



TOWN OF TYRONE, GEORGIA

Annual Financial Report

For the fiscal year ended June 30, 2015

Prepared by:

Department of Finance

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TOWN OF TYRONE, GEORGIA
ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2015

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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, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the and the aggregate remaining fund information of the Town of Tyrone, Georgia, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information on pages 43 through 46, 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 as a whole. 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, 2014. In our report dated December 23, 2014, 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 2014 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 2014 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 2014 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 2014 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 22, 2015, 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 22, 2015

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BASIC FINANCIAL STATEMENTS

TOWN OF TYRONE, GEORGIA
STATEMENT OF NET POSITION
June 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 4,662,018	\$ 1,704,189	\$ 6,366,207
Restricted assets			
Cash and cash equivalents	23,273	0	23,273
Certificates of deposit	1,715,852	0	1,715,852
Receivables (net)			
Accounts	57,231	38,629	95,860
Taxes	141,714	0	141,714
Intergovernmental	1,338,249	0	1,338,249
Prepaid items	119,931	0	119,931
Total current assets	<u>8,058,268</u>	<u>1,742,818</u>	<u>9,801,086</u>
Noncurrent assets			
Capital assets			
Non-depreciable	4,367,769	0	4,367,769
Depreciable (net)	4,921,310	1,016,197	5,937,507
Total noncurrent assets	<u>9,289,079</u>	<u>1,016,197</u>	<u>10,305,276</u>
Total assets	<u>17,347,347</u>	<u>2,759,015</u>	<u>20,106,362</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions subsequent to the measurement date	59,332	0	59,332
LIABILITIES			
Current liabilities			
Payables			
Accounts	1,539,878	58,038	1,597,916
Retainages	265,127	0	265,127
Intergovernmental	24	24	48
Interest	4,007	0	4,007
Other	20	0	20
Accrued salaries and expenses	39,957	0	39,957
Compensated absences	31,612	0	31,612
Unearned revenue	2,945	51,634	54,579
Capital lease	32,382	0	32,382
Notes payable	71,439	0	71,439
Total current liabilities	<u>1,987,391</u>	<u>109,696</u>	<u>2,097,087</u>
Noncurrent liabilities			
Compensated absences	3,513	0	3,513
Net pension liability	284,673	0	284,673
Capital lease	28,665	0	28,665
Notes payable	2,339,352	0	2,339,352
Total noncurrent liabilities	<u>2,656,203</u>	<u>0</u>	<u>2,656,203</u>
Total liabilities	<u>4,643,594</u>	<u>109,696</u>	<u>4,753,290</u>

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

TOWN OF TYRONE, GEORGIA
STATEMENT OF NET POSITION
June 30, 2015

	Primary Government		Total
	Governmental Activities	Business-type Activities	
DEFERRED INFLOWS OF RESOURCES			
Pension assumption changes	\$ 4,371	\$ 0	\$ 4,371
Pension experience differences	36,948	0	36,948
Pension investment return	41,004	0	41,004
Total deferred inflows of resources	82,323	0	82,323
NET POSITION			
Net investment in capital assets	6,552,114	1,016,197	7,568,311
Restricted for:			
Public Safety	454,696	0	454,696
Public Works	70,000	0	70,000
Culture and recreation	3,537	0	3,537
Unrestricted	5,600,415	1,633,122	7,233,537
Total net position	\$ 12,680,762	\$ 2,649,319	\$ 15,330,081

TOWN OF TYRONE, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2015

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities					
General Government	\$ 521,617	\$ 1,434	\$ 10,879	\$ 0	\$ (509,304)
Judicial	147,601	0	0	0	(147,601)
Public Safety	1,344,399	602,368	60	0	(741,971)
Public Works	716,143	0	0	148,656	(567,487)
Culture and Recreation	590,562	36,510	0	25,000	(529,052)
Housing and Development	209,068	124,196	0	0	(84,872)
Total governmental activities	<u>3,529,390</u>	<u>764,508</u>	<u>10,939</u>	<u>173,656</u>	<u>(2,580,287)</u>
Business-type activities					
Sewer Utility	369,819	363,583	0	0	(6,236)
Sanitation	307,196	364,684	0	0	57,488
Total business-type activities	<u>677,015</u>	<u>728,267</u>	<u>0</u>	<u>0</u>	<u>51,252</u>
Total primary government	<u>4,206,405</u>	<u>1,492,775</u>	<u>10,939</u>	<u>173,656</u>	<u>(2,529,035)</u>

Change in net position	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Net (expense) revenue	\$ (2,580,287)	\$ 51,252	\$ (2,529,035)
General revenues			
Taxes			
Property	1,086,835	0	1,086,835
Sales	1,176,840	0	1,176,840
Franchise	497,199	0	497,199
Insurance premium	375,520	0	375,520
Occupational	127,944	0	127,944
Alcoholic beverage	104,351	0	104,351
Intangibles	15,298	0	15,298
Other	5,517	0	5,517
Interest and investment earnings	28,931	0	28,931
Other	28,168	0	28,168
Gain on sale of assets	19,515	0	19,515
Total general revenues	<u>3,466,118</u>	<u>0</u>	<u>3,466,118</u>
Change in net position	<u>885,831</u>	<u>51,252</u>	<u>937,083</u>
Net position - beginning (original)	12,120,291	2,598,067	14,718,358
Prior period adjustments	<u>(325,360)</u>	<u>0</u>	<u>(325,360)</u>
Net position - beginning (restated)	<u>11,794,931</u>	<u>2,598,067</u>	<u>14,392,998</u>
Net position - ending	<u>\$ 12,680,762</u>	<u>\$ 2,649,319</u>	<u>\$ 15,330,081</u>

TOWN OF TYRONE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General	Nonmajor Governmental Funds	Total
ASSETS			
Cash and cash equivalents	\$ 4,239,270	\$ 422,748	\$ 4,662,018
Restricted assets			
Cash	23,273	0	23,273
Certificates of deposit	1,715,852	0	1,715,852
Receivables (net)			
Accounts	57,231	0	57,231
Taxes	141,714	0	141,714
Intergovernmental	1,338,249	0	1,338,249
Prepaid items	119,931	0	119,931
	<u>\$ 7,635,520</u>	<u>\$ 422,748</u>	<u>\$ 8,058,268</u>
Total assets	\$ 7,635,520	\$ 422,748	\$ 8,058,268
LIABILITIES			
Payables			
Accounts	\$ 1,539,878	\$ 0	\$ 1,539,878
Retainages	265,127	0	265,127
Intergovernmental	24	0	24
Other	20	0	20
Accrued salaries and payroll liabilities	39,957	0	39,957
Unearned revenue	2,945	0	2,945
	<u>1,847,951</u>	<u>0</u>	<u>1,847,951</u>
Total liabilities	1,847,951	0	1,847,951
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues - property taxes	12,004	0	12,004
	<u>12,004</u>	<u>0</u>	<u>12,004</u>
FUND BALANCES			
Nonspendable prepaids	119,931	0	119,931
Restricted for:			
Public Safety	31,948	422,748	454,696
Public Works	70,000	0	70,000
Culture and Recreation	3,537	0	3,537
Assigned for:			
Culture and Recreation	7,642	0	7,642
Unassigned	5,542,507	0	5,542,507
	<u>5,775,565</u>	<u>422,748</u>	<u>6,198,313</u>
Total fund balances	5,775,565	422,748	6,198,313
Total liabilities, deferred inflows, and fund balances	\$ 7,635,520	\$ 422,748	\$ 8,058,268

TOWN OF TYRONE, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
June 30, 2015

Total fund balance - total governmental funds \$ 6,198,313

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	9,289,079
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Long term assets (receivables) are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the funds.

These are:

Property taxes	12,004
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds. These are:

Deferred outflows of resources:

Pension contributions subsequent to measurement date	\$ 59,332
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Deferred inflows of resources:

Pension assumption changes	(4,371)	
Pension experience differences	(36,948)	
Pension investment return differences	(41,004)	(22,991)
	(41,004)	

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

These are:

Net pension liability	(284,673)	
Capital leases	(61,047)	
Notes payable	(2,410,791)	
Interest payable	(4,007)	
Compensated absences	(35,125)	(2,795,643)
	(35,125)	

Net position of governmental activities	\$ <u><u>12,680,762</u></u>
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TOWN OF TYRONE, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2015

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
REVENUES			
Taxes	\$ 3,366,421	\$ 0	\$ 3,366,421
Licenses and permits	156,710	0	156,710
Fines, fees and forfeitures	313,128	265,972	579,100
Charges for services	59,729	0	59,729
Intergovernmental	159,140	218	159,358
Interest	27,337	1,686	29,023
Contributions	25,150	0	25,150
Other	28,553	0	28,553
Total revenues	<u>4,136,168</u>	<u>267,876</u>	<u>4,404,044</u>
EXPENDITURES			
Current			
General Government	612,529	0	612,529
Judicial	147,304	0	147,304
Public Safety	1,223,997	11,033	1,235,030
Public Works	3,679,991	0	3,679,991
Culture and Recreation	443,065	0	443,065
Housing and Development	201,898	0	201,898
Capital outlay	0	23,819	23,819
Total expenditures	<u>6,308,784</u>	<u>34,852</u>	<u>6,343,636</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,172,616)</u>	<u>233,024</u>	<u>(1,939,592)</u>
Other financing sources (uses)			
Transfers in (out)			
Transfers in	0	4,365	4,365
Transfers out	(4,365)	0	(4,365)
Issuance of long-term debt	2,471,838	0	2,471,838
Sales of capital assets	19,515	0	19,515
Total other financing sources (uses)	<u>2,486,988</u>	<u>4,365</u>	<u>2,491,353</u>
Net change in fund balances	314,372	237,389	551,761
Fund balances, July 1	<u>5,461,193</u>	<u>185,359</u>	<u>5,646,552</u>
Fund balances, June 30	<u>\$ 5,775,565</u>	<u>\$ 422,748</u>	<u>\$ 6,198,313</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, 2015

Net change in fund balances - total governmental funds \$ 551,761

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	\$ 3,261,330	
Depreciation	<u>(390,725)</u>	2,870,605

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	(259,787)	
Related accumulated depreciation	<u>197,479</u>	(62,308)

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. (8,335)

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	79,110	
Cost of benefits earned net of employee contributions	<u>(61,415)</u>	17,695

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	(2,471,838)	
Net change in interest payable	<u>(4,007)</u>	(2,475,845)

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>(7,742)</u>	<u>(7,742)</u>
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Change in net position of governmental activities \$ 885,831

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, 2015

	Budget		Actual	Variance with
	Original	Final		Final Budget
REVENUES				
Taxes	\$ 2,776,210	\$ 2,776,210	\$ 3,366,421	\$ 590,211
Licenses and permits	87,050	86,550	156,710	70,160
Fines, fees and forfeitures	215,529	180,200	313,128	132,928
Charges for services	42,100	57,573	59,729	2,156
Intergovernmental	100,785	11,300	159,140	147,840
Interest	10,000	10,000	27,337	17,337
Contributions	105,180	180	25,150	24,970
Other	18,173	38,529	28,553	(9,976)
Total revenues	3,355,027	3,160,542	4,136,168	975,626
EXPENDITURES				
Current				
General Government				
Administration	576,581	612,839	612,529	310
Judicial				
Municipal Court	152,155	147,655	147,304	351
Public Safety				
Public Safety	1,354,621	1,224,075	1,223,997	78
Public Works				
Public Works	472,923	3,684,137	3,679,991	4,146
Culture and Recreation				
Library	206,035	200,505	200,496	9
Parks and Recreation	172,272	224,513	224,142	371
Founders Day	22,890	18,590	18,427	163
Shamrock Park	51	0	0	0
Housing and Development				
Code Enforcement	192,860	146,206	146,123	83
Environmental	77,425	55,925	55,775	150
Total expenditures	3,227,813	6,314,445	6,308,784	5,661
Excess (deficiency) of revenues over (under) expenditures	127,214	(3,153,903)	(2,172,616)	981,287
Other financing sources (uses)				
Transfers in (out)				
Transfers (out)	0	(4,365)	(4,365)	0
Issuance of long-term debt	0	2,471,838	2,471,838	0
Sale of capital assets	0	0	19,515	19,515
Contingency	(127,214)	(122,850)	0	122,850
Total other financing sources (uses)	(127,214)	2,344,623	2,486,988	142,365
Net change in fund balances	0	(809,280)	314,372	1,123,652
Fund balances, July 1	0	809,280	5,461,193	4,651,913
Fund balances, June 30	\$ 0	\$ 0	\$ 5,775,565	\$ 5,775,565

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

TOWN OF TYRONE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015

	<u>Business-Type Activities</u>		<u>Totals</u>
	<u>Sewer</u>	<u>Sanitation</u>	
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,279,141	\$ 425,048	\$ 1,704,189
Accounts receivable (net)	37,344	1,285	38,629
Total current assets	1,316,485	426,333	1,742,818
Noncurrent assets			
Capital assets			
Depreciable (net)	1,016,197	0	1,016,197
Total assets	<u>2,332,682</u>	<u>426,333</u>	<u>2,759,015</u>
LIABILITIES			
Current liabilities			
Payables			
Accounts	31,232	26,806	58,038
Intergovernmental	0	24	24
Unearned revenue	0	51,634	51,634
Total current liabilities	31,232	78,464	109,696
NET POSITION			
Investment in capital assets	1,016,197	0	1,016,197
Unrestricted	1,285,253	347,869	1,633,122
Total net position	<u>\$ 2,301,450</u>	<u>\$ 347,869</u>	<u>\$ 2,649,319</u>

TOWN OF TYRONE, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2015

	Business-Type Activities		Totals
	Sewer	Sanitation	
OPERATING REVENUES			
Charges for sales and services	\$ 363,583	\$ 364,684	\$ 728,267
Total operating revenue	<u>363,583</u>	<u>364,684</u>	<u>728,267</u>
OPERATING EXPENSES			
Costs of sales and services	160,762	257,935	418,697
Personal services	43,667	49,261	92,928
Depreciation	165,390	0	165,390
Total operating expenses	<u>369,819</u>	<u>307,196</u>	<u>677,015</u>
Operating income (loss)	(6,236)	57,488	51,252
Net position, July 1	<u>2,307,686</u>	<u>290,381</u>	<u>2,598,067</u>
Net position, June 30	<u><u>\$ 2,301,450</u></u>	<u><u>\$ 347,869</u></u>	<u><u>\$ 2,649,319</u></u>

TOWN OF TYRONE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2015

	Business-Type Activities		Totals
	Sewer	Sanitation	
Cash flows from operating activities:			
Receipts from customers	\$ 356,686	\$ 370,713	\$ 727,399
Payments to suppliers	(147,443)	(251,940)	(399,383)
Payments to employees	(43,667)	(49,261)	(92,928)
Net cash provided (used) by operating activities	165,576	69,512	235,088
Cash and cash equivalents, July 1	1,113,565	355,536	1,469,101
Cash and cash equivalents, June 30	\$ 1,279,141	\$ 425,048	\$ 1,704,189
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (6,236)	\$ 57,488	\$ 51,252
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	165,390	0	165,390
(Increase) decrease in accounts receivable	(6,897)	1,920	(4,977)
Increase (decrease) in accounts payable	13,319	5,995	19,314
Increase (decrease) in unearned revenue	0	4,109	4,109
Total adjustments	171,812	12,024	183,836
Net cash provided (used) by operating activities	\$ 165,576	\$ 69,512	\$ 235,088

TOWN OF TYRONE, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2015

	<u>Municipal Escrow Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ <u>17,161</u>
LIABILITIES	
Due to other agencies	\$ <u><u>17,161</u></u>

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

TOWN OF TYRONE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

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, 2015.

TOWN OF TYRONE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

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, 2015

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, 2015

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, 2015

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, 2015

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, 2015

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, 2015

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, 2015, 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, 2015

2. Summary of Significant Accounting Policies (continued)

K. Capital Assets, continued

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

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

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

All land will be valued and capitalized.

The costs of normal maintenance and repairs that do not add value or materially extend the life of the asset are charged to operations as incurred. Costs of major additions and improvements are capitalized.

L. Deferred Outflows/Inflows of Resources

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

TOWN OF TYRONE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

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, 2015

2. Summary of Significant Accounting Policies (continued)

N. Long-Term Obligations, continued

In the fund financial statements, governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financial sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

O. Capital Contributions

Federal, state and local government assistance in the form of grants that are permanent in nature and restricted for the construction or acquisition of specific property and equipment is recorded as an asset and as non-operating revenue.

P. Fund Balances – Governmental Funds

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

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at June 30, 2015, 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, 2015

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, 2015

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 2014 amounts have been reclassified to conform with the 2015 presentation.

TOWN OF TYRONE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

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 has no formal policy, but follows the State of Georgia requirement that all deposits be federally insured or fully collateralized.

Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State of Georgia law limits investments to include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia, pooled investment programs of the State of Georgia, and no-load mutual funds of direct obligations of the United States. The Town has no investment policy that would further limit its investment choices. Investments are reported at fair value.

Concentration of Credit Risk

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

Foreign currency risk

The Town has no investments denominated in a foreign currency.

TOWN OF TYRONE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

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 Royston Employees' Pension Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

3. Deposit and Investment Risk

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the Town's deposits may not be returned. The Town has no formal policy, but follows the State of Georgia requirement that all deposits be federally insured or fully collateralized.

Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State of Georgia law limits investments to include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia, pooled investment programs of the State of Georgia, and no-load mutual funds of direct obligations of the United States. The Town has no investment policy that would further limit its investment choices. Investments are reported at fair value.

Concentration of Credit Risk

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

Foreign currency risk

The Town has no investments denominated in a foreign currency.

TOWN OF TYRONE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

4. Accounts Receivable

Net accounts receivable at June 30, 2015 consist of the following:

Major Funds			
General Fund		\$	57,231
Enterprise Funds			
Sewer	\$	37,344	
Sanitation		47,701	
Less: Allowance for Uncollectibles		(46,416)	38,629
Total Primary Government			\$ 95,860

5. Taxes Receivable

Taxes receivable as of June 30, 2015 consist of property taxes for seven years as follows:

Year of Levy	Amount
2014	\$ 10,299
2013	3,439
2012	1,224
2011	766
2010	3,508
2009	5,400
2008	6,779
	31,415
Less allowance for uncollectible	(18,291)
	13,124
Add amount due from Fayette County Tax Commissioner	23,497
Total	\$ 36,621

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 2015, based upon the assessments of January 1, 2014, were billed on September 5, 2014 and due on November 15, 2014. Tax liens are issued 90 days after the due date. The tax rate of 2.889 mills for fiscal year 2015 was levied on August 29, 2014.

Other Taxes

\$105,093 of sales taxes are included in taxes receivable.

TOWN OF TYRONE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

6. Capital Assets

Capital asset activity for the primary government for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Non-depreciable assets				
Land	\$1,418,614	\$0	\$0	\$1,418,614
Construction in progress	271,048	3,017,335	(339,228)	2,949,155
Total nondepreciable assets	<u>1,689,662</u>	<u>3,017,335</u>	<u>(339,228)</u>	<u>4,367,769</u>
Depreciable assets				
Buildings	2,193,020	135,435	(35,971)	2,292,484
Infrastructure	1,525,690	217,146	0	1,742,836
Improvements other than buildings	1,701,467	0	0	1,701,467
Library collections	646,604	16,449	(10,000)	653,053
Vehicles and equipment	1,465,037	214,193	(213,816)	1,465,414
Total depreciable assets	<u>7,531,818</u>	<u>583,223</u>	<u>(259,787)</u>	<u>7,855,254</u>
Accumulated depreciation				
Buildings	(447,257)	(47,597)	11,297	(483,557)
Infrastructure	(379,421)	(88,183)	0	(467,604)
Improvements other than buildings	(752,483)	(95,910)	0	(848,393)
Library collections	(284,692)	(31,547)	10,000	(306,239)
Vehicles and equipment	(876,845)	(127,488)	176,182	(828,151)
Total accumulated depreciation	<u>(2,740,698)</u>	<u>(390,725)</u>	<u>197,479</u>	<u>(2,933,944)</u>
Total depreciable assets, net	<u>4,791,120</u>	<u>192,498</u>	<u>(62,308)</u>	<u>4,921,310</u>
Governmental activities capital assets, net	<u><u>\$6,480,782</u></u>	<u><u>\$3,209,833</u></u>	<u><u>(\$401,536)</u></u>	<u><u>\$9,289,079</u></u>
Business-type activities				
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	(380,076)	(33,135)	0	(413,211)
Intangibles	(898,630)	(131,734)	0	(1,030,364)
Equipment	(3,944)	(521)	0	(4,465)
Total accumulated depreciation	<u>(1,282,650)</u>	<u>(165,390)</u>	<u>0</u>	<u>(1,448,040)</u>
Total depreciable assets, net	<u>1,181,587</u>	<u>(165,390)</u>	<u>0</u>	<u>1,016,197</u>
Business-type activities capital assets, net	<u><u>\$1,181,587</u></u>	<u><u>(\$165,390)</u></u>	<u><u>\$0</u></u>	<u><u>\$1,016,197</u></u>

TOWN OF TYRONE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

6. Capital Assets (continued)

Primary Government

Governmental activities

General Government	\$	11,771
Judicial		628
Public Safety		88,818
Public Works		71,244
Culture and Recreation		209,878
Housing and Development		8,386
		8,386

Total depreciation expense for governmental activities	\$	390,725
		390,725

Business-type activities

Sewer	\$	165,390
Sanitation		0
		0

Total depreciation expense for business-type activities	\$	165,390
		165,390

7. Interfund Transfers

A summary of interfund transfers is as follows:

<u>Transfer Out Fund</u>	<u>Transfer In Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 4,365
		4,365

Interfund transfers are used to 1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, and 2) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business-type fund group.

8. Capital 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, 2015 are \$61,047 for the governmental activities.

TOWN OF TYRONE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

8. Capital and Operating Lease Agreements (continued)

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, 2015:

<u>Year Ending June 30,</u>	<u>Business-type Activities</u>
2016	\$ 32,382
2017	32,382
Total minimum lease payments	64,764
Less amounts representing interest	<u>(3,717)</u>
Present value of minimum lease payments	<u>\$ 61,047</u>

Total assets leased under capital leases are classified as follows:

	<u>Governmental Activities</u>	
	<u>Cost</u>	<u>Accumulated Depreciation</u>
Public safety equipment	<u>\$ 71,547</u>	<u>\$ 7,155</u>

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% (\$2,410,791 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).

TOWN OF TYRONE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

9. Long-term Liabilities (continued)

Notes Payable

Annual debt service requirements for notes payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 71,439	\$ 24,682	\$ 96,121
2017	135,753	56,873	192,626
2018	139,158	53,467	192,625
2019	142,649	49,977	192,626
2020	146,227	46,399	192,626
2021-2025	788,031	175,101	963,132
2026-2030	891,949	71,183	963,132
2031	95,585	923	96,508
Totals	<u>\$ 2,410,791</u>	<u>\$ 478,605</u>	<u>\$ 2,889,396</u>

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities of the Town for year ended June 30, 2015:

	June 30, 2014	Additions	Deductions	June 30, 2015	Due Within One Year
Governmental activities					
Capital lease obligations	\$ 0	\$ 61,047	\$ 0	\$ 61,047	\$ 32,382
Notes payable	0	2,410,791	0	2,410,791	71,439
Compensated absences	27,383	32,388	24,646	35,125	31,612
Total governmental activities	<u>\$ 27,383</u>	<u>\$ 2,504,226</u>	<u>\$ 24,646</u>	<u>\$ 2,506,963</u>	<u>\$ 135,433</u>

Total interest expense in the governmental activities for the fiscal ended June 30, 2015 was \$4,007.

TOWN OF TYRONE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

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, 2015:

	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
Restricted for:			
Public Safety			
Fire services and equipment	\$ 31,948	\$ 0	\$ 31,948
Police equipment	0	422,748	422,748
Public Works			
Local road projects	70,000	0	70,000
Culture and Recreation			
Shamrock Park	3,537	0	3,537
	<u>\$ 105,485</u>	<u>\$ 422,748</u>	<u>\$ 528,233</u>
Assigned for:			
Culture and Recreation			
Founder's Day	<u>\$ 7,642</u>	<u>\$ 0</u>	<u>\$ 7,642</u>

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.

TOWN OF TYRONE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

11. Pension Plan (continued)

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, 2015, the date of the most recent actuarial valuation, there were 60 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	10
Terminated vested participants entitled to but not yet receiving benefits	19
Active participants	31
Total number of participants	60

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.

TOWN OF TYRONE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

11. Pension Plan (continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At June 30, 2015, the Town reported a net pension liability of \$284,673. The net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2015. For the fiscal year ended June 30, 2015, the Town recognized pension expense in the amount of \$61,414.

At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ (36,948)
Changes of assumptions	0	(4,371)
Net difference between projected and actual earnings on pension plan investments	0	(41,004)
City contributions subsequent to the measurement date	59,332	0
Totals	\$ 59,332	\$ (82,323)

The \$59,332 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, 2016. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30			
2016	\$	20,581	
2017		20,581	
2018		20,581	
2019		20,580	
Totals	\$	82,323	

TOWN OF TYRONE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

11. Pension Plan (continued)

Actuarial Assumptions. The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Projected salary increases	3.25% plus service based merit increases
Cost of living adjustments	0.00%
Net investment rate of return	7.75%

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

The mortality and economic actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the period of January 1, 2010 through June 30, 2014.

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2014 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>		

TOWN OF TYRONE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

11. Pension Plan (continued)

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

Changes in Net Pension Liability

	Total Pension Liability (Asset)	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balances at 9/30/13	\$ 1,786,498	\$ 1,399,774	\$ 386,724
Changes for the year:			
Service cost	48,292	0	48,292
Interest	136,273	0	136,273
Differences between expected and actual experience	(46,186)	0	(46,186)
Changes of assumptions		0	0
Changes of benefits	0		0
Contributions—employer	0	81,141	(81,141)
Contributions—employee	0	0	0
Net investment income	0	160,444	(160,444)
Benefit payments, including refunds of employee contributions	(56,285)	(56,285)	0
Administrative expense	0	(6,621)	6,621
Other changes	(5,466)	0	(5,466)
Net changes	76,628	178,679	(102,051)
Balances at 9/30/14	\$ 1,863,126	\$ 1,578,453	\$ 284,673

TOWN OF TYRONE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

11. Pension Plan (continued)

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

	<u>Discount Rate</u>	<u>Net Pension Liability (Asset)</u>
1% decrease	6.75%	\$ 587,881
Current discount rate	7.75%	284,673
1% increase	8.75%	39,295

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

Other Plans

In addition to the plan above, various 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, 2015, 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, 2015

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, 2015, 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, 2015

14. Commitments and Contingencies

Commitments

The Town has active construction projects as of June 30, 2015. At fiscal year end, the Town's commitments with contractors are as follows:

Project	Amount Expended to Date	Remaining Commitment
Senoia and Castlewood Road Repavement	\$ 2,846,510	\$ 426,511

Contingencies

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

15. Changes in Beginning Balances

Governmental Activities

A prior period adjustment has been made to record a net pension liability and deferred outflows of resources at June 30, 2014. This adjustment was required with the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This adjustment decreased beginning net position by \$325,360.

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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, 2015
(Unaudited)

	Fiscal Year End
	2015
Total pension liability	
Service cost	\$ 48,292
Interest	136,273
Differences between expected and actual experience	(46,186)
Changes of assumptions	0
Changes of benefit terms	0
Benefit payments, including refunds of employee contributions	(56,285)
Other	(5,466)
	76,628
Net change in total pension liability	76,628
Total pension liability - beginning	1,786,498
	\$ 1,863,126
 Plan fiduciary net position	
Contributions - employer	\$ 81,141
Contributions - employee	0
Net investment income	160,444
Benefit payments, including refunds of employee contributions	(56,285)
Administrative expense	(6,621)
Other	0
	178,679
Net change in total pension liability	178,679
Plan fiduciary net position - beginning	1,399,774
	\$ 1,578,453
 Net pension liability (asset) - ending : (a) - (b)	\$ 284,673
 Plan's fiduciary net position as a percentage of the total pension liability	84.72%
 Covered-employee payroll	\$ 1,181,282
 Net pension liability as a percentage of covered-employee payroll	24.10%

Note: Fiscal year 2015 was the first year of implementation. Therefore, only one year is shown.

TOWN OF TYRONE, GEORGIA
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
June 30, 2015
(Unaudited)

	Fiscal Year End
	2015
Actuarially determined contribution	\$ 70,208
Contributions in relation to the actuarially determined contribution	(70,208)
	0
Contribution deficiency (excess)	\$ 0
Covered-employee payroll	\$ 1,181,282
Contributions as a percentage of covered-employee payroll	5.94%

Note: Fiscal year 2015 was the first year of implementation. Therefore, only one year is shown.

TOWN OF TYRONE, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015
(Unaudited)

1. Valuation Date

The actuarially determined contribution rate was determined as of January 1, 2015, 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, 2016.

2. Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method = Projected unit credit

Amortization method = Closed level dollar for remaining unfunded liability

Remaining amortization period = Remaining amortization period varies for the bases, with a net effective amortization period of 17 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.

TOWN OF TYRONE, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015
(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

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COMBINING STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS

**TOWN OF TYRONE, GEORGIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2015**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
	Confiscated Assets	2005 SPLOST	
ASSETS			
Cash and cash equivalents	\$ 422,748	\$ 0	\$ 422,748
LIABILITIES			
Accounts payable	\$ 0	\$ 0	\$ 0
FUND BALANCES			
Restricted for:			
Public Safety	422,748	0	422,748
Total liabilities and fund balances	\$ 422,748	\$ 0	\$ 422,748

TOWN OF TYRONE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2015

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Confiscated Assets</u>	<u>2005 SPLOST</u>	
REVENUES			
Fees, fines and forfeitures	\$ 265,972	\$ 0	\$ 265,972
Intergovernmental	0	218	218
Interest	1,594	92	1,686
	<u>267,566</u>	<u>310</u>	<u>267,876</u>
EXPENDITURES			
Current			
Public Safety	11,033	0	11,033
Capital outlay	0	23,819	23,819
	<u>11,033</u>	<u>23,819</u>	<u>34,852</u>
Excess (deficiency) of revenues over (under) expenditures before transfers	256,533	(23,509)	233,024
Other financing sources (uses)			
Transfers in (out)			
General Fund	0	4,365	4,365
	<u>0</u>	<u>4,365</u>	<u>4,365</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	256,533	(19,144)	237,389
Fund balances, July 1	166,215	19,144	185,359
	<u>166,215</u>	<u>19,144</u>	<u>185,359</u>
Fund balances, June 30	<u>\$ 422,748</u>	<u>\$ 0</u>	<u>\$ 422,748</u>

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GENERAL FUND

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

TOWN OF TYRONE, GEORGIA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 4,239,270	\$ 3,322,157
Restricted assets		
Cash	23,273	27,404
Certificate of deposit	1,715,852	2,103,038
Receivables (net)		
Accounts	57,231	61,846
Taxes	141,714	120,008
Intergovernmental	1,338,249	11,777
Prepaid items	119,931	118,084
	<u>119,931</u>	<u>118,084</u>
Total assets	<u><u>\$ 7,635,520</u></u>	<u><u>\$ 5,764,314</u></u>
LIABILITIES		
Payables		
Accounts	\$ 1,539,878	\$ 185,035
Retainages	265,127	0
Intergovernmental	24	89
Other	20	0
Accrued salaries and payroll liabilities	39,957	31,479
Unearned revenue	2,945	66,179
	<u>2,945</u>	<u>66,179</u>
Total liabilities	<u>1,847,951</u>	<u>282,782</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	<u>12,004</u>	<u>20,339</u>
FUND BALANCES		
Nonspendable for prepaid items	119,931	118,084
Restricted for:		
Public Safety	31,948	8,754
Public Works	70,000	0
Culture and Recreation	3,537	3,597
Assigned for:		
Culture and Recreation	7,642	3,717
Unassigned	5,542,507	5,327,041
	<u>5,542,507</u>	<u>5,327,041</u>
Total fund balances	<u>5,775,565</u>	<u>5,461,193</u>
Total liabilities, deferred inflows, and fund balances	<u><u>\$ 7,635,520</u></u>	<u><u>\$ 5,764,314</u></u>

TOWN OF TYRONE, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
REVENUES		
Taxes	\$ 3,366,421	\$ 3,198,410
Licenses and permits	156,710	171,156
Fines, fees and forfeitures	313,128	253,807
Charges for services	59,729	53,705
Intergovernmental	159,140	203,097
Interest	27,337	4,829
Contributions	25,150	30
Other	28,553	38,742
Total revenues	<u>4,136,168</u>	<u>3,923,776</u>
EXPENDITURES		
Current		
General Government	612,529	796,794
Judicial	147,304	142,015
Public Safety	1,223,997	1,196,416
Public Works	3,679,991	533,705
Health and Welfare	0	1,655
Culture and Recreation	443,065	335,172
Housing and Development	201,898	227,786
Total expenditures	<u>6,308,784</u>	<u>3,233,543</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,172,616)</u>	<u>690,233</u>
Other financing sources (uses)		
Transfers in (out)		
2005 SPLOST Fund	(4,365)	0
Issuance of long-term debt	2,471,838	0
Sales of capital assets	19,515	7,926
Total other financing sources (uses)	<u>2,486,988</u>	<u>7,926</u>
Net change in fund balances	314,372	698,159
Fund balances, July 1	<u>5,461,193</u>	<u>4,763,034</u>
Fund balances, June 30	<u><u>\$ 5,775,565</u></u>	<u><u>\$ 5,461,193</u></u>

TOWN OF TYRONE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2015
(With comparative actual amounts for the fiscal year ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes				
General property taxes				
Property tax	\$ 820,410	\$ 865,960	\$ 45,550	\$ 835,362
Motor vehicle tax	110,000	229,211	119,211	258,542
Total general property taxes	<u>930,410</u>	<u>1,095,171</u>	<u>164,761</u>	<u>1,093,904</u>
Local option sales tax	900,000	1,176,840	276,840	1,112,122
Intangible tax	13,500	15,298	1,798	12,073
Franchise tax	459,500	497,199	37,699	470,034
Insurance premium tax	325,000	375,520	50,520	357,026
Beer and wine tax	50,000	73,512	23,512	57,018
Occupational tax	95,000	127,364	32,364	92,694
Transfer tax	2,800	5,517	2,717	3,539
Total taxes	<u>2,776,210</u>	<u>3,366,421</u>	<u>590,211</u>	<u>3,198,410</u>
Licenses and Permits				
Building permits	51,550	125,336	73,786	131,586
Other	35,000	31,374	(3,626)	39,570
Total licenses and permits	<u>86,550</u>	<u>156,710</u>	<u>70,160</u>	<u>171,156</u>
Fines, fees and forfeitures	<u>180,200</u>	<u>313,128</u>	<u>132,928</u>	<u>253,807</u>
Charges for Services				
Founders Day	24,100	21,065	(3,035)	15,797
Rents and royalties	7,973	8,549	576	7,309
Other	25,500	30,115	4,615	30,599
Total charges for services	<u>57,573</u>	<u>59,729</u>	<u>2,156</u>	<u>53,705</u>
Intergovernmental	<u>11,300</u>	<u>159,140</u>	<u>147,840</u>	<u>203,097</u>
Interest	<u>10,000</u>	<u>27,337</u>	<u>17,337</u>	<u>4,829</u>
Contributions	<u>180</u>	<u>25,150</u>	<u>24,970</u>	<u>30</u>
Other	<u>38,529</u>	<u>28,553</u>	<u>(9,976)</u>	<u>38,742</u>
Total revenues	<u><u>\$ 3,160,542</u></u>	<u><u>\$ 4,136,168</u></u>	<u><u>\$ 975,626</u></u>	<u><u>\$ 3,923,776</u></u>

TOWN OF TYRONE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2015
(With comparative actual amounts for the fiscal year ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
Current				
General Government				
Administration				
Personal services	\$ 250,806	\$ 251,588	\$ (782)	\$ 249,998
Contractual services	142,400	139,582	2,818	157,966
Materials and supplies	116,375	118,101	(1,726)	123,632
Capital outlay	103,258	103,258	0	265,198
Total Administration	612,839	612,529	310	796,794
Judicial				
Municipal Court				
Personal Services	105,577	105,263	314	100,202
Contractual services	38,618	38,604	14	39,954
Materials and supplies	3,460	3,437	23	1,859
Total Municipal Court	147,655	147,304	351	142,015
Public Safety				
Public Safety				
Personal services	1,017,121	1,005,967	11,154	989,623
Contractual services	83,300	82,153	1,147	85,752
Materials and supplies	90,200	98,136	(7,936)	105,525
Payments to other agencies	33,454	37,741	(4,287)	15,516
Total Public Safety	1,224,075	1,223,997	78	1,196,416
Public Works				
Public Works				
Personal services	146,288	154,617	(8,329)	160,348
Contractual services	151,250	156,215	(4,965)	162,043
Materials and supplies	39,400	25,677	13,723	21,293
Capital outlay	3,347,199	3,343,482	3,717	190,021
Total Public Works	3,684,137	3,679,991	4,146	533,705
Health and Welfare				
Shop with a Cop				
Materials and supplies	0	0	0	1,655

TOWN OF TYRONE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2015
(With comparative actual amounts for the fiscal year ended June 30, 2014)

	<u>2015</u>			<u>2014</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
Culture and Recreation				
Library				
Personal services	\$ 130,330	\$ 134,337	\$ (4,007)	\$ 118,964
Contractual services	18,575	17,497	1,078	14,720
Materials and supplies	51,600	48,662	2,938	41,014
Total Library	<u>200,505</u>	<u>200,496</u>	<u>9</u>	<u>174,698</u>
Parks and Recreation				
Personal services	64,662	65,024	(362)	61,929
Contractual services	69,085	72,625	(3,540)	35,645
Materials and supplies	48,106	43,833	4,273	40,423
Capital outlay	42,660	42,660	0	9,475
Total Parks and Recreation	<u>224,513</u>	<u>224,142</u>	<u>371</u>	<u>147,472</u>
Founders Day				
Personal services	3,200	3,104	96	3,097
Contractual services	13,870	13,834	36	9,156
Materials and supplies	1,520	1,489	31	689
Total Founders Day	<u>18,590</u>	<u>18,427</u>	<u>163</u>	<u>12,942</u>
Shamrock Park				
Materials and supplies	<u>0</u>	<u>0</u>	<u>0</u>	<u>60</u>
Total Culture and Recreation	<u>443,608</u>	<u>443,065</u>	<u>543</u>	<u>335,172</u>
Housing and Development				
Code Enforcement				
Personal services	46,036	44,072	1,964	43,467
Contractual services	98,600	100,984	(2,384)	102,490
Materials and supplies	1,570	1,067	503	1,227
Total Code Enforcement	<u>146,206</u>	<u>146,123</u>	<u>83</u>	<u>147,184</u>
Environmental				
Personal services	42,100	40,360	1,740	62,649
Contractual services	10,305	12,804	(2,499)	15,537
Materials and supplies	3,520	2,611	909	2,416
Total Code Environmental	<u>55,925</u>	<u>55,775</u>	<u>150</u>	<u>80,602</u>
Total Housing and Development	<u>202,131</u>	<u>201,898</u>	<u>233</u>	<u>227,786</u>
Total expenditures	<u><u>\$ 6,314,445</u></u>	<u><u>\$ 6,308,784</u></u>	<u><u>\$ 5,661</u></u>	<u><u>\$ 3,233,543</u></u>

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, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 422,748	\$ 166,215
 FUND BALANCES		
Restricted for Public Safety	\$ 422,748	\$ 166,215

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, 2015
(With comparative actual amounts for the fiscal year ended June 30, 2014)

	2015			2014
	Final Budget	Actual	Variance	Actual
REVENUES				
Fees, fines and forfeitures	\$ 101,500	\$ 265,972	\$ 164,472	\$ 12,370
Interest	0	1,594	1,594	0
Total revenues	101,500	267,566	166,066	12,370
EXPENDITURES				
Current				
Public Safety				
Personal services	5,000	0	5,000	0
Contract services	9,000	4,420	4,580	4,829
Materials and supplies	18,500	0	18,500	3,340
Capital outlay	72,500	6,613	65,887	32,053
Total expenditures	105,000	11,033	93,967	40,222
Excess (deficiency) of revenues over (under) expenditures	(3,500)	256,533	260,033	(27,852)
Fund balances, July 1	3,500	166,215	162,715	194,067
Fund balances, June 30	\$ 0	\$ 422,748	\$ 422,748	\$ 166,215

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CAPITAL PROJECTS FUND

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

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

TOWN OF TYRONE, GEORGIA
2005 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 0	\$ 86,992
 LIABILITIES		
Accounts payable	\$ 0	\$ 67,848
 FUND BALANCES		
Restricted for capital projects	0	19,144
Total liabilities and fund balances	\$ 0	\$ 86,992

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, 2015 and 2014

	2015	2014
REVENUES		
Intergovernmental	\$ 218	\$ 273
Interest	92	0
	310	273
Total revenues		
EXPENDITURES		
Capital outlay		
Public Works	23,819	166,288
	(23,509)	(166,015)
Excess (deficiency) of revenues over (under) expenditures before transfers		
Other financing sources (uses)		
Transfers in (out)		
General Fund	4,365	0
	(19,144)	(166,015)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses		
Fund balances, July 1	19,144	185,159
	\$ 0	\$ 19,144
Fund balances, June 30	\$ 0	\$ 19,144

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ENTERPRISE FUNDS

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

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

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

TOWN OF TYRONE, GEORGIA
SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,279,141	\$ 1,113,565
Accounts receivable (net)	37,344	30,447
	<u>1,316,485</u>	<u>1,144,012</u>
Total current assets		
Capital assets		
Machinery and equipment	25,990	25,990
Sewer system	1,123,066	1,123,066
Intangibles	1,315,788	1,315,788
Accumulated depreciation	<u>(1,448,647)</u>	<u>(1,283,257)</u>
	<u>1,016,197</u>	<u>1,181,587</u>
Total capital assets (net of accumulated depreciation)		
	<u>2,332,682</u>	<u>2,325,599</u>
Total assets		
LIABILITIES		
Current liabilities		
Accounts payable	<u>31,232</u>	<u>17,913</u>
NET POSITION		
Investment in capital assets	1,016,197	1,181,587
Unrestricted	<u>1,285,253</u>	<u>1,126,099</u>
	<u>\$ 2,301,450</u>	<u>\$ 2,307,686</u>
Total net position		

TOWN OF TYRONE, GEORGIA
SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the fiscal years ended June 30, 2015 and 2014

	2015	2014
OPERATING REVENUES		
Charges for sales and services	\$ 363,583	\$ 328,840
Total operating revenues	363,583	328,840
OPERATING EXPENSES		
Costs of sales and services	160,762	140,514
Personal services	43,667	21,954
Depreciation	165,390	152,803
Total operating expenses	369,819	315,271
Operating income (loss)	(6,236)	13,569
Net position, July 1	2,307,686	2,294,117
Net position, June 30	\$ 2,301,450	\$ 2,307,686

TOWN OF TYRONE, GEORGIA
SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Receipts from customers	\$ 356,686	\$ 327,480
Payments to suppliers	(147,443)	(142,978)
Payments to employees	(43,667)	(21,954)
	<u>165,576</u>	<u>162,548</u>
Net cash provided (used) by operating activities		
Cash flows from capital and related financing activities:		
Acquisition of capital assets	0	(3,409)
Payment of capital related accounts payable	0	(53,175)
	<u>0</u>	<u>(56,584)</u>
Net cash provided (used) by capital and related financing activities		
Cash and cash equivalents, July 1	<u>1,113,565</u>	<u>1,007,601</u>
Cash and cash equivalents, June 30	<u><u>\$ 1,279,141</u></u>	<u><u>\$ 1,113,565</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	<u>\$ (6,236)</u>	<u>\$ 13,569</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	165,390	152,803
(Increase) decrease in accounts receivable	(6,897)	(1,360)
(Increase) decrease in accounts payable	13,319	(2,464)
	<u>171,812</u>	<u>148,979</u>
Total adjustments		
Net cash provided (used) by operating activities	<u><u>\$ 165,576</u></u>	<u><u>\$ 162,548</u></u>

**TOWN OF TYRONE, GEORGIA
SANITATION ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 425,048	\$ 355,536
Accounts receivable (net)	1,285	3,205
	<u>426,333</u>	<u>358,741</u>
Total assets		
LIABILITIES		
Current liabilities		
Payables		
Accounts	26,806	20,835
Intergovernmental	24	0
Unearned revenue	51,634	47,525
	<u>78,464</u>	<u>68,360</u>
Total liabilities		
NET POSITION		
Unrestricted	<u>\$ 347,869</u>	<u>\$ 290,381</u>

TOWN OF TYRONE, GEORGIA
SANITATION ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the fiscal years ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
OPERATING REVENUES		
Sanitation fees	\$ 364,684	\$ 356,194
Total operating revenues	<u>364,684</u>	<u>356,194</u>
OPERATING EXPENSES		
Costs of sales and services	257,935	241,399
Personal services	49,261	38,438
Total operating expenses	<u>307,196</u>	<u>279,837</u>
Change in net position	57,488	76,357
Net position, July 1	<u>290,381</u>	<u>214,024</u>
Net position, June 30	<u><u>\$ 347,869</u></u>	<u><u>\$ 290,381</u></u>

TOWN OF TYRONE, GEORGIA
SANITATION ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Receipts from customers	\$ 370,713	\$ 361,457
Payments to suppliers	(251,940)	(240,540)
Payments to employees	(49,261)	(38,438)
	<hr/>	<hr/>
Net cash provided (used) by operating activities	69,512	82,479
Cash and cash equivalents, July 1	<hr/>	<hr/>
	355,536	273,057
Cash and cash equivalents, June 30	<u>\$ 425,048</u>	<u>\$ 355,536</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	<u>\$ 57,488</u>	<u>\$ 76,357</u>
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
(Increase) decrease in accounts receivable	1,920	(473)
Increase (decrease) in accounts payable	5,995	859
Increase (decrease) in unearned revenue	4,109	5,736
	<hr/>	<hr/>
Total adjustments	12,024	6,122
Net cash provided by operating activities	<u>\$ 69,512</u>	<u>\$ 82,479</u>

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AGENCY FUND

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

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

TOWN OF TYRONE, GEORGIA
MUNICIPAL ESCROW AGENCY FUND
COMPARATIVE STATEMENTS OF ASSETS AND LIABILITIES
June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 17,161	\$ 35,798
LIABILITIES		
Due to other agencies	<u>\$ 17,161</u>	<u>\$ 35,798</u>

TOWN OF TYRONE, GEORGIA
MUNICIPAL ESCROW AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the fiscal year ended June 30, 2015

	<u>Balance July 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30</u>
ASSETS				
Cash and cash equivalents	\$ 35,798	\$ 428,903	\$ (447,540)	\$ 17,161
LIABILITIES				
Due to other agencies	\$ 35,798	\$ 428,903	\$ (447,540)	\$ 17,161

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OTHER REPORTING SECTION

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

Honorable Mayor and
Members of the 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, 2015, 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 22, 2015.

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 15-1

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 posted to the general ledger for fiscal year 2015 were reviewed during audit procedures and appeared appropriate.

Comment 15-1, 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.

Comment 15-2

Condition: During audit procedures on Sanitation receivables, we noted 13 out of the 25 adjustments tested did not have evidence of proper approval. The Town's formal policy states that all adjustments to customer utility accounts should be approved by the Finance Manager. All customer account adjustments reviewed during the audit appeared appropriate.

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

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

Recommendation: The Town should adhere to its adopted approval procedures for adjustments to customer sanitation accounts.

Management Response: Management concurs with this finding. The Finance Manager will begin better enforcement of the Town's approval procedures. 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 22, 2015

TOWN OF TYRONE, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended June 30, 2015

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
2005 SPLOST					
Road, Street and Bridge Purposes	\$ 1,491,083	\$ 1,491,083			
Silverthorne Resurface			\$ 28,890	\$ 0	\$ 28,890
74 Right Turn Lane			3,750	0	3,750
Palmetto Road Resurface 2011			262,516	0	262,516
Senoia Road			206,453	0	206,453
Julie Road			108,570	0	108,570
Browns Hill Court			9,800	0	9,800
Anthony Drive			70,350	0	70,350
Whitney Court			13,914	0	13,914
Michael Road			54,310	0	54,310
Rollingbrook Trail			37,857	0	37,857
Crestwood Road			111,159	0	111,159
Shamrock Industrial Boulevard			85,950	0	85,950
Valleywood Park Drive East			244,246	19,454	263,700
Total SPLOST	<u>\$ 1,491,083</u>	<u>\$ 1,491,083</u>	<u>\$ 1,237,765</u>	<u>\$ 19,454</u>	<u>\$ 1,257,219</u>
Current year SPLOST expenditures				\$ 19,454	
Expenditures financed through other revenues				<u>4,365</u>	
Total expenditures of the 2005 SPLOST Fund				<u>\$ 23,819</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.