CITY OF ROYSTON, GEORGIA

Annual Financial Report

For the fiscal year ended June 30, 2010

This page intentionally left blank.

CITY OF ROYSTON, GEORGIA
FINANCIAL REPORT
For the fiscal year ended June 30, 2010

TABLE OF CONTENTS

INTRODUCTORY SECTION:		**Page(s)**
	Table of Contents	**i-v**
FINANCIAL SECTION:		
	Independent Auditor's Report	**1-2**
	Management's Discussion and Analysis	**3-13**
BASIC FINANCIAL STATEMENTS		
Exhibit		
	Government-wide Statements	
A-1	Statement of Net Assets	**15-16**
A-2	Statement of Activities	**17**
	Fund Financial Statements	
A-3	Balance Sheet – Governmental Funds	**18**
A-4	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	**19**
A-5	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	**20**
A-6	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	**21**
A-7	Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) to Actual – General Fund	**22**
A-8	Statement of Net Assets – Proprietary Funds	**23-24**
A-9	Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	**25**
A-10	Statement of Cash Flows – Proprietary Funds	**26-27**
A-11	Statement of Fiduciary Assets and Liabilities	**28**

Table of Contents, continued

BASIC FINANCIAL STATEMENTS (continued)

Exhibit		Page(s)
A-12	**Notes to the Financial Statements**	**29-56**

Item #		Page #
1.	Description of Government Unit	**29**
2.	Summary of Significant Accounting Policies	**29-40**
3.	Deposit and Investment Risk	**40-41**
4.	Accounts Receivable	**41**
5.	Intergovernmental Receivables	**42**
6.	Property Taxes	**42**
7.	Interfund Receivables, Payables, and Transfers	**43**
8.	Capital Assets	**44-45**
9.	Capital and Operating Lease Agreements	**45-46**
10.	Long-Term Debt	**47-49**
11.	Bond Refunding	**49**
12.	Reserved/Restricted Equity Balances	**50**
13.	Pension Plan	**50-53**
14.	Deferred Compensation Plans	**53-54**
15.	Hotel/Motel Lodging Tax	**54**
16.	Joint Ventures	**55**
17.	Related Organizations	**55**
18.	Risk Management	**56**
19.	Commitments and Contingencies	**56**

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FINANCIAL STATEMENTS AND SCHEDULES

Exhibit		Page (s)
B-1	Combining Balance Sheet – Nonmajor Governmental Funds	**57-58**
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	**59-60**

Table of Contents, continued

COMBINING AND INDIVIDUAL FINANCIAL STATEMENTS AND SCHEDULES, continued

Exhibit		Page (s)
	GENERAL FUND	
C-1	Comparative Balance Sheets	**61**
C-2	Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	**62**
C-3	Schedule of Revenues - Budget (GAAP Basis) and Actual	**63**
C-4	Schedule of Expenditures - Budget (GAAP Basis) and Actual	**64-65**
	SPECIAL REVENUE FUNDS	
D-1	Confiscated Assets Special Revenue Fund Comparative Balance Sheets	**66**
D-2	Confiscated Assets Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	**67**
D-3	Hotel/Motel Tax Special Revenue Fund Comparative Balance Sheets	**68**
D-4	Hotel/Motel Tax Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	**69**
D-5	Technology Surcharge Special Revenue Fund Comparative Balance Sheets	**70**
D-6	Technology Surcharge Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	**71**
D-7	Fire Department Special Revenue Fund Comparative Balance Sheets	**72**
D-8	Fire Department Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	**73**
	CAPITAL PROJECTS FUNDS	
E-1	Grants Capital Projects Fund Comparative Balance Sheets	**74**
E-2	Grants Capital Projects Fund Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances	**75**

Table of Contents, continued

COMBINING AND INDIVIDUAL FINANCIAL STATEMENTS OF FUNDS, ACCOUNT GROUPS AND COMPONENT UNIT AND SUPPORTING SCHEDULES, continued

Exhibit		Page (s)
	CAPITAL PROJECTS FUNDS, continued	
E-3	2004 Franklin County Special Purpose Local Option Sales Tax Capital Projects Fund Comparative Balance Sheets	**76**
E-4	2004 Franklin County Special Purpose Local Option Sales Tax Capital Projects Fund Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances	**77**
E-5	Hart County Special Purpose Local Option Sales Tax #2 Capital Projects Fund Comparative Balance Sheet	**78**
E-6	Hart County Special Purpose Local Option Sales Tax #2 Capital Projects Fund Statement of Revenues, Expenditures, and Changes in Fund Balances	**79**
	ENTERPRISE FUNDS	
F-1	Water and Sewer Utility Enterprise Fund Comparative Statements of Net Assets	**80-81**
F-2	Water and Sewer Utility Enterprise Fund Comparative Statements of Revenues, Expenses and Changes in Net Assets	**82**
F-3	Water and Sewer Utility Enterprise Fund Comparative Statements of Cash Flows	**83-84**
F-4	Natural Gas Utility Enterprise Fund Comparative Statements of Net Assets	**85-86**
F-5	Natural Gas Utility Enterprise Fund Comparative Statements of Revenues, Expenses and Changes in Net Assets	**87**
F-6	Natural Gas Utility Enterprise Fund Comparative Statements of Cash Flows	**88-89**
F-7	Sanitation Enterprise Fund Comparative Statements of Net Assets	**90**
F-8	Sanitation Enterprise Fund Comparative Statements of Revenues, Expenses and Changes in Net Assets	**91**
F-9	Sanitation Enterprise Fund Comparative Statements of Cash Flows	**92**
	AGENCY FUNDS	
G-1	Municipal Court Agency Fund Comparative Statements of Assets and Liabilities	**93**
G-2	Municipal Court Agency Fund Statement of Changes in Assets and Liabilities	**94**

Table of Contents, continued

COMBINING AND INDIVIDUAL FINANCIAL STATEMENTS OF FUNDS, ACCOUNT GROUPS AND COMPONENT UNIT AND SUPPORTING SCHEDULES, continued

Exhibit		Page (s)
	COMPONENT UNIT	
H-1	Downtown Development Authority Comparative Balance Sheets	**95**
H-2	Downtown Development Authority Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	**96**
	OTHER REPORTING SECTION	
	Auditor's Report on Internal Control Over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	**97-98**
I-1	Schedule of Projects Financed with Special Purpose Local Option Sales Tax	**99**

This page intentionally left blank.

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Royston, Georgia, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Royston, Georgia's, management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

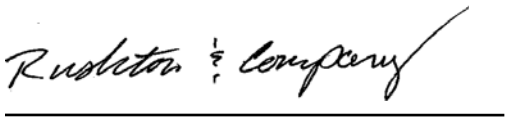
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely present component unit, each major fund, and the aggregate remaining fund information of the City of Royston, Georgia, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, and the budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 through 14 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2010, on our consideration of the City of Royston, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This page intentionally left blank.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Royston, Georgia, basic financial statements. The combining and individual fund financial statements and schedules, and the special purpose local option sales tax report are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information listed in this paragraph has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Certified Public Accountants

Gainesville, Georgia
September 28, 2010

This page intentionally left blank.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Royston, it is our pleasure to present this narrative discussion and analysis of the City of Royston's financial performance, providing an overview of the activities for the fiscal year ended June 30, 2009. The purpose of this narrative is to provide readers of financial statements with information that will help them make timely and meaningful financial decisions or draw conclusions about the City of Royston. This analytical information is designed to be read in conjunction with the City's financial statements, which follow this section.

Financial Highlights

- The City of Royston's assets exceeded its liabilities at June 30, 2010 by $9,077,586 (reported as *net assets).*
- As of June 30, 2010 Royston's governmental funds reported combined ending fund balances of $330,201. Approximately 36% of this total amount, $118,785, is available for spending at the City Council's discretion (unreserved, undesignated fund balance of the General Fund).

More detailed information regarding these activities and funds begins on page 6.

Overview of the Financial Statements

This discussion and analysis narrative is intended to serve as an introduction to the City of Royston's basic financial statements. The City of Royston's basic financial statements are composed of three elements: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains required supplementary information in addition to our basic financial statements.

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

The focus of the government-wide financial statements is on the overall financial position and activities of the City of Royston and is designed to provide readers with a broad overview of the City's financial activities in a manner similar to a private business enterprise.

The City's government-wide financial statements include the Statement of Net Assets and the Statement of Activities. These two statements report information about the City of Royston using the accrual basis of accounting, which is similar to the accounting used by most private-sector businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The purpose of the ***Statement of Net Assets*** (pages 15-16) is to attempt to report all of the assets held and liabilities owed by the City. The City reports all of its assets when it acquires ownership over the assets and reports all of its liabilities when they are incurred. The difference between the total assets and total liabilities is labeled *net assets.* Although the purpose of the City is not to accumulate net assets, in general, as this amount increases it indicates that the financial position of the City is improving over time.

The ***Statement of Activities*** (page 17), on the other hand, presents the revenues and expenses of the City. Under the accrual basis of accounting mentioned earlier, revenues are recognized when earned and expenses when incurred in this statement. Thus, revenues are reported even when they may not be collected for several weeks after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period. The difference is described as *change in net assets.* The primary focus of the Statement of Activities is on the *net cost* of various activities provided by the City and identifies the extent to which each function of the City draws from general revenues or is self-financing through fees, grants, or other sources.

In the Statement of Net Assets and the Statement of Activities, we divide the City of Royston into three types of activities:

- ***Governmental Activities*** – Most of the City's basic services are reported under this category, including police, fire, public works, and general administration. Sales tax, property taxes, and intergovernmental revenues finance most of these services.

- ***Business-type Activities*** – The City charges fees to customers to assist in covering all or most of the cost for certain services it provides. The City's natural gas system, water and sewer system, and garbage collection fees are reported in this category.

- ***Discretely Presented Component Unit*** – Component units are legally separate organizations for which the elected officials of the City are financially accountable. The Downtown Development Authority, although legally separate, functions for all practical purposes as a department of the City of Royston, and therefore has been included as an integral part of the primary government.

The City's government-wide financial statements are presented on pages 15-17.

Fund Financial Statements (Reporting the City's Major Funds)

The focus of fund financial statements is directed to specific activities of the City and its most significant funds, not the City as a whole. A fund is an entity with a self-balancing set of accounts that the City uses to tract specific resources and expenditures, either for management purposes or because of legal mandates. In addition to the major funds, individual fund data for the City's non-major funds can be found beginning on page 57. The City's funds are divided into three broad categories – governmental, proprietary, and fiduciary – and use different accounting approaches.

- ***Governmental Funds*** – These funds account for essentially the same functions reported as governmental activities in the government-wide financial statements; however governmental fund financial statements focus on the short-term view of the City's general government operations and the basic services it provides. Governmental funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

  Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements and because of the different accounting methods used to prepare them, there are often significant differences between the totals presented in these financial statements. It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. An analysis of the balance sheet and the statement of revenues, expenditures, and changes in fund balances that reconciles the two statements are provided at the bottom of each statement.

In addition to the General Fund, which is considered a major fund, the City of Royston maintains two governmental fund types:

1. Special Revenue Funds
2. Capital Projects Funds

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

The City's basic governmental fund financial statements are presented on pages 18-22 of this report.

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

  Enterprise fund statements report the same functions presented in the business-type activities columns of the government-wide financial statements. The City of Royston uses enterprise funds, which are considered major funds, to account for its Natural Gas system, Water and Sewer system, and Solid Waste functions.

  The City's proprietary fund financial statements are presented on pages 23-27.

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

  Fiduciary funds are presented in the fund financial statements but are not reported in the government-wide financial statements.

  The City's fiduciary fund Statement of Assets and Liabilities is presented on page 28.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-56 of this report.

Other Supplementary Information

Other supplementary information includes combining financial statements for non-major governmental, proprietary, and fiduciary funds. These funds are added together by fund type and presented in single columns in the basic financial statements but are not reported individually, as with major funds, on the government-wide financial statements.

This report includes two schedules (pages 19 and 21), which reconcile the amounts reported on the governmental fund financial statements (modified accrual basis of accounting) with the governmental activities reported on the government-wide financial statements (accrual basis of accounting). The following summarizes the impact of transitioning from modified accrual-to-accrual accounting:

- Capital assets used in governmental activities on the government-wide statements are not reported on fund financial statements.

- Certain tax revenues that are earned, but not available, are reported as revenue on the government-wide statement but are reported as deferred revenue on the fund statements.

- Unless due and payable, long-term liabilities, such as lease obligations, compensated absences, bonds and notes payable, and others only appear as liabilities in the government-wide statements.

- Capital outlay spending results in capital assets on the government-wide statements, but is reported as expenditures on the governmental fund financial statements.

- Bond and note proceeds result in liabilities on the government-wide statements but are recorded as other financing sources on the governmental fund financial statements.

- Certain other outflows represent either increases or decreases in liabilities on the government-wide statements but are reported as expenditures on the governmental fund financial statements.

Overview of the City's Financial Position and Operations

The City's overall financial position and operations for this year is summarized as follows based on the information included in the government-wide financial statements (see pages 15-17):

City of Royston
Net Assets (Financial Position)
Fiscal Years 2009 and 2010

	Governmental Activities		Business-Type Activities		Total	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
Current assets	$ 442,219	$ 353,142	$2,389,652	$2,268,410	$2,831,871	$2,621,552
Capital assets	3,588,868	3,676,309	3,775,777	3,855,366	7,364,645	7,531,675
Other noncurrent assets		0	4,667	7,000	4,667	7,000
Total assets	4,031,087	4,029,451	6,170,096	6,130,776	10,201,183	10,160,227
Current liabilities	143,077	95,244	418,091	409,777	561,168	505,021
Noncurrent liabilities	55,565	73,004	506,864	622,367	562,429	695,371
Total liabilities	198,642	168,248	924,955	1,032,144	1,123,597	1,200,392
Net Assets						
Invested in capital assets, net of related debt	3,522,685	3,595,136	3,151,661	3,117,833	6,674,346	6,712,969
Restricted	73,247	56,473	0	0	73,247	56,473
Unrestricted	236,513	209,594	2,093,480	1,980,799	2,329,993	2,190,393
Total net assets	$3,832,445	$3,861,203	$5,245,141	$5,098,632	$9,077,586	$8,959,835

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Assets for the City of Royston exceeded liabilities by $9,077,566 at the close of the current year. However, much of those net assets either are restricted as to the purposes for which they can be used, or are invested in capital assets.

The largest portion of the City of Royston's net assets reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure), less any related debt outstanding that was needed to construct or acquire the assets. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

In addition, the surplus in unrestricted governmental net assets increased by about 13%, however total net assets of the governmental activities decreased by about 1%. Revenues did exceed expenditures due to conservative revenue budgeting. The City held prior year fund balance in reserve because of current economic conditions.

Several factors affected the City's original budget forecasts: Numerous sewer lift station repairs and pump repairs/replacements, a new gas line extension in the Stonebridge Road area, a roof replacement at the gas store, and major repairs on aging sanitation trucks.

The city's cash balance position, reported as cash and equity in pooled cash in the Statement of Net Assets continues to improve slightly. In other areas: group insurance rates experienced a dramatic increase, which forced the City to make life insurance, dental insurance, accident insurance, and short-term disability insurance an option that city employees pay at 100%, GMEBS retirement contributions experienced an eleven percent increase, and other insurance areas experienced a very small increase such as liability, auto, and workman's compensation.

In FY2009 the City improved its water supply system by expansion of existing well resources. The City continues to explore options from ground water. The City will still experience a cost savings due to hydrofracing the Brooks Street well, which will pay for itself in less than one year. Several unbudgeted infrastructure/site improvement projects were completed during the year with SPLOST taking care of water/sewer and streets/road projects in FY2010. We also expanded the waste treatment on Bowers Street eliminating a decades old problem in the system. Extensions on Detter Road as well as Madison and Hart County agreements were competed. In FY2010 the City made liner repairs on one pond and expects to repair the 2nd pond in FY2011. The Natural Gas department continues to remain stable for FY2010, but the City expects the quantity of gas sales to rise in FY2011 with the recent expansions down Dovetown Road and Stone Bridge Road.

The Tri-County Wellness Park continues to thrive and is 85% complete at the end of FY2010. Phase I of the project should be finished in early FY2011 with the City using SPLOST funds for matching amounts and will shortly receive funds in the amount of $98,500 from a Recreational Trails Grant. The City will apply for a second Recreational Trails Grant for phase II of the Wellness Park in FY2011. The Park also received a $40,000 grant from the Forestry Service for tree planting, expected to be done early fall FY2011

The library was not funded by the State with an expected construction program in FY2010, but we are still number three on the priority list for funding in FY2010. USDA approved grant funding for computer equipment for the planned new library in the amount of $50.000.

The City has applied for a CBDG grant for replacing aging sewer lines in an area around the elementary school in the amount of $406,598; a USDA grant/loan for a new garbage truck in the amount of $50,000 in grant funds and $92,500 in loan funding; and a GEFA grant for automated water meters in the amount of $500.000 in FY2010. The City plans to apply for a GDOT Safe Routes to School Grant in the amount of $500,000 for sidewalks in early FY2011 and a GDOT TEA Grant, which would include restoring the Depot, for approximately $1,000,000.

Although the unrestricted net assets of our business-type activities represent 90% ($2,093,480) of total unrestricted net assets, these resources cannot be used to add to the net asset surplus in governmental activities. The City generally can only use these net assets to finance the continuing operations of the business-type activities.

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the City of Royston's net assets changed during the year.

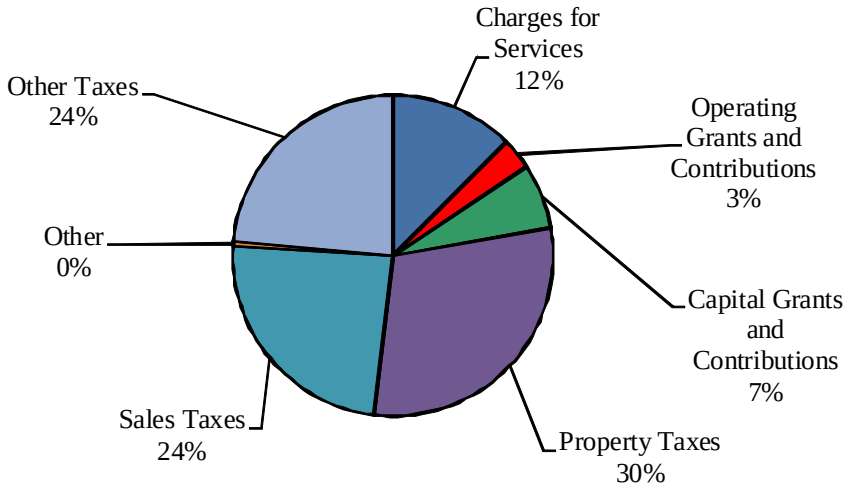
City of Royston
Changes in Net Assets
For Fiscal Years 2009 and 2010

	Governmental Activities		Business-Type Activities		Total	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
Program revenues:						
Charges for services	$ 229,596	$ 217,882	$ 3,820,808	$ 4,099,584	$ 4,050,404	$ 4,317,466
Operating grants and contributions	59,511	29,104	5,280	3,840	64,791	32,944
Capital grants and contributions	120,660	64,920	0	0	120,660	64,920
General revenues:						
Property taxes	546,677	555,020	0	0	546,677	555,020
Sales tax	443,430	430,277	0	0	443,430	430,277
Other taxes	434,626	448,889	0	0	434,626	448,889
Interest and investment earnings	3,108	9,467	21,259	25,367	24,367	34,834
Miscellaneous revenue	5,402	9,635	81,934	114,238	87,336	123,873
Total revenues	1,843,010	1,765,194	3,929,281	4,243,029	5,772,291	6,008,223
Expenses						
General Government	494,983	520,909	0	0	494,983	520,909
Judicial	9,267	8,974	0	0	9,267	8,974
Public Safety	1,229,284	1,213,443	0	0	1,229,284	1,213,443
Public Works	515,942	512,353	0	0	515,942	512,353
Culture and Recreation	89,281	83,313	0	0	89,281	83,313
Housing and Development	22,012	52,907	0	0	22,012	52,907
Interest on long-term debt	3,239	3,814	0	0	3,239	3,814
Water and sewer	0	0	885,618	805,513	885,618	805,513
Natural gas	0	0	2,181,124	2,642,181	2,181,124	2,642,181
Sanitation	0	0	223,790	264,578	223,790	264,578
Total expenses	2,364,008	2,395,713	3,290,532	3,712,272	5,654,540	6,107,985
Increase (decrease) in net assets before tranfers	(520,998)	(630,519)	638,749	530,757	117,751	(99,762)
Transfers	492,240	508,273	(492,240)	(508,273)	0	0
Increase (decrease) in net assets	(28,758)	(122,246)	146,509	22,484	117,751	(99,762)
Net assets - beginning	3,861,203	3,983,449	5,098,632	5,076,148	8,959,835	9,059,597
Net assets - ending	$ 3,832,445	$ 3,861,203	$ 5,245,141	$ 5,098,632	$ 9,077,586	$ 8,959,835

Governmental Activities –

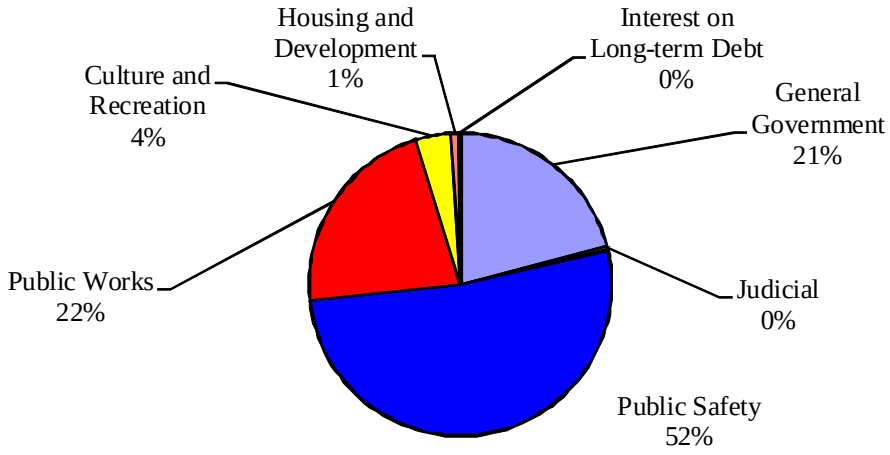
The following chart depicts revenues of the governmental activities for the year:

Revenue by Source - Governmental Activities



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

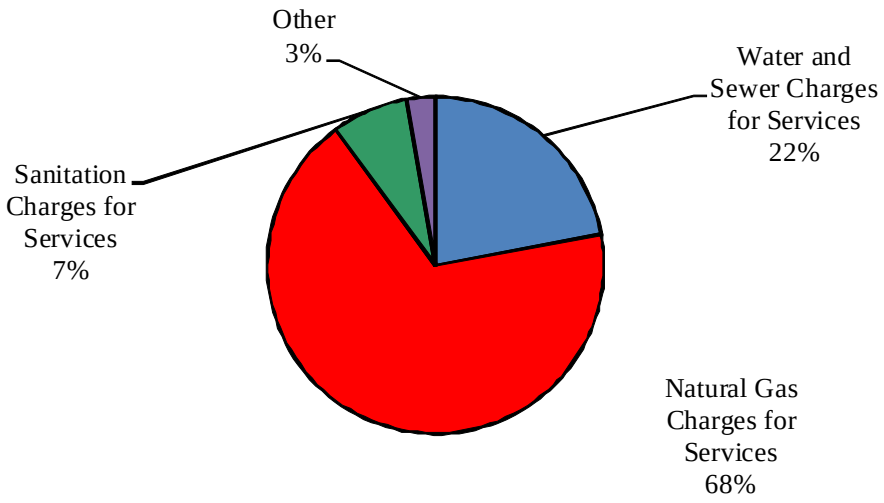
Expenses by Function - Governmental Activities



Business-type Activities –

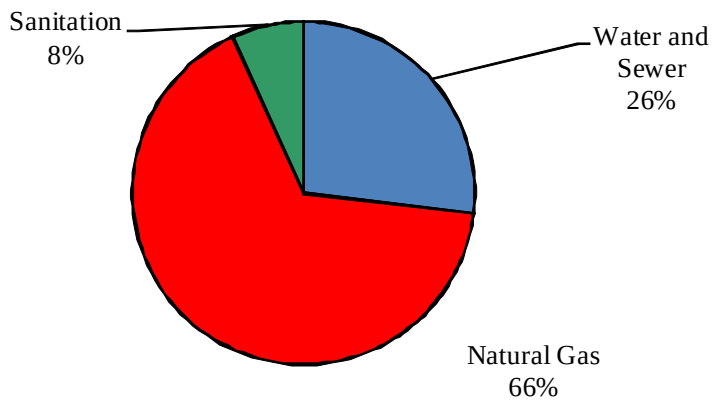
The following chart depicts the revenues of the business-type activities:

Revenue by Source - Business-type Activities



The following chart depicts the expenses of the business-type activities:

Expenses by Function - Business-type Activities



Financial Analysis of the City's Funds

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

> **Governmental Funds.** The focus of the City of Royston's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.
>
> As the City completed this year, its governmental funds reported a combined ending fund balance of $330,201. Of this amount, $118,620 (57%) constitutes unreserved, undesignated fund balance, which is available for appropriation for the general purposes of the funds. The remainder of fund balance is reserved or designated for projects and is not available for spending.
>
> The **General Fund** is the chief operating fund of the City. At the end of the current year, unreserved, undesignated fund balance of the General Fund was $118,785 and the unreserved, designated for budget amount was $114,212, while total fund balance reached $260,366. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 5% of the total General Fund expenditures, while total fund balance represents 12% of that same amount.

General Fund Budget Highlights

The original budget for the General Fund was amended by various additional revenues and appropriations approved after the beginning of the year.

Overall, the General Fund was under budget by $217,245 for FY2010, $293,076 for FY2009, $284,507 in FY2008, and $159,930 in FY2007. All departments remained at or under budget. Funds from a General Fund CD were loaned to the Natural Gas Department in the amount of $100.000 in FY2009; due to an additional gas expansion these funds were deferred for repayment to the General Fund until FY2012.

In FY2007 Public Safety had expenditures of 1,181,686 with appropriations of $1,147,460, FY2008 expenditures of $1,097,218 with appropriations of $1,165,857, FY2009 expenditures of 958,994 with appropriations of $1,008,356 and FY2010 expenditures of $1,050,225 with appropriations of $1,067,795. The police department patrol and administration made a change from 10-hour shifts to 12-hour shifts in an effort to be more cost effective late in FY2010. A new police cruiser was purchased in FY2010 with a Franklin County JAG grant.

Proprietary Funds

The City of Royston's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net assets of the City's three proprietary funds totaled as follows:

- Natural Gas $2,670,070
- Water and Sewer Utility $2,125,855
- Sanitation $ 449,216

The total increase in net assets for the three funds was $146,509.

The Water/Sewer Department entered agreements with Hart and Madison Counties in FY2010. Madison County is already online for water sales and we expect Hart County to be online in early FY2011. We expect to repair a 2nd pond liner sometime in FY2011, which should expand the life of the wastewater treatment plant considerably. The City has a sewer line replacement in the elementary school area expected to begin in early 2011 and will use CBDG funds and SPLOST for the funding. The City is also hopeful in receiving a non-matching GEFA Green Project Grant

for automated water meters in FY2011, which will increase the efficiency and accuracy of meter readings and better leak detection.

Gas Profit margins leveled some and the natural gas department saw an increase over the last several years. The Natural Gas Department completed a gas expansion on Dovetown Road and began another expansion on Stone Bridge Road in FY2010. These expansions should further broaden our residential customer base as well as our commercial poultry customer base. The Gas Department negotiated safety boundaries with neighboring gas companies to solidify our selling areas.

The Sanitation Department experienced some major repairs on garbage trucks in FY2010. The decision to rebuild verses buying new was weighed out and made on an item specific basis. Several rebuilds were necessary for both garbage trucks in FY2010. The Sanitation Department modest increase in rates resulted in an increased fund balance in this department. We have applied for a grant of $50,000 and a loan in the amount of 92,500 from USDA for the purchase of a new garbage truck.

Johnson Street and Spring Street were paved using DOT funds. Floyd Street drainage issues were addressed with an upgraded drainage pipe. A Cemetery contract was negotiated for maintenance in Rose Hill, substantially improving the upkeep while cutting associated costs.

The Service Delivery Strategy with Franklin County was successfully negotiated and approved by Council.

Capital Assets and Debt Administration

Capital Assets. The City of Royston has invested $7,364,645 in capital assets (net of accumulated depreciation). Capital assets include infrastructure, land, buildings, and machinery and equipment. Approximately 51% of these investments are related to business-type activities and approximately 49% relates to governmental activities.

Capital assets held by the City at the end of the current year are summarized as follows:

City of Royston
Capital Assets (net of accumulated depreciation)
As of June 30, 2010

	Governmental Activities	Business-type Activities	Total
Land	$ 353,463	$ 97,761	$ 451,224
Buildings	3,365,930	240,933	3,606,863
Land improvements	1,386,816	22,611	1,409,427
Distribution system	0	8,428,057	8,428,057
Vehicles and equipment	1,481,145	1,073,584	2,554,729
Furniture and fixtures	228,316	0	228,316
Construction in progress	39,513	243,181	282,694
Total	6,855,183	10,106,127	16,961,310
Accumulated depreciation	(3,266,315)	(6,330,350)	(9,596,665)
Net Capital Assets	$ 3,588,868	$ 3,775,777	$ 7,364,645

Additional information on the City of Royston's capital assets can be found in the Notes to the Financial Statements, Exhibit A-12, on pages 44-45 of this report.

Long-term debt. At June 30, 2010 the City of Royston had $321,463 in bonds payable, $302,653 in notes payable, and $66,183 in capital leases outstanding.

City of Royston
Outstanding Debt
As of June 30, 2010

	Governmental Activities	Business-type Activities	Total
Capital leases	$ 66,183	$ 0	$ 66,183
Notes payable	0	321,463	321,463
Bonds payable	0	302,653	302,653
Total	$ 66,183	$ 624,116	$ 690,299

The City's total debt decreased by approximately 13% in Fiscal Year 2008, 12% in FY2009, and 16% in FY2010. Additional information on the City's long-term debt can be found in the notes to the Financial Statements, Exhibit A-12, on pages 47-49 of this report.

Economic Condition and Outlook

Although not immune to the weakened economy, the City of Royston has executed a well thought out and thorough spending plan as well as positioning itself for future growth and health. This has caused it to compare well to other municipalities in the State of Georgia. Several factors were considered during preparation of the budget for FY2011, which include the following:

- The natural gas department net income continued to remain level in FY2010 with less fluctuation of gas prices but a slightly milder winter, which both affect the City's profit margin. The measures that Mayor and Council took in mid FY2006 to stabilize the City's profit margin have been successful.

- After evaluating the wastewater treatment plant, the City Council moved forward with the repair of one of the pond liners in FY2010 and plan to repair the #2 pond liner in FY2011. These repairs will extend the life of the wastewater treatment considerably. The City entered into agreements with Madison County and Hart County to supply water for the NE section of Madison County and the SE section of Hart County. These agreements resulted in an expanded infrastructure at no cost to the City in FY2010 and we anticipate a slight increase in water sales for FY2011.

- With minimal increases in interest rates on investments with respect to the City's bank balances and certificates of deposits, increases have not been budgeted.

- A change in shifts at the Police Department will result in budget savings in several areas.

- The City anticipates incurring a low-cost loan with USDA for the purchase of a garbage truck in FY2011.

- The City plans to use Recreational Trail Grant funds to complete Phase I of the Tri-County Wellness Park in FY2011 and will apply for the same grant again in FY2011 for Phase II.

- Through a partnership with Royston and use of private donations, the Athens Regional Library System will receive funding from the State allowing renovation and re-purposing of the current City Hall/Civic Center into a new expanded and modern Library. The City will then use the present Library as City Hall and a meeting area. The City has agreed to provide $67,857.00 of the estimated $1.7 million cost toward the Library expansion, which is expected to start in late FY2011 or early FY2012. The library received USDA Grant funds of $50,000 for use in purchasing computer equipment in FY2011 or early FY2012.

Contacting the City's Financial Services Department

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City of Royston's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed as follows:

City of Royston
ATTN: Gloria A. Brown, Finance Director/City Clerk
634 Franklin Springs Street
Royston, GA 30662

BASIC FINANCIAL STATEMENTS

CITY OF ROYSTON, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Current assets				
Cash	$ 32,958	$ 84	$ 33,042	$ 16,610
Equity in pooled cash	126,819	1,708,540	1,835,359	0
Certificates of deposit	77,198	145,593	222,791	0
Restricted assets				
Cash	3,413	0	3,413	0
Equity in pooled cash	0	125,548	125,548	0
Receivables (net)				
Accounts	802	388,762	389,564	0
Taxes	73,674	0	73,674	0
Intergovernmental	2,193	0	2,193	0
Interest	1,206	690	1,896	0
Internal balances	100,000	(100,000)	0	0
Prepaid items	23,956	12,194	36,150	0
Inventories	0	108,241	108,241	0
Total current assets	442,219	2,389,652	2,831,871	16,610
Noncurrent assets				
Capital assets				
Non-depreciable	392,976	340,942	733,918	6,000
Depreciable (net)	3,195,892	3,434,835	6,630,727	0
Intangible assets (net)	0	4,667	4,667	0
Total noncurrent assets	3,588,868	3,780,444	7,369,312	6,000
Total assets	4,031,087	6,170,096	10,201,183	22,610
LIABILITIES				
Current liabilities				
Payables				
Accounts	63,105	100,574	163,679	0
Sales tax	0	5,184	5,184	0
Interest	0	6,700	6,700	0
Accrued salaries and expenses	31,119	17,492	48,611	0
Compensated absences	33,265	23,905	57,170	0
Unearned revenue	0	17,864	17,864	0
Customer deposits payable	0	125,548	125,548	0
Capital lease payable	15,588	0	15,588	0
Notes payable	0	15,824	15,824	0
Bonds payable	0	105,000	105,000	0
Total current liabilities	143,077	418,091	561,168	0
Noncurrent liabilities				
Compensated absences	4,970	3,572	8,542	0
Capital leases payable	50,595	0	50,595	0
Notes payable	0	286,829	286,829	0
Bonds payable	0	216,463	216,463	0
Total noncurrent liabilities	55,565	506,864	562,429	0
Total liabilities	198,642	924,955	1,123,597	0

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

CITY OF ROYSTON, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2010

	Primary Government			Component Unit Downtown Development Authority
	Governmental Activities	Business-type Activities	Total	
NET ASSETS				
Invested in capital assets, net of related debt	$ 3,522,685	$ 3,151,661	$ 6,674,346	$ 0
Restricted for:				
Public Safety	38,296	0	38,296	0
Housing and Development	530	0	530	0
Capital outlay	34,421	0	34,421	0
Unrestricted	236,513	2,093,480	2,329,993	22,610
Total net assets	$ 3,832,445	$ 5,245,141	$ 9,077,586	$ 22,610

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

CITY OF ROYSTON, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2010

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary government					
Governmental activities					
General Government	$ 494,983	$ 99,098	$ 500	$ 0	$ (395,385)
Judicial	9,267	0	0	0	(9,267)
Public Safety	1,229,284	106,574	59,011	3,000	(1,060,699)
Public Works	515,942	7,800	0	101,896	(406,246)
Culture and Recreation	89,281	11,925	0	15,764	(61,592)
Housing and Development	22,012	4,199	0	0	(17,813)
Interest on long-term debt	3,239	0	0	0	(3,239)
Total governmental activities	2,364,008	229,596	59,511	120,660	(1,954,241)
Business-type activities					
Water and Sewer Utility	885,618	867,540	0	0	(18,078)
Natural Gas Utility	2,181,124	2,665,213	0	0	484,089
Sanitation	223,790	288,055	5,280	0	69,545
Total business-type activities	3,290,532	3,820,808	5,280	0	535,556
Total primary government	5,654,540	4,050,404	64,791	120,660	(1,418,685)
Component Unit					
Downtown Development Authority					
Housing and Development	16,371	5,676	4,055	0	(6,640)

	Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit
Change in net assets				
Net (expense) revenue	$ (1,954,241)	$ 535,556	$ (1,418,685)	$ (6,640)
General revenues				
Taxes				
Property	546,677	0	546,677	0
Sales	443,430	0	443,430	0
Franchise	192,257	0	192,257	0
Insurance premium	138,226	0	138,226	0
Intangibles	3,951	0	3,951	0
Alcoholic beverage	69,781	0	69,781	0
Occupational	28,001	0	28,001	0
Hotel/Motel	2,410	0	2,410	0
Payments from City of Royston	0	0	0	4,808
Interest and investment earnings	3,108	21,259	24,367	0
Miscellaneous	5,402	81,934	87,336	0
Transfers	492,240	(492,240)	0	0
Total general revenues and transfers	1,925,483	(389,047)	1,536,436	4,808
Change in net assets	(28,758)	146,509	117,751	(1,832)
Net assets - beginning	3,861,203	5,098,632	8,959,835	24,442
Net assets - ending	$ 3,832,445	$ 5,245,141	$ 9,077,586	$ 22,610

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

CITY OF ROYSTON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010

	General	Nonmajor Governmental Funds	Total
ASSETS			
Cash	$ 2,712	$ 6,137	$ 8,849
Equity in pooled cash	87,561	63,367	150,928
Certificates of deposit	77,198	0	77,198
Restricted assets			
Cash	3,413	0	3,413
Receivables (net)			
Accounts	802	0	802
Taxes	73,674	0	73,674
Intergovernmental	0	2,193	2,193
Interest	1,206	0	1,206
Due from other funds	100,000	0	100,000
Prepaid items	23,956	0	23,956
Total assets	$ 370,522	$ 71,697	$ 442,219
LIABILITIES AND FUND BALANCES			
Liabilities			
Payables			
Accounts	$ 44,210	$ 1,862	$ 46,072
Taxes	17,032	0	17,032
Deferred revenue	17,795	0	17,795
Accrued salaries	31,119	0	31,119
Total liabilities	110,156	1,862	112,018
Fund balances			
Reserved for:			
Prepaid items	23,956	0	23,956
Program expenditures	3,413	0	3,413
Unreserved, designated for budget	114,212	0	114,212
Unreserved, undesignated	118,785	0	118,785
Special Revenue Funds	0	35,414	35,414
Capital Projects Funds	0	34,421	34,421
Total fund balances	260,366	69,835	330,201
Total liabilities and fund balances	$ 370,522	$ 71,697	$ 442,219

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

CITY OF ROYSTON, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
June 30, 2010

Total fund balance - total governmental funds	$	330,201
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets of $6,855,182, net of accumulated depreciation of ($3,266,314), are not financial resources and, therefore, are not reported in the funds.		3,588,868
Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are deferred in the funds. These include deferred property taxes of $17,795.		17,795
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are capital leases of ($66,183) and compensated absences of ($38,236).		(104,419)
Net assets of governmental activities	$	3,832,445

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

CITY OF ROYSTON, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2010

	General	Nonmajor Governmental Funds	Total
REVENUES			
Taxes	$ 1,416,448	$ 2,410	$ 1,418,858
Licenses and permits	17,509	0	17,509
Fines, fees and forfeitures	98,188	8,751	106,939
Charges for services	106,957	0	106,957
Intergovernmental	22,103	137,994	160,097
Interest	2,659	448	3,107
Contributions	12,918	2,346	15,264
Other	5,405	0	5,405
Total revenues	1,682,187	151,949	1,834,136
EXPENDITURES			
Current			
General Government	457,452	0	457,452
Judicial	9,267	0	9,267
Public Safety	1,189,913	16,787	1,206,700
Public Works	487,778	0	487,778
Culture and Recreation	50,842	0	50,842
Housing and Development	20,019	1,994	22,013
Capital outlay	0	61,750	61,750
Total expenditures	2,215,271	80,531	2,295,802
Excess (deficiency) of revenues over (under) expenditures	(533,084)	71,418	(461,666)
Other financing sources (uses)			
Transfers in (out)			
Transfers in	549,427	0	549,427
Transfers out	0	(57,187)	(57,187)
Total other financing sources (uses)	549,427	(57,187)	492,240
Net change in fund balance	16,343	14,231	30,574
Fund balances, July 1	244,023	55,604	299,627
Fund balances, June 30	$ 260,366	$ 69,835	$ 330,201

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

CITY OF ROYSTON, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2010

Net change in fund balances - total governmental funds	$	30,574
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. This is the amount by which depreciation of ($244,520) exceeded capital outlays of $169,202 in the current period.		(75,318)
In the statement of activities, the gain or loss on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. The change in net assets differs from the change in fund balance by the cost of the assets sold of ($79,215), net of accumulated depreciation of $67,092.		(12,123)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These include recognition of unavailable deferred revenue.		5,875
The proceeds of debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which debt repayments of $14,990 exceeded proceeds of ($0).		14,990
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. These include the net change in compensated absences.		7,244
Change in net assets of governmental activities	$	(28,758)

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

CITY OF ROYSTON, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2010

	Budget			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Taxes	$ 1,433,800	$ 1,433,800	$ 1,416,448	$ (17,352)
Licenses and permits	14,900	14,900	17,509	2,609
Fines, fees and forfeitures	102,050	103,050	98,188	(4,862)
Charges for services	106,403	104,578	106,957	2,379
Intergovernmental	0	22,584	22,103	(481)
Interest	5,350	5,350	2,659	(2,691)
Contributions	8,000	8,000	12,918	4,918
Other	3,700	4,525	5,405	880
Total revenues	1,674,203	1,696,787	1,682,187	(14,600)
EXPENDITURES				
Current				
General Government				
Mayor and Council	92,475	103,489	103,295	194
Administration	405,940	398,334	349,697	48,637
Elections	1,650	4,542	4,460	82
Judicial				
Municipal Court	9,635	9,635	9,267	368
Public Safety				
Police	1,045,210	1,067,795	1,050,255	17,540
Fire	92,120	92,119	75,322	16,797
Code Enforcement	75,450	75,451	55,536	19,915
Animal Control	6,800	8,800	8,800	0
Public Works				
Streets	484,652	457,651	381,135	76,516
Maintenance Shop	86,447	86,447	76,148	10,299
Cemetery	1,700	30,517	30,495	22
Culture and Recreation				
Library	26,625	29,724	29,359	365
Parks and Recreation	17,430	23,101	21,483	1,618
Housing and Development				
Better Hometown Program	54,798	42,211	17,319	24,892
Downtown Development Authority	6,000	2,700	2,700	0
Total expenditures	2,406,932	2,432,516	2,215,271	217,245
Excess (deficiency) of revenues over (under) expenditures	(732,729)	(735,729)	(533,084)	202,645
Other financing sources (uses)				
Transfers in (out)				
Transfers in	535,729	535,729	549,427	13,698
Transfers out	(3,000)	0	0	0
Sales of capital assets	0	0	0	0
Issuance of capital leases	0	0	0	0
Contingency	0	0	0	0
Total other financing sources (uses)	532,729	535,729	549,427	13,698
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(200,000)	(200,000)	16,343	216,343
Fund balances, July 1	200,000	200,000	244,023	44,023
Fund balances, June 30	$ 0	$ 0	$ 260,366	$ 260,366

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

CITY OF ROYSTON, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2010

	Business Type			
	Water and Sewer Utility	Natural Gas Utility	Sanitation	Totals
ASSETS				
Current assets				
Cash	$ 0	$ 84	$ 0	$ 84
Equity in pooled cash	424,782	882,830	400,928	1,708,540
Certificates of deposit	0	145,593	0	145,593
Restricted assets				
Equity in pooled cash	34,107	91,441	0	125,548
Receivables (net)				
Accounts	114,587	238,978	35,197	388,762
Interest	0	690	0	690
Inventories	0	108,241	0	108,241
Prepaid items	5,528	5,084	1,582	12,194
Total current assets	579,004	1,472,941	437,707	2,489,652
Noncurrent assets				
Capital assets				
Non-depreciable	191,278	143,235	6,429	340,942
Depreciable (net)	2,054,967	1,359,528	20,340	3,434,835
Intangible assets (net)	4,667	0	0	4,667
Total noncurrent assets	2,250,912	1,502,763	26,769	3,780,444
Total assets	2,829,916	2,975,704	464,476	6,270,096
LIABILITIES				
Current liabilities				
Payables				
Accounts	23,051	72,230	5,293	100,574
Sales tax	0	5,184	0	5,184
Interest	6,700	0	0	6,700
Accrued salaries	7,385	8,207	1,900	17,492
Compensated absences	5,989	11,906	6,010	23,905
Unearned revenue	1,818	14,887	1,159	17,864
Due to other funds	0	100,000	0	100,000
Notes payable	15,824	0	0	15,824
Revenue bonds payable	105,000	0	0	105,000
Liabilities payable from restricted assets:				
Customer deposits payable	34,107	91,441	0	125,548
Total current liabilities	199,874	303,855	14,362	518,091

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

CITY OF ROYSTON, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2010

	Business Type			
	Water and Sewer Utility	Natural Gas Utility	Sanitation	Totals
Noncurrent liabilities				
Compensated absences	$ 895	$ 1,779	$ 898	$ 3,572
Notes payable	286,829	0	0	286,829
Bonds payable	216,463	0	0	216,463
Total noncurrent liabilities	504,187	1,779	898	506,864
Total liabilities	704,061	305,634	15,260	1,024,955
NET ASSETS				
Invested in capital assets, net of related debt	1,622,129	1,502,763	26,769	3,151,661
Unrestricted	503,726	1,167,307	422,447	2,093,480
Total net assets	$ 2,125,855	$ 2,670,070	$ 449,216	$ 5,245,141

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

CITY OF ROYSTON, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2010

	Business Type			
	Water and Sewer Utility	Natural Gas Utility	Sanitation	Totals
OPERATING REVENUES				
Charges for sales and services	$ 867,540	$ 2,665,213	$ 288,055	$ 3,820,808
Miscellaneous revenues	42,378	33,675	5,881	81,934
Total operating revenues	909,918	2,698,888	293,936	3,902,742
OPERATING EXPENSES				
Costs of sales and services	367,361	1,775,568	102,395	2,245,324
Personal services	348,949	312,357	107,751	769,057
Depreciation	128,368	80,772	13,644	222,784
Other	0	12,427	0	12,427
Total operating expenses	844,678	2,181,124	223,790	3,249,592
Operating income (loss)	65,240	517,764	70,146	653,150
Non-operating revenues (expenses)				
Intergovernmental	0	0	5,280	5,280
Interest revenue	4,945	11,952	4,362	21,259
Interest expense	(26,417)	0	0	(26,417)
Amortization	(9,102)	0	0	(9,102)
Gain (loss) on disposal of capital assets	(5,421)	0	0	(5,421)
Total non-operating revenues (expenses)	(35,995)	11,952	9,642	(14,401)
Income (loss) before transfers	29,245	529,716	79,788	638,749
Transfers in (out)				
Transfers in	57,187	0	0	57,187
Transfers out	(26,324)	(493,297)	(29,806)	(549,427)
Total transfers	30,863	(493,297)	(29,806)	(492,240)
Change in net assets	60,108	36,419	49,982	146,509
Net Assets, July 1	2,065,747	2,633,651	399,234	5,098,632
Net Assets, June 30	$ 2,125,855	$ 2,670,070	$ 449,216	$ 5,245,141

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

CITY OF ROYSTON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2010

	Business Type			
	Water and Sewer Utility	Natural Gas Utility	Sanitation	Totals
Cash flows from operating activities:				
Receipts from customers	$ 857,294	$ 2,623,487	$ 280,488	$ 3,761,269
Payments to suppliers	(361,312)	(1,765,784)	(105,274)	(2,232,370)
Payments to employees	(350,164)	(314,492)	(107,457)	(772,113)
Other receipts	42,378	33,675	5,882	81,935
Other payments	0	(12,427)	0	(12,427)
Net cash provided (used) by operating activities	188,196	564,459	73,639	826,294
Cash flows from non-capital financing activities:				
Receipts from other governments	0	0	5,280	5,280
Receipts from other funds	0	50,638	0	50,638
Payments to other funds	(26,324)	(493,297)	(34,256)	(553,877)
Net cash provided (used) by non-capital financing activities	(26,324)	(442,659)	(28,976)	(497,959)
Cash flows from capital and related financing activities:				
Receipts from other governments	57,187	0	0	57,187
Interest paid	(28,517)	0	0	(28,517)
Acquisition of capital assets	(97,441)	(51,176)	0	(148,617)
Principal payments - notes	(15,186)	0	0	(15,186)
Principal payments - bonds	(105,000)	0	0	(105,000)
Net cash provided (used) by capital and related financing activities	(188,957)	(51,176)	0	(240,133)
Cash flows from investing activities:				
Interest received	4,945	12,646	4,362	21,953
Proceeds from sale of investments	0	142,596	0	142,596
Purchase of investments	0	(145,593)	0	(145,593)
Net cash provided (used) by investing activities	4,945	9,649	4,362	18,956
Net increase (decrease) in cash and cash equivalents	(22,140)	80,273	49,025	107,158
Cash and cash equivalents, July 1	481,029	894,082	351,903	1,727,014
Cash and cash equivalents, June 30	$ 458,889	$ 974,355	$ 400,928	$ 1,834,172

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

CITY OF ROYSTON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2010

	Business Type			
	Water and Sewer Utility	Natural Gas Utility	Sanitation	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ 65,240	$ 517,764	$ 70,146	$ 653,150
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	128,368	80,772	13,644	222,784
(Increase) decrease in accounts receivable	(11,342)	(42,930)	(8,105)	(62,377)
(Increase) decrease in prepaid items	(1,478)	(3,596)	(431)	(5,505)
(Increase) decrease in inventories	0	9,914	0	9,914
Increase (decrease) in accounts payable	7,527	3,466	(2,448)	8,545
Increase (decrease) in sales tax payable	(253)	219	0	(34)
Increase (decrease) in unearned revenue	1,349	837	539	2,725
Increase (decrease) in accrued payroll liabilities	(1,215)	148	294	(773)
Increase (decrease) in deposits payable	0	(2,135)	0	(2,135)
Total adjustments	122,956	46,695	3,493	173,144
Net cash provided (used) by operating activities	$ 188,196	$ 564,459	$ 73,639	$ 826,294
Cash and cash equivalents reconciliation:				
Cash	$ 0	$ 84	$ 0	$ 84
Equity in pooled cash	424,782	882,830	400,928	1,708,540
Restricted assets				
Equity in pooled cash	34,107	91,441	0	125,548
Total cash and cash equivalents	$ 458,889	$ 974,355	$ 400,928	$ 1,834,172

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

CITY OF ROYSTON, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2010

	Municipal Court Agency Fund
ASSETS	
Equity in pooled cash	$ 13,684
Accounts receivable (net)	102,157
Total assets	$ 115,841
LIABILITIES	
Accrued payables	$ 2,676
Due to other agencies	113,165
Total liabilities	$ 115,841

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

1. Description of Government Unit

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

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

2. Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of the City of Royston, Georgia, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP and used by the City are discussed below.

B. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Royston (the primary government) and material component units. The component unit discussed below is included in the City's reporting entity because of the significance of its operational and financial relationship with the City. In conformity with generally accepted accounting principles, as set forth in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, the financial statements of the following component unit have been included as discretely presented component unit.

2. Summary of Significant Accounting Policies (continued)

B. Reporting Entity, continued

City of Royston Downtown Development Authority

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

The City of Royston Downtown Development Authority is reported in a separate column to emphasize that it is legally separate from the City. The City of Royston Downtown Development Authority has a June 30th year-end. Individual financial statements may be obtained by contacting the City of Royston Downtown Development Authority, 634 Franklin Springs Street, Royston, GA 30662.

C. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

2. Summary of Significant Accounting Policies (continued)

C. Government-wide and Fund Financial Statements, continued

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The City's government-wide financial statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of Governmental and Business-type activities for the City. Fiduciary activities of the City are not included in these statements.

These statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Accordingly, all the City's assets and liabilities, including capital assets, as well as current year infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in assets. Under 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.

2. Summary of Significant Accounting Policies (continued)

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

The types of transaction reported as program revenues for the City are reported in three categories: 1) charges for services to customers who directly benefit from goods, services or privileges provided by a given function, 2) operating grants and contributions that are restricted to meeting the operational needs requirements of a particular function and 3) capital grants and contributions that are restricted to meeting the capital needs requirements of a particular function.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated, however, those transactions between governmental and business-type activities have not been eliminated. Governmental activities that normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Governmental Fund Financial Statements

Governmental Fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. Governmental Fund financial statements and Permanent funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

2. Summary of Significant Accounting Policies (continued)

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

Governmental Fund Financial Statements

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Those revenues susceptible to accrual are property taxes, sales taxes, licenses, interest revenue and charges for services. Sales taxes collected and held by the state at year-end on behalf of the government also are recognized as revenue. The City considers property taxes as available in the period for which they were levied if they are collected within 60 days subsequent to year-end. A 60-day availability period is also used for revenue recognition for all other governmental fund revenue.

The City reports the following major governmental fund:

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

The City reports the following major proprietary funds:

Water and Sewer Utility Fund - This fund is used to account for activities connected with the development, operation and maintenance of water and sewer services in the City of Royston.

Natural Gas Utility Fund – This fund is used to account for activities connected with the development, operation and maintenance of natural gas services in the City of Royston.

Sanitation Fund – This fund is used to account for activities connected with the collection and disposal of residential, commercial, industrial and institutional solid waste in the City of Royston.

2. Summary of Significant Accounting Policies (continued)

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

Additionally, the City reports the following fund types:

Governmental Fund Types

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

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

Fiduciary Fund Types

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 City or for others. The City has an agency fund to account for the activity of the Municipal Court.

Component Units

The Royston Downtown Development Authority is accounted for using a current financial resources measurement focus and uses the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e. when they both become measurable and available).

2. Summary of Significant Accounting Policies (continued)

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

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Private-sector standards of accounting and financial reporting issued on or before November 30, 1989, are generally followed in the governmental and business-type activities and enterprise fund financial statements to the extent that those standards do no conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option for following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer functions and the other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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. 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.

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

2. Summary of Significant Accounting Policies (continued)

E. Budgets and Budgetary Accounting

The City Council adopts an annual budget for all governmental fund types, prior to July 1, except for the Capital Projects Funds. The Capital Projects Funds are budgeted by City Council when capital projects are approved. The operating budget includes proposed expenditures and the means of financing them. The budget is legally enacted by the passage of a resolution.

In January each year, the departments submit their budget requests to the Finance Director. The Finance Department compiles a complete citywide budget and submits the proposed budget to the City Manager for review. Meetings are held between the City Manager, Finance Director, and department heads in February to review the proposed budget. The City Manager then submits the proposed budget to the City Council by May 1.

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

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

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) at the legal level of budgetary control, which is the department level. Expenditures may not exceed the appropriations within a fund. Budgets, as reported in the financial statements, are as originally passed by 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.

2. Summary of Significant Accounting Policies (continued)

E. Budgets and Budgetary Accounting, continued

The City does not use the encumbrance system of accounting.

F. 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.

G. 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.

H. Inventories

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

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2010, are recorded as prepaid items.

J. Capital Assets

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

2. Summary of Significant Accounting Policies (continued)

J. Capital Assets, continued

GASB Statement No. 34 required the City to report and depreciate new infrastructure assets effective with the beginning of the fiscal year ended June 30, 2004. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. Neither their historical costs nor related depreciation has historically been reported in the financial statements. For entities the size of the City of Royston, retroactive reporting of infrastructure assets is not required.

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

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

	Useful Life in Years	Capitalization Threshold
Buildings	50	$ 2,000
Distribution systems	50	$ 20,000
Roads	50	$ 100,000
Bridges and culverts	50	$ 40,000
Equipment	10	$ 2,000
Vehicles	5	$ 2,000
Furniture and fixtures	5	$ 2,000
Land improvements	15	$ 2,000

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.

2. Summary of Significant Accounting Policies (continued)

K. Restricted Assets

Restricted assets of the Enterprise Funds represent unexpended money collected and receivables consisting of unexpended bond proceeds and extension and renewal receipts which remain restricted for future construction of specific projects for the improvement and expansion of the Water and Sewer System.

L. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation benefits which will be paid to the employees upon separation from City service. Accumulated unpaid vacation pay amounts are accrued when incurred by the City in the government-wide, proprietary, and fiduciary fund financial statements. The liability of the proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees. In governmental fund types, a liability is recorded only if the benefit has matured and is expected to be liquidated with expendable available financial resources.

M. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

2. Summary of Significant Accounting Policies (continued)

N. 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.

O. Reservations and Designations of Fund Balances

Reservations represent the portions of fund balances which are not appropriable for expenditure or have been segregated for specific future uses by legal mandate. Designations represent the portions of fund balance for which the government has made tentative plans.

P. Comparative Data and Reclassifications

Comparative total data of the prior period has been presented in the accompanying individual fund financial statements in order to provide an understanding of changes in the City's financial position and operations. Certain 2009 amounts have been reclassified to conform with the 2010 presentation.

3. Deposit and Investment Risk

Custodial Credit Risk – Deposits

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

Interest Rate Risk

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

3. Deposit and Investment Risk (continued)

Credit Risk

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

Concentration of Credit Risk

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

Foreign currency risk

The City has no investments denominated in a foreign currency.

4. Accounts Receivable

Net accounts receivable at June 30, 2010 consist of the following:

Major Funds		
General Fund		$ 802
Enterprise Funds		
Water and Sewer Utility	$ 169,277	
Less: Allowances for Uncollectibles	(54,690)	
Natural Gas Utility	395,692	
Less: Allowances for Uncollectibles	(156,714)	
Sanitation	50,078	
Less: Allowances for Uncollectibles	(14,881)	388,762
Total Primary Government		$ 389,564
Fiduciary Funds		
Agency Fund		
Municipal Court Agency Fund	$ 185,741	
Less: Allowance for Uncollectiables	(83,584)	$ 102,157

5. Intergovernmental Receivables

Intergovernmental receivables at June 30, 2010 consist of the following:

Nonmajor Governmental Funds	
2004 Franklin County SPLOST	
Franklin County, Georgia	$ 2,193

6. Property Taxes

Taxes receivable as of June 30, 2010 consist of property taxes for seven years as follows:

Year of Levy	Amount
2009	$ 27,289
2008	12,871
2007	6,052
2006	4,535
2005	1,754
2004	937
2003	1,422
	54,860
Less allowance for uncollectible	(17,400)
Total	$ 37,460

Property tax rates are set by the City Council each year and are limited by statutory or constitutional provision. Property values are assessed as of January 1st each year. Property taxes for fiscal year 2010, based upon the assessments of January 1, 2009, were billed on January 22, 2010 and due on March 22, 2010. Tax liens are issued 90 days after the due date. The tax rate of 10.0 mills for fiscal year 2010 was levied on December 22, 2009.

Other Taxes

$36,214 of sales taxes are also included in taxes receivable.

7. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables as of June 30, 2010 is as follows:

	Due from: Major Funds
	Natural Gas Utility
Due to:	
Major Funds	
General	$ 100,000

The balances reported as Due to/Due from represent a loan between the borrower fund and the lender fund. The balance report between the General and Natural Gas Utility Funds resulted from payment of construction costs for a Natural Gas system expansion project. The City plans to liquidate this balance at the maturity of a certificate of deposit held by the Natural Gas Utility Fund. This balance is 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 as “internal balances”.

A summary of interfund transfers is as follows:

	Transfers out:				
	Major Funds				
	Water and Sewer Utility	Natural Gas Utility	Sanitation	Nonmajor Governmental	Total
Transfers in:					
Major Funds					
General	$ 26,324	$ 493,297	$ 29,806	$ 0	$ 549,427
Water and Sewer Utility	0	0	0	57,187	57,187
	$ 26,324	$ 493,297	$ 29,806	$ 57,187	$ 606,614

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

8. Capital Assets

Capital asset activity for the primary government for the year ended June 30, 2010 was as follows:

	Balance June 30, 2009	Increases	Decreases	Balance June 30, 2010
Governmental activities				
Non-depreciable assets				
Land	$353,463	$0	$0	$353,463
Construction in progress	25,472	14,041	0	39,513
Total nondepreciable assets	378,935	14,041	0	392,976
Depreciable assets				
Buildings	3,363,830	2,100	0	3,365,930
Land improvements	1,342,107	44,709	0	1,386,816
Vehicles and equipment	1,458,745	101,615	(79,215)	1,481,145
Furniture and fixtures	221,579	6,737	0	228,316
Total depreciable assets	6,386,261	155,161	(79,215)	6,462,207
Accumulated depreciation				
Buildings	(1,701,231)	(66,615)	0	(1,767,846)
Land improvements	(89,120)	(32,050)	0	(121,170)
Vehicles and equipment	(1,182,498)	(112,351)	67,092	(1,227,757)
Furniture and fixtures	(116,038)	(33,504)	0	(149,542)
Total accumulated depreciation	(3,088,887)	(244,520)	67,092	(3,266,315)
Total depreciable assets, net	3,297,374	(89,359)	(12,123)	3,195,892
Governmental activities capital assets, net	$3,676,309	($75,318)	($12,123)	$3,588,868
Business-type activities				
Non-depreciable assets				
Land	$97,761	$0	$0	$97,761
Construction in progress	185,205	60,476	(2,500)	243,181
Total non-depreciable assets	282,966	60,476	(2,500)	340,942
Depreciable assets				
Buildings	232,533	8,400	0	240,933
Land improvements	22,611	0	0	22,611
Distribution system	8,366,391	61,666	0	8,428,057
Vehicles and equipment	1,084,363	18,074	(28,853)	1,073,584
Total depreciable assets	9,705,898	88,140	(28,853)	9,765,185
Accumulated depreciation				
Buildings	(98,325)	(4,715)	0	(103,040)
Land improvements	(1,511)	(1,507)	0	(3,018)
Distribution system	(5,106,455)	(164,936)	0	(5,271,391)
Vehicles and equipment	(927,207)	(51,626)	25,932	(952,901)
Total accumulated depreciation	(6,133,498)	(222,784)	25,932	(6,330,350)
Total depreciable assets, net	3,572,400	(134,644)	(2,921)	3,434,835
Business-type activities capital assets, net	$3,855,366	($74,168)	($5,421)	$3,775,777

8. Capital Assets (continued)

Depreciation expense was charged to functions/programs as follows:

Primary Government	
Governmental activities	
General Government	$ 35,466
Public Safety	119,463
Public Works	54,152
Culture and Recreation	35,439
Total depreciation expense for governmental activities	$ 244,520
Business-type activities	
Water and Sewer Utility	$ 128,368
Natural Gas Utility	80,772
Sanitation	13,644
Total depreciation expense for business-type activities	$ 222,784

9. Capital and Operating Lease Agreements

The City has entered into agreements for the lease of certain equipment. The terms of the agreements meet 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 balances of these leases at June 30, 2010 are $66,183 for governmental activities.

9. Capital and Operating Lease Agreements (continued)

The following is a schedule of the future minimum lease payments together with the present value of the net minimum lease payments as of June 30, 2010:

Year Ending June 30,	Governmental Activities
2011	$ 18,229
2012	18,229
2013	18,229
2014	18,229
Total minimum lease payments	72,916
Less amounts representing interest	(6,733)
Present value of minimum lease payments	$ 66,183

Total assets leased under capital leases are $147,926 governmental activities and are reported as vehicles.

The City's lease agreements, other than such agreements described above, are relatively minor commitments (generally for office machines) and are in compliance with state law.

10. Long-Term Debt

Notes Payable

On October 1, 2004, the City entered into an agreement the Georgia Environmental Facilities Authority for expansion of the City's water and sewerage system. The City borrowed $381,024 due in monthly installments of $2,333 principal and interest through October 1, 2024; interest at 4.12% ($302,653 outstanding).

Annual debt service requirements for notes payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2011	$ 15,824	$ 12,173	$ 27,997
2012	16,469	11,528	27,997
2013	17,198	10,799	27,997
2014	17,899	10,098	27,997
2015	18,653	9,344	27,997
2016-2020	105,685	34,302	139,987
2011-2025	110,925	10,382	121,307
Totals	$ 302,653	$ 98,626	$ 401,279

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities, while revenue bonds are issued for the construction and expansion of proprietary activities. General obligation bonds are direct obligations and pledge the full faith, credit and taxing powers of the City while revenue bonds pledge the revenues of the proprietary activity for repayment of the bond issues.

10. Long-Term Debt (continued)

Revenue Bonds

Revenue bonds have been issued for business-type activities and are comprised of the following individual issue at June 30, 2000:

$890,000 2003 Water and Sewerage Refunding Revenue Series Bonds due in annual installments of $105,000 to $115,000 through July 1, 2012; interest at 4.00% ($440,000 outstanding less loss on refunding of $20,305 to net $419,695).

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2011	$ 105,000	$ 11,300	$ 116,300
2012	115,000	6,900	121,900
2013	115,000	2,300	117,300
Totals	$ 335,000	$ 20,500	$ 355,500

10. Long-Term Debt (continued)

Changes in Long-Term Debt

The following is a summary of changes in long-term debt of the City for fiscal year ended June 30, 2010:

	Balance 6/30/2009	Additions	Deductions	Balance 6/30/2010	Due Within One Year
Governmental activities					
Capital lease obligations	$ 81,173	$ 0	$ 14,990	$ 66,183	$ 15,588
Compensated absences	45,479	31,835	39,078	38,236	33,265
Total governmental activities	$ 126,652	$ 31,835	$ 54,068	$ 104,419	$ 48,853
Business-type activities					
Revenue bonds	$ 440,000	$ 0	$ 105,000	$ 335,000	$ 105,000
Loss on refunding	(20,305)	0	(6,768)	(13,537)	0
Notes payable	317,838	0	15,185	302,653	15,824
Compensated absences	33,468	23,520	29,511	27,477	23,905
Total business-type activities	$ 771,001	$ 23,520	$ 142,928	$ 651,593	$ 144,729

Revenue bond issue costs and discounts/premiums are amortized over the life of the related debt using the straight-line method. In prior years, compensated absences of the governmental activities were liquidated in the General Fund.

11. Bond Refunding

In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the appropriate fund. As of June 30, 2010, the amount of defeased debt outstanding but removed from the City's records for business-type activities amounted to $225,000.

12. Reserved/Restricted Equity Balances

General Fund

Reserved for program expenditures – An amount of $3,413 has been reserved for program expenditures since this amount is not legally available for appropriation.

Reserved for prepaid items - An amount of $23,956 has been reserved for prepaid items since this amount is not legally available for appropriation.

13. Pension Plan

On June 12, 2007, the City elected to contribute and participate in an agent multiple-employer plan for fiscal year 2008 and periods thereafter. The plan's assets may be used only for the payment of benefits to the members of the plan, in accordance with the terms of the plan. See Note 2 – Summary of Significant Accounting Policies for basis of accounting and reporting of investments.

Plan Description and Contribution Information

The City contributes to the Georgia Municipal Employees Benefit System Retirement Fund (GMEBSRF), an agent multiple-employer defined benefit plan that acts as a common investment and administrative agent for municipalities in the State. The plan is administered by the Georgia Municipal Association (GMA) and provides pension benefits, death and disability benefits, which were established and may be amended by City Council Ordinance and change of contract with GMA. All full-time City employees are eligible to participate in GMEBSFR after one year of service. The normal retirement date of full-time City employees is attainment of age 65 with 5 years of credited service. City employees may elect early retirement on the first day of any month prior to his/her normal retirement date if he/she has attained age 55 and has a minimum of 10 years credited service. Upon retirement, the participant is entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1.5 percent of his/her average monthly earnings as defined in the plan for each year of credited service. The system also provides death and disability benefits. Employees vest in the plan after 5 years of full-time service with the City.

13. Pension Plan (continued)

Plan Description and Contribution Information, continued

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

Current membership in the plan is as follows:

Retirees and beneficiaries currently receiving benefits	4
Terminated vested participants entitled to but not yet receiving benefits	3
Active participants	53
Total number of participants	60

Funding Policy. The contribution requirements of the City are established and may be amended by City Council. Plan members are not allowed to make contributions to this plan. The City is required to contribute at an actuarially determined rate. The current rate is 9% of annual covered payroll. The City Council provides for the benefits and funding policy through a City ordinance and maintains the authority to change the policy. Costs of administering the plan are financed through contributions and earnings.

Annual Pension Cost and Net Pension Obligation

The net pension obligation was computed as part of an actuarial valuation performed as of January 1, 2010. Significant actuarial assumptions used in the valuation include:

Rate of return on investments of present and future assets compounded annually	7.8%
Projected salary increases: Inflation	3.5%
Post-retirement benefit increases	3.5%
Life expectancy before and after retirement (Group Annuity Mortality table)	1983

13. Pension Plan (continued)

Annual Pension Cost and Net Pension Obligation, continued

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

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

Annual pension cost	$	118,203
Contributions made		118,203
Increase (decrease) in net pension obligation		0
Net pension obligation - beginning of year		0
Net pension obligation - end of year	$	0

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

13. Pension Plan (continued)

Schedule of Employer Contributions

Funding Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
3/1/2008	$ 37,997	100%	$ 0
3/1/2009	104,923	100%	0
1/1/2010	118,203	100%	0

Historical Trend Information

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll** (c)	AAL as a Percentage of Covered Payroll ((b-a)/c)
3/1/2008	$ 34,503	$ 412,006	$ 377,503	8.37%	$ 1,289,462	29.28%
3/1/2009	116,069	507,258	391,189	22.88%	1,471,928	26.58%
1/1/2010	192,379	656,984	464,605	29.28%	1,423,620	32.64%

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

14. Deferred Compensation Plans

The City provides retirement benefits for its employees through two deferred compensation, defined contribution plans. The Plans were created under Internal Revenue Code Sections 457 and 401(a). The first plan is administered by the Public Employees Benefits Services Corporation (PEBSCO), an independent third party. In fiscal year 2002, the City elected to participate in the plan administered by the Georgia Municipal Association (GMA), an independent third party. Participating employees at the time of the conversion were given the option of remaining with the plan administered by PEBSCO, or changing to the plan administered by GMA. All employees who became eligible to participate in the deferred compensation, defined contribution plan after the conversion were enrolled in the GMA plan. The City Council provides for the benefits and funding policy through a City ordinance and maintains the authority to change the policy.

14. Deferred Compensation Plans (continued)

Under the terms of the Plans, employees may defer a portion of their salary through voluntary contributions to the Plan. Employees may defer a maximum of 25% of their salary, up to the maximum allowable by federal law. After completing 90 days of service, the City will contribute 25% of the employee's contributions per year. At June 30, 2010, there were 13 members of the Plans.

There is a cap of $1,000 per eligible employee for City contributions. Funds are vested 100% at the time of contribution. Amounts held in the Plans are not available to the employees until termination, retirement, death, or unforeseeable emergency.

During the fiscal year, the City contributed $5,758 to the plans based on covered salaries of $453,838. Plan members made voluntary contributions of $23,032 to the plans. Total payroll was $1,562,270.

The City has no fiduciary relationship with the plans, and plan assets are not available to the City or its general creditors. The Plans assets are held in trust by the administrator for the exclusive benefit of the participants of the Plans.

15. Hotel/Motel Lodging Tax

The City has levied a 3% lodging tax. A summary of the transactions for the year ending June 30, 2010, follows:

Lodging Tax Receipts	$2,410	
Disbursements to		
Downtown Development Authority	$1,994	82% of Tax Receipts

16. Joint Ventures

The City of Royston participates with various other cities in the Northern Piedmont Multi-Agency Narcotics Squad (MANS) to facilitate the investigation, arrest, prosecution and conviction of those residents and non-residents involved in the manufacture, use, distribution, and sale of illicit drugs. The City has an ongoing financial responsibility of funding for this unit. This funding is determined each year from a budget of grant monies and individual municipalities participation. The MANS unit is funded primarily through grant monies and operates on a balanced budget determined by revenue. The financial records of the MANS unit are maintained by Franklin County Georgia and reported in their audit report. During fiscal year 2010, the City contributed $6,991 in cash financing. A copy of the MANS unit financial statements can be obtained from Franklin County, Georgia, 141 Athens Street, Carnesville, Georgia 30521.

Under Georgia law, the City, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Georgia Mountains Regional Development Center and is required to pay annual dues thereto. During its year ended June 30, 2010, the city paid $2,353 in such dues. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC 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 RDC. Separate financial statements may be obtained from Georgia Mountains Regional Development Center, 1310 West Ridge Road, Gainesville, Georgia 30501.

17. Related Organizations

The Housing Authority of the City of Royston is considered a related organization to the City of Royston. The City appoints members to the Authority, but does not have the ability to impose its will or create a financial benefit or burden for the Authority. The Authority provides low-income housing for the individuals in the City of Royston. The City received $19,839 as payment-in-lieu-of-taxes for fiscal year 2010. Separate financial statements may be obtained from Housing Authority of the City of Royston, 216 Hartwell Street, Royston, Georgia 30662.

18. Risk Management

Material estimates have been made by management about the life of depreciated capital assets. Management has used a conservative approach on these estimates.

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. City has elected to manage its risk financing activities through the purchase of commercial insurance.

There have been no insurance settlements exceeding insurance coverage for any of the past three fiscal years.

Management estimates liabilities for unpaid claims based on the probability of losses exceeding the occurrence limits and the reasonableness of estimating those losses. At June 30, 2010, the City has no losses that are probable or estimable and accordingly has not recognized any liability.

19. Commitments and Contingencies

Contingencies

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

This page intentionally left blank.

COMBINING STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

CITY OF ROYSTON, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2010

	Special Revenue		
	Confiscated Assets	**Hotel/Motel Tax**	**Technology Surcharge**
ASSETS			
Cash	$ 6,137	$ 0	$ 0
Equity in pooled cash	0	632	4,638
Intergovernmental receivable	0	0	0
Total assets	$ 6,137	$ 632	$ 4,638
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 0	$ 102	$ 0
Fund balances			
Unreserved	6,137	530	4,638
Total liabilities and fund balances	$ 6,137	$ 632	$ 4,638

Special Revenue	Capital Projects			Total
Fire Department	Grants	2004 Franklin County SPLOST	Hart County SPLOST #2	Nonmajor Governmental Funds
$ 0	$ 0	$ 0	$ 0	$ 6,137
24,109	0	33,507	481	63,367
0	0	2,193	0	2,193
24,109	$ 0	$ 35,700	$ 481	$ 71,697
$ 0	$ 0	$ 1,760	$ 0	$ 1,862
24,109	0	33,940	481	69,835
$ 24,109	$ 0	$ 35,700	$ 481	$ 71,697

CITY OF ROYSTON, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2010

	Special Revenue		
	Confiscated Assets	**Hotel/Motel Tax**	**Technolgy Surcharge**
REVENUES			
Taxes	$ 0	$ 2,410	$ 0
Fines, fees, and forfeitures	4,459	0	4,292
Intergovernmental	0	0	0
Interest	0	0	27
Contributions	0	0	0
Total revenues	4,459	2,410	4,319
EXPENDITURES			
Current			
Public Safety	250	0	4,164
Housing and Development	0	1,994	0
Capital outlay	0	0	0
Total expenditures	250	1,994	4,164
Excess (deficiency) of revenues over (under) expenditures	4,209	416	155
Other financing sources (uses)			
Transfers out	0	0	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	4,209	416	155
Fund balances, July 1	1,928	114	4,483
Fund balances, June 30	$ 6,137	$ 530	$ 4,638

Special Revenue	Capital Projects			Total
Fire Department	Grants	2004 Franklin County SPLOST	Hart County SPLOST #2	Nonmajor Governmental Funds
$ 0	$ 0	$ 0	$ 0	$ 2,410
0	0	0	0	8,751
20,335	0	107,089	10,570	137,994
0	0	421	0	448
2,346	0	0	0	2,346
22,681	0	107,510	10,570	151,949
12,373	0	0	0	16,787
0	0	0	0	1,994
0	0	51,661	10,089	61,750
12,373	0	51,661	10,089	80,531
10,308	0	55,849	481	71,418
0	0	(57,187)	0	(57,187)
10,308	0	(1,338)	481	14,231
13,801	0	35,278	0	55,604
$ 24,109	$ 0	$ 33,940	$ 481	$ 69,835

This page intentionally left blank.

GENERAL FUND

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

CITY OF ROYSTON, GEORGIA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	2010	2009
ASSETS		
Cash	$ 2,712	$ 2,620
Equity in pooled cash	87,561	64,756
Certificates of deposit	77,198	74,917
Restricted assets		
Cash	3,413	869
Receivables (net)		
Accounts	802	2,652
Taxes	73,674	74,856
Interest	1,206	1,790
Due from other funds	100,000	53,812
Prepaid items	23,956	20,654
Total assets	$ 370,522	$ 296,926
LIABILITIES AND FUND BALANCES		
Liabilities		
Payables		
Accounts	$ 44,210	$ 14,943
Excess taxes	17,032	0
Deferred revenue	17,795	11,919
Accrued salaries and payroll liabilities	31,119	26,041
Total liabilities	110,156	52,903
Fund balances		
Reserved for prepaid items	23,956	20,654
Reserved for program expenditures	3,413	869
Unreserved, designated for budget	114,212	200,000
Unreserved, undesignated	118,785	22,500
Total fund balances	260,366	244,023
Total liabilities and fund balances	$ 370,522	$ 296,926

CITY OF ROYSTON, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2010 and 2009

	2010	2009
REVENUES		
Taxes	$ 1,416,448	$ 1,433,281
Licenses and permits	17,509	15,151
Fines, fees and forfeitures	98,188	89,580
Charges for services	106,957	106,962
Intergovernmental	22,103	0
Interest	2,659	8,846
Contributions	12,918	10,218
Other	5,405	6,862
Total revenues	1,682,187	1,670,900
EXPENDITURES		
Current		
General Government	457,452	490,401
Judicial	9,267	8,974
Public Safety	1,189,913	1,101,697
Public Works	487,778	520,167
Culture and Recreation	50,842	49,156
Housing and Development	20,019	49,910
Total expenditures	2,215,271	2,220,305
Excess (deficiency) of revenues over (under) expenditures before transfers	(533,084)	(549,405)
Other financing sources (uses)		
Transfers in (out)		
Natural Gas Utility Fund	493,297	523,310
Water and Sewer Utility Fund	26,324	28,461
Sanitation Fund	29,806	9,002
Grants Capital Projects Fund	0	505
Sales of capital assets	0	2,975
Total other financing sources (uses)	549,427	564,253
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	16,343	14,848
Fund balances, July 1	244,023	229,175
Fund balances, June 30	$ 260,366	$ 244,023

CITY OF ROYSTON, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2010
(With comparative actual amounts for the fiscal year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes				
General property taxes				
Property tax	$ 463,000	$ 471,570	$ 8,570	$ 493,474
Motor vehicle tax	27,000	30,078	3,078	35,921
Cost, penalties, and interest	5,400	17,874	12,474	6,384
Total general property taxes	495,400	519,522	24,122	535,779
Local option sales tax	486,000	443,430	(42,570)	430,277
Intangible tax	4,500	3,951	(549)	7,380
Franchise tax	203,000	192,257	(10,743)	201,850
Insurance premium tax	135,000	138,226	3,226	139,529
Beer and wine tax	55,000	69,781	14,781	66,674
Occupational tax	33,000	28,001	(4,999)	30,738
Other taxes	21,900	21,280	(620)	21,054
Total taxes	1,433,800	1,416,448	(17,352)	1,433,281
Licenses and Permits				
Building permits	2,000	4,199	2,199	2,208
Alcohol licenses and penalties	12,900	13,310	410	12,943
Total licenses and permits	14,900	17,509	2,609	15,151
Fines, fees and forfeitures	103,050	98,188	(4,862)	89,580
Charges for Services				
Cemetery lot sales	7,000	7,800	800	7,200
Fire protection	550	1,350	800	750
Civic Center rents	11,100	11,925	825	12,257
Indirect expenses	85,928	85,882	(46)	86,755
Total charges for services	104,578	106,957	2,379	106,962
Intergovernmental				
Grants and receipts	22,584	22,103	(481)	0
Interest	5,350	2,659	(2,691)	8,846
Contributions	8,000	12,918	4,918	10,218
Other	4,525	5,405	880	6,862
Total revenues	$ 1,696,787	$ 1,682,187	$ (14,600)	$ 1,670,900

CITY OF ROYSTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2010
(With comparative actual amounts for the fiscal year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
Current				
General Government				
Mayor and Council				
Personal services	$ 67,335	$ 67,335	$ 0	$ 59,656
Contractual services	33,978	33,784	194	28,278
Materials and supplies	2,176	2,176	0	1,232
Total Mayor and Council	103,489	103,295	194	89,166
Administration				
Personal services	256,916	220,417	36,499	240,960
Contractual services	100,404	87,362	13,042	109,123
Materials and supplies	28,619	31,498	(2,879)	35,385
Capital outlay	1,286	0	1,286	5,747
Payments to other agencies	11,109	10,420	689	10,020
Total Administration	398,334	349,697	48,637	401,235
Elections				
Contract services	3,622	3,590	32	0
Materials and supplies	920	870	50	0
Total Elections	4,542	4,460	82	0
Total General Government	506,365	457,452	48,913	490,401
Judicial				
Municipal Court				
Personal Services	9,635	9,267	368	8,974
Public Safety				
Police				
Personal services	823,564	822,594	970	784,963
Contractual services	114,106	107,384	6,722	89,578
Materials and supplies	81,398	80,437	961	73,081
Capital outlay	28,727	27,572	1,155	2,800
Payments to other agencies	20,000	12,268	7,732	8,572
Total Police Department	1,067,795	1,050,255	17,540	958,994
Fire				
Personal services	16,435	10,854	5,581	17,416
Contractual services	33,580	27,753	5,827	24,248
Materials and supplies	23,875	18,486	5,389	23,125
Debt service	18,229	18,229	0	18,229
Total Fire Department	92,119	75,322	16,797	83,018
Code Enforcement				
Personal services	42,568	24,965	17,603	43,943
Contractual services	10,424	9,138	1,286	6,622
Materials and supplies	4,779	3,753	1,026	2,320
Capital outlay	17,680	17,680	0	0
Total Code Enforcement	75,451	55,536	19,915	52,885

CITY OF ROYSTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2010
(With comparative actual amounts for the fiscal year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
Public Safety, continued				
Animal Control				
Payments to others agencies	$ 8,800	$ 8,800	$ 0	$ 6,800
Total Public Safety	1,244,165	1,189,913	54,252	1,101,697
Public Works				
Streets				
Personal services	180,916	174,987	5,929	187,804
Contractual services	130,982	104,333	26,649	108,597
Materials and supplies	99,205	82,988	16,217	86,695
Capital outlay	46,548	18,827	27,721	54,068
Total Streets	457,651	381,135	76,516	437,164
Maintenance Shop				
Personal services	57,647	56,303	1,344	56,325
Contractual services	9,200	5,263	3,937	5,954
Materials and supplies	16,600	14,582	2,018	15,145
Capital outlay	3,000	0	3,000	4,096
Total Maintenance Shop	86,447	76,148	10,299	81,520
Cemetery				
Contractual services	28,904	28,882	22	1,133
Materials and supplies	1,613	1,613	0	350
Total Cemetery	30,517	30,495	22	1,483
Total Public Works	574,615	487,778	86,837	520,167
Culture and Recreation				
Library				
Contractual services	3,528	3,292	236	3,354
Materials and supplies	9,696	9,567	129	8,847
Payments to other agencies	16,500	16,500	0	16,500
Total Library	29,724	29,359	365	28,701
Parks and Recreation				
Contractual services	12,663	12,199	464	9,783
Materials and supplies	10,438	9,284	1,154	10,672
Total Parks and Recreation	23,101	21,483	1,618	20,455
Total Culture and Recreation	52,825	50,842	1,983	49,156
Housing and Development				
Better Hometown Program				
Personal services	26,836	7,463	19,373	35,218
Contractual services	10,850	7,622	3,228	10,113
Materials and supplies	4,525	2,234	2,291	4,579
Total Better Hometown Program	42,211	17,319	24,892	49,910
Agency allocations				
Downtown Development Authority	2,700	2,700	0	0
Total Housing and Development	44,911	20,019	24,892	49,910
Total expenditures	$ 2,432,516	$ 2,215,271	$ 217,245	$ 2,220,305

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or donor restricted 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.

Hotel/Motel Tax Fund - Used to collect Hotel/Motel taxes which are used to support trade and tourism in the City of Royston.

Technology Surcharge Fund - Used to account for fines and fees received restricted for the purchase of computer hardware and software for the Police Department.

Fire Department Fund - Used to account for intergovernmental revenue and contributions from individuals received for the City of Royston Fire Department

CITY OF ROYSTON, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	2010	2009
ASSETS		
Cash	$ 6,137	$ 1,928
LIABILITIES AND FUND BALANCES		
Fund balances		
Unreserved	$ 6,137	$ 1,928

CITY OF ROYSTON, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2010
(With comparative actual amounts for the fiscal year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees, and forfeitures	$ 1,300	$ 4,459	$ 3,159	$ 2,449
Total revenues	1,300	4,459	3,159	2,449
EXPENDITURES				
Current				
Public Safety				
Materials and supplies	1,300	250	1,050	3,428
Total expenditures	1,300	250	1,050	3,428
Excess (deficiency) of revenues over (under) expenditures	0	4,209	4,209	(979)
Fund balances, July 1	0	1,928	1,928	2,907
Fund balances, June 30	$ 0	$ 6,137	$ 6,137	$ 1,928

CITY OF ROYSTON, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	2010	2009
ASSETS		
Equity in pooled cash	$ 632	$ 532
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 102	$ 418
Fund balances		
Unreserved	530	114
Total liabilites and fund balance	$ 632	$ 532

CITY OF ROYSTON, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2010
(With comparative actual amounts for the fiscal year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
REVENUES				
Hotel/motel taxes	$ 3,000	$ 2,410	$ (590)	$ 2,718
Total revenues	3,000	2,410	(590)	2,718
EXPENDITURES				
Current				
Housing and Development				
Agency allocations	3,000	1,994	1,006	3,135
Total expenditures	3,000	1,994	1,006	3,135
Excess (deficiency) of revenues over (under) expenditures	0	416	416	(417)
Fund balances, July 1	0	114	114	531
Fund balances, June 30	$ 0	$ 530	$ 530	$ 114

CITY OF ROYSTON, GEORGIA
TECHNOLOGY SURCHARGE SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	2010	2009
ASSETS		
Equity in pooled cash	$ 4,638	$ 4,679
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 0	$ 196
Fund balances		
Unreserved	4,638	4,483
Total liabilities and fund balance	$ 4,638	$ 4,679

CITY OF ROYSTON, GEORGIA
TECHNOLOGY SURCHARGE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2010
(With comparative actual amounts for the fiscal year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees, and forfeitures	$ 8,944	$ 4,292	$ (4,652)	$ 3,731
Interest	0	27	27	74
Total revenues	8,944	4,319	(4,625)	3,805
EXPENDITURES				
Current				
Public Safety				
Contractual services	8,944	796	8,148	9,428
Materials and supplies	0	0	0	525
Capital outlay	0	3,368	3,368	3,675
Total expenditures	8,944	4,164	11,516	13,628
Excess (deficiency) of revenues over (under) expenditures	0	155	155	(9,823)
Fund balances, July 1	0	4,483	4,483	14,306
Fund balances, June 30	$ 0	$ 4,638	$ 4,638	$ 4,483

CITY OF ROYSTON, GEORGIA
FIRE DEPARTMENT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	2010	2009
ASSETS		
Equity in pooled cash	$ 24,109	$ 13,801
LIABILITIES AND FUND BALANCES		
Fund balances		
Unreserved	$ 24,109	$ 13,801

CITY OF ROYSTON, GEORGIA
FIRE DEPARTMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2010
(With comparative actual amounts for the fiscal year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	$ 12,000	$ 20,335	$ 8,335	$ 15,902
Contributions	2,000	2,346	346	2,993
Total revenues	14,000	22,681	8,681	18,895
EXPENDITURES				
Current				
Public Safety				
Materials and supplies	11,955	11,156	799	9,289
Capital outlay	0	0	0	11,749
Payments to other agencies	1,217	1,217	0	2,010
Total expenditures	13,172	12,373	799	23,048
Excess (deficiency) of revenues over (under) expenditures	828	10,308	9,480	(4,153)
Other financing sources (uses)				
Transfers in (out)				
General Fund	10,000	0	(10,000)	0
Contingency	(10,828)	0	10,828	0
Total other financing sources (uses)	(828)	0	828	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	10,308	10,308	(4,153)
Fund balances, July 1	0	13,801	13,801	17,954
Fund balances, June 30	$ 0	$ 24,109	$ 24,109	$ 13,801

This page intentionally left blank.

CAPITAL PROJECTS FUNDS

These 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.

Grants Fund **-** Used to account for capital grants used to finance major capital projects.

2004 Franklin County Special Purpose Local Option Sales Tax Fund – Used to account for long-term projects financed by the passage of the 2004 Franklin County special purpose local option sales tax.

Hart County Special Purpose Local Option Sales Tax #2 Fund – Used to account for long-term projects financed by the passage of the Hart County special purpose local option sales tax #2.

CITY OF ROYSTON, GEORGIA
GRANTS CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	2010	2009
ASSETS		
Equity in pooled cash	$ 0	$ 0
LIABILITIES AND FUND BALANCES		
Fund balances		
Unreserved	$ 0	$ 0

CITY OF ROYSTON, GEORGIA
GRANTS CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2010 and 2009

	2010	2009
REVENUES		
Interest	$ 0	$ 0
Total revenues	0	0
EXPENDITURES		
Current		
Public Works	0	0
Total expenditures	0	0
Excess (deficiency) of revenues over (under) expenditures	0	0
Other financing sources (uses)		
Transfers in (out)		
General Fund	0	(505)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(505)
Fund balances, July 1	0	505
Fund balances, June 30	$ 0	$ 0

CITY OF ROYSTON, GEORGIA
2004 FRANKLIN COUNTY SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	2010	2009
ASSETS		
Equity in pooled cash	$ 33,507	$ 35,278
Intergovernmental receivable	2,193	0
Total assets	$ 35,700	$ 35,278
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 1,760	$ 0
Fund balances		
Unreserved	33,940	35,278
Total liabilities and fund balances	$ 35,700	$ 35,278

CITY OF ROYSTON, GEORGIA
2004 FRANKLIN COUNTY SPECIAL PURPOSE LOCAL OPTION SALES TAX CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2010 and 2009

	2010	2009
REVENUES		
Intergovernmental	$ 107,089	$ 59,800
Interest	421	547
Total revenues	107,510	60,347
EXPENDITURES		
Capital outlay		
Public Works		
Streets	44,709	0
Culture and Recreation		
Recreation	3,952	0
Library	0	7,121
Downtown Development Authority	3,000	0
Total expenditures	51,661	7,121
Excess (deficiency) of revenues over (under) expenditures	55,849	53,226
Other financing sources (uses)		
Transfers in (out)		
Water and Sewer Utility Fund	(57,187)	(52,500)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,338)	726
Fund balances, July 1	35,278	34,552
Fund balances, June 30	$ 33,940	$ 35,278

CITY OF ROYSTON, GEORGIA
HART COUNTY SPECIAL PURPOSE LOCAL OPTION SALES TAX #2
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	2010	2009
ASSETS		
Equity in pooled cash	$ 481	$ 0
LIABILITIES AND FUND BALANCES		
Fund balances		
Unreserved	$ 481	$ 0

CITY OF ROYSTON, GEORGIA
HART COUNTY SPECIAL PURPOSE LOCAL OPTION SALES TAX #2
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2010 and 2009

	2010	2009
REVENUES		
Intergovernmental	$ 10,570	$ 5,120
Total revenues	10,570	5,120
EXPENDITURES		
Culture and Recreation		
Parks and Recreation	10,089	5,120
Total expenditures	10,089	5,120
Excess (deficiency) of revenues over (under) expenditures	481	0
Fund balances, July 1	0	0
Fund balances, June 30	$ 481	$ 0

This page intentionally left blank.

ENTERPRISE FUNDS

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

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

Natural Gas Utility Fund - Used to account for activities connected with the development, operation and maintenance of natural gas services in the City of Royston.

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

CITY OF ROYSTON, GEORGIA
WATER AND SEWER UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2010 and 2009

	2010	2009
ASSETS		
Current assets		
Equity in pooled cash	$ 424,782	$ 448,271
Accounts receivable (net)	114,587	103,245
Prepaid items	5,528	4,050
Total current assets	544,897	555,566
Restricted assets		
Customer Deposits		
Equity in pooled cash	34,107	32,758
Capital assets		
Land	67,645	67,645
Land improvements	22,611	22,611
Buildings	94,400	94,400
Vehicles and equipment	427,376	413,797
Water system	5,613,678	5,556,490
Construction in progress	123,633	103,955
Accumulated depreciation	(4,103,098)	(3,976,305)
Total capital assets (net of accumulated depreciation)	2,246,245	2,282,593
Intangible assets		
Bond issuance costs (net of accumulated amortization)	4,667	7,000
Total assets	2,829,916	2,877,917

CITY OF ROYSTON, GEORGIA
WATER AND SEWER UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2010 and 2009

	2010	2009
LIABILITIES		
Current liabilities		
Payables		
Accounts	$ 23,051	$ 15,524
Interest	6,700	8,800
Accrued salaries	7,385	5,844
Compensated absences	5,989	8,194
Unearned revenue	1,818	2,071
Notes payable	15,824	15,186
Revenue bonds payable	105,000	105,000
Total current liabilities	165,767	160,619
Current liabilities payable from restricted assets		
Customer deposits payable	34,107	32,758
Long-term liabilities		
Compensated absences	895	1,446
Notes payable	286,829	302,652
Revenue bonds payable	216,463	314,695
Total long-term liabilities	504,187	618,793
Total liabilities	704,061	812,170
NET ASSETS		
Invested in capital assets, net of related debt	1,622,129	1,545,060
Unrestricted	503,726	520,687
Total net assets	$ 2,125,855	$ 2,065,747

CITY OF ROYSTON, GEORGIA
WATER AND SEWER UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2010 and 2009

	2010	2009
OPERATING REVENUES		
Charges for sales and services		
Water sales	$ 512,038	$ 506,170
Sewer charges	355,502	343,285
Other	42,378	47,584
Total operating revenues	909,918	897,039
OPERATING EXPENSES		
Costs of sales and services	367,361	326,316
Personal services	348,949	314,093
Depreciation	128,368	124,615
Total operating expenses	844,678	765,024
Operating income (loss)	65,240	132,015
Non-operating revenues (expenses)		
Interest revenue	4,945	6,411
Interest expense	(26,417)	(31,387)
Amortization	(9,102)	(9,102)
Gain (loss) on disposal of capital assets	(5,421)	(713)
Total non-operating revenues (expenses)	(35,995)	(34,791)
Income (loss) before transfers	29,245	97,224
Transfers in (out)		
General Fund	(26,324)	(28,461)
2004 Franklin County SPLOST Fund	57,187	52,500
Total transfers	30,863	24,039
Change in net assets	60,108	121,263
Net assets, July 1	2,065,747	1,944,484
Net assets, June 30	$ 2,125,855	$ 2,065,747

CITY OF ROYSTON, GEORGIA
WATER AND SEWER UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Receipts from customers	$ 857,294	$ 844,099
Payments to suppliers	(361,312)	(351,636)
Payments to employees	(350,164)	(312,320)
Other receipts	42,378	47,584
Net cash provided (used) by operating activities	188,196	227,727
Cash flows from non-capital financing activities:		
Payments to other funds	(26,324)	(28,461)
Cash flows from capital and related financing activities:		
Sale of capital assets	0	1,000
Receipts from other funds	57,187	52,500
Interest paid	(28,517)	(33,487)
Acquisition of capital assets	(97,441)	(158,939)
Principal payments - notes	(15,186)	(14,596)
Principal payments - bonds	(105,000)	(105,000)
Net cash provided (used) by capital and related financing activities	(188,957)	(258,522)
Cash flows from investing activities:		
Interest received	4,945	6,411
Net increase (decrease) in cash and cash equivalents	(22,140)	(52,845)
Cash and cash equivalents, July 1	481,029	533,874
Cash and cash equivalents, June 30	$ 458,889	$ 481,029

CITY OF ROYSTON, GEORGIA
WATER AND SEWER UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2010 and 2009

	2010	2009
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 65,240	$ 132,015
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	128,368	124,615
(Increase) decrease in accounts receivable	(11,342)	(8,118)
(Increase) decrease in prepaid items	(1,478)	(105)
Increase (decrease) in accounts payable	7,527	(25,215)
Increase (decrease) in unearned revenue	(253)	2,071
Increase (decrease) in deposits payable	1,349	691
Increase (decrease) in accrued payroll liabilities	(1,215)	1,773
Total adjustments	122,956	95,712
Net cash provided (used) by operating activities	$ 188,196	$ 227,727
Cash and cash equivalents reconciliation:		
Equity in pooled cash	$ 424,782	$ 448,271
Customer Deposits		
Equity in pooled cash	34,107	32,758
Total cash and cash equivalents	$ 458,889	$ 481,029

CITY OF ROYSTON, GEORGIA
NATURAL GAS UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2010 and 2009

	2010	2009
ASSETS		
Current assets		
Cash	$ 84	$ 84
Equity in pooled cash	882,830	802,705
Certificates of deposit	145,593	142,596
Receivables		
Accounts (net)	238,978	196,048
Interest	690	1,384
Due from other funds	0	4,450
Inventories	108,241	118,155
Prepaid items	5,084	1,488
Total current assets	1,381,500	1,266,910
Restricted assets		
Customer Deposits		
Equity in pooled cash	91,441	91,293
Capital assets		
Land	23,687	23,687
Buildings	99,433	91,033
Vehicles and equipment	325,260	349,618
Natural gas system	2,814,380	2,809,902
Construction in progress	119,548	81,250
Accumulated depreciation	(1,879,545)	(1,823,131)
Total capital assets (net of accumulated depreciation)	1,502,763	1,532,359
Total assets	2,975,704	2,890,562

CITY OF ROYSTON, GEORGIA
NATURAL GAS UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2010 and 2009

	2010	2009
LIABILITIES		
Current liabilities		
Payables		
Accounts	$ 72,230	$ 68,764
Sales tax	5,184	4,965
Accrued salaries	8,207	7,266
Compensated absences	11,906	14,247
Unearned revenue	14,887	14,050
Due to other funds	100,000	53,812
Total current liabilities	212,414	163,104
Current liabilities payable from restricted assets		
Customer deposits payable	91,441	91,293
Long-term liabilities		
Compensated absences	1,779	2,514
Total liabilities	305,634	256,911
NET ASSETS		
Invested in capital assets	1,502,763	1,532,359
Unrestricted	1,167,307	1,101,292
Total net assets	$ 2,670,070	$ 2,633,651

CITY OF ROYSTON, GEORGIA
NATURAL GAS UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2010 and 2009

	2010	2009
OPERATING REVENUES		
Charges for sales and services		
Gas sales	$ 2,638,838	$ 2,979,670
Gas services and repairs	26,375	24,612
Other	33,675	58,361
Total operating revenues	2,698,888	3,062,643
OPERATING EXPENSES		
Costs of sales and services	1,775,568	2,253,820
Personal services	312,357	298,529
Depreciation	80,772	76,191
Other	12,427	13,641
Total operating expenses	2,181,124	2,642,181
Operating income (loss)	517,764	420,462
Non-operating revenues (expenses)		
Interest revenue	11,952	14,285
Income (loss) before transfers	529,716	434,747
Transfers in (out)		
General Fund	(493,297)	(523,310)
Change in net assets	36,419	(88,563)
Net assets, July 1	2,633,651	2,722,214
Net assets, June 30	$ 2,670,070	$ 2,633,651

CITY OF ROYSTON, GEORGIA
NATURAL GAS UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Receipts from customers	$ 2,623,487	$ 3,076,140
Payments to suppliers	(1,765,784)	(2,237,446)
Payments to employees	(314,492)	(297,310)
Other receipts	33,675	58,361
Other payments	(12,427)	(13,641)
Net cash provided (used) by operating activities	564,459	586,104
Cash flows from non-capital financing activities:		
Receipts from other funds	50,638	72,928
Payments to other funds	(493,297)	(523,310)
Net cash provided (used) by non-capital financing activities	(442,659)	(450,382)
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(51,176)	(127,921)
Cash flows from investing activities:		
Interest received	12,646	14,853
Proceeds from maturities of investments	142,596	137,856
Purchase of investments	(145,593)	(142,596)
Net cash provided (used) by investing activities	9,649	10,113
Net increase (decrease) in cash and cash equivalents	80,273	17,914
Cash and cash equivalents, July 1	894,082	876,168
Cash and cash equivalents, June 30	$ 974,355	$ 894,082

CITY OF ROYSTON, GEORGIA
NATURAL GAS UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2010 and 2009

	2010	2009
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 517,764	$ 420,462
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	80,772	76,191
(Increase) decrease in accounts receivable	(42,930)	56,644
(Increase) decrease in inventory	9,914	(34,796)
(Increase) decrease in prepaid items	(3,596)	(363)
Increase (decrease) in accounts payable	3,466	51,533
Increase (decrease) in deposits payable	148	6,559
Increase (decrease) in sales tax payable	219	(5,395)
Increase (decrease) in unearned revenue	837	14,050
Increase (decrease) in accrued payroll liabilities	(2,135)	1,219
Total adjustments	46,695	165,642
Net cash provided (used) by operating activities	$ 564,459	$ 586,104
Cash and cash equivalents reconciliation:		
Cash	$ 84	$ 84
Equity in pooled cash	882,830	802,705
Customer Deposits		
Equity in pooled cash	91,441	91,293
Total cash and cash equivalents	$ 974,355	$ 894,082

CITY OF ROYSTON, GEORGIA
SANITATION ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2010 and 2009

	2010	2009
ASSETS		
Current assets		
Equity in pooled cash	$ 400,928	$ 351,903
Accounts receivable (net)	35,197	27,091
Prepaid items	1,582	1,151
Total current assets	437,707	380,145
Capital assets		
Land	6,429	6,429
Buildings	47,100	47,100
Vehicles and equipment	320,947	320,947
Accumulated depreciation	(347,707)	(334,062)
Total capital assets (net of accumulated depreciation)	26,769	40,414
Total assets	464,476	420,559
LIABILITIES		
Current liabilities		
Accounts payable	5,293	7,741
Accrued salaries	1,900	1,447
Compensated absences	6,010	6,007
Unearned revenue	1,159	620
Due to other funds	0	4,450
Total current liabilities	14,362	20,265
Long-term liabilities		
Compensated absences	898	1,060
Total liabilities	15,260	21,325
NET ASSETS		
Invested in capital assets	26,769	40,414
Unrestricted	422,447	358,820
Total net assets	$ 449,216	$ 399,234

CITY OF ROYSTON, GEORGIA
SANITATION ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2010 and 2009

	2010	2009
OPERATING REVENUES		
Charges for sales and services		
Sanitation fees	$ 288,055	$ 245,847
Other	5,881	6,106
Total operating revenues	293,936	251,953
OPERATING EXPENSES		
Costs of sales and services	102,395	128,934
Personal services	107,751	115,570
Depreciation	13,644	20,074
Total operating expenses	223,790	264,578
Operating income (loss)	70,146	(12,625)
Non-operating revenue (expenses)		
Intergovernmental revenue	5,280	3,840
Interest revenue	4,362	4,671
Gain (loss) on disposal of capital assets	0	2,900
Total non-operating revenue (expenses)	9,642	11,411
Income (loss) before transfers	79,788	(1,214)
Transfers in (out)		
General Fund	(29,806)	(9,002)
Change in net assets	49,982	(10,216)
Net assets, July 1	399,234	409,450
Net assets, June 30	$ 449,216	$ 399,234

CITY OF ROYSTON, GEORGIA
SANITATION ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Receipts from customers	$ 280,488	$ 246,336
Payments to suppliers	(105,274)	(123,502)
Payments to employees	(107,457)	(117,725)
Other receipts	5,882	6,106
Net cash provided (used) by operating activities	73,639	11,215
Cash flows from non-capital financing activities		
Receipts from other governments	5,280	3,840
Payments to other funds	(34,256)	(22,353)
Net cash provided (used) by non-capital financing activities	(28,976)	(18,513)
Cash flows from capital and related financing activities:		
Sale of capital assets	0	2,900
Cash flows from investing activities:		
Interest received	4,362	4,671
Net increase (decrease) in cash and cash equivalents	49,025	273
Cash and cash equivalents, July 1	351,903	351,630
Cash and cash equivalents, June 30	$ 400,928	$ 351,903
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 70,146	$ (12,625)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	13,644	20,074
(Increase) decrease in accounts receivable	(8,105)	(131)
(Increase) decrease in prepaid items	(431)	144
Increase (decrease) in accounts payable	(2,448)	5,288
Increase (decrease) in unearned revenue	539	620
Increase (decrease) in accrued payroll liabilities	294	(2,155)
Total adjustments	3,493	23,840
Net cash provided by operating activities	$ 73,639	$ 11,215

AGENCY FUND

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

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

CITY OF ROYSTON, GEORGIA
MUNICIPAL COURT AGENCY FUND
COMPARATIVE STATEMENTS OF ASSETS AND LIABILTIES
June 30, 2010 and 2009

	2010	2009
ASSETS		
Equity in pooled cash	$ 13,684	$ 36,035
Accounts receivable (net)	102,157	130,809
Total assets	$ 115,841	$ 166,844
LIABILITIES		
Liabilities		
Accrued payables	$ 2,676	$ 0
Due to other agencies	113,165	166,844
Total liabilities	$ 115,841	$ 166,844

CITY OF ROYSTON, GEORGIA
MUNICIPAL COURT AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the fiscal year ended June 30, 2010

	Balance July 1	Additions	Deletions	Balance June 30
ASSETS				
Equity in pooled cash	$ 36,035	$ 101,758	$ 124,109	$ 13,684
Accounts receivable	130,809	34,590	63,242	102,157
Total assets	$ 166,844	$ 136,348	$ 187,351	$ 115,841
LIABILITIES				
Due to other agencies	$ 166,844	$ 136,348	$ 187,351	$ 115,841

This page intentionally left blank.

COMPONENT UNIT

Downtown Development Authority – Used to account for governmental revenues and contributions reserved for City business development.

CITY OF ROYSTON, GEORGIA
DOWNTOWN DEVELOPMENT AUTHORITY (A COMPONENT UNIT)
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	2010	2009
ASSETS		
Cash	$ 16,610	$ 24,442
LIABILITIES AND FUND BALANCES		
Fund balances		
Unreserved	$ 16,610	$ 24,442

CITY OF ROYSTON, GEORGIA
DOWNTOWN DEVELOPMENT AUTHORITY (A COMPONENT UNIT)
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2010
(With comparative actual amounts for the fiscal year ended June 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	$ 8,000	$ 4,808	$ (3,192)	$ 2,963
Contributions	8,300	4,055	(4,245)	5,051
Miscellaneous	9,800	5,676	(4,124)	7,376
Total revenues	26,100	14,539	(11,561)	15,390
EXPENDITURES				
Current				
Economic Development				
Contractual services	3,617	2,807	810	4,144
Materials and supplies	17,483	12,064	5,419	8,110
Capital outlay	0	6,000	(6,000)	
Payment to other agencies	5,000	1,500	3,500	0
Total expenditures	26,100	22,371	3,729	12,254
Excess (deficiency) of revenues over (under) expenditures	0	(7,832)	(7,832)	3,136
Fund balances, July 1	0	24,442	24,442	21,306
Fund balances, June 30	$ 0	$ 16,610	$ 16,610	$ 24,442

This page intentionally left blank.

OTHER REPORTING SECTION

This page intentionally left blank.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Royston, Georgia, as of and for the year ended June 30, 2010, which collectively comprise the City of Royston, Georgia's basic financial statements, and have issued our report thereon dated September 28, 2010. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Royston, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Royston' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However we identified certain deficiencies in internal control over financial reporting, described in the information below. 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.

Comment 10-1

Condition: City personnel may require additional training in the application of generally accepted accounting principles and the preparation of financial statements. Currently, the City relies on the external auditors for technical assistance in applying generally accepted accounting principles and the preparation of the financial statements. This is common for governments of similar size and structure to the City of Royston. Under current auditing standards, providing technical assistance does not impair the independence of the external auditor. However, changes to auditing standards by standards setting boards could state that providing technical assistance would impair the independence of the external auditor. This does not indicate that the Chief Financial Officer is not trained to perform the daily accounting functions, but that the City has elected as a cost benefit to outsource this expertise to their auditors.

Criteria: Effective internal control requires that the City accept responsibility and understanding of the audited financial report.

Effect: Failure to understand the financial statements may lead to material misstatements.

This page intentionally left blank.

Comment 10-1, continued

Recommendation: City personnel should continue to receive training in the identification and application of generally accepted accounting principles and the preparation of the City's financial statements.

Management Response: Management concurs with this finding. The City has determined that the cost of training City personnel to fully perform the duties of financial director is prohibitive. The governing body and management have determined that personnel should receive training to the extent that is economically feasible and to continue to rely on the technical assistance of the external auditor or other qualified professional when necessary. This action was taken immediately upon receipt of the comment from our auditors.

Compliance

As part of obtaining reasonable assurance about whether the City of Royston, 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 are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we have reported to management of the City of Royston, Georgia in a separate letter dated September 28, 2010.

The City of Royston, Georgia's, responses to the findings identified in our audit is described above. We did not audit the City of Royston, Georgia's, responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the City Council, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Rushton & Company

Certified Public Accountants

Gainesville, Georgia
September 28, 2010

This page intentionally left blank.

CITY OF ROYSTON, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended June 30, 2010

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
2004 FRANKLIN COUNTY SPLOST					
Fire	$ 195,718	$ 195,718	$ 193,180	$ 0	$ 193,180
Recreation	192,523	192,523	7,800	6,952	14,752
Streets	283,122	283,122	122,171	44,709	166,880
Library	44,041	44,041	61,208	0	61,208
Water and Sewer	656,843	656,843	384,388	57,187	441,575
Total	$ 1,372,247	$ 1,372,247	$ 768,747	$ 108,848	$ 877,595
HART COUNTY SPLOST 2					
Streets	$ 59,400	$ 59,400	$ 0	$ 0	$ 0
Recreation	39,600	39,600	5,120	10,089	15,209
Total	$ 99,000	$ 99,000	$ 5,120	$ 10,089	$ 15,209

* 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.

This page intentionally left blank.