



TOWN OF TYRONE, GEORGIA

Annual Financial Report

For the fiscal year ended June 30, 2018

Prepared by:

Department of Finance

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TOWN OF TYRONE, GEORGIA
ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2018

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Independent Auditor's Report

Honorable Mayor and
Members of the 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 Nonmajor Confiscated Assets Fund of the Town of Tyrone, Georgia, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the Nonmajor Confiscated Assets Fund of the Town of Tyrone, Georgia, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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

Other Information

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

We also have previously audited, in accordance with auditing standards generally accepted in the United States, the Town of Tyrone, Georgia's basic financial statements for the year ended June 30, 2017. In our report dated December 19, 2017, 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 2017 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 2017 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 2017 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 2017 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 21, 2018, 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 21, 2018

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BASIC FINANCIAL STATEMENTS

TOWN OF TYRONE, GEORGIA
STATEMENT OF NET POSITION
June 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 6,557,718	\$ 2,199,080	\$ 8,756,798
Restricted assets			
Cash and cash equivalents	6,662	0	6,662
Receivables (net)			
Accounts	70,546	28,180	98,726
Taxes	167,776	0	167,776
Intergovernmental	262,030	0	262,030
Other	4,528	0	4,528
Prepaid items	111,447	0	111,447
Total current assets	7,180,707	2,227,260	9,407,967
Noncurrent assets			
Capital assets			
Non-depreciable	2,030,638	0	2,030,638
Depreciable (net)	7,781,584	2,273,786	10,055,370
Total noncurrent assets	9,812,222	2,273,786	12,086,008
Total assets	16,992,929	4,501,046	21,493,975
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions subsequent to measurement date	56,032	0	56,032
Pension assumption changes	4,592	0	4,592
Pension experience differences	24,424		24,424
Total deferred outflows of resources	85,048	0	85,048
LIABILITIES			
Current liabilities			
Payables			
Accounts	453,008	35,533	488,541
Retainages	29,296	0	29,296
Accrued salaries and payroll liabilities	62,824	2,461	65,285
Compensated absences	43,040	0	43,040
Unearned revenue	3,175	3,256	6,431
Capital lease	15,638	0	15,638
Notes payable	142,313	0	142,313
Total current liabilities	749,294	41,250	790,544
Noncurrent liabilities			
Compensated absences	4,782	0	4,782
Interest payable	1,155	0	1,155
Net pension liability	160,488	0	160,488
Capital lease	33,879	0	33,879
Notes payable	2,135,470	0	2,135,470
Total noncurrent liabilities	2,335,774	0	2,335,774
Total liabilities	3,085,068	41,250	3,126,318

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

TOWN OF TYRONE, GEORGIA
STATEMENT OF NET POSITION
June 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Pension assumption changes	\$ 1,093	\$ 0	\$ 1,093
Pension experience differences	59,611	0	59,611
Pension investment return differences	104,870	0	104,870
Total deferred inflows of resources	165,574	0	165,574
NET POSITION			
Net investment in capital assets	7,474,867	2,273,786	9,748,653
Restricted for:			
Capital outlay	926,003	0	926,003
Public Safety	180,818	0	180,818
Unrestricted	5,245,647	2,186,010	7,431,657
Total net position	<u>\$ 13,827,335</u>	<u>\$ 4,459,796</u>	<u>\$ 18,287,131</u>

TOWN OF TYRONE, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2018

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	\$ 632,852	\$ 19,944	\$ 0	\$ 64,013	\$ (548,895)
Judicial	157,798	0	0	0	(157,798)
Public Safety	1,526,302	214,930	60	32,488	(1,278,824)
Public Works	1,079,635	0	0	1,555,776	476,141
Culture and Recreation	650,072	42,674	11,696	113,770	(481,932)
Housing and Development	296,241	199,976	0	0	(96,265)
Interest on long-term debt	57,323	0	0	0	(57,323)
Total governmental activities	4,400,223	477,524	11,756	1,766,047	(2,144,896)
Business-type activities					
Sewer Utility	323,468	348,543	0	0	25,075
Sanitation	274,826	327,116	0	0	52,290
Total business-type activities	598,294	675,659	0	0	77,365
Total primary government	4,998,517	1,153,183	11,756	1,766,047	(2,067,531)
Primary Government					
	Governmental Activities	Business-Type Activities	Total		
Change in net position					
Net (expense) revenue	\$ (2,144,896)	\$ 77,365	\$ (2,067,531)		
General revenues					
Taxes					
Property	1,320,826	0	1,320,826		
Sales	1,661,918	0	1,661,918		
Franchise	544,934	0	544,934		
Insurance premium	460,109	0	460,109		
Occupational	110,883	0	110,883		
Alcoholic beverage	100,910	0	100,910		
Intangibles	18,861	0	18,861		
Other	6,945	0	6,945		
Interest and investment earnings	38,691	0	38,691		
Other	54,189	0	54,189		
Transfers	(1,707,209)	1,707,209	0		
Total general revenues and transfers	2,611,057	1,707,209	4,318,266		
Change in net position	466,161	1,784,574	2,250,735		
Net position - beginning	13,361,174	2,675,222	16,036,396		
Net position - ending	\$ 13,827,335	\$ 4,459,796	\$ 18,287,131		

TOWN OF TYRONE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General	2017 SPLOST	(Non-major) Confiscated Assets	Total
ASSETS				
Cash and cash equivalents	\$ 5,018,951	\$ 1,357,928	\$ 180,839	\$ 6,557,718
Restricted assets				
Cash and cash equivalents	6,662	0	0	6,662
Receivables (net)				
Accounts	70,546	0	0	70,546
Taxes	167,776	0	0	167,776
Intergovernmental	0	262,030	0	262,030
Other	0	0	4,528	4,528
Prepaid items	111,447	0	0	111,447
Due from other funds	277,206	0	0	277,206
Advances to other funds	425,000	0	0	425,000
Total assets	\$ 6,077,588	\$ 1,619,958	\$ 185,367	\$ 7,882,913
LIABILITIES				
Payables				
Accounts	\$ 439,105	\$ 7,029	\$ 6,874	\$ 453,008
Retainages	29,296	0	0	29,296
Accrued salaries and payroll liabilities	62,824	0	0	62,824
Unearned revenue	3,175	0	0	3,175
Due to other funds	0	277,206	0	277,206
Advances from other funds	0	425,000	0	425,000
Total liabilities	534,400	709,235	6,874	1,250,509
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	10,854	0	0	10,854
FUND BALANCES				
Nonspendable:				
Advances to other funds	425,000	0	0	425,000
Prepaid items	111,447	0	0	111,447
Restricted for:				
Capital Outlay	15,280	910,723	0	926,003
Public Safety	2,325	0	178,493	180,818
Unassigned	4,978,282	0	0	4,978,282
Total fund balances	5,532,334	910,723	178,493	6,621,550
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,077,588	\$ 1,619,958	\$ 185,367	\$ 7,882,913

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

Total fund balance - total governmental funds **\$ 6,621,550**

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 9,812,222

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

These are:

Property taxes 10,854

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 \$ 56,032

Pension assumption changes 4,592

Pension experience differences 24,424

Deferred inflows of resources:

Pension assumption changes (1,093)

Pension experience differences (59,611)

Pension investment return differences (104,870) (80,526)

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

These are:

Net pension liability (160,488)

Notes payable (2,277,783)

Interest payable (1,155)

Capital lease (49,517)

Compensated absences (47,822) (2,536,765)

Net position of governmental activities **\$ 13,827,335**

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

	General	2017 SPLOST	(Non-major) Confiscated Assets	Total
REVENUES				
Taxes	\$ 4,182,715	\$ 0	\$ 0	\$ 4,182,715
Licenses and permits	252,200	0	0	252,200
Fines, fees and forfeitures	196,107	0	1,724	197,831
Charges for services	65,041	0	0	65,041
Intergovernmental	137,833	1,621,365	0	1,759,198
Interest	37,371	3,059	1,320	41,750
Contributions	15,546	0	0	15,546
Other	54,189	0	0	54,189
Total revenues	4,941,002	1,624,424	3,044	6,568,470
EXPENDITURES				
Current				
General Government	820,396	0	0	820,396
Judicial	159,645	0	0	159,645
Public Safety	1,461,098	0	110,863	1,571,961
Public Works	1,067,511	0	0	1,067,511
Culture and Recreation	797,905	0	0	797,905
Housing and Development	297,455	0	0	297,455
Debt service	545	218,821	0	219,366
Capital outlay	0	69,880	0	69,880
Total expenditures	4,604,555	288,701	110,863	5,004,119
Excess (deficiency) of revenues over (under) expenditures	336,447	1,335,723	(107,819)	1,564,351
Other financing sources (uses)				
Transfers out	(1,282,209)	(425,000)	0	(1,707,209)
Issuance of long-term debt	165,000	0	0	165,000
Proceeds from capital leases	67,853	0	0	67,853
Total other financing sources (uses)	(1,049,356)	(425,000)	0	(1,474,356)
Net change in fund balances	(712,909)	910,723	(107,819)	89,995
Fund balances, July 1	6,245,243	0	286,312	6,531,555
Fund balances, June 30	\$ 5,532,334	\$ 910,723	\$ 178,493	\$ 6,621,550

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, 2018

Net change in fund balances - total governmental funds	\$	89,995
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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	\$ 981,165	
Depreciation	<u>(574,273)</u>	406,892

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.	5,128
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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	74,709	
Cost of benefits earned net of employee contributions	<u>(32,196)</u>	42,513

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	(232,853)	
Debt principal payments	163,196	
Net change in interest payable	<u>(1,155)</u>	(70,812)

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>(7,555)</u>	<u>(7,555)</u>
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Change in net position of governmental activities	\$	<u><u>466,161</u></u>
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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, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	\$ 3,776,670	\$ 3,897,790	\$ 4,182,715	\$ 284,925
Licenses and permits	159,600	159,600	252,200	92,600
Fines, fees and forfeitures	200,100	200,100	196,107	(3,993)
Charges for services	42,528	42,528	65,041	22,513
Intergovernmental	110,800	110,800	137,833	27,033
Interest	15,000	15,000	37,371	22,371
Contributions	15,310	15,310	15,546	236
Other	46,016	46,016	54,189	8,173
Total revenues	4,366,024	4,487,144	4,941,002	453,858
EXPENDITURES				
Current				
General Government				
Administration	650,668	682,668	682,469	199
Finance	175,455	175,455	137,927	37,528
Judicial				
Municipal Court	161,834	161,834	159,645	2,189
Public Safety				
Public Safety	1,262,651	1,262,651	1,259,920	2,731
Public Safety Administration	214,288	214,288	201,178	13,110
Public Works				
Public Works	1,306,146	1,121,666	1,067,511	54,155
Culture and Recreation				
Library	218,925	218,925	210,396	8,529
Parks and Recreation	314,707	583,207	567,837	15,370
Founders Day	18,965	19,715	19,672	43
Housing and Development				
Planning and Zoning	258,079	258,079	216,596	41,483
Environmental	76,549	80,899	80,859	40
Debt Service				
Public Safety	18,000	18,000	545	17,455
Total expenditures	4,676,267	4,797,387	4,604,555	192,832
Excess (deficiency) of revenues over (under) expenditures	(310,243)	(310,243)	336,447	646,690
Other financing sources (uses)				
Transfers out	0	0	(1,282,209)	(1,282,209)
Issuance of long-term debt	0	0	165,000	165,000
Proceeds from capital leases	0	0	67,853	67,853
Total other financing sources (uses)	0	0	(1,049,356)	(1,049,356)
Net change in fund balances	(310,243)	(310,243)	(712,909)	(402,666)
Fund balances, July 1	310,243	310,243	6,245,243	5,935,000
Fund balances, June 30	\$ 0	\$ 0	\$ 5,532,334	\$ 5,532,334

TOWN OF TYRONE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018

	Business-Type Activities		
	Sewer	Sanitation	Totals
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,700,311	\$ 498,769	\$ 2,199,080
Accounts receivable (net)	28,028	152	28,180
Total current assets	1,728,339	498,921	2,227,260
Noncurrent assets			
Capital assets			
Depreciable (net)	2,273,786	0	2,273,786
Total assets	4,002,125	498,921	4,501,046
LIABILITIES			
Current liabilities			
Accounts payable	35,069	464	35,533
Accrued salaries and payroll liabilities	1,720	741	2,461
Unearned revenue	0	3,256	3,256
Total current liabilities	36,789	4,461	41,250
NET POSITION			
Investment in capital assets	2,273,786	0	2,273,786
Unrestricted	1,691,550	494,460	2,186,010
Total net position	\$ 3,965,336	\$ 494,460	\$ 4,459,796

TOWN OF TYRONE, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2018

	Business-Type Activities		
	Sewer	Sanitation	Totals
OPERATING REVENUES			
Charges for sales and services	\$ 348,543	\$ 327,116	\$ 675,659
Total operating revenue	<u>348,543</u>	<u>327,116</u>	<u>675,659</u>
OPERATING EXPENSES			
Costs of sales and services	146,170	240,427	386,597
Personal services	56,508	34,399	90,907
Depreciation	<u>120,790</u>	<u>0</u>	<u>120,790</u>
Total operating expenses	<u>323,468</u>	<u>274,826</u>	<u>598,294</u>
Operating income (loss)	25,075	52,290	77,365
Transfers in (out)			
Transfers in	<u>1,706,886</u>	<u>323</u>	<u>1,707,209</u>
Change in net position	1,731,961	52,613	1,784,574
Net position, July 1	<u>2,233,375</u>	<u>441,847</u>	<u>2,675,222</u>
Net position, June 30	<u><u>\$ 3,965,336</u></u>	<u><u>\$ 494,460</u></u>	<u><u>\$ 4,459,796</u></u>

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

	Business-Type Activities		
	Sewer	Sanitation	Totals
Cash flows from operating activities:			
Receipts from customers	\$ 348,783	\$ 260,974	\$ 609,757
Payments to suppliers	(120,977)	(266,369)	(387,346)
Payments to employees	(56,646)	(35,650)	(92,296)
Net cash provided (used) by operating activities	171,160	(41,045)	130,115
Cash flows from non-capital financing activities:			
Receipts from other funds	6,886	323	7,209
Cash flows from capital and related financing activities:			
Receipts from other funds	1,700,000	0	1,700,000
Payments for acquisition of capital assets	(1,700,101)	0	(1,700,101)
Net cash provided (used) by capital and related financing activities	(101)	0	(101)
Net increase (decrease) in cash and cash equivalents	177,945	(40,722)	137,223
Cash and cash equivalents, July 1	1,522,366	539,491	2,061,857
Cash and cash equivalents, June 30	\$ 1,700,311	\$ 498,769	\$ 2,199,080
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 25,075	\$ 52,290	\$ 77,365
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	120,790	0	120,790
(Increase) decrease in accounts receivable	240	3,969	4,209
(Increase) decrease in prepaid items	478	829	1,307
Increase (decrease) in accounts payable	24,715	(26,771)	(2,056)
Increase (decrease) in unearned revenue	0	(70,111)	(70,111)
Increase (decrease) in accrued salaries and other payroll liabilities	(138)	(1,251)	(1,389)
Total adjustments	146,085	(93,335)	52,750
Net cash provided (used) by operating activities	\$ 171,160	\$ (41,045)	\$ 130,115

TOWN OF TYRONE, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2018

	Municipal Escrow Agency Fund
ASSETS	
Cash and cash equivalents	\$ 16,818
LIABILITIES	
Due to other agencies	\$ 16,818

TOWN OF TYRONE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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, 2018.

TOWN OF TYRONE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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.

2017 SPLOST Fund – Accounts for long-term projects financed by the passage of the Fayette County, Georgia 2017 special purpose local option sales tax.

TOWN OF TYRONE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

2. Summary of Significant Accounting Policies (continued)

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

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.

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. During the fiscal year ended June 30, 2018, the Town discontinued providing sanitation collection services. All activities, including billing and collection, were outsourced beginning April 1, 2018.

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.

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018 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, 2018

2. Summary of Significant Accounting Policies (continued)

K. Capital Assets, continued

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their acquisition value.

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

	Useful Life in Years	Capitalization Threshold
Buildings	30-50	\$ 5,000
Infrastructure	10-30	\$ 5,000
Intangibles	15	\$ 5,000
Improvements other than buildings	10-30	\$ 5,000
Library collections	4-20	\$ 5,000
Vehicles & equipment	7-20	\$ 5,000
Utility system	20-50	\$ 5,000

All land will be valued and capitalized.

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

L. Deferred Outflows/Inflows of Resources

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

TOWN OF TYRONE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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 from 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 prepaid bond insurance, 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 recognized during the current period.

TOWN OF TYRONE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

2. Summary of Significant Accounting Policies (continued)

N. Long-Term Obligations, continued

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

O. Capital Contributions

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

P. Fund Balances – Governmental Funds

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

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at June 30, 2018 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, 2018

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, 2018

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 2017 amounts have been reclassified to conform with the 2018 presentation.

TOWN OF TYRONE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

2. Summary of Significant Accounting Policies (continued)

U. Pensions

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

3. Deposit and Investment Risk

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the Town's deposits may not be returned. The Town's policy follows the State of Georgia requirement that all deposits be federally insured or fully collateralized.

Interest Rate Risk

The Town limits investment maturities to no greater than five years from the date of purchase, unless matched to a specific cash flow greater than five years, as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State of Georgia law limits investments to include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia, pooled investment programs of the State of Georgia, and no-load mutual funds of direct obligations of the United States.

The Town further limits its investment choices by imposing the following parameters:

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

TOWN OF TYRONE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

3. Deposit and Investment Risk (continued)

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

Concentration of Credit Risk

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

Foreign Currency Risk

The Town has no investments denominated in a foreign currency.

4. Accounts Receivable

Net accounts receivable at June 30, 2018 consist of the following:

Primary Government:

Major Funds

General Fund		\$	70,546
Enterprise Funds			
Sewer			28,028
Sanitation	\$	4,160	
Less: Allowance for Uncollectibles		(4,008)	152
Total Primary Government			<u>\$ 98,726</u>

At June 30, 2018, the Confiscated Assets Fund (non-major) reported an Other Receivable of \$4,528.

TOWN OF TYRONE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

5. Intergovernmental Receivables

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

Primary Government:

Major Funds

2017 SPLOST Fund	Fayette County, Georgia	\$ 262,030
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6. Taxes Receivable

Taxes receivable as of June 30, 2018 include property taxes for seven years as follows:

Year of Levy	Amount
2017	\$ 10,232
2016	2,474
2015	1,008
2014	889
2013	526
2012	657
2011	791
	16,577
Less allowance for uncollectible	(4,430)
	12,147
Add amount due from Fayette County Tax Commissioner	25,676
Total	\$ 37,823

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 2018, based upon the assessments of January 1, 2017, were billed on September 15, 2017 and due on November 15, 2017. Tax liens are issued 90 days after the due date. The tax rate of 2.889 mills for fiscal year 2018 was levied on September 1, 2017.

Other Taxes

\$129,953 of sales taxes are included in taxes receivable.

TOWN OF TYRONE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

7. Interfund Receivables, Payables, and Transfers

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	2017 SPLOST	<u>\$ 702,206</u>

Interfund balances at June 30, 2018, consisted of the following amounts and represents charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimburseable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. Included above is an amount of \$425,000 due from 2017 SPLOST to the General Fund that is not expected to be repaid within one year. Other interfund balances are expected to be repaid within one year.

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

A summary of interfund transfers is a follows:

<u>Transfer Out Fund</u>	<u>Transfer In Fund</u>	<u>Amount</u>
General	Sewer	\$ 1,281,886
	Sanitation	323
2017 SPLOST		<u>425,000</u>
	Sewer	<u>\$ 1,707,209</u>

Interfunds transfers were used to transfer unrestricted revenues from payor funds to subsidize operations in payee funds in accordance with budgetary authorizations, to transfer Town matching funds in accordance with grant agreements, to transfer funds to Capital Projects Funds for capital projects in accordance with budgetary authorizations, and to move capital assets between governmental activities and business-type activities. Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business-type fund group.

TOWN OF TYRONE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

8. Capital Assets

Capital asset activity for the primary government for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Non-depreciable assets				
Land	\$ 1,418,614	\$ 502,683	\$ 0	\$ 1,921,297
Construction in progress	59,744	309,447	(293,950)	75,241
Easements	34,100	0	0	34,100
Total nondepreciable assets	<u>1,512,458</u>	<u>812,130</u>	<u>(293,950)</u>	<u>2,030,638</u>
Depreciable assets				
Buildings	2,475,640	0	0	2,475,640
Infrastructure	4,849,250	293,950	0	5,143,200
Improvements other than buildings	2,031,395	0	0	2,031,395
Library collections	662,833	17,915	(976)	679,772
Furnishings, vehicles, machinery and equipment	1,690,139	151,120	0	1,841,259
Total depreciable assets	<u>11,709,257</u>	<u>462,985</u>	<u>(976)</u>	<u>12,171,266</u>
Accumulated depreciation				
Buildings	(584,688)	(53,092)	0	(637,780)
Infrastructure	(853,539)	(255,992)	0	(1,109,531)
Improvements other than buildings	(1,058,056)	(100,252)	0	(1,158,308)
Library collections	(349,380)	(32,256)	976	(380,660)
Furnishings, vehicles, machinery and equipment	(970,722)	(132,681)	0	(1,103,403)
Total accumulated depreciation	<u>(3,816,385)</u>	<u>(574,273)</u>	<u>976</u>	<u>(4,389,682)</u>
Total depreciable assets, net	<u>7,892,872</u>	<u>(111,288)</u>	<u>0</u>	<u>7,781,584</u>
Governmental activities capital assets, net	<u>\$ 9,405,330</u>	<u>\$ 700,842</u>	<u>\$ (293,950)</u>	<u>\$ 9,812,222</u>
Business-type activities				
Depreciable assets				
Infrastructure	\$ 1,123,066	\$ 0	\$ 0	\$ 1,123,066
Intangibles	1,315,788	1,700,101	0	3,015,889
Equipment	25,991	0	0	25,991
Total depreciable assets	<u>2,464,845</u>	<u>1,700,101</u>	<u>0</u>	<u>4,164,946</u>
Accumulated depreciation				
Infrastructure	(479,816)	(32,863)	0	(512,679)
Intangibles	(1,285,050)	(87,408)	0	(1,372,458)
Equipment	(5,504)	(519)	0	(6,023)
Total accumulated depreciation	<u>(1,770,370)</u>	<u>(120,790)</u>	<u>0</u>	<u>(1,891,160)</u>
Total depreciable assets, net	<u>694,475</u>	<u>1,579,311</u>	<u>0</u>	<u>2,273,786</u>
Business-type activities capital assets, net	<u>\$ 694,475</u>	<u>\$ 1,579,311</u>	<u>\$ 0</u>	<u>\$ 2,273,786</u>

TOWN OF TYRONE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

8. Capital Assets (continued)

Primary Government

Governmental activities

General Government	\$ 21,775
Judicial	605
Public Safety	89,693
Public Works	253,546
Culture and Recreation	<u>208,654</u>

Total depreciation expense for governmental activities	<u><u>\$ 574,273</u></u>
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Business-type activities

Sewer	<u><u>\$ 120,790</u></u>
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9. 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, 2018 is \$49,517 for the governmental activities.

The following is a schedule of the future minimum lease payments together with the present value of the net minimum lease payments as of June 30, 2018:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2019	\$ 18,337
2020	18,337
2021	<u>18,336</u>
Total minimum lease payments	55,010
Less amounts representing interest	<u>(5,493)</u>
Present value of minimum lease payments	<u><u>\$ 49,517</u></u>

Total assets leased under capital leases are classified as follows:

	<u>Governmental Activities</u>
	<u>Accumulated</u>
<u>Cost</u>	<u>Depreciation</u>
Public safety vehicles	<u><u>\$ 67,308</u></u> <u><u>\$ 2,804</u></u>

TOWN OF TYRONE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

10. 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 January 1, 2031; interest at 2.48% (\$2,115,061 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 180 monthly installments of principal and interest; interest at 2.48% (\$162,722 outstanding).

Annual debt service requirements for notes payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 142,313	\$ 54,713	\$ 197,026
2020	158,981	51,161	210,142
2021	162,969	47,173	210,142
2022	167,057	43,085	210,142
2023	171,247	38,894	210,141
2024-2028	922,865	127,843	1,050,708
2029-2031	552,351	20,179	572,530
Totals	<u>\$ 2,277,783</u>	<u>\$ 383,048</u>	<u>\$ 2,660,831</u>

TOWN OF TYRONE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

10. Long-Term Liabilities (continued)

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities of the Town for year ended June 30, 2018:

	<u>June 30,</u> <u>2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30,</u> <u>2018</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities					
Capital lease obligations	\$ 0	\$ 67,853	\$ 18,336	\$ 49,517	\$ 15,638
Notes payable	2,257,643	165,000	144,860	2,277,783	142,313
Compensated absences	40,267	43,795	36,240	47,822	43,040
	<u>40,267</u>	<u>43,795</u>	<u>36,240</u>	<u>47,822</u>	<u>43,040</u>
Total governmental activities	<u>\$ 2,297,910</u>	<u>\$ 276,648</u>	<u>\$ 199,436</u>	<u>\$ 2,375,122</u>	<u>\$ 200,991</u>

Total interest expense in the governmental activities for the fiscal ended June 30, 2018 was \$57,323.

11. 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, 2018:

	<u>General</u>	<u>2017</u> <u>SPLOST</u>	<u>Nonmajor</u> <u>Confiscated</u> <u>Assets</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Restricted for:				
Public Safety				
Fire services and equipment	\$ 2,325	\$ 0	\$ 0	\$ 2,325
Police equipment	0	0	178,493	178,493
Capital Outlay	15,280	910,723	0	926,003
	<u>\$ 17,605</u>	<u>\$ 910,723</u>	<u>\$ 178,493</u>	<u>\$ 1,106,821</u>

TOWN OF TYRONE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

12. Pension Plan

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

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

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

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

At January 1, 2018, the date of the most recent actuarial valuation, there were 70 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	10
Terminated vested participants entitled to but not yet receiving benefits	25
Active participants	35
Total number of participants	<u>70</u>

TOWN OF TYRONE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

12. Pension Plan (continued)

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

Contributions. Employees make no contributions to the plan. The Town is required to contribute the remaining amounts necessary to fund the plan in compliance with the minimum funding standards of the Public Retirement Systems Standards Law. This funding policy, as specified by ordinance, has been the same since the inception of the plan. The Town's actuarially determined contribution rate for the fiscal year ended June 30, 2018 was \$74,709 or 4.75% of covered payroll.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At June 30, 2018, the Town reported a net pension liability of \$160,488. The net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2018. For the fiscal year ended June 30, 2018, the Town recognized pension expense in the amount of \$32,196. For the Governmental Activities, the net pension liability is liquidated by the General Fund.

At June 30, 2018, 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	\$ 24,424	\$ (59,611)
Changes of assumptions	4,592	(1,093)
Net difference between projected and actual earnings on pension plan investments	0	(104,870)
Town contributions subsequent to the measurement date	56,032	0
Totals	<u>\$ 85,048</u>	<u>\$ (165,574)</u>

TOWN OF TYRONE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

12. Pension Plan (continued)

The \$56,032 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, 2019. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30	
2019	\$ (54,414)
2020	(33,833)
2021	(29,614)
2022	(18,697)
Totals	<u>\$ (136,558)</u>

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

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

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

The mortality and economic actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the period of January 1, 2010 through June 30, 2014.

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

TOWN OF TYRONE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

12. Pension Plan (continued)

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	45%	6.71%
International equity	20%	7.71%
Real estate	10%	5.21%
Global fixed income	5%	3.36%
Domestic fixed income	20%	2.11%
Cash	0%	
Total	<u>100%</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from employer will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF TYRONE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

12. Pension Plan (continued)

Changes in Net Pension Liability

	Total Pension Liability (Asset)	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balances at 9/30/16	\$ 2,018,650	\$ 1,776,124	\$ 242,526
Changes for the year:			
Service cost	57,367	0	57,367
Interest	153,845	0	153,845
Differences between expected and actual experience	30,531	0	30,531
Contributions—employer	0	75,163	(75,163)
Net investment income	0	267,219	(267,219)
Benefit payments, including refunds of employee contributions	(67,106)	(67,106)	0
Administrative expense	0	(12,860)	12,860
Other	5,741	0	5,741
Net changes	180,378	262,416	(82,038)
Balances at 9/30/17	\$ 2,199,028	\$ 2,038,540	\$ 160,488

Plan's fiduciary net position as a percentage of the total pension liability	92.70%
Covered payroll	\$ 1,305,716
Net pension liability as a percentage of covered payroll	12.29%

Sensitivity of the Net Pension Asset/Liability to Changes in the Discount Rate. The following presents what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.50 percent) or one percentage-point higher (8.50 percent) than the current rate:

	Discount Rate	Net Pension Liability (Asset)
1% decrease	6.50%	\$ 499,729
Current discount rate	7.50%	160,488
1% increase	8.50%	(115,063)

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 Plan

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. This plan is immaterial to the Town's financial statements.

TOWN OF TYRONE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

13. 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, 2018, 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.

14. 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.

TOWN OF TYRONE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

14. Risk Management (continued)

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, 2018, the Town has no losses that are probable or estimable and accordingly has not recognized any liability.

15. Commitments and Contingencies

Commitments

The Town has active construction projects as of June 30, 2018. At fiscal year end, the Town's commitments with contractors are as follows:

Project	Amount Expended to Date	Remaining Commitment
Resurfacing of various Town roads	\$ 0	\$ 717,145
Recreation center improvements	0	64,900
	<u>\$ 0</u>	<u>\$ 782,045</u>

Contingencies

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

The Georgia Environmental Protection Division has reclassified the Pendleton Lake Dam as a Category 1 structure. This reclassification will require the Town to seek additional permitting with the Georgia Department of Natural Resources and develop an inspection and maintenance plan. Cost of permitting and this plan has not yet been determined as of the date of this report.

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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, 2018
(Unaudited)

	Fiscal Year End			
	2018	2017	2016	2015
Total pension liability				
Service cost	\$ 57,367	\$ 52,847	\$ 49,332	\$ 48,292
Interest	153,845	149,236	141,847	136,273
Differences between expected and actual experience	30,531	(76,436)	(30,392)	(46,186)
Changes of assumptions	5,741	0	0	0
Benefit payments, including refunds of employee contributions	(67,106)	(65,238)	(65,672)	(56,285)
Other changes	0	0	0	(5,466)
Net change in total pension liability	180,378	60,409	95,115	76,628
Total pension liability - beginning	2,018,650	1,958,241	1,863,126	1,786,498
Total pension liability - ending (a)	\$ 2,199,028	\$ 2,018,650	\$ 1,958,241	\$ 1,863,126
Plan fiduciary net position				
Contributions - employer	\$ 75,163	\$ 71,484	\$ 76,884	\$ 81,141
Net investment income	267,219	178,451	17,602	160,444
Benefit payments, including refunds of employee contributions	(67,106)	(65,238)	(65,672)	(56,285)
Administrative expense	(12,860)	(7,486)	(8,354)	(6,621)
Net change in fiduciary net position	262,416	177,211	20,460	178,679
Plan fiduciary net position - beginning	1,776,124	1,598,913	1,578,453	1,399,774
Plan fiduciary net position - ending (b)	\$ 2,038,540	\$ 1,776,124	\$ 1,598,913	\$ 1,578,453
Net pension liability (asset) - ending : (a) - (b)	\$ 160,488	\$ 242,526	\$ 359,328	\$ 284,673
Plan's fiduciary net position as a percentage of the total pension liability	92.70%	87.99%	81.65%	84.72%
Covered payroll	\$ 1,305,716	\$ 1,138,501	\$ 1,192,988	\$ 1,181,282
Net pension liability as a percentage of covered payroll	12.29%	21.30%	30.12%	24.10%

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

TOWN OF TYRONE, GEORGIA
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
June 30, 2018
(Unaudited)

	Fiscal Year End			
	2018	2017	2016	2015
Actuarially determined contribution	\$ 74,709	\$ 75,314	\$ 70,208	\$ 79,109
Contributions in relation to the actuarially determined contribution	(74,709)	(75,314)	(70,208)	(79,109)
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered payroll	\$ 1,571,670	\$ 1,512,512	\$ 1,358,223	\$ 1,405,585
Contributions as a percentage of covered payroll	4.75%	4.98%	5.17%	5.63%

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

TOWN OF TYRONE, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2018
(Unaudited)

1. Valuation Date

The actuarially determined contribution rate was determined as of January 1, 2018, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2019.

2. Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method = Projected unit credit

Amortization method = Closed level dollar for remaining unfunded liability

Remaining amortization period = Remaining amortization period varies for the bases, with a net effective amortization period of 18 years

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

Net investment rate of return = 7.50%

Projected salary increases = 2.75% plus service-based merit increases

Cost of living adjustments = 2.75%

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 one 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, 2018
(Unaudited)

3. Changes in Benefits

There were no changes in benefit provisions in the last two fiscal years.

4. Changes of Assumptions

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

The investment return assumption was decreased from 7.75% to 7.5%.

The inflation assumption was decreased from 3.25% to 2.75%.

The cost-of-living assumption was decreased from 3.00% to 2.75%.

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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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 5,018,951	\$ 5,763,826
Restricted assets		
Cash	6,662	30,236
Certificate of deposit	0	300,000
Receivables (net)		
Accounts	70,546	61,004
Taxes	167,776	180,203
Intergovernmental	0	34,254
Prepaid items	111,447	150,823
Due from other funds	277,206	444
Advances to other funds	425,000	0
	<u>6,077,588</u>	<u>6,520,790</u>
Total assets	<u><u>\$ 6,077,588</u></u>	<u><u>\$ 6,520,790</u></u>
LIABILITIES		
Payables		
Accounts	\$ 439,105	\$ 202,489
Retainages	29,296	4,012
Accrued salaries and payroll liabilities	62,824	60,960
Unearned revenue	3,175	2,360
	<u>534,400</u>	<u>269,821</u>
Total liabilities	<u>534,400</u>	<u>269,821</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	<u>10,854</u>	<u>5,726</u>
FUND BALANCES		
Nonspendable:		
Advances to other funds	425,000	0
Prepaid items	111,447	150,823
Restricted for:		
Capital Outlay	15,280	0
Public Safety	2,325	8,483
Unassigned	4,978,282	6,085,937
	<u>5,532,334</u>	<u>6,245,243</u>
Total fund balances	<u>5,532,334</u>	<u>6,245,243</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 6,077,588</u></u>	<u><u>\$ 6,520,790</u></u>

TOWN OF TYRONE, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
REVENUES		
Taxes	\$ 4,182,715	\$ 3,844,839
Licenses and permits	252,200	184,149
Fines, fees and forfeitures	196,107	262,051
Charges for services	65,041	54,331
Intergovernmental	137,833	164,494
Interest	37,371	35,502
Contributions	15,546	15,561
Other	54,189	30,702
Total revenues	<u>4,941,002</u>	<u>4,591,629</u>
EXPENDITURES		
Current		
General Government	820,396	591,697
Judicial	159,645	160,784
Public Safety	1,461,098	1,359,974
Public Works	1,067,511	1,106,386
Culture and Recreation	797,905	586,039
Housing and Development	297,455	275,275
Total Current	<u>4,604,010</u>	<u>4,080,155</u>
Debt Service		
Public Safety	545	32,382
Public Works	0	213,371
Total Debt Service	<u>545</u>	<u>245,753</u>
Total expenditures	<u>4,604,555</u>	<u>4,325,908</u>
Excess (deficiency) of revenues over (under) expenditures	<u>336,447</u>	<u>265,721</u>
Other financing sources (uses)		
Transfers in (out)		
Sewer Fund	(1,281,886)	0
Sanitation Fund	(323)	0
Issuance of long-term debt	165,000	0
Proceeds from capital leases	67,853	0
Total other financing sources (uses)	<u>(1,049,356)</u>	<u>0</u>
Net change in fund balances	(712,909)	265,721
Fund balances, July 1	<u>6,245,243</u>	<u>5,979,522</u>
Fund balances, June 30	<u><u>\$ 5,532,334</u></u>	<u><u>\$ 6,245,243</u></u>

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

	2018			2017
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes				
General property taxes				
Property tax	\$ 1,053,500	\$ 1,119,122	\$ 65,622	\$ 1,015,333
Motor vehicle tax	130,000	196,576	66,576	163,474
Total general property taxes	1,183,500	1,315,698	132,198	1,178,807
Local option sales tax	1,621,120	1,661,918	40,798	1,516,628
Intangible tax	19,170	18,861	(309)	18,214
Franchise tax	499,000	544,934	45,934	521,341
Insurance premium tax	400,000	460,109	60,109	432,093
Beer and wine tax	65,000	63,891	(1,109)	63,946
Occupational tax	105,000	110,358	5,358	108,554
Transfer tax	5,000	6,946	1,946	5,256
Total taxes	3,897,790	4,182,715	284,925	3,844,839
Licenses and Permits				
Building permits	127,100	213,381	86,281	138,684
Other	32,500	38,819	6,319	45,465
Total licenses and permits	159,600	252,200	92,600	184,149
Fines, fees and forfeitures	200,100	196,107	(3,993)	262,051
Charges for Services				
Founders day	12,550	9,615	(2,935)	11,868
Recreation fees	18,000	35,832	17,832	27,664
Rents and royalties	8,390	8,390	0	6,415
Other	3,588	11,204	7,616	8,384
Total charges for services	42,528	65,041	22,513	54,331
Intergovernmental	110,800	137,833	27,033	164,494
Interest	15,000	37,371	22,371	35,502
Contributions	15,310	15,546	236	15,561
Other	46,016	54,189	8,173	30,702
Total revenues	<u>\$ 4,487,144</u>	<u>\$ 4,941,002</u>	<u>\$ 453,858</u>	<u>\$ 4,591,629</u>

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

	2018			2017
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
Current				
General Government				
Administration				
Personal services	\$ 203,639	\$ 207,265	\$ (3,626)	\$ 292,543
Contractual services	154,551	114,626	39,925	145,789
Materials and supplies	152,478	127,180	25,298	118,433
Payments to other agencies	30,000	29,235	765	29,235
Capital outlay	142,000	204,163	(62,163)	5,697
Total Administration	<u>682,668</u>	<u>682,469</u>	<u>199</u>	<u>591,697</u>
Finance				
Personal services	109,611	110,211	(600)	0
Contract services	61,394	24,686	36,708	0
Materials and supplies	4,450	3,030	1,420	0
Total Finance	<u>175,455</u>	<u>137,927</u>	<u>37,528</u>	<u>0</u>
Total General Government	<u>858,123</u>	<u>820,396</u>	<u>37,727</u>	<u>591,697</u>
Judicial				
Municipal Court				
Personal Services	113,157	111,595	1,562	115,366
Contractual services	42,102	42,036	66	39,616
Materials and supplies	6,575	6,014	561	5,802
Total Municipal Court	<u>161,834</u>	<u>159,645</u>	<u>2,189</u>	<u>160,784</u>
Public Safety				
Public Safety				
Personal services	987,848	929,455	58,393	1,055,171
Contractual services	130,190	138,838	(8,648)	120,179
Materials and supplies	93,117	89,334	3,783	74,209
Payments to other agencies	43,996	34,985	9,011	27,935
Capital outlay	7,500	67,308	(59,808)	82,480
Total Public Safety	<u>1,262,651</u>	<u>1,259,920</u>	<u>2,731</u>	<u>1,359,974</u>
Public Safety Administration				
Personal services	194,825	195,081	(256)	0
Contract services	16,563	2,872	13,691	0
Materials and supplies	2,900	3,225	(325)	0
Total Public Safety Administration	<u>214,288</u>	<u>201,178</u>	<u>13,110</u>	<u>0</u>
Total Public Safety	<u>1,476,939</u>	<u>1,461,098</u>	<u>15,841</u>	<u>1,359,974</u>

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

	2018			2017
	Final Budget	Actual	Variance	Actual
Public Works				
Public Works				
Personal services	\$ 156,024	\$ 143,111	\$ 12,913	\$ 142,531
Contractual services	641,442	641,435	7	761,189
Materials and supplies	24,200	18,800	5,400	19,472
Capital outlay	300,000	264,165	35,835	183,194
Total Public Works	<u>1,121,666</u>	<u>1,067,511</u>	<u>54,155</u>	<u>1,106,386</u>
Culture and Recreation				
Library				
Personal services	148,148	144,908	3,240	143,165
Contractual services	17,037	15,058	1,979	13,252
Materials and supplies	53,740	50,430	3,310	43,801
Capital outlay	0	0	0	6,276
Total Library	<u>218,925</u>	<u>210,396</u>	<u>8,529</u>	<u>206,494</u>
Parks and Recreation				
Personal services	85,635	81,548	4,087	81,491
Contractual services	113,363	97,493	15,870	90,981
Materials and supplies	68,209	55,039	13,170	48,395
Capital outlay	316,000	333,757	(17,757)	0
Total Parks and Recreation	<u>583,207</u>	<u>567,837</u>	<u>15,370</u>	<u>220,867</u>
Founders Day				
Personal services	6,435	5,688	747	6,276
Contractual services	11,830	13,414	(1,584)	23,939
Materials and supplies	1,450	570	880	1,072
Total Founders Day	<u>19,715</u>	<u>19,672</u>	<u>43</u>	<u>31,287</u>
Shamrock Park				
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>127,391</u>
Total Culture and Recreation	<u>821,847</u>	<u>797,905</u>	<u>23,942</u>	<u>586,039</u>
Housing and Development				
Planning and Zoning				
Personal services	65,442	61,174	4,268	60,580
Contractual services	139,787	152,001	(12,214)	146,548
Materials and supplies	2,850	3,421	(571)	618
Capital outlay	50,000	0	50,000	0
Total Planning and Zoning	<u>258,079</u>	<u>216,596</u>	<u>41,483</u>	<u>207,746</u>
Environmental				
Personal services	55,903	53,296	2,607	46,109
Contractual services	22,296	25,524	(3,228)	20,576
Materials and supplies	2,700	2,039	661	844
Total Environmental	<u>80,899</u>	<u>80,859</u>	<u>40</u>	<u>67,529</u>
Total Housing and Development	<u>338,978</u>	<u>297,455</u>	<u>41,523</u>	<u>275,275</u>

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

	2018			2017
	Final Budget	Actual	Variance	Actual
Debt Service				
Public Safety	\$ 18,000	\$ 545	\$ 17,455	\$ 32,382
Public Works	0	0	0	213,371
Total Debt Service	<u>18,000</u>	<u>545</u>	<u>17,455</u>	<u>245,753</u>
 Total expenditures	 <u><u>\$ 4,797,387</u></u>	 <u><u>\$ 4,604,555</u></u>	 <u><u>\$ 192,832</u></u>	 <u><u>\$ 4,325,908</u></u>

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SPECIAL REVENUE FUND

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

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

TOWN OF TYRONE, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 180,839	\$ 290,602
Other receivables	<u>4,528</u>	<u>0</u>
Total assets	<u><u>\$ 185,367</u></u>	<u><u>\$ 290,602</u></u>
LIABILITIES		
Accounts payable	\$ 6,874	\$ 4,290
FUND BALANCES		
Restricted for Public Safety	<u>178,493</u>	<u>286,312</u>
Total liabilities and fund balances	<u><u>\$ 185,367</u></u>	<u><u>\$ 290,602</u></u>

TOWN OF TYRONE, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2018
(With comparative actual amounts for the fiscal year ended June 30, 2017)

	2018			2017
	Final Budget	Actual	Variance	Actual
REVENUES				
Fees, fines and forfeitures	\$ 2,000	\$ 1,724	\$ (276)	\$ 0
Intergovernmental	0	0	0	1,995
Interest	0	1,320	1,320	1,707
Total revenues	<u>2,000</u>	<u>3,044</u>	<u>1,044</u>	<u>3,702</u>
EXPENDITURES				
Current				
Public Safety				
Contract services	8,250	6,627	1,623	33,411
Materials and supplies	28,000	55,661	(27,661)	30,106
Capital outlay	173,000	48,575	124,425	48,463
Total expenditures	<u>209,250</u>	<u>110,863</u>	<u>98,387</u>	<u>111,980</u>
Excess (deficiency) of revenues over (under) expenditures	(207,250)	(107,819)	99,431	(108,278)
Fund balances, July 1	<u>207,250</u>	<u>286,312</u>	<u>79,062</u>	<u>394,590</u>
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 178,493</u>	<u>\$ 178,493</u>	<u>\$ 286,312</u>

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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).

2017 Special Purpose Local Option Sales Tax Fund – Used to account for long-term projects financed by the passage of the 2017 special purpose local option sales tax.

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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 0	\$ 98
Intergovernmental receivable	<u>0</u>	<u>346</u>
Total assets	<u><u>\$ 0</u></u>	<u><u>\$ 444</u></u>
LIABILITIES		
Due to other funds	\$ 0	\$ 444
FUND BALANCES		
Restricted for Capital Outlay	<u>0</u>	<u>0</u>
Total liabilities and fund balances	<u><u>\$ 0</u></u>	<u><u>\$ 444</u></u>

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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
REVENUES		
Intergovernmental	\$ 0	\$ 386
Interest	<u>0</u>	<u>14</u>
Total revenues	0	400
EXPENDITURES		
Capital outlay		
Public Works	<u>0</u>	<u>444</u>
Excess (deficiency) of revenues over (under) expenditures	0	(44)
Fund balances, July 1	<u>0</u>	<u>44</u>
Fund balances, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

TOWN OF TYRONE, GEORGIA
2017 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
BALANCE SHEET
June 30, 2018

ASSETS

Cash and cash equivalents	\$ 1,357,928
Intergovernmental receivable	<u>262,030</u>
Total assets	<u>\$ 1,619,958</u>

LIABILITIES

Accounts payable	\$ 7,029
Due to other funds	277,206
Advances from other funds	<u>425,000</u>
Total liabilities	709,235

FUND BALANCES

Restricted for Capital Outlay	<u>910,723</u>
Total liabilities and fund balances	<u>\$ 1,619,958</u>

TOWN OF TYRONE, GEORGIA
2017 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the fiscal year ended June 30, 2018

REVENUES

Intergovernmental	\$ 1,621,365
Interest	<u>3,059</u>

Total revenues	<u><u>1,624,424</u></u>
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EXPENDITURES

Capital outlay	
Public Works	66,965
Culture and Recreation	2,915
Debt service	
Public Safety	18,336
Public Works	<u>200,485</u>

Total expenditures	<u><u>288,701</u></u>
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Excess (deficiency) of revenues over (under) expenditures	1,335,723
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Other financing sources (uses)

Transfers in (out)	
Sewer Fund	<u>(425,000)</u>

Net change in fund balances	910,723
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Fund balances, July 1	<u>0</u>
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Fund balances, June 30	<u><u>\$ 910,723</u></u>
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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 Fund - Used to account for activities connected with the development, operation and maintenance of sewer services in the Town of Tyrone.

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

TOWN OF TYRONE, GEORGIA
SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,700,311	\$ 1,522,366
Accounts receivable (net)	28,028	28,268
Prepaid items	<u>0</u>	<u>478</u>
Total current assets	<u>1,728,339</u>	<u>1,551,112</u>
Capital assets		
Machinery and equipment	25,990	25,991
Sewer system	1,123,066	1,123,066
Intangibles	3,015,889	1,315,788
Accumulated depreciation	<u>(1,891,159)</u>	<u>(1,770,370)</u>
Total capital assets (net of accumulated depreciation)	<u>2,273,786</u>	<u>694,475</u>
Total assets	<u>4,002,125</u>	<u>2,245,587</u>
LIABILITIES		
Current liabilities		
Accounts payable	35,069	10,354
Accrued salaries and payroll liabilities	<u>1,720</u>	<u>1,858</u>
Total liabilities	<u>36,789</u>	<u>12,212</u>
NET POSITION		
Investment in capital assets	2,273,786	694,475
Unrestricted	<u>1,691,550</u>	<u>1,538,900</u>
Total net position	<u><u>\$ 3,965,336</u></u>	<u><u>\$ 2,233,375</u></u>

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

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
Charges for sales and services	\$ 348,543	\$ 351,914
Total operating revenues	<u>348,543</u>	<u>351,914</u>
OPERATING EXPENSES		
Costs of sales and services	146,170	161,067
Personal services	56,508	56,737
Depreciation	120,790	156,333
Total operating expenses	<u>323,468</u>	<u>374,137</u>
Operating income (loss)	<u>25,075</u>	<u>(22,223)</u>
Transfers in (out)		
General Fund	1,281,886	0
2017 SPLOST	425,000	0
Total transfers in (out)	<u>1,706,886</u>	<u>0</u>
Change in net position	1,731,961	(22,223)
Net position, July 1	<u>2,233,375</u>	<u>2,255,598</u>
Net position, June 30	<u><u>\$ 3,965,336</u></u>	<u><u>\$ 2,233,375</u></u>

TOWN OF TYRONE, GEORGIA
SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Receipts from customers	\$ 348,783	\$ 357,376
Payments to suppliers	(120,977)	(173,874)
Payments to employees	(56,646)	(56,884)
	<u>171,160</u>	<u>126,618</u>
Net cash provided (used) by operating activities		
Cash flows from non-capital financing activities:		
Receipts from other funds	<u>6,886</u>	<u>0</u>
Cash flows from capital and related financing activities:		
Receipts from other funds	1,700,000	0
Payments for acquisitions of capital assets	(1,700,101)	0
	<u>(101)</u>	<u>0</u>
Net cash provided (used) by capital and related financing activities		
Net increase (decrease) in cash and cash equivalents	177,945	126,618
Cash and cash equivalents, July 1	<u>1,522,366</u>	<u>1,395,748</u>
Cash and cash equivalents, June 30	<u><u>\$ 1,700,311</u></u>	<u><u>\$ 1,522,366</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	<u>\$ 25,075</u>	<u>\$ (22,223)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	120,790	156,333
(Increase) decrease in accounts receivable	240	5,462
(Increase) decrease in prepaid items	478	122
Increase (decrease) in accounts payable	24,715	(12,929)
Increase (decrease) in accrued salaries and other payroll liabilities	(138)	(147)
	<u>146,085</u>	<u>148,841</u>
Total adjustments		
Net cash provided (used) by operating activities	<u><u>\$ 171,160</u></u>	<u><u>\$ 126,618</u></u>

TOWN OF TYRONE, GEORGIA
SANITATION ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 498,769	\$ 539,491
Accounts receivable (net)	152	4,121
Prepaid Items	<u>0</u>	<u>829</u>
Total assets	<u>498,921</u>	<u>544,441</u>
LIABILITIES		
Current liabilities		
Accounts payable	464	27,235
Accrued salaries and payroll liabilities	741	1,992
Unearned revenue	<u>3,256</u>	<u>73,367</u>
Total liabilities	<u>4,461</u>	<u>102,594</u>
NET POSITION		
Unrestricted	<u><u>\$ 494,460</u></u>	<u><u>\$ 441,847</u></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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
Sanitation fees	\$ 327,116	\$ 425,148
Total operating revenues	<u>327,116</u>	<u>425,148</u>
OPERATING EXPENSES		
Costs of sales and services	240,427	314,056
Personal services	<u>34,399</u>	<u>63,378</u>
Total operating expenses	<u>274,826</u>	<u>377,434</u>
Operating income (loss)	52,290	47,714
Transfers in (out)		
General Fund	<u>323</u>	<u>0</u>
Change in net position	52,613	47,714
Net position, July 1	<u>441,847</u>	<u>394,133</u>
Net position, June 30	<u><u>\$ 494,460</u></u>	<u><u>\$ 441,847</u></u>

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

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Receipts from customers	\$ 260,974	\$ 416,290
Payments to suppliers	(266,369)	(314,418)
Payments to employees	<u>(35,650)</u>	<u>(63,056)</u>
Net cash provided (used) by operating activities	(41,045)	38,816
Cash flows from non-capital financing activities:		
Receipts from other funds	<u>323</u>	<u>0</u>
Net increase (decrease) in cash and cash equivalents	(40,722)	38,816
Cash and cash equivalents, July 1	<u>539,491</u>	<u>500,675</u>
Cash and cash equivalents, June 30	<u><u>\$ 498,769</u></u>	<u><u>\$ 539,491</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	<u>\$ 52,290</u>	<u>\$ 47,714</u>
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
(Increase) decrease in accounts receivable	3,969	(3,187)
(Increase) decrease in prepaid items	829	(103)
Increase (decrease) in accounts payable	(26,771)	(259)
Increase (decrease) in unearned revenue	(70,111)	(5,671)
Increase (decrease) in accrued salaries and other payroll liabilities	<u>(1,251)</u>	<u>322</u>
Total adjustments	<u>(93,335)</u>	<u>(8,898)</u>
Net cash provided (used) by operating activities	<u><u>\$ (41,045)</u></u>	<u><u>\$ 38,816</u></u>

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AGENCY FUND

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

Municipal Escrow Agency Fund - Used to account, on a temporary basis, for fines collected by the Municipal Court that are 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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	<u>\$ 16,818</u>	<u>\$ 17,877</u>
 LIABILITIES		
Due to other agencies	<u>\$ 16,818</u>	<u>\$ 17,877</u>

TOWN OF TYRONE, GEORGIA
MUNICIPAL ESCROW AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the fiscal year ended June 30, 2018

	<u>Balance July 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30</u>
ASSETS				
Cash and cash equivalents	\$ 17,877	\$ 355,713	\$ (356,772)	\$ 16,818
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
 LIABILITIES				
Due to other agencies	\$ 17,877	\$ 355,713	\$ (356,772)	\$ 16,818
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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OTHER REPORTING SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the Nonmajor Confiscated Assets Fund of the Town of Tyrone, Georgia, as of and for the year ended June 30, 2018, 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 21, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Tyrone, Georgia'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, Georgia's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, listed below, that we consider to be significant deficiencies:

Comment 2018-001

Condition: The size of the Town's accounting and administrative staff precludes certain internal controls that would be preferred if the staff were large enough to provide optimum segregation of duties. As a result, there is not adequate segregation of duties between authorization, custody, record keeping, and reconciliation in certain operational functions of the Town.

Criteria: Segregation of duties is a key internal control whereby the authorization, custody, record keeping, and reconciling duties are separated among several persons.

Comment 2018-001, continued

Effect: Failure to properly segregate duties exposes the Town to a greater risk of loss due to fraud.

Recommendation: Segregation of duties should be implemented to the extent practical and accounting records should be reviewed by responsible officials on a regular basis.

Management Response: Management concurs with this finding. The size of the Town's accounting and administrative staff precludes certain internal controls that would be preferred if the staff were large enough to provide optimum segregation of duties. Town management will work to continually improve and implement as many procedures as possible to improve internal controls. This action was taken immediately upon receipt of the comment from our auditors.

Comment 2018-002

Condition: During the fiscal year, the Town did not reconcile their bank accounts in a timely manner.

Criteria: Effective internal controls require that bank reconciliations be prepared and reviewed in a timely manner.

Effect: Failure to prepare and review bank reconciliations in a timely manner exposes the Town to a greater risk of loss due to fraud.

Recommendation: Bank reconciliations should be prepared and reviewed on a monthly basis. This review should include a review of and comparison to the bank statement and the cleared check images. The performance and review should be documented by the initials of the preparer and reviewer.

Management Response: Management concurs with this finding. In the future, the Finance Director will perform bank reconciliations monthly and the Town Manager will review reconciliations, bank statements, and cleared check images monthly. The performance and review will be documented by the initials of the preparer and reviewer.

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 Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 and compliance. Accordingly, this communication is not suitable for any other purpose.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
December 21, 2018

TOWN OF TYRONE, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL
PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended June 30, 2018

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
<u>2017 SPLOST</u>					
Roads and Streets - LMIG					
Matching Funds	\$ 425,000	\$ 425,000	\$ 0	\$ 24,597	\$ 24,597
Debt Services Reduction					
(GTIB Project Loans)	2,350,000	2,350,000	0	200,485	200,485
Sanitary Sewer Connection/					
Expansion	1,700,000	1,700,000	0	425,000	425,000
Sidewalks/Paths Expansion					
(Commerce, Spencer,					
Palmetto, Swanson) Roads	500,000	500,000	0	0	0
Miniature Roundabout at					
Palmetto/Spencer/Arrowwood	350,000	350,000	0	12,900	12,900
Handley Park Phase IV Fields					
and Facilities	325,000	325,000	0	2,915	2,915
Dorothea Redwine Park Multiuse					
Redevelopment	350,000	350,000	0	0	0
FDR and Repaving of Powers					
Court/Senoia Road	550,000	550,000	0	0	0
Replacement of Culverts on					
Dogwood & Pendelton Trails	625,000	625,000	0	29,468	29,468
Installation of SR74 North On-Ramp/					
Senoia Road Extension	400,000	400,000	0	0	0
Mill, Patch and Paving of					
Briarwood and Farr Roads	900,000	900,000	0	0	0
Gateway and Streetscape					
Improvements (Lighting,					
Signage, Landscape)	150,000	150,000	0	0	0
Town Hall Renovations/ADA					
Compliance Improvements	275,000	275,000	0	0	0
Purchase of Public Safety					
Patrol Vehicles	125,000	125,000	0	18,336	18,336
	<u>\$ 9,025,000</u>	<u>\$ 9,025,000</u>	<u>\$ 0</u>	<u>\$ 713,701</u>	<u>\$ 713,701</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.

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