	910	0
Prepaid items	117,183	105,056
Total assets	$ 4,970,719	$ 4,384,331
LIABILITIES		
Payables		
Accounts	$ 70,464	$ 71,381
Intergovernmental	80	79
Deposits	9,500	0
Accrued salaries and payroll liabilities	25,963	28,296
Unearned revenue	66,179	0
Total liabilities	172,186	99,756
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	35,499	43,716
FUND BALANCES		
Nonspendable for prepaid items	117,183	105,056
Restricted for:		
Public Safety	8,755	10,675
Health and Welfare	1,655	1,655
Culture and Recreation	3,597	4,843
Assigned for:		
Budget	797,275	273,370
Culture and Recreation	2,063	1,580
Unassigned	3,832,506	3,843,680
Total fund balances	4,763,034	4,240,859
Total liabilities, deferred inflows, and fund balances	$ 4,970,719	$ 4,384,331

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TOWN OF TYRONE, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For the fiscal years ended June 30, 2013 and 2013

	2013	2012
REVENUES		
Taxes	$ 2,845,200	$ 2,872,376
Licenses and permits	99,557	83,020
Fines, fees and forfeitures	245,752	182,169
Charges for services	57,573	56,397
Intergovernmental	11,565	11,220
Interest	16,245	25,926
Contributions	2,257	18,336
Other	28,508	22,324
Total revenues	3,306,657	3,271,768
EXPENDITURES		
Current		
General Government	736,204	826,560
Judicial	132,168	89,668
Public Safety	1,247,184	1,185,285
Public Works	254,510	396,932
Culture and Recreation	398,764	485,947
Housing and Development	15,652	15,915
Total expenditures	2,784,482	3,000,307
Excess (deficiency) of revenues over (under) expenditures	522,175	271,461
Other financing sources (uses)		
Transfers in (out)		
Founders Day Fund	0	7,664
Sales of capital assets	0	10
Total other financing sources (uses)	0	7,674
Net change in fund balances	522,175	279,135
Fund balances, July 1 (original)	4,240,859	4,075,060
Prior period adjustments	0	(113,336)
Fund balances, July 1 (restated)	4,240,859	3,961,724
Fund balances, June 30	$ 4,763,034	$ 4,240,859

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TOWN OF TYRONE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2013
(With comparative actual amounts for the fiscal year ended June 30, 2012)

	2013			2012
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes				
General property taxes				
Property tax	$ 933,774	$ 841,008	$ (92,766)	$ 973,099
Motor vehicle tax	73,671	133,125	59,454	71,887
Total general property taxes	1,007,445	974,133	(33,312)	1,044,986
Local option sales tax	968,045	879,171	(88,874)	830,950
Intangible tax	16,534	14,688	(1,846)	13,714
Franchise tax	477,000	477,864	864	497,924
Insurance premium tax	322,654	342,873	20,219	322,654
Beer and wine tax	50,323	56,314	5,991	53,200
Occupational tax	98,100	97,502	(598)	106,326
Transfer tax	0	2,655	2,655	2,622
Total taxes	2,940,101	2,845,200	(94,901)	2,872,376
Licenses and Permits				
Building permits	46,525	58,992	12,467	44,794
Other	36,900	40,565	3,665	38,226
Total licenses and permits	83,425	99,557	16,132	83,020
Fines, fees and forfeitures	180,000	245,752	65,752	182,169
Charges for Services				
Founders Day	14,200	14,722	522	15,165
Rents and royalties	7,973	7,973	0	7,973
Other	28,726	34,878	6,152	33,259
Total charges for services	50,899	57,573	6,674	56,397
Intergovernmental	95,005	11,565	(83,440)	11,220
Interest	13,000	16,245	3,245	25,926
Contributions	7,400	2,257	(5,143)	18,336
Other	12,000	28,508	16,508	22,324
Total revenues	$ 3,381,830	$ 3,306,657	$ (75,173)	$ 3,271,768

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TOWN OF TYRONE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2013
(With comparative actual amounts for the fiscal year ended June 30, 2012)

	2013			2012
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
Current				
General Government				
Administration				
Personal services	$ 394,977	$ 359,557	$ 35,420	$ 357,616
Contractual services	310,869	247,236	63,633	338,245
Materials and supplies	140,900	129,411	11,489	130,699
Capital outlay	60,000	0	60,000	0
Total General Government	906,746	736,204	170,542	826,560
Judicial				
Municipal Court				
Personal Services	102,212	95,773	6,439	54,015
Contractual services	37,054	35,962	1,092	34,483
Materials and supplies	1,425	433	992	1,170
Total Municipal Court	140,691	132,168	8,523	89,668
Public Safety				
Public Safety				
Personal services	1,024,500	993,994	30,506	966,549
Contractual services	122,895	111,109	11,786	107,418
Materials and supplies	97,600	101,301	(3,701)	90,464
Capital outlay	23,000	22,645	355	0
Payments to other agencies	7,700	18,135	(10,435)	20,854
Total Public Safety	1,275,695	1,247,184	28,511	1,185,285
Public Works				
Public Works				
Personal services	191,941	174,418	17,523	166,015
Contractual services	162,598	47,933	114,665	90,384
Materials and supplies	37,125	28,592	8,533	24,954
Capital outlay	230,248	3,567	226,681	115,579
Total Streets	621,912	254,510	367,402	396,932
Health and Welfare				
Shop with a Cop				
Materials and supplies	6,000	0	6,000	0

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TOWN OF TYRONE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2013
(With comparative actual amounts for the fiscal year ended June 30, 2012)

	2013			2012
	Final Budget	Actual	Variance	Actual
Culture and Recreation				
Library				
Personal services	$ 119,226	$ 110,038	$ 9,188	$ 112,823
Contractual services	16,073	13,776	2,297	13,848
Materials and supplies	50,800	44,741	6,059	38,706
Capital outlay	5,000	0	5,000	0
Total Library	191,099	168,555	22,544	165,377
Parks and Recreation				
Personal services	62,985	59,686	3,299	60,212
Contractual services	53,093	34,267	18,826	33,257
Materials and supplies	40,150	38,674	1,476	37,155
Capital outlay	225,579	79,806	145,773	167,667
Total Parks and Recreation	381,807	212,433	169,374	298,291
Founders Day				
Personal services	4,267	3,087	1,180	3,517
Contractual services	14,947	12,317	2,630	16,458
Materials and supplies	2,833	736	2,097	2,304
Total Founders Day	22,047	16,140	5,907	22,279
Shamrock Park				
Materials and supplies	700	1,636	(936)	0
Total Culture and Recreation	595,653	398,764	196,889	485,947
Housing and Development				
Code Enforcement				
Personal services	4,845	4,842	3	4,844
Contractual services	11,173	10,715	458	11,026
Materials and supplies	482	95	387	45
Total Code Enforcement	16,500	15,652	848	15,915
Total expenditures	$ 3,563,197	$ 2,784,482	$ 778,715	$ 3,000,307

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SPECIAL REVENUE FUND

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or donor restricted, or committed by adoption of a resolution by the Town Council to expenditure for specified purposes.

Confiscated Assets Fund - Used to account for the cash received either from a cash confiscation or cash received from a sale of capital assets acquired from a drug raid.

TOWN OF TYRONE, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	$ 194,067	$ 276,278
LIABILITIES		
Accounts payable	$ 0	$ 4,190
FUND BALANCES		
Restricted for Public Safety	194,067	272,088
Total liabillities and fund balances	$ 194,067	$ 276,278

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TOWN OF TYRONE, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2013
(With comparative actual amounts for the fiscal year ended June 30, 2012)

	2013			2012
	Final Budget	Actual	Variance	Actual
REVENUES				
Fees, fines and forfeitures	$ 0	$ 27,015	$ 27,015	$ 30,212
Intergovernmental	22,000	1,531	(20,469)	2,625
Other	0	33,868	33,868	0
Total revenues	22,000	62,414	40,414	32,837
EXPENDITURES				
Current				
Public Safety				
Contract services	34,756	14,627	20,129	20,613
Materials and supplies	26,000	19,332	6,668	9,660
Capital outlay	105,000	106,476	(1,476)	0
Total expenditures	165,756	140,435	25,321	30,273
Excess (deficiency) of revenues over (under) expenditures	(143,756)	(78,021)	65,735	2,564
Fund balances, July 1	143,756	272,088	128,332	269,524
Fund balances, June 30	$ 0	$ 194,067	$ 194,067	$ 272,088

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TOWN OF TYRONE, GEORGIA
FOUNDERS DAY SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2013 and 2012

	2013	2012
ASSETS		
Total assets	$ 0	$ 0
FUND BALANCES		
Total fund balances	$ 0	$ 0

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TOWN OF TYRONE, GEORGIA
FOUNDERS DAY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2013
(With comparative actual amounts for the fiscal year ended June 30, 2012)

	2013			2012
	Final Budget	Actual	Variance	Actual
REVENUES				
Total revenues	$ 0	$ 0	$ 0	$ 0
EXPENDITURES				
Total expenditures	0	0	0	0
Excess (deficiency) of revenues over (under) expenditures	0	0	0	0
Other financing sources (uses)				
Transfers in (out)				
General Fund	0	0	0	(7,664)
Net change in fund balances	0	0	0	(7,664)
Fund balances, July 1	0	0	0	7,664
Fund balances, June 30	$ 0	$ 0	$ 0	$ 0

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CAPITAL PROJECTS FUND

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of specifically planned projects (other than those financed by proprietary funds.

2005 Special Purpose Local Option Sales Tax Fund – Used to account for long-term projects financed by the passage of the 2005 special purpose local option sales tax.

TOWN OF TYRONE, GEORGIA
2005 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	$ 194,613	$ 216,426
LIABILITIES		
Accounts payable	$ 9,454	$ 0
FUND BALANCES		
Restricted for capital projects	185,159	216,426
Total liabilities and fund balances	$ 194,613	$ 216,426

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TOWN OF TYRONE, GEORGIA
2005 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the fiscal years ended June 30, 2013 and 2012

	2013	2012
REVENUES		
Total revenues	$ 0	$ 0
EXPENDITURES		
Capital outlay		
Public Works	31,267	22,614
Total expenditures	31,267	22,614
Excess (deficiency) of revenues over (under) expenditures	(31,267)	(22,614)
Fund balances, July 1	216,426	239,040
Fund balances, June 30	$ 185,159	$ 216,426

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ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The funds are self-supporting in nature where the costs, including depreciation, of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

Sewer Utility Fund - Used to account for activities connected with the development, operation and maintenance of water and sewer services in the Town of Tyrone.

Sanitation Fund - Used to account for activities connected with the collection and disposal of residential, commercial, industrial and institutional solid waste in the Town of Tyrone.

TOWN OF TYRONE, GEORGIA
SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2013 and 2012

	2013	2012
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,007,601	$ 849,843
Accounts receivable (net)	29,087	27,922
Total current assets	1,036,688	877,765
Capital assets		
Machinery and equipment	25,990	25,990
Sewer system	1,066,483	1,066,483
Intangibles	1,315,788	1,315,788
Construction in progress	53,174	0
Accumulated depreciation	(1,130,455)	(980,011)
Total capital assets (net of accumulated depreciation)	1,330,980	1,428,250
Total assets	2,367,668	2,306,015
LIABILITIES		
Current liabilities		
Payables		
Accounts	68,234	26,221
Retainages	5,317	0
Total liabilities	73,551	26,221
NET POSITION		
Investment in capital assets	1,330,980	1,428,250
Unrestricted	963,137	851,544
Total net position	$ 2,294,117	$ 2,279,794

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TOWN OF TYRONE, GEORGIA
SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the fiscal years ended June 30, 2013 and 2012

	2013	2012
OPERATING REVENUES		
Charges for sales and services	$ 339,448	$ 347,141
Total operating revenues	339,448	347,141
OPERATING EXPENSES		
Costs of sales and services	135,075	136,132
Personal services	39,606	41,405
Depreciation	150,444	150,445
Total operating expenses	325,125	327,982
Operating income (loss)	14,323	19,159
Net position, July 1	2,279,794	2,260,635
Net position, June 30	$ 2,294,117	$ 2,279,794

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TOWN OF TYRONE, GEORGIA
SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Receipts from customers	$ 338,283	$ 350,010
Payments to suppliers	(140,919)	(128,644)
Payments to employees	(39,606)	(41,403)
Net cash provided (used) by operating activities	157,758	179,963
Cash and cash equivalents, July 1	849,843	669,880
Cash and cash equivalents, June 30	$ 1,007,601	$ 849,843
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 14,323	$ 19,159
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	150,444	150,445
(Increase) decrease in accounts receivable	(1,165)	2,870
(Increase) decrease in accounts payable	(5,844)	7,489
Total adjustments	143,435	160,804
Net cash provided (used) by operating activities	$ 157,758	$ 179,963

Noncash investing, capital, and financing activities:

Acquistion of capital assets through accounts payable totaled $53,174 for the fiscal year ended June 30, 2013.

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TOWN OF TYRONE, GEORGIA
SANITATION ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2013 and 2012

	2013	2012
ASSETS		
Current assets		
Cash and cash equivalents	$ 273,057	$ 212,499
Accounts receivable (net)	2,732	2,622
Total assets	275,789	215,121
LIABILITIES		
Current liabilities		
Accounts payable	19,976	21,490
Unearned revenue	41,789	43,742
Total liabilities	61,765	65,232
NET POSITION		
Unrestricted	$ 214,024	$ 149,889

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TOWN OF TYRONE, GEORGIA
SANITATION ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the fiscal years ended June 30, 2013 and 2012

	2013	2012
OPERATING REVENUES		
Sanitation fees	$ 350,501	$ 356,480
Total operating revenues	350,501	356,480
OPERATING EXPENSES		
Costs of sales and services	245,700	318,535
Personal services	40,666	27,351
Total operating expenses	286,366	345,886
Operating income (loss)	64,135	10,594
Net position, July 1 (original)	149,889	143,627
Prior period adjustments	0	(4,332)
Net position, July 1 (restated)	149,889	139,295
Net position, June 30	$ 214,024	$ 149,889

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TOWN OF TYRONE, GEORGIA
SANITATION ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Receipts from customers	$ 348,438	$ 361,928
Payments to suppliers	(247,214)	(321,462)
Payments to employees	(40,666)	(27,351)
Net cash provided (used) by operating activities	60,558	13,115
Cash and cash equivalents, July 1	212,499	199,384
Cash and cash equivalents, June 30	$ 273,057	$ 212,499
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 64,135	$ 10,594
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
(Increase) decrease in accounts receivable	(110)	(6,303)
Increase (decrease) in accounts payable	(1,514)	(2,927)
Increase (decrease) in unearned revenue	(1,953)	11,751
Total adjustments	(3,577)	2,521
Net cash provided by operating activities	$ 60,558	$ 13,115

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AGENCY FUND

Agency funds are used to account for assets held by the City as an agent to be expended in accordance with the conditions of its agency capacity.

Municipal Escrow Agency Fund - Used to account, on a temporary basis, for fines collected by the Municipal Court that ultimately transmitted to the General Fund or another agency.

TOWN OF TYRONE, GEORGIA
MUNICIPAL ESCROW AGENCY FUND
COMPARATIVE STATEMENTS OF ASSETS AND LIABILTIES
June 30, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	$ 38,186	$ 6,084
LIABILITIES		
Due to other agencies	$ 38,186	$ 6,084

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TOWN OF TYRONE, GEORGIA
MUNICIPAL ESCROW AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the fiscal year ended June 30, 2013

	Balance July 1	Additions	Deletions	Balance June 30
ASSETS				
Cash and cash equivalents	$ 6,084	$ 471,467	$ (439,365)	$ 38,186
LIABILITIES				
Due to other agencies	$ 6,084	$ 471,467	$ (439,365)	$ 38,186

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OTHER REPORTING SECTION

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 Town Council
Town of Tyrone, 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, each major fund, and the aggregate remaining fund information of the Town of Tyrone, Georgia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Tyrone, Georgia's basic financial statements and have issued our report thereon dated December 23, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Tyrone's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Tyrone, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Tyrone'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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described below, that we consider to be significant deficiencies.

Comment 13-1

Condition: During audit procedures on Sanitation receivables, we noted that the staff member receipting utility payments can also make adjustments to customer accounts without documented approval. The Town has no formal procedure to approve adjustments to customer utility accounts. All customer account adjustments reviewed during the audit appeared appropriate.

Criteria: Generally accepted accounting principles require that all adjustments to utility receivables be properly authorized.

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Comment 13-1, continued

Effect: Failure to review adjustments to utility receivables exposes the Town to greater risk of loss due to fraud.

Recommendation: The Town should adopt formal approval procedures for adjustments to customer sanitation accounts. As part of the Town's policy, management should establish a threshold for adjustments, over which approval of the Finance Manager or Town Manager is required before the adjustment may be made.

Management Response: Management concurs with this finding. The Finance Manager will establish formal approval procedures and a threshold for customer account adjustments which require the approval of management. This action was taken immediately upon receipt of the comment from our auditors.

Comment 13-2

Condition: During fiscal year 2013, the Town adopted a policy requiring the Finance Manager to review and approve all journal entries, and the Accounting Technician to post all journal entries to the general ledger. Approval and posting of journal entries was evidenced by initials. After the separation of the Finance Manager in June 2013, there was no longer segregation between the duties of approving and posting journal entries. All journal entries posted to the general ledger for fiscal year 2013 were reviewed during audit procedures and appeared appropriate.

Criteria: Proper segregation of duties requires that the duties of authorizing and record adjustments to the general ledger be performed by different employees.

Effect: Failure to properly segregate the duties of authorizing and recording adjustments to the general ledger exposes the Town to a greater risk of loss due to fraud.

Recommendation: In order to provide proper segregation of duties, the Town Manager or a designated member of the Town Council should review and approve all journal entries. The individual designated to review and approve journal entries should also periodically obtain a listing of journal entries from the accounting software package to ensure all journal entries posted to the general ledger have been reviewed and approved.

Management Response: Management concurs with this finding. However, due to insufficient staffing levels and a lack of administrative resources complete concurrence with this finding is difficult. Management intends to work with finance personnel to establish other less intensive control procedures for the posting of journal entries. This action was taken immediately upon receipt of the comment from our auditors.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Tyrone, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed the following instance of noncompliance or other matters that is required to be reported under *Governmental Auditing Standards*:

Comment 13-3

Condition: The Town experienced a material excess of expenditures over appropriations in the Shamrock Park Department of the General Fund.

Criteria: OCGA Code Section 36-81-3 requires local governments to operate under an approved annual budget for the General Fund, special revenue funds, and debt service funds.

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Comment 13-3, continued

Effect: Failure to maintain expenditures within the balanced budget for the General Fund will place the Town in violation of state law.

Recommendation: Town management should ensure that annual operating budgets are adopted for the General Fund and all Special Revenue Funds as required by state law. Budget to actual comparisons should be periodically reviewed by Town management and budgets amended as needed to ensure that the Town remains in compliance with state law.

Management Response: Management concurs with this finding. The Finance Manager will ensure that an annual budget be adopted for the General Fund and all Special Revenue Funds, and will review the budget to actual comparisons and recommend any necessary budget revisions to the Town Council. This action was implemented immediately upon receipt of the comment from our auditors.

The Town of Tyrone, Georgia's Response to Findings

The Town of Tyrone, Georgia's, response to the findings identified in our audit is described above. The Town of Tyrone's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This report is intended solely to describe the testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Town of Tyrone, 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 Town's internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
December 23, 2013

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TOWN OF TYRONE, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended June 30, 2013

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
2005 SPLOST					
Road, Street and Bridge Purposes	$ 1,491,083	$ 1,491,083			
Silverthorne Resurface			$ 28,890	$ 0	$ 28,890
74 Right Turn Lane			3,750	0	3,750
Palmetto Road Resurface 2011			262,516	0	262,516
Senoia Road			206,453	0	206,453
Julie Road			108,570	0	108,570
Browns Hill Court			9,800	0	9,800
Anthony Drive			70,350	0	70,350
Whitney Court			13,914	0	13,914
Michael Road			54,310	0	54,310
Rollingbrook Trail			37,857	0	37,857
Crestwood Road			111,159	0	111,159
Shamrock Industrial Boulevard			85,950	0	85,950
Valleywood Park Drive East			46,691	31,267	77,958
Total SPLOST	$ 1,491,083	$ 1,491,083	$ 1,040,210	$ 31,267	$ 1,071,477

* Estimated cost represents the portion of these projects to be financed with Special Purpose Local Option Sales Tax. Actual costs that are in excess of these amounts have been financed through alternative funds.

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