



***TOWN OF TYRONE, GEORGIA***

***Annual Financial Report***

***For the fiscal year ended June 30, 2016***

Prepared by:

Department of Finance

This page intentionally left blank.

**TOWN OF TYRONE, GEORGIA**  
**ANNUAL FINANCIAL REPORT**  
*For the fiscal year ended June 30, 2016*

**TABLE OF CONTENTS**

---

**INTRODUCTORY SECTION:**

Page(s)

Table of Contents

i-iv

**FINANCIAL SECTION:**

Independent Auditor's Report

1-3

**BASIC FINANCIAL STATEMENTS**

Exhibit

**Government-wide Statements**

A-1 Statement of Net Position

4-5

A-2 Statement of Activities

6

**Fund Financial Statements**

A-3 Balance Sheet – Governmental Funds

7

A-4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

8

A-5 Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

9

A-6 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

10

A-7 Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) to Actual – General Fund

11

A-8 Statement of Net Position – Proprietary Funds

12

A-9 Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds

13

A-10 Statement of Cash Flows – Proprietary Funds

14

A-11 Statement of Fiduciary Assets and Liabilities

15

**TOWN OF TYRONE, GEORGIA**  
**ANNUAL FINANCIAL REPORT**  
*For the fiscal year ended June 30, 2016*

---

*Table of Contents, continued*

---

**BASIC FINANCIAL STATEMENTS (continued)**

<u>Exhibit</u>		<u>Page(s)</u>
A-12	<b>Notes to the Financial Statements</b>	<b>16-43</b>
	Item #	Page #
	1. Description of Government Unit	16
	2. Summary of Significant Accounting Policies	16-29
	3. Deposit and Investment Risk	29-30
	4. Accounts Receivable	30
	5. Intergovernmental Receivables	30
	6. Taxes Receivable	31
	7. Capital Assets	32-33
	8. Capital and Operating Lease Agreements	33-34
	9. Long Term Liabilities	34-35
	10. Restricted, Committed, and Assigned Fund Balance	35
	11. Pension Plan	36-41
	12. Joint Ventures	41
	13. Risk Management	42
	14. Commitments and Contingencies	43
	15. Material Budget Violations	43

**REQUIRED SUPPLEMENTARY INFORMATION**

B-1	Schedule of Changes in the Net Pension Liability and Related Ratios	44
B-2	Schedule of Contributions	45
B-3	Notes to the Required Supplementary Information	46-47

**SUPPLEMENTARY INFORMATION**

C-1	Combining Balance Sheet – Nonmajor Governmental Funds	48
C-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	49

***GENERAL FUND***

D-1	Comparative Balance Sheets	50
-----	----------------------------	----

**TOWN OF TYRONE, GEORGIA**  
**ANNUAL FINANCIAL REPORT**  
*For the fiscal year ended June 30, 2016*

---

*Table of Contents, continued*

---

**SUPPLEMENTARY INFORMATION (continued)**

**COMBINING AND INDIVIDUAL FINANCIAL STATEMENTS AND SCHEDULES, continued**

<u>Exhibit</u>		<u>Page(s)</u>
<b>GENERAL FUND</b>		
D-2	Comparative Statements of Revenues, Expenditures and Changes in Fund Balance	51
D-3	Schedule of Revenues - Budget (GAAP Basis) and Actual	52
D-4	Schedule of Expenditures - Budget (GAAP Basis) and Actual	53-54
<b>SPECIAL REVENUE FUNDS</b>		
E-1	Confiscated Assets Special Revenue Fund Comparative Balance Sheets	55
E-2	Confiscated Assets Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	56
<b>CAPITAL PROJECTS FUND</b>		
F-1	2005 Special Purpose Local Option Sales Tax Capital Projects Fund Comparative Balance Sheets	57
F-2	2005 Special Purpose Local Option Sales Tax Capital Projects Fund Comparative Statements of Revenues, Expenditures, and Changes in Fund Balance	58
<b>ENTERPRISE FUNDS</b>		
G-1	Sewer Enterprise Fund Comparative Statements of Net Position	59
G-2	Sewer Enterprise Fund Comparative Statements of Revenues, Expenses and Changes in Net Position	60
G-3	Sewer Enterprise Fund Comparative Statements of Cash Flows	61
G-4	Sanitation Enterprise Fund Comparative Statements of Net Position	62
G-5	Sanitation Enterprise Fund Comparative Statements of Revenues, Expenses and Changes in Net Position	63
G-6	Sanitation Enterprise Fund Comparative Statements of Cash Flows	64

**TOWN OF TYRONE, GEORGIA**  
**ANNUAL FINANCIAL REPORT**  
*For the fiscal year ended June 30, 2016*

---

*Table of Contents, continued*

---

**SUPPLEMENTARY INFORMATION (continued)**

**COMBINING AND INDIVIDUAL FINANCIAL STATEMENTS AND SCHEDULES, continued**

<u>Exhibit</u>		<u>Page(s)</u>
<b>AGENCY FUND</b>		
H-1	Municipal Court Agency Fund Comparative Statements of Assets and Liabilities	<b>65</b>
H-2	Municipal Court Agency Fund Statement of Changes in Assets and Liabilities	<b>66</b>

**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 <i>Government Auditing Standards</i>	<b>67-68</b>
I-1	Schedule of Projects Financed with Special Purpose Local Option Sales Tax	<b>69</b>

## Independent Auditor's Report

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

### Report on the Financial Statements

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, 2016, 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 from material misstatement.

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Tyrone, Georgia, as of June 30, 2016, 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 accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information on pages 44 through 47, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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. The combining and individual fund financial statements and schedules and the schedule of projects financed with special local option sales tax 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 schedule of projects financed with special local option sales tax are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of projects financed with special local option sales tax 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, 2015. In our report dated December 22, 2015, we expressed unmodified 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 combining and individual fund financial statements and schedules related to the 2015 financial statements are presented for the purposes of additional analysis and are not a required part of the financial statements.



The combining and individual fund financial statements and schedules related to the 2015 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 2015 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 2015 combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

**Other Reporting Required by *Governmental Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2016, 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 27, 2016

This page intentionally left blank.

***BASIC FINANCIAL STATEMENTS***

**TOWN OF TYRONE, GEORGIA**  
**STATEMENT OF NET POSITION**  
**June 30, 2016**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 4,510,643	\$ 1,896,423	\$ 6,407,066
Restricted assets			
Cash and cash equivalents	18,063	0	18,063
Certificates of deposit	1,711,054	0	1,711,054
Receivables (net)			
Accounts	162,339	34,664	197,003
Taxes	154,643	0	154,643
Intergovernmental	35,929	0	35,929
Prepaid items	138,797	1,326	140,123
Total current assets	<u>6,731,468</u>	<u>1,932,413</u>	<u>8,663,881</u>
<b>Noncurrent assets</b>			
Capital assets			
Non-depreciable	1,527,645	0	1,527,645
Depreciable (net)	7,970,159	850,808	8,820,967
Total noncurrent assets	<u>9,497,804</u>	<u>850,808</u>	<u>10,348,612</u>
<b>Total assets</b>	<u>16,229,272</u>	<u>2,783,221</u>	<u>19,012,493</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension contributions subsequent to measurement date	52,656	0	52,656
Pension investment return differences	83,872	0	83,872
<b>Total deferred outflows of resources</b>	<u>136,528</u>	<u>0</u>	<u>136,528</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables			
Accounts	263,349	50,777	314,126
Retainages	30,753	0	30,753
Intergovernmental	24	0	24
Interest	6,198	0	6,198
Accrued salaries and payroll liabilities	53,119	3,675	56,794
Compensated absences	29,855	0	29,855
Unearned revenue	0	79,038	79,038
Capital lease	31,127	0	31,127
Notes payable	138,806	0	138,806
Total current liabilities	<u>553,231</u>	<u>133,490</u>	<u>686,721</u>
<b>Noncurrent liabilities</b>			
Compensated absences	3,317	0	3,317
Net pension liability	359,328	0	359,328
Notes payable	2,269,365	0	2,269,365
Total noncurrent liabilities	<u>2,632,010</u>	<u>0</u>	<u>2,632,010</u>
<b>Total liabilities</b>	<u>3,185,241</u>	<u>133,490</u>	<u>3,318,731</u>

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

**TOWN OF TYRONE, GEORGIA**  
**STATEMENT OF NET POSITION**  
*June 30, 2016*

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension assumption changes	\$ 3,278	\$ 0	\$ 3,278
Pension experience differences	52,023	0	52,023
Pension investment return	30,753	0	30,753
<b>Total deferred inflows of resources</b>	<u>86,054</u>	<u>0</u>	<u>86,054</u>
<b>NET POSITION</b>			
Net investment in capital assets	6,949,640	850,808	7,800,448
Restricted for:			
Public Safety	412,235	0	412,235
Capital outlay	44	0	44
Unrestricted	<u>5,732,586</u>	<u>1,798,923</u>	<u>7,531,509</u>
<b>Total net position</b>	<u>\$ 13,094,505</u>	<u>\$ 2,649,731</u>	<u>\$ 15,744,236</u>

**TOWN OF TYRONE, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
For the fiscal year ended June 30, 2016

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government</b>					
Governmental activities					
General Government	\$ 548,640	\$ 18,235	\$ 0	\$ 0	\$ (530,405)
Judicial	150,968	0	0	0	(150,968)
Public Safety	1,245,779	286,249	1,248	28,303	(929,979)
Public Works	1,145,624	0	0	81,376	(1,064,248)
Culture and Recreation	635,646	38,793	10,800	144,146	(441,907)
Housing and Development	226,389	148,795	0	0	(77,594)
Interest on long-term debt	60,099	0	0	0	(60,099)
Total governmental activities	<u>4,013,145</u>	<u>492,072</u>	<u>12,048</u>	<u>253,825</u>	<u>(3,255,200)</u>
Business-type activities					
Sewer Utility	396,974	351,122	0	0	(45,852)
Sanitation	362,561	408,825	0	0	46,264
Total business-type activities	<u>759,535</u>	<u>759,947</u>	<u>0</u>	<u>0</u>	<u>412</u>
Total primary government	<u>4,772,680</u>	<u>1,252,019</u>	<u>12,048</u>	<u>253,825</u>	<u>(3,254,788)</u>

Change in net position	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Net (expense) revenue	\$ (3,255,200)	\$ 412	\$ (3,254,788)
General revenues			
Taxes			
Property	1,167,005	0	1,167,005
Sales	1,299,585	0	1,299,585
Franchise	512,750	0	512,750
Insurance premium	398,906	0	398,906
Occupational	114,103	0	114,103
Alcoholic beverage	95,142	0	95,142
Intangibles	17,812	0	17,812
Other	5,986	0	5,986
Interest and investment earnings	18,404	0	18,404
Other	37,505	0	37,505
Gain on sale of assets	1,745	0	1,745
Total general revenues	<u>3,668,943</u>	<u>0</u>	<u>3,668,943</u>
Change in net position	413,743	412	414,155
Net position - beginning	<u>12,680,762</u>	<u>2,649,319</u>	<u>15,330,081</u>
Net position - ending	<u>\$ 13,094,505</u>	<u>\$ 2,649,731</u>	<u>\$ 15,744,236</u>

**TOWN OF TYRONE, GEORGIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2016**

	<b>General</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,102,221	\$ 408,422	\$ 4,510,643
Restricted assets			
Cash and cash equivalents	18,063	0	18,063
Certificates of deposit	1,711,054	0	1,711,054
Receivables (net)			
Accounts	162,295	44	162,339
Taxes	154,643	0	154,643
Intergovernmental	35,929	0	35,929
Prepaid items	138,797	0	138,797
	<b>\$ 6,323,002</b>	<b>\$ 408,466</b>	<b>\$ 6,731,468</b>
<b>LIABILITIES</b>			
Payables			
Accounts	\$ 249,517	\$ 13,832	\$ 263,349
Retainages	30,753	0	30,753
Intergovernmental	24	0	24
Accrued salaries and payroll liabilities	53,119	0	53,119
	333,413	13,832	347,245
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues - property taxes	10,067	0	10,067
<b>FUND BALANCES</b>			
Nonspendable prepaids	138,797	0	138,797
Restricted for:			
Public Safety	17,645	394,590	412,235
Capital outlay	0	44	44
Assigned for:			
Culture and Recreation	1,533	0	1,533
Unassigned	5,821,547	0	5,821,547
	5,979,522	394,634	6,374,156
<b>Total liabilities, deferred inflows, and fund balances</b>	<b>\$ 6,323,002</b>	<b>\$ 408,466</b>	<b>\$ 6,731,468</b>

**TOWN OF TYRONE, GEORGIA**  
**RECONCILIATION OF THE BALANCE SHEET OF**  
**GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF NET POSITION**  
*June 30, 2016*

**Total fund balance - total governmental funds** \$ 6,374,156

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 9,497,804

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 10,067

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds. These are:

Deferred outflows of resources:

Pension contributions subsequent to measurement date \$ 52,656

Pension investment return differences 83,872

Deferred inflows of resources:

Pension assumption changes (3,278)

Pension experience differences (52,023)

Pension investment return differences (30,753) 50,474

Long-term liabilities are not due and payable in the current period and are not reported in the funds.

These are:

Net pension liability (359,328)

Capital leases (31,127)

Notes payable (2,408,171)

Interest payable (6,198)

Compensated absences (33,172) (2,837,996)

Net position of governmental activities \$ 13,094,505



**TOWN OF TYRONE, GEORGIA**  
**STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
*For the fiscal year ended June 30, 2016*

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>REVENUES</b>			
Taxes	\$ 3,578,287	\$ 0	\$ 3,578,287
Licenses and permits	200,373	0	200,373
Fines, fees and forfeitures	258,900	6,308	265,208
Charges for services	61,432	0	61,432
Intergovernmental	254,471	1,282	255,753
Interest	16,353	2,051	18,404
Contributions	10,120	0	10,120
Other	37,505	0	37,505
<b>Total revenues</b>	<u>4,417,441</u>	<u>9,641</u>	<u>4,427,082</u>
<b>EXPENDITURES</b>			
Current			
General Government	609,704	0	609,704
Judicial	150,058	0	150,058
Public Safety	1,228,874	37,522	1,266,396
Public Works	1,237,328	0	1,237,328
Culture and Recreation	679,790	0	679,790
Housing and Development	226,331	0	226,331
Debt service	144,657	0	144,657
Capital outlay	0	233	233
<b>Total expenditures</b>	<u>4,276,742</u>	<u>37,755</u>	<u>4,314,497</u>
Excess (deficiency) of revenues over (under) expenditures	<u>140,699</u>	<u>(28,114)</u>	<u>112,585</u>
Other financing sources (uses)			
Issuance of long-term debt	54,209	0	54,209
Sales of capital assets	9,049	0	9,049
<b>Total other financing sources (uses)</b>	<u>63,258</u>	<u>0</u>	<u>63,258</u>
Net change in fund balances	203,957	(28,114)	175,843
Fund balances, July 1	<u>5,775,565</u>	<u>422,748</u>	<u>6,198,313</u>
<b>Fund balances, June 30</b>	<u>\$ 5,979,522</u>	<u>\$ 394,634</u>	<u>\$ 6,374,156</u>

**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, 2016**

**Net change in fund balances - total governmental funds** \$ 175,843

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	\$ 720,055	
Depreciation	<u>(456,576)</u>	263,479

In the statement of activities, the loss on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale of capital assets increase financial resources.

Cost of assets disposed	(184,284)	
Related accumulated depreciation	<u>129,530</u>	(54,754)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. These include recognition of unavailable deferred inflows. (1,937)

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Pension contributions	70,207	
Cost of benefits earned net of employee contributions	<u>(71,398)</u>	(1,191)

The proceeds of debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In addition, interest on long-term debt is not recognized in the governmental funds until due, but is recognized in the statement of activities as it accrues.

Debt proceeds	(54,209)	
Debt principal payments	86,749	
Net change in interest payable	<u>(2,190)</u>	30,350

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	<u>1,953</u>	<u>1,953</u>
----------------------	--------------	--------------

Change in net position of governmental activities \$ 413,743

**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, 2016**

	Budget		Actual	Variance with
	Original	Final		Final Budget
<b>REVENUES</b>				
Taxes	\$ 2,738,400	\$ 2,738,400	\$ 3,578,287	\$ 839,887
Licenses and permits	81,700	82,200	200,373	118,173
Fines, fees and forfeitures	150,050	150,050	258,900	108,850
Charges for services	62,625	62,625	61,432	(1,193)
Intergovernmental	125,800	125,800	254,471	128,671
Interest	8,000	8,000	16,353	8,353
Contributions	30	30	10,120	10,090
Other	30,545	30,045	37,505	7,460
<b>Total revenues</b>	<b>3,197,150</b>	<b>3,197,150</b>	<b>4,417,441</b>	<b>1,220,291</b>
<b>EXPENDITURES</b>				
Current				
General Government				
Administration	586,652	653,055	609,704	43,351
Judicial				
Municipal Court	155,338	155,338	150,058	5,280
Public Safety				
Public Safety	1,321,027	1,342,489	1,228,874	113,615
Public Works				
Public Works	399,311	1,456,397	1,237,328	219,069
Culture and Recreation				
Library	217,947	217,947	196,523	21,424
Parks and Recreation	228,167	318,806	301,635	17,171
Founders Day	26,076	26,076	28,998	(2,922)
Shamrock Park	0	164,410	152,634	11,776
Housing and Development				
Planning and zoning	156,498	156,498	171,748	(15,250)
Environmental	69,077	69,077	54,583	14,494
Debt Service				
General Administration	0	32,382	32,382	0
Public Safety	32,382	0	112,275	(112,275)
<b>Total expenditures</b>	<b>3,192,475</b>	<b>4,592,475</b>	<b>4,276,742</b>	<b>315,733</b>
Excess (deficiency) of revenues over (under) expenditures	4,675	(1,395,325)	140,699	1,536,024
Other financing sources (uses)				
Issuance of long-term debt	0	0	54,209	54,209
Sale of capital assets	0	0	9,049	9,049
Contingency	(4,675)	0	0	0
<b>Total other financing sources (uses)</b>	<b>(4,675)</b>	<b>0</b>	<b>63,258</b>	<b>63,258</b>
Net change in fund balances	0	(1,395,325)	203,957	1,599,282
Fund balances, July 1	0	1,395,325	5,775,565	4,380,240
<b>Fund balances, June 30</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 5,979,522</b>	<b>\$ 5,979,522</b>

**TOWN OF TYRONE, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
*June 30, 2016*

	<b>Business-Type Activities</b>		<b>Totals</b>
	<b>Sewer</b>	<b>Sanitation</b>	
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 1,395,748	\$ 500,675	\$ 1,896,423
Accounts receivable (net)	33,730	934	34,664
Prepaid items	600	726	1,326
Total current assets	1,430,078	502,335	1,932,413
<b>Noncurrent assets</b>			
Capital assets			
Depreciable (net)	850,808	0	850,808
<b>Total assets</b>	<b>2,280,886</b>	<b>502,335</b>	<b>2,783,221</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables			
Accounts	23,283	27,494	50,777
Accrued salaries and payroll liabilities	2,005	1,670	3,675
Unearned revenue	0	79,038	79,038
Total current liabilities	25,288	108,202	133,490
<b>NET POSITION</b>			
Investment in capital assets	850,808	0	850,808
Unrestricted	1,404,790	394,133	1,798,923
<b>Total net position</b>	<b>\$ 2,255,598</b>	<b>\$ 394,133</b>	<b>\$ 2,649,731</b>

**TOWN OF TYRONE, GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
*For the fiscal year ended June 30, 2016*

	<b>Business-Type Activities</b>		<b>Totals</b>
	<b>Sewer</b>	<b>Sanitation</b>	
<b>OPERATING REVENUES</b>			
Charges for sales and services	\$ 351,122	\$ 408,825	\$ 759,947
<b>Total operating revenue</b>	<u>351,122</u>	<u>408,825</u>	<u>759,947</u>
<b>OPERATING EXPENSES</b>			
Costs of sales and services	172,976	304,422	477,398
Personal services	58,609	58,139	116,748
Depreciation	165,389	0	165,389
<b>Total operating expenses</b>	<u>396,974</u>	<u>362,561</u>	<u>759,535</u>
Operating income (loss)	(45,852)	46,264	412
Net position, July 1	<u>2,301,450</u>	<u>347,869</u>	<u>2,649,319</u>
<b>Net position, June 30</b>	<u><u>\$ 2,255,598</u></u>	<u><u>\$ 394,133</u></u>	<u><u>\$ 2,649,731</u></u>

**TOWN OF TYRONE, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the fiscal year ended June 30, 2016

	<b>Business-Type Activities</b>		<b>Totals</b>
	<b>Sewer</b>	<b>Sanitation</b>	
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 354,736	\$ 436,580	\$ 791,316
Payments to suppliers	(181,525)	(304,484)	(486,009)
Payments to employees	(56,604)	(56,469)	(113,073)
Net cash provided (used) by operating activities	116,607	75,627	192,234
Cash and cash equivalents, July 1	1,279,141	425,048	1,704,189
<b>Cash and cash equivalents, June 30</b>	<b>\$ 1,395,748</b>	<b>\$ 500,675</b>	<b>\$ 1,896,423</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ (45,852)	\$ 46,264	\$ 412
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	165,389	0	165,389
(Increase) decrease in accounts receivable	3,614	351	3,965
(Increase) decrease in prepaid items	(600)	(726)	(1,326)
Increase (decrease) in accounts payable	(7,949)	664	(7,285)
Increase (decrease) in unearned revenue	0	27,404	27,404
Increase (decrease) in accrued salaries and other payroll liabilities	2,005	1,670	3,675
Total adjustments	162,459	29,363	191,822
Net cash provided (used) by operating activities	\$ 116,607	\$ 75,627	\$ 192,234

**TOWN OF TYRONE, GEORGIA**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**June 30, 2016**

	<u>Municipal Escrow Agency Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>29,183</u>
<b>LIABILITIES</b>	
Due to other agencies	\$ <u><u>29,183</u></u>

**TOWN OF TYRONE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2016*

**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, 2016.



**TOWN OF TYRONE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

**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 funds:

**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.

**TOWN OF TYRONE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2016*

**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.

**TOWN OF TYRONE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

**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.

**TOWN OF TYRONE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

**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.

**TOWN OF TYRONE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2016*

**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.

**TOWN OF TYRONE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2016*

**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 Town-wide 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.

**TOWN OF TYRONE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2016*

**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 fair value with accrued interest shown under a separate caption on the balance sheet. Reinvested interest on certain debt service and capital project investments is included in the investment accounts.

**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, 2016, 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.

**TOWN OF TYRONE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2016*

**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 acquisition value.

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

	<b>Useful Life in Years</b>	<b>Capitalization Threshold</b>
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. The Town reports deferred outflows of resources related to their defined benefit pension plans.



**TOWN OF TYRONE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2016*

**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. The Town also reports deferred inflows of resources related to their defined benefit pension plans. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

**TOWN OF TYRONE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2016*

**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 financing 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, 2016, 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.

**TOWN OF TYRONE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2016*

**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 Town 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.

**TOWN OF TYRONE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

**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 Town's financial position and operations. Certain 2015 amounts have been reclassified to conform with the 2016 presentation.

**TOWN OF TYRONE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2016*

**2. Summary of Significant Accounting Policies (continued)**

**U. Pensions**

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town of Tyrone Employees' Pension Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**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's policy follows the State of Georgia requirement that all deposits be federally insured or fully collateralized.

**Interest Rate Risk**

The Town limits investment maturities to no greater than five years from the date of purchase, unless matched to a specific cash flow greater than five years, 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 further limits its investment choices by imposing the following parameters:

- No more than 20% of the portfolio may be invested in investments with maturities greater than 12 months, and the weighted average maturity of the portfolio shall never exceed one year.
- No more than 20% of the overall portfolio may be invested in the securities of a single issuer, except for securities of the U.S. Treasury.

**TOWN OF TYRONE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2016*

**3. Deposit and Investment Risk (continued)**

- No more than 20 percent of the portfolio may be invested in each of the following categories of securities: commercial paper, negotiable certificates of deposit, banker's acceptances, and any other obligation that does not bear the full faith and credit of the United States government or which is not fully collateralized or insured
- At least 20% of the portfolio shall be invested in overnight instruments or in marketable securities which can be sold to raise cash in one day's notice.

**Concentration of Credit Risk**

No more than 20 percent of the overall portfolio may be invested in the securities of a single issuer, except for securities of the U.S. Treasury.

**Foreign Currency Risk**

The Town has no investments denominated in a foreign currency.

**4. Accounts Receivable**

Net accounts receivable at June 30, 2016 consist of the following:

<b>Primary Government:</b>		
<b>Major Funds</b>		
General Fund	\$	162,295
Enterprise Funds		
Sewer		33,730
Sanitation	\$	52,912
Less: Allowance for Uncollectibles	(51,978)	934
<b>Nonmajor Funds</b>		
2005 SPLOST Fund		44
Total Primary Government	\$	197,003

**5. Intergovernmental Receivables**

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

<b>Primary Government:</b>		
<b>Major Funds</b>		
General Fund	Georgia Transportation Infrastructure Bank	\$ 35,929

**TOWN OF TYRONE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2016*

**6. Taxes Receivable**

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

Year of Levy	Amount
2015	\$ 12,073
2014	6,243
2013	1,216
2012	835
2011	758
2010	3,499
2009	5,400
	30,024
Less allowance for uncollectible	(12,961)
	17,063
Add amount due from Fayette County Tax Commissioner	18,568
Total	\$ 35,631

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 2016, based upon the assessments of January 1, 2015, were billed on September 15, 2015 and due on November 15, 2015. Tax liens are issued 90 days after the due date. The tax rate of 2.889 mills for fiscal year 2016 was levied on September 1, 2015.

***Other Taxes***

\$119,012 of sales taxes are included in taxes receivable.

**TOWN OF TYRONE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

**7. Capital Assets**

Capital asset activity for the primary government for the year ended June 30, 2016 was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental activities</b>				
Non-depreciable assets				
Land	\$1,418,614	\$0	\$0	\$1,418,614
Construction in progress	2,949,155	515,409	(3,355,533)	109,031
Total nondepreciable assets	<u>4,367,769</u>	<u>515,409</u>	<u>(3,355,533)</u>	<u>1,527,645</u>
Depreciable assets				
Buildings	2,292,484	0	0	2,292,484
Infrastructure	1,742,836	2,992,493	0	4,735,329
Improvements other than building	1,701,467	323,064	0	2,024,531
Library collections	653,053	14,281	(13,473)	653,861
Furnishings, vehicles, machinery and equipment	<u>1,465,414</u>	<u>205,691</u>	<u>(146,161)</u>	<u>1,524,944</u>
Total depreciable assets	<u>7,855,254</u>	<u>3,535,529</u>	<u>(159,634)</u>	<u>11,231,149</u>
Accumulated depreciation				
Buildings	(483,557)	(49,566)	0	(533,123)
Infrastructure	(467,604)	(149,893)	0	(617,497)
Improvements other than building	(848,393)	(98,773)	0	(947,166)
Library collections	(306,239)	(31,864)	13,473	(324,630)
Furnishings, vehicles, machinery and equipment	<u>(828,151)</u>	<u>(126,480)</u>	<u>116,057</u>	<u>(838,574)</u>
Total accumulated depreciation	<u>(2,933,944)</u>	<u>(456,576)</u>	<u>129,530</u>	<u>(3,260,990)</u>
Total depreciable assets, net	<u>4,921,310</u>	<u>3,078,953</u>	<u>(30,104)</u>	<u>7,970,159</u>
Governmental activities capital assets, net	<u><u>\$9,289,079</u></u>	<u><u>\$3,594,362</u></u>	<u><u>(\$3,385,637)</u></u>	<u><u>\$9,497,804</u></u>
<b>Business-type activities</b>				
Depreciable assets				
Infrastructure	\$ 1,122,458	\$0	\$0	\$ 1,122,458
Intangibles	1,315,788	0	0	1,315,788
Equipment	25,991	0	0	25,991
Total depreciable assets	<u>2,464,237</u>	<u>0</u>	<u>0</u>	<u>2,464,237</u>
Accumulated depreciation				
Infrastructure	(413,211)	(33,135)	0	(446,346)
Intangibles	(1,030,364)	(131,734)	0	(1,162,098)
Equipment	(4,465)	(520)	0	(4,985)
Total accumulated depreciation	<u>(1,448,040)</u>	<u>(165,389)</u>	<u>0</u>	<u>(1,613,429)</u>
Total depreciable assets, net	<u>1,016,197</u>	<u>(165,389)</u>	<u>0</u>	<u>850,808</u>
Business-type activities capital assets, net	<u><u>\$ 1,016,197</u></u>	<u><u>\$ (165,389)</u></u>	<u><u>\$0</u></u>	<u><u>\$ 850,808</u></u>



**TOWN OF TYRONE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

**7. Capital Assets (continued)**

**Primary Government**

**Governmental activities**

General Government	\$	12,129
Judicial		628
Public Safety		80,218
Public Works		138,888
Culture and Recreation		215,461
Housing and Development		9,252
		9,252
Total depreciation expense for governmental activities	\$	456,576

**Business-type activities**

Sewer	\$	165,389
		165,389
Total depreciation expense for business-type activities	\$	165,389

**8. Capital and Operating Lease Agreements**

The Town has entered into an agreement for the lease of certain equipment. The terms of the agreement meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee. The balance of the lease at June 30, 2016 are \$31,127 for the governmental activities.

The following is a schedule of the future minimum lease payments together with the present value of the net minimum lease payments as of June 30, 2016:

<b>Year Ending June 30,</b>	<b>Business-type Activities</b>
<u>2017</u>	<b>\$ 32,382</b>
Total minimum lease payments	32,382
Less amounts representing interest	(1,255)
Present value of minimum lease payments	<b>\$ 31,127</b>

**TOWN OF TYRONE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

**8. Capital and Operating Lease Agreements (continued)**

Total assets leased under capital leases are classified as follows:

	<b>Governmental Activities</b>	
	<b>Cost</b>	<b>Accumulated Depreciation</b>
Public safety equipment	\$ 71,547	\$ 14,309

**9. Long-term Liabilities**

**Notes Payable**

On September 18, 2014, the Town entered into an agreement with the Georgia Transportation Infrastructure Bank for the Downtown Tyrone Rehabilitation project. The Town borrowed \$2,465,000 due at the completion of the project in monthly installments of principal and interest through October 1, 2030; interest at 2.48% (\$2,408,171 outstanding).

On September 18, 2014, the Town entered into an agreement with the Georgia Transportation Infrastructure Bank for the Tyrone Road Safety Improvement project. The Town borrowed \$165,000 due at the completion of the project in monthly installments of principal and interest through October 1, 2030; interest at 2.48% (\$0 outstanding).

Annual debt service requirements for notes payable are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 138,806	\$ 58,152	\$ 196,958
2018	142,288	54,670	196,958
2019	145,857	51,101	196,958
2020	149,516	47,442	196,958
2021	153,266	43,692	196,958
2022-2026	825,963	158,827	984,790
2027-2031	852,475	50,247	902,722
Totals	\$ 2,408,171	\$ 464,131	\$ 2,872,302

**TOWN OF TYRONE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

**9. Long-term Liabilities (continued)**

**Changes in Long-Term Liabilities**

The following is a summary of changes in long-term liabilities of the Town for year ended June 30, 2016:

	<u>June 30, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2016</u>	<u>Due Within One Year</u>
<b>Governmental activities</b>					
Capital lease obligations	\$ 61,047	\$ 0	\$ 29,920	\$ 31,127	\$ 31,127
Notes payable	2,410,791	54,209	56,829	2,408,171	138,806
Compensated absences	35,125	29,659	31,612	33,172	29,855
Total governmental activities	<u>\$ 2,506,963</u>	<u>\$ 83,868</u>	<u>\$ 118,361</u>	<u>\$ 2,472,470</u>	<u>\$ 199,788</u>

Total interest expense in the governmental activities for the fiscal ended June 30, 2016 was \$60,099.

**10. Restricted, Committed, and Assigned Fund Balances**

The following is a summary of restricted, committed, and assigned fund balances of the governmental funds for fiscal year ended June 30, 2016:

	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
<b>Restricted for:</b>			
Public Safety			
Fire services and equipment	\$ 7,645	\$ 0	\$ 7,645
Police equipment	0	394,590	394,590
K-9	10,000	0	10,000
Capital outlay	0	44	44
	<u>\$ 17,645</u>	<u>\$ 394,634</u>	<u>\$ 412,279</u>
<b>Assigned for:</b>			
Culture and Recreation			
Founder's Day	\$ 1,533	\$ 0	\$ 1,533

**TOWN OF TYRONE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2016*

**11. Pension Plan**

*Plan Description.* The Town is a participating member of the Georgia Municipal Employees Benefit System (GMEBS), a state-wide agent, multiple-employer retirement system, administered by the Georgia Municipal Association. This is a defined benefit pension plan, which provides retirement, disability and death benefits to plan members and beneficiaries. Officials are not covered under the plan. The Commission has established provisions, which assign the authority to the Commission council members to establish and amend the benefit provisions of the plan.

Control over the operation and administration of the plan is vested with GMEBS along with custody of the plan assets. The plan provides that the Town has no liability with respect to payments or benefits or otherwise under the plan except to pay over to GMEBS such actuarially determined contributions as are required to meet minimum funding standards of the Public Retirement Systems Standards Law and provide benefits thereunder. If terminated, the plan provides that if there are funds remaining after the satisfaction of all liabilities, such funds shall not revert to the Town but shall be allocated to employees. All employees are eligible for immediate participation.

There are no loans to any of the Town officials or other “party-in-interest,” and there are no prohibited transactions. The plan assets do not include any securities or investments in the Town of Tyrone. The funds are managed by independent money managers.

The annual report and more detailed information regarding the plan can be obtained from the Plan Administrator, the Georgia Municipal Employees Benefit System.

At January 1, 2016, the date of the most recent actuarial valuation, there were 62 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	10
Terminated vested participants entitled to but not yet receiving benefits	21
Active participants	<u>31</u>
Total number of participants	<u><u>62</u></u>

**TOWN OF TYRONE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

**11. Pension Plan (continued)**

*Benefits Provided.* The plan provides retirement, disability, and death benefits. Benefits are based on years of credited service, equal to one year of full-time employment. Participants with five years of total service are eligible to retire at age 65 with no reduction in benefit. Participants with ten years of total service are eligible to retire at age 55 with no reduction in benefit. Officials are not covered under the plan. Participants are eligible for early retirement with reduced benefits based on the early retirement reduction table at age 55 after 5 years of service. The benefit formula is 1.25% to 2.00% with a five year vesting schedule.

*Contributions.* Employees make no contributions to the plan. The Town is required to contribute the remaining amounts necessary to fund the plan in compliance with the minimum funding standards of the Public Retirement Systems Standards Law. This funding policy, as specified by ordinance, has been the same since the inception of the plan. The Town's actuarially determined contribution rate for the fiscal year ended June 30, 2016 was \$70,208 or 5.89% of covered-employee payroll.

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions.* At June 30, 2016, the Town reported a net pension liability of \$359,328. The net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2016. For the fiscal year ended June 30, 2016, the Town recognized pension expense in the amount of \$71,398.

At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 0	\$ (52,023)
Changes of assumptions	0	(3,278)
Net difference between projected and actual earnings on pension plan investments	83,872	(30,753)
City contributions subsequent to the measurement date	52,656	0
Totals	<u>\$ 136,528</u>	<u>\$ (86,054)</u>

**TOWN OF TYRONE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

**11. Pension Plan (continued)**

The \$52,656 of deferred outflows of resources resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net position liability in the fiscal year ending June 30, 2017. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

<b>Year Ending June 30</b>	
2017	\$ (5,691)
2018	(5,691)
2019	(5,691)
2020	<u>14,891</u>
Totals	<u>\$ (2,182)</u>

*Actuarial Assumptions.* The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Projected salary increases	3.25% plus service based merit increases
Cost of living adjustments	3.00%
Net investment rate of return	7.75%

Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and on year for females. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

The mortality and economic actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study for the period of January 1, 2010 through June 30, 2014.

**TOWN OF TYRONE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2016*

**11. Pension Plan (continued)**

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Long-Term Nominal Real Rate of Return</u>
Domestic equity	50%	5.95%	9.20%
International equity	15%	6.45%	9.70%
Fixed income	25%	1.55%	4.80%
Real estate	10%	3.75%	7.00%
Cash	0%		
Total	<u>100%</u>		

*Discount Rate.* The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions from employer will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF TYRONE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

**11. Pension Plan (continued)**

*Changes in Net Pension Liability*

	<b>Total Pension Liability (Asset)</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability (Asset)</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
<b>Balances at 9/30/14</b>	\$ 1,863,126	\$ 1,578,453	\$ 284,673
<b>Changes for the year:</b>			
Service cost	49,332	0	49,332
Interest	141,847	0	141,847
Differences between expected and actual experience	(30,392)	0	(30,392)
Contributions—employer	0	76,884	(76,884)
Net investment income	0	17,602	(17,602)
Benefit payments, including refunds of employee contributions	(65,672)	(65,672)	0
Administrative expense	0	(8,354)	8,354
<b>Net changes</b>	<u>95,115</u>	<u>20,460</u>	<u>74,655</u>
<b>Balances at 9/30/15</b>	<u>\$ 1,958,241</u>	<u>\$ 1,598,913</u>	<u>\$ 359,328</u>

*Sensitivity of the Net Pension Asset/Liability to Changes in the Discount Rate.* The following presents what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.75 percent) or one percentage-point higher (8.75 percent) than the current rate:

	<b>Discount Rate</b>	<b>Net Pension Liability (Asset)</b>
1% decrease	6.75%	\$ 670,978
Current discount rate	7.75%	359,328
1% increase	8.75%	106,783

*Plan Fiduciary Net Position.* Detailed information about the Plan's fiduciary net position is available in the separately issued Georgia Municipal Employees Benefit System financial report



**TOWN OF TYRONE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

**11. Pension Plan (continued)**

**Other Plans**

In addition to the plan above, various Town employees are covered under the Peace Officers' Annuity and Benefit Fund of Georgia. Further information regarding this plan can be obtained from the plan's annual report.

**12. 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, 2016, 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.

**TOWN OF TYRONE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

**13. 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, 2016, the Town has no losses that are probable or estimable and accordingly has not recognized any liability.

**TOWN OF TYRONE, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2016*

**14. Commitments and Contingencies**

***Commitments***

The Town has active construction projects as of June 30, 2016. At fiscal year end, the Town's commitments with contractors are as follows:

<b>Project</b>	<b>Amount Expended to Date</b>	<b>Remaining Commitment</b>
Shamrock Park Restrooms	\$ 41,000	\$ 100,376

***Contingencies***

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

**15. Material Budget Violations**

The following General Fund department's expenditures exceeded its budgeted appropriations by more than three percent:

Founder's Day	\$ 2,922
Planning and Zoning	15,250
Debt Service - Public Safety	112,275

In the future, actual expenditures will be compared to budgeted expenditures and budget amendments will be made when appropriate.

This page intentionally left blank.

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF TYRONE, GEORGIA**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS**  
**LAST TEN FISCAL YEARS**  
**June 30, 2016**  
**(Unaudited)**

	<b>Fiscal Year End</b>	<b>Fiscal Year End</b>
	<b>2016</b>	<b>2015</b>
<b>Total pension liability</b>		
Service cost	\$ 49,332	\$ 48,292
Interest	141,847	136,273
Differences between expected and actual experience	(30,392)	(46,186)
Changes of assumptions	0	0
Changes of benefit terms	0	0
Benefit payments, including refunds of employee contributions	(65,672)	(56,285)
Other	0	(5,466)
Net change in total pension liability	95,115	76,628
Total pension liability - beginning	1,863,126	1,786,498
<b>Total pension liability - ending (a)</b>	<b>\$ 1,958,241</b>	<b>\$ 1,863,126</b>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 76,884	\$ 81,141
Contributions - employee	0	0
Net investment income	17,602	160,444
Benefit payments, including refunds of employee contributions	(65,672)	(56,285)
Administrative expense	(8,354)	(6,621)
Other	0	0
Net change in total pension liability	20,460	178,679
Plan fiduciary net position - beginning	1,578,453	1,399,774
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 1,598,913</b>	<b>\$ 1,578,453</b>
<b>Net pension liability (asset) - ending : (a) - (b)</b>	<b>\$ 359,328</b>	<b>\$ 284,673</b>
Plan's fiduciary net position as a percentage of the total pension liability	81.65%	84.72%
Covered-employee payroll	\$ 1,192,988	\$ 1,181,282
Net pension liability as a percentage of covered-employee payroll	30.12%	24.10%

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

**TOWN OF TYRONE, GEORGIA**  
**SCHEDULE OF CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS**  
**June 30, 2016**  
**(Unaudited)**

	<u>Fiscal Year End</u>	<u>Fiscal Year End</u>
	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 70,208	\$ 79,109
Contributions in relation to the actuarially determined contribution	<u>(70,208)</u>	<u>(79,109)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered-employee payroll	\$ 1,192,988	\$ 1,181,282
Contributions as a percentage of covered-employee payroll	5.89%	6.70%

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

**TOWN OF TYRONE, GEORGIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2016**  
**(Unaudited)**

**1. Valuation Date**

The actuarially determined contribution rate was determined as of January 1, 2016, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2017.

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

Actuarial cost method = Entry age normal

Amortization method = Closed level dollar for remaining unfunded liability

Remaining amortization period = Remaining amortization period varies for the bases, with a net effective amortization period of 10 years

Asset valuation method = Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Net investment rate of return = 7.75%

Projected salary increases = 3.25% plus service based merit increases

Cost of living adjustments = 3.00%

Retirement age for inactive vested participants = 65

Mortality = Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and on year for females. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

**3. Changes in Benefits**

*Exhibit B-3, continued*



**TOWN OF TYRONE, GEORGIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2016**  
**(Unaudited)**

**3. Changes in Benefits**

Effective January 1, 2015, the Plan was amended to provide for immediate participation for employees. This change has no impact on service credited under the Plan and has no impact on benefits.

**4. Changes of Assumptions**

Amounts reported for the fiscal year ending in 2016 and later reflect the following assumption changes based on the results of an actuarial experience study covering the period of January 1, 2010 to June 30, 2014:

The mortality table for disabled participants was changed to remove the two-year set-forward for males and the one-year set-forward for females.

The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 15% and to assume no turnover on and after age 55. The select period rates were further constrained to not be less than the ultimate rates.

The retirement rates where normal retirement is only available on or after age 65 were changed from the prior assumption of 100% at age 65 to the new assumption of 60% at ages 65 to 69 and 100% at age 70. Where normal retirement is available prior to age 65, the rates were changed from the prior assumption of 100% at earliest unreduced age, but not below age 60, to the new assumption of 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70.

The inflation and cost-of-living adjustment assumptions were decreased from 3.50% to 3.25%.

The salary increase assumption was changed from select period rates during the first five years of service, followed by age-related rates to an assumption based on new service-related rates. Under the prior assumption, the salary increases range from 4.00 to 11.00% and include an inflation assumption of 3.50%.

**Exhibit B-3, continued**

This page intentionally left blank.

***COMBINING STATEMENTS***  
***NONMAJOR GOVERNMENTAL FUNDS***

**TOWN OF TYRONE, GEORGIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2016**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Confiscated Assets</u>	<u>2005 SPLOST</u>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 408,422	\$ 0	\$ 408,422
Accounts receivable (net)	<u>0</u>	<u>44</u>	<u>44</u>
<b>Total assets</b>	<u><u>\$ 408,422</u></u>	<u><u>\$ 44</u></u>	<u><u>\$ 408,466</u></u>
<b>LIABILITIES</b>			
Accounts payable	<u>\$ 13,832</u>	<u>\$ 0</u>	<u>\$ 13,832</u>
<b>FUND BALANCES</b>			
Restricted for:			
Public Safety	394,590	0	394,590
Capital Projects	<u>0</u>	<u>44</u>	<u>44</u>
Total fund balances	<u>394,590</u>	<u>44</u>	<u>394,634</u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 408,422</u></u>	<u><u>\$ 44</u></u>	<u><u>\$ 408,466</u></u>

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

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Confiscated Assets</u>	<u>2005 SPLOST</u>	
<b>REVENUES</b>			
Fees, fines and forfeitures	\$ 6,308	\$ 0	\$ 6,308
Intergovernmental	1,005	277	1,282
Interest	2,051	0	2,051
	<hr/>	<hr/>	<hr/>
<b>Total revenues</b>	9,364	277	9,641
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>			
Current			
Public Safety	37,522	0	37,522
Capital outlay	0	233	233
	<hr/>	<hr/>	<hr/>
<b>Total expenditures</b>	37,522	233	37,755
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(28,158)	44	(28,114)
Fund balances, July 1	422,748	0	422,748
	<hr/>	<hr/>	<hr/>
<b>Fund balances, June 30</b>	<u>\$ 394,590</u>	<u>\$ 44</u>	<u>\$ 394,634</u>

This page intentionally left blank.

***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, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,102,221	\$ 4,239,270
Restricted assets		
Cash	18,063	23,273
Certificate of deposit	1,711,054	1,715,852
Receivables (net)		
Accounts	162,295	57,231
Taxes	154,643	141,714
Intergovernmental	35,929	1,338,249
Prepaid items	<u>138,797</u>	<u>119,931</u>
<b>Total assets</b>	<u><u>\$ 6,323,002</u></u>	<u><u>\$ 7,635,520</u></u>
<b>LIABILITIES</b>		
Payables		
Accounts	\$ 249,517	\$ 1,539,878
Retainages	30,753	265,127
Intergovernmental	24	24
Other	0	20
Accrued salaries and payroll liabilities	53,119	39,957
Unearned revenue	<u>0</u>	<u>2,945</u>
<b>Total liabilities</b>	<u>333,413</u>	<u>1,847,951</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	<u>10,067</u>	<u>12,004</u>
<b>FUND BALANCES</b>		
Nonspendable for prepaid items	138,797	119,931
Restricted for:		
Public Safety	17,645	31,948
Public Works	0	70,000
Culture and Recreation	0	3,537
Assigned for:		
Culture and Recreation	1,533	7,642
Unassigned	<u>5,821,547</u>	<u>5,542,507</u>
<b>Total fund balances</b>	<u>5,979,522</u>	<u>5,775,565</u>
<b>Total liabilities, deferred inflows, and fund balances</b>	<u><u>\$ 6,323,002</u></u>	<u><u>\$ 7,635,520</u></u>



**TOWN OF TYRONE, GEORGIA**  
**GENERAL FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>REVENUES</b>		
Taxes	\$ 3,578,287	\$ 3,366,421
Licenses and permits	200,373	156,710
Fines, fees and forfeitures	258,900	313,128
Charges for services	61,432	59,729
Intergovernmental	254,471	159,140
Interest	16,353	27,337
Contributions	10,120	25,150
Other	37,505	28,553
<b>Total revenues</b>	<u>4,417,441</u>	<u>4,136,168</u>
<b>EXPENDITURES</b>		
Current		
General Government	609,704	612,529
Judicial	150,058	147,304
Public Safety	1,228,874	1,223,997
Public Works	1,237,328	3,679,991
Culture and Recreation	679,790	443,065
Housing and Development	226,331	201,898
Total Current	<u>4,132,085</u>	<u>6,308,784</u>
Debt Service		
Public Safety	32,382	0
Public Works	112,275	0
Total Debt Service	<u>144,657</u>	<u>0</u>
<b>Total expenditures</b>	<u>4,276,742</u>	<u>6,308,784</u>
Excess (deficiency) of revenues over (under) expenditures	<u>140,699</u>	<u>(2,172,616)</u>
Other financing sources (uses)		
Transfers in (out)		
2005 SPLOST Fund	0	(4,365)
Issuance of long-term debt	54,209	2,471,838
Sales of capital assets	9,049	19,515
Total other financing sources (uses)	<u>63,258</u>	<u>2,486,988</u>
Net change in fund balances	203,957	314,372
Fund balances, July 1	<u>5,775,565</u>	<u>5,461,193</u>
<b>Fund balances, June 30</b>	<u><u>\$ 5,979,522</u></u>	<u><u>\$ 5,775,565</u></u>

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

	<b>2016</b>			<b>2015</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Actual</b>
<b>REVENUES</b>				
<b>Taxes</b>				
General property taxes				
Property tax	\$ 810,400	\$ 969,665	\$ 159,265	\$ 865,960
Motor vehicle tax	150,000	199,278	49,278	229,211
Total general property taxes	<u>960,400</u>	<u>1,168,943</u>	<u>208,543</u>	<u>1,095,171</u>
Local option sales tax	900,000	1,299,585	399,585	1,176,840
Intangible tax	10,000	17,812	7,812	15,298
Franchise tax	396,000	512,750	116,750	497,199
Insurance premium tax	325,000	398,906	73,906	375,520
Beer and wine tax	50,000	60,627	10,627	73,512
Occupational tax	95,000	113,678	18,678	127,364
Transfer tax	2,000	5,986	3,986	5,517
Total taxes	<u>2,738,400</u>	<u>3,578,287</u>	<u>839,887</u>	<u>3,366,421</u>
<b>Licenses and Permits</b>				
Building permits	50,700	158,775	108,075	125,336
Other	31,500	41,598	10,098	31,374
Total licenses and permits	<u>82,200</u>	<u>200,373</u>	<u>118,173</u>	<u>156,710</u>
<b>Fines, fees and forfeitures</b>	<u>150,050</u>	<u>258,900</u>	<u>108,850</u>	<u>313,128</u>
<b>Charges for Services</b>				
Founders Day	29,750	22,975	(6,775)	21,065
Rents and royalties	9,125	9,125	0	8,549
Other	23,750	29,332	5,582	30,115
Total charges for services	<u>62,625</u>	<u>61,432</u>	<u>(1,193)</u>	<u>59,729</u>
<b>Intergovernmental</b>	<u>125,800</u>	<u>254,471</u>	<u>128,671</u>	<u>159,140</u>
<b>Interest</b>	<u>8,000</u>	<u>16,353</u>	<u>8,353</u>	<u>27,337</u>
<b>Contributions</b>	<u>30</u>	<u>10,120</u>	<u>10,090</u>	<u>25,150</u>
<b>Other</b>	<u>30,045</u>	<u>37,505</u>	<u>7,460</u>	<u>28,553</u>
<b>Total revenues</b>	<u>\$ 3,197,150</u>	<u>\$ 4,417,441</u>	<u>\$ 1,220,291</u>	<u>\$ 4,136,168</u>

**TOWN OF TYRONE, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the fiscal year ended June 30, 2016**

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

	<u>2016</u>			<u>2015</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
<b>General Government</b>				
Administration				
Personal services	\$ 242,819	\$ 253,187	\$ (10,368)	\$ 251,588
Contractual services	212,363	163,965	48,398	139,582
Materials and supplies	131,470	118,416	13,054	118,101
Payments to other agencies	0	30	(30)	0
Capital outlay	66,403	74,106	(7,703)	103,258
Total Administration	<u>653,055</u>	<u>609,704</u>	<u>43,351</u>	<u>612,529</u>
<b>Judicial</b>				
Municipal Court				
Personal Services	110,726	108,780	1,946	105,263
Contractual services	40,747	39,132	1,615	38,604
Materials and supplies	3,865	2,146	1,719	3,437
Total Municipal Court	<u>155,338</u>	<u>150,058</u>	<u>5,280</u>	<u>147,304</u>
<b>Public Safety</b>				
Public Safety				
Personal services	1,090,584	949,302	141,282	1,005,967
Contractual services	102,343	97,538	4,805	82,153
Materials and supplies	103,100	75,140	27,960	98,136
Payments to other agencies	25,000	22,740	2,260	37,741
Capital outlay	21,462	84,154	(62,692)	0
Total Public Safety	<u>1,342,489</u>	<u>1,228,874</u>	<u>113,615</u>	<u>1,223,997</u>
<b>Public Works</b>				
Public Works				
Personal services	145,986	141,342	4,644	154,617
Contractual services	227,425	332,315	(104,890)	156,215
Materials and supplies	25,900	19,786	6,114	25,677
Capital outlay	1,057,086	743,885	313,201	3,343,482
Total Public Works	<u>1,456,397</u>	<u>1,237,328</u>	<u>219,069</u>	<u>3,679,991</u>
<b>Culture and Recreation</b>				
Library				
Personal services	148,645	142,814	5,831	134,337
Contractual services	17,502	14,105	3,397	17,497
Materials and supplies	51,800	39,604	12,196	48,662
Total Library	<u>217,947</u>	<u>196,523</u>	<u>21,424</u>	<u>200,496</u>

**TOWN OF TYRONE, GEORGIA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET (GAAP BASIS) AND ACTUAL  
For the fiscal year ended June 30, 2016**

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

	2016			2015
	Final Budget	Actual	Variance	Actual
<b>Culture and Recreation (continued)</b>				
Parks and Recreation				
Personal services	\$ 67,001	\$ 60,927	\$ 6,074	\$ 65,024
Contractual services	105,956	105,299	657	72,625
Materials and supplies	55,210	42,720	12,490	43,833
Capital outlay	90,639	92,689	(2,050)	42,660
Total Parks and Recreation	318,806	301,635	17,171	224,142
Founders Day				
Personal services	3,450	4,697	(1,247)	3,104
Contractual services	19,731	23,235	(3,504)	13,834
Materials and supplies	2,895	1,066	1,829	1,489
Total Founders Day	26,076	28,998	(2,922)	18,427
Shamrock Park				
Capital outlays	164,410	152,634	11,776	0
Total Culture and Recreation	727,239	679,790	47,449	443,065
<b>Housing and Development</b>				
Planning and zoning				
Personal services	45,838	39,428	6,410	44,072
Contractual services	109,910	131,992	(22,082)	100,984
Materials and supplies	750	328	422	1,067
Total Planning and Zoning	156,498	171,748	(15,250)	146,123
Environmental				
Personal services	45,751	43,184	2,567	40,360
Contractual services	20,326	7,029	13,297	12,804
Materials and supplies	3,000	4,370	(1,370)	2,611
Total Environmental	69,077	54,583	14,494	55,775
Total Housing and Development	225,575	226,331	(756)	201,898
<b>Debt Service</b>				
Public Safety	32,382	32,382	0	0
Public Works	0	112,275	(112,275)	0
Total Debt Service	32,382	144,657	(112,275)	0
<b>Total expenditures</b>	<b>\$ 4,592,475</b>	<b>\$ 4,276,742</b>	<b>\$ 315,733</b>	<b>\$ 6,308,784</b>

## ***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, 2016 and 2015*

	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 408,422	\$ 422,748
	<u>408,422</u>	<u>422,748</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 13,832	\$ 0
<b>FUND BALANCES</b>		
Restricted for Public Safety	394,590	422,748
	<u>394,590</u>	<u>422,748</u>
<b>Total liabilities and fund balances</b>	<b>\$ 408,422</b>	<b>\$ 422,748</b>
	<u>408,422</u>	<u>422,748</u>

**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, 2016*

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

	2016			2015
	Final Budget	Actual	Variance	Actual
<b>REVENUES</b>				
Fees, fines and forfeitures	\$ 200,000	\$ 6,308	\$ (193,692)	\$ 265,972
Intergovernmental	0	1,005	1,005	0
Interest	0	2,051	2,051	1,594
<b>Total revenues</b>	<u>200,000</u>	<u>9,364</u>	<u>(190,636)</u>	<u>267,566</u>
<b>EXPENDITURES</b>				
Current				
Public Safety				
Contract services	6,252	1,340	4,912	4,420
Materials and supplies	12,000	22,786	(10,786)	0
Capital outlay	153,000	13,396	139,604	6,613
<b>Total expenditures</b>	<u>171,252</u>	<u>37,522</u>	<u>133,730</u>	<u>11,033</u>
Excess (deficiency) of revenues over (under) expenditures	28,748	(28,158)	(56,906)	256,533
Other financing sources (uses)				
Contingency	(28,748)	0	28,748	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(28,158)	(28,158)	256,533
Fund balances, July 1	0	422,748	422,748	166,215
<b>Fund balances, June 30</b>	<u>\$ 0</u>	<u>\$ 394,590</u>	<u>\$ 394,590</u>	<u>\$ 422,748</u>

This page intentionally left blank.



### ***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, 2016 and 2015*

	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
Accounts receivable (net)	\$ 44	\$ 0
<b>FUND BALANCES</b>		
Restricted for capital projects	\$ 44	\$ 0

**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, 2016 and 2015*

	<b>2016</b>	<b>2015</b>
<b>REVENUES</b>		
Intergovernmental	\$ 277	\$ 218
Interest	0	92
	277	310
<b>Total revenues</b>	277	310
<b>EXPENDITURES</b>		
Capital outlay		
Public Works	233	23,819
	233	23,819
Excess (deficiency) of revenues over (under) expenditures before transfers	44	(23,509)
Other financing sources (uses)		
Transfers in (out)		
General Fund	0	4,365
	0	4,365
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	44	(19,144)
Fund balances, July 1	0	19,144
	0	19,144
<b>Fund balances, June 30</b>	<b>\$ 44</b>	<b>\$ 0</b>

This page intentionally left blank.

## ***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 Fund - Used to account for activities connected with the development, operation and maintenance of 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, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,395,748	\$ 1,279,141
Accounts receivable (net)	33,730	37,344
Prepaid items	600	0
Total current assets	1,430,078	1,316,485
<b>Capital assets</b>		
Machinery and equipment	25,990	25,990
Sewer system	1,123,066	1,123,066
Intangibles	1,315,788	1,315,788
Accumulated depreciation	(1,614,036)	(1,448,647)
Total capital assets (net of accumulated depreciation)	850,808	1,016,197
<b>Total assets</b>	<b>2,280,886</b>	<b>2,332,682</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	23,283	31,232
Accrued salaries and payroll liabilities	2,005	0
<b>Total Liabilities</b>	<b>25,288</b>	<b>31,232</b>
<b>NET POSITION</b>		
Investment in capital assets	850,808	1,016,197
Unrestricted	1,404,790	1,285,253
<b>Total net position</b>	<b>\$ 2,255,598</b>	<b>\$ 2,301,450</b>

**TOWN OF TYRONE, GEORGIA**  
**SEWER ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
*For the fiscal years ended June 30, 2016 and 2015*

	<u>2016</u>	<u>2015</u>
<b>OPERATING REVENUES</b>		
Charges for sales and services	\$ 351,122	\$ 363,583
<b>Total operating revenues</b>	<u>351,122</u>	<u>363,583</u>
<b>OPERATING EXPENSES</b>		
Costs of sales and services	172,976	160,762
Personal services	58,609	43,667
Depreciation	165,389	165,390
<b>Total operating expenses</b>	<u>396,974</u>	<u>369,819</u>
Change in net position	(45,852)	(6,236)
Net position, July 1	<u>2,301,450</u>	<u>2,307,686</u>
<b>Net position, June 30</b>	<u>\$ 2,255,598</u>	<u>\$ 2,301,450</u>

**TOWN OF TYRONE, GEORGIA**  
**SEWER ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**For the fiscal years ended June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 354,736	\$ 356,686
Payments to suppliers	(181,525)	(147,443)
Payments to employees	(56,604)	(43,667)
	<hr/>	<hr/>
Net cash provided (used) by operating activities	116,607	165,576
Cash and cash equivalents, July 1	<hr/> 1,279,141	<hr/> 1,113,565
<b>Cash and cash equivalents, June 30</b>	<hr/> <b>\$ 1,395,748</b>	<hr/> <b>\$ 1,279,141</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	<hr/> \$ (45,852)	<hr/> \$ (6,236)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	165,389	165,390
(Increase) decrease in accounts receivable	3,614	(6,897)
(Increase) decrease in prepaid items	(600)	0
Increase (decrease) in accounts payable	(7,949)	13,319
Increase (decrease) in accrued salaries and other payroll liabilities	2,005	0
	<hr/>	<hr/>
Total adjustments	162,459	171,812
Net cash provided (used) by operating activities	<hr/> <b>\$ 116,607</b>	<hr/> <b>\$ 165,576</b>



**TOWN OF TYRONE, GEORGIA**  
**SANITATION ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**June 30, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 500,675	\$ 425,048
Accounts receivable (net)	934	1,285
Prepaid Items	726	0
	502,335	426,333
<b>Total assets</b>		
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables		
Accounts	27,494	26,806
Intergovernmental	0	24
Accrued salaries and payroll liabilities	1,670	0
Unearned revenue	79,038	51,634
	108,202	78,464
<b>Total liabilities</b>		
<b>NET POSITION</b>		
Unrestricted	\$ 394,133	\$ 347,869

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

	<u>2016</u>	<u>2015</u>
<b>OPERATING REVENUES</b>		
Sanitation fees	\$ 408,825	\$ 364,684
<b>Total operating revenues</b>	<u>408,825</u>	<u>364,684</u>
<b>OPERATING EXPENSES</b>		
Costs of sales and services	304,422	257,935
Personal services	58,139	49,261
<b>Total operating expenses</b>	<u>362,561</u>	<u>307,196</u>
Change in net position	46,264	57,488
Net position, July 1	<u>347,869</u>	<u>290,381</u>
<b>Net position, June 30</b>	<u>\$ 394,133</u>	<u>\$ 347,869</u>

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

	<u>2016</u>	<u>2015</u>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 436,580	\$ 370,713
Payments to suppliers	(304,484)	(251,940)
Payments to employees	(56,469)	(49,261)
	<u>75,627</u>	<u>69,512</u>
Net cash provided (used) by operating activities		
	75,627	69,512
Cash and cash equivalents, July 1	<u>425,048</u>	<u>355,536</u>
<b>Cash and cash equivalents, June 30</b>	<u><u>\$ 500,675</u></u>	<u><u>\$ 425,048</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	<u>\$ 46,264</u>	<u>\$ 57,488</u>
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
(Increase) decrease in accounts receivable	351	1,920
(Increase) decrease in prepaid items	(726)	0
Increase (decrease) in accounts payable	664	5,995
Increase (decrease) in unearned revenue	27,404	4,109
Increase (decrease) in accrued salaries and other payroll liabilities	1,670	0
	<u>29,363</u>	<u>12,024</u>
Total adjustments		
	29,363	12,024
Net cash provided by operating activities	<u><u>\$ 75,627</u></u>	<u><u>\$ 69,512</u></u>

This page intentionally left blank.

## ***AGENCY FUND***

Agency funds are used to account for assets held by the Town 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 LIABILITIES**  
**June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and cash equivalents	<u>\$ 29,183</u>	<u>\$ 17,161</u>
 <b>LIABILITIES</b>		
Due to other agencies	<u>\$ 29,183</u>	<u>\$ 17,161</u>

**TOWN OF TYRONE, GEORGIA**  
**MUNICIPAL ESCROW AGENCY FUND**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
*For the fiscal year ended June 30, 2016*

	<b>Balance July 1</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 17,161	\$ 491,101	\$ (479,079)	\$ 29,183
 <b>LIABILITIES</b>				
Due to other agencies	\$ 17,161	\$ 491,101	\$ (479,079)	\$ 29,183

This page intentionally left blank.



***OTHER REPORTING SECTION***

This page intentionally left blank.

**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, 2016, 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 27, 2016.

**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 2016-001**

*Condition:* The Town has an adopted 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 elimination of the Accounting Technician position in fiscal year 2013, there is no longer segregation between the duties of approving and posting journal entries. All journal entries reviewed during audit procedures appeared appropriate.

## Comment 2016-001, continued

*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 no instances of noncompliance or other matters that is required to be reported under *Governmental Auditing Standards*.

## 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 27, 2016

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

<u>Project</u>	<u>Estimated Cost *</u>		<u>Expenditures</u>		
	<u>Original</u>	<u>Current</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<b>2005 SPLOST</b>					
Road, Street and Bridge Purposes	\$ 1,491,083	\$ 1,491,083			
Silverthorne Resurface			\$ 28,890	\$ 0	\$ 28,890
74 Right Turn Lane			3,750	233	3,983
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			263,700	0	263,700
Total SPLOST	<u>\$ 1,491,083</u>	<u>\$ 1,491,083</u>	<u>\$ 1,257,219</u>	<u>\$ 233</u>	<u>\$ 1,257,452</u>

\* 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.