CITY OF ROYSTON, GEORGIA

Annual Financial Report

For the fiscal year ended June 30, 2011

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CITY OF ROYSTON, GEORGIA
FINANCIAL REPORT
For the fiscal year ended June 30, 2011

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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, 2011, 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 respective financial position 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 June 30, 2011, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2011, on our consideration of the City of Royston, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
October 26, 2011

Mayor: David L. Jordan
Mayor Pro-Tem: Keith Turman
Council Members: Matt Fields
Wayne Braswell
Larry Bowen
Kenneth Roach
Clark Williams

City Judge: F. Mayes Davison
City Attorney: Michael Green
City Manager: Gregory Scott
City Clerk/CFO: Gloria Brown

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, 2011. 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, 2011 by $9,329,874 (reported as *net assets).*
- As of June 30, 2000 Royston's governmental funds reported combined ending fund balances of $333,808. Approximately 17% of this total amount, $55,217, is available for spending at the City Council's discretion (unassigned fund balance).

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 and the 2004 Franklin County SPLOST Capital Projects Fund, which are considered major funds, 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 2010 and 2011

	Governmental Activities		Business-Type Activities		Total	
	2010	**2011**	**2010**	**2011**	**2010**	**2011**
Current assets	$ 442,219	$ 445,825	$ 2,389,652	$ 2,044,802	$ 2,831,871	$ 2,490,627
Capital assets	3,588,868	3,702,996	3,775,777	4,093,047	7,364,645	7,796,043
Other noncurrent assets	0	0	4,667	2,333	4,667	2,333
Total assets	4,031,087	4,148,821	6,170,096	6,140,182	10,201,183	10,289,003
Current liabilities	143,077	138,789	418,091	399,851	561,168	538,640
Noncurrent liabilities	55,565	38,642	506,864	381,847	562,429	420,489
Total liabilities	198,642	177,431	924,955	781,698	1,123,597	959,129
Net Assets						
Invested in capital assets, net of related debt	3,522,685	3,652,401	3,151,661	3,582,987	6,674,346	7,235,388
Restricted	73,247	68,769	0	0	73,247	68,769
Unrestricted	236,513	250,220	2,093,480	1,775,497	2,329,993	2,025,717
Total net assets	$ 3,832,445	$ 3,971,390	$ 5,245,141	$ 5,358,484	$ 9,077,586	$ 9,329,874

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 $9,329,874 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 was negatively affected by several factors of recent financial activity; revenues did however 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 pump repairs/replacements, adding a Blue Frog system for sludge digestion at the wastewater treatment plant, several gas line extension projects and replacement of a gas regulator station, gas volume reduced due to loss of a major industrial customer, rising gas/fuel costs, and major repairs on aging sanitation trucks and police patrol cars.

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 another increase, so the City continues 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 and awaits a permit on a newly leased well. 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 City is continuing with small gas expansions in FY2011.

The Tri-County Wellness Park continues to thrive and is 95% complete at the end of FY2011. Phase I of the project was finished in early FY2011 with the City using SPLOST funds for matching amounts and received funds in the amount of $98,500 from a Recreational Trails Grant. The City applied for a second Recreational Trails Grant for phase II of the Wellness Park in FY2011 but was not awarded the grant. The Park received a $40,000 grant from the Forestry Service for tree planting and completed the work fall FY2011.

The library still was not funded by the State with an expected construction program in FY2011, but we are still number three on the priority list for funding in FY2012. USDA approved grant funding for computer equipment for the planned new library in the amount of $50.000.

The City was awarded 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. The City applied for a GDOT Safe Routes to School Grant in the amount of $500,000 for sidewalks in early FY2011, but did not receive the award and a GDOT TEA Grant which was awarded only for Phase III Streetscape in the amount of $350,000.

Although the net assets of our business-type activities represent 88% ($1,775,497) 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.

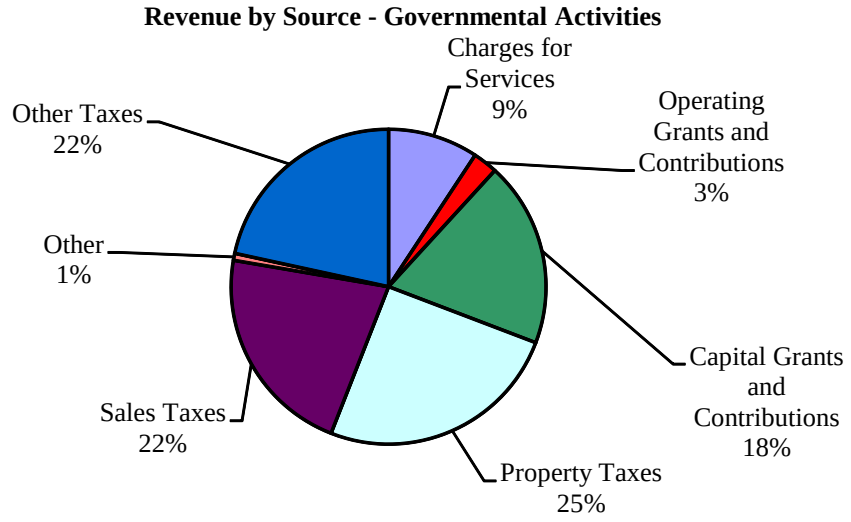
The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the City of Royston's net assets changed during the year.

City of Royston
Changes in Net Assets
For Fiscal Years 2010 and 2011

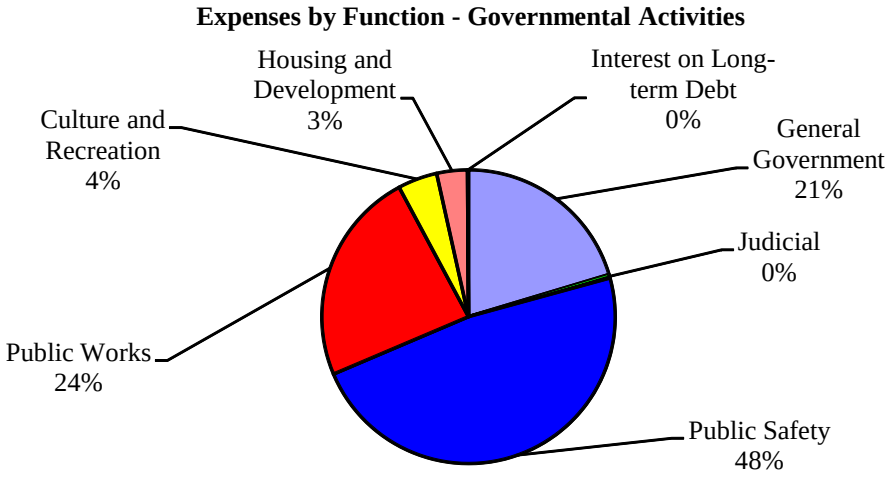
	Governmental Activities		Business-Type Activities		Total	
	2010	**2011**	**2010**	**2011**	**2010**	**2011**
Program revenues:						
Charges for services	$ 229,596	$ 190,815	$ 3,820,808	$ 3,606,408	$ 4,050,404	$ 3,797,223
Operating grants and contributions	59,511	52,054	5,280	5,760	64,791	57,814
Capital grants and contributions	120,660	391,125	0	3,471	120,660	394,596
General revenues:						
Property taxes	546,677	518,037	0	0	546,677	518,037
Sales tax	443,430	447,514	0	0	443,430	447,514
Other taxes	434,626	444,608	0	0	434,626	444,608
Interest and investment earnings	3,108	4,878	21,259	15,005	24,367	19,883
Miscellaneous revenue	5,402	9,844	81,934	88,839	87,336	98,683
Total revenues	1,843,010	2,058,875	3,929,281	3,719,483	5,772,291	5,778,358
Expenses						
General Government	494,983	496,217	0	0	494,983	496,217
Judicial	9,267	9,598	0	0	9,267	9,598
Public Safety	1,229,284	1,166,199	0	0	1,229,284	1,166,199
Public Works	515,942	574,305	0	0	515,942	574,305
Culture and Recreation	89,281	105,942	0	0	89,281	105,942
Housing and Development	22,012	82,292	0	0	22,012	82,292
Interest on long-term debt	3,239	2,641	0	0	3,239	2,641
Water and sewer	0	0	885,618	897,431	885,618	897,431
Natural gas	0	0	2,181,124	1,970,885	2,181,124	1,970,885
Sanitation	0	0	223,790	220,560	223,790	220,560
Total expenses	2,364,008	2,437,194	3,290,532	3,088,876	5,654,540	5,526,070
Increase (decrease) in net assets before tranfers	(520,998)	(378,319)	638,749	630,607	117,751	252,288
Transfers	492,240	517,264	(492,240)	(517,264)	0	0
Increase (decrease) in net assets	(28,758)	138,945	146,509	113,343	117,751	252,288
Net assets - beginning	3,861,203	3,832,445	5,098,632	5,245,141	8,959,835	9,077,586
Net assets - ending	$ 3,832,445	$ 3,971,390	$ 5,245,141	$ 5,358,484	$ 9,077,586	$ 9,329,874

Governmental Activities –

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

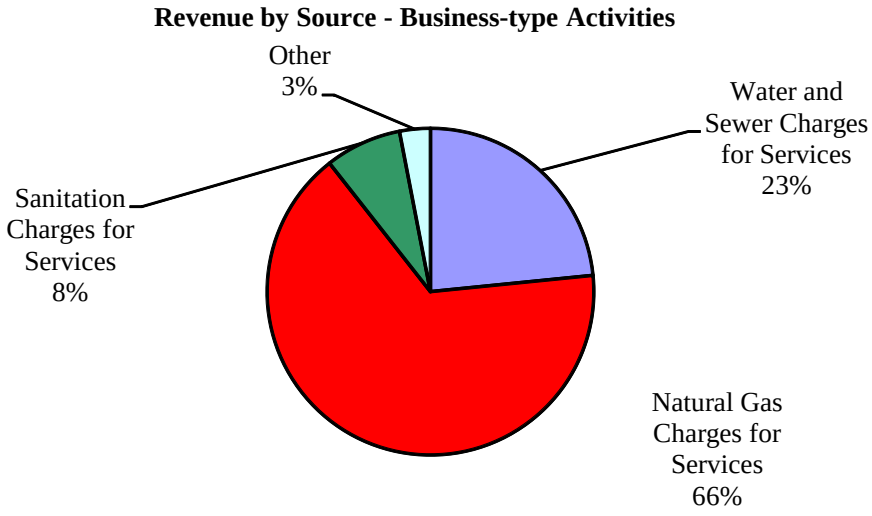


The following chart depicts the expenses of the governmental activities for the year:

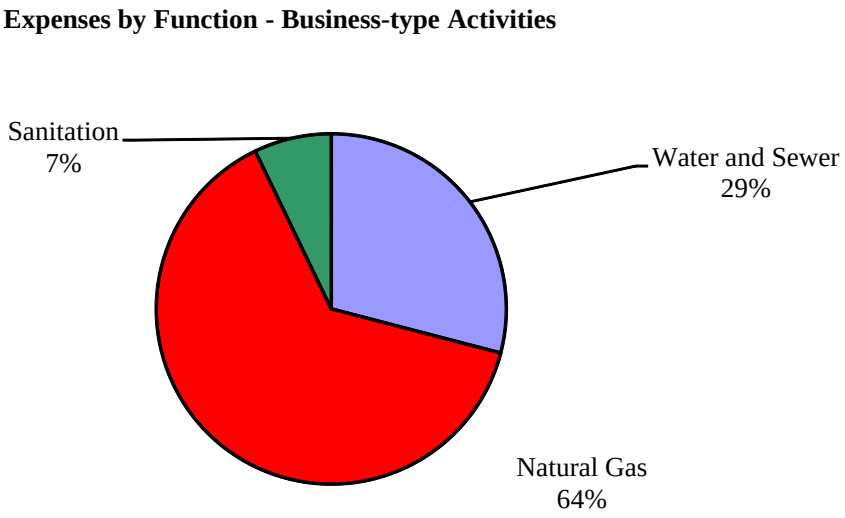


Business-type Activities –

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



The following chart depicts the expenses of the 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 $333,808. Of this amount, $238,482 (71%) constitutes unassigned and assigned fund balance, which is available for appropriation for the general purposes of the funds. The remainder of fund balance is restricted 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, unassigned fund balance of the General Fund was $55,217 and the assigned fund balance was $182,348, while total fund balance reached $264,908. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 2% 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 expenditures were under budget by $327,136 for FY2011, $217,245 for FY2010, and $293,076 for FY2009. 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; this amount was repaid in FY 2011.

In FY2009, Public Safety expenditures of $958,994 with appropriations of $1,008,356, FY2010 expenditures of $1,050,225 with appropriations of $1,067,795, and FY2011 expenditures of $1,089,544 with appropriations of $1,131,376. 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 and resulted in significant savings in FY2011. A new police cruiser was purchased in FY2010 with a Franklin County JAG grant.

In FY2011 the City received grants totaling $118,400.00 for the Royston Wellness and Community Park to complete trail work and plant additional trees.

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 $2,599,714
- Water and Sewer Utility $2,239,484
- Sanitation $ 519,286

The total increase in net assets for the three funds was $111,253. Other factors concerning the finances of these funds have already been addressed in the discussion of The City's business-type activities.

The Water/Sewer Department entered agreements with Hart and Madison Counties in FY2010. Madison County is already online for water sales and Hart County came online in early FY2011. A Blue Frog System was installed at the WWTP late in FY2011 and this system should eliminate the costly sludge removal every 3-5 years. Construction of a sewer line replacement in the elementary school area is currently in process and the City will use CBDG funds and SPLOST for the funding; waterlines will also be replaced in the area during this time. The City is also hopeful in receiving a non-matching GEFA Green Project Grant for automated water meters in FY2012, 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. A couple of expansions were started in FY2011, but unfortunately a commercial natural customer went out of business. The city hopes to replace the volume lost with this business closure with additions of the expansion customers.

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 were awarded a grant/loan from USDA and will purchase a new garbage truck early FY2012.

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 city currently has Ga. Mountains Regional Commission researching and updating mapping of the cemetery.

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 $7,796,043 in capital assets (net of accumulated depreciation). Capital assets include infrastructure, land, buildings, and machinery and equipment. Approximately 53% of these investments are related to business-type activities and approximately 47% 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, 2011

	Governmental Activities	Business-type Activities	Total
Land	$ 353,463	$ 97,761	$ 451,224
Buildings	3,368,230	240,933	3,609,163
Infrastructure	1,687,004	0	1,687,004
Land improvements	0	22,611	22,611
Distribution system	0	8,738,777	8,738,777
Vehicles and equipment	1,493,711	1,064,446	2,558,157
Furniture and fixtures	222,378	0	222,378
Construction in progress	0	362,387	362,387
Total	7,124,786	10,526,915	17,651,701
Accumulated depreciation	(3,421,790)	(6,433,868)	(9,855,658)
Net Capital Assets	$ 3,702,996	$ 4,093,047	$ 7,796,043

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 45-46 of this report.

Long-term debt. At June 30, 2011 the City of Royston had $230,000 in bonds payable, $286,828 in notes payable, and $50,595 in capital leases outstanding.

City of Royston
Outstanding Debt
As of June 30, 2011

	Governmental Activities	Business-type Activities	Total
Capital leases	$ 50,595	$ 0	$ 50,595
Notes payable	0	286,828	286,828
Bonds payable	0	230,000	230,000
Total	$ 50,595	$ 516,828	$ 567,423

The City's total debt decreased by approximately 12% in FY2009, 16% in FY2010, and 18% in FY2011. Additional information on the City's long-term debt can be found in the notes to the Financial Statements, Exhibit A-12, on pages 48-49 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 FY2012, which include the following:

- The natural gas department net income continued to remain level in FY2011 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. A commercial business customer closed its doors in FY2011 affecting volume of sales, however gas line expansions to various areas to place poultry farms and residents on natural gas should equal the difference in volume of sales. The City expects payback on current expansion projects to have a payback of from one to four years. The city is currently negotiating with a large commercial customer and expects to have them online in early FY2012.

- 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, as anticipated, we had a slight increase in water sales for FY2011 and expect a much larger increase in FY2012. A Blue Frog System was installed at the WWTP and will eliminate the costly procedure of sludge removal every 3-5 years.

- 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 has resulted in budget savings in several areas.

- The City entered into a low-cost loan agreement with USDA for the purchase of a garbage truck in FY2011; the loan closing and receipt of grant funds will occur in early FY2012.

- The City used 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 FY2012 for Phase II. The City did not receive the Recreational Tail Grant funding for FY 2011, but plans to apply again in FY2012 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, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Current assets				
Cash	$ 67,860	$ 11,666	$ 79,526	$ 12,053
Equity in pooled cash	178,699	1,389,413	1,568,112	0
Certificates of deposit	78,710	148,039	226,749	0
Restricted assets				
Cash	786	0	786	0
Equity in pooled cash	0	78,129	78,129	0
Receivables (net)				
Accounts	3,966	277,327	281,293	0
Taxes	83,025	0	83,025	0
Intergovernmental	5,416	0	5,416	0
Interest	806	376	1,182	0
Prepaid items	26,557	12,347	38,904	0
Inventories	0	127,505	127,505	0
Total current assets	445,825	2,044,802	2,490,627	12,053
Noncurrent assets				
Capital assets				
Non-depreciable	353,463	460,148	813,611	6,000
Depreciable (net)	3,349,533	3,632,899	6,982,432	0
Other assets (net)	0	2,333	2,333	0
Total noncurrent assets	3,702,996	4,095,380	7,798,376	6,000
Total assets	4,148,821	6,140,182	10,289,003	18,053
LIABILITIES				
Current liabilities				
Payables				
Accounts	40,739	87,670	128,409	0
Sales tax	0	3,175	3,175	0
Interest	0	4,600	4,600	0
Accrued salaries and expenses	43,532	26,176	69,708	0
Compensated absences	38,308	29,302	67,610	0
Unearned revenue	0	39,330	39,330	0
Customer deposits payable	0	78,129	78,129	0
Capital lease payable	16,210	0	16,210	0
Notes payable	0	16,469	16,469	0
Bonds payable	0	115,000	115,000	0
Total current liabilities	138,789	399,851	538,640	0
Noncurrent liabilities				
Compensated absences	4,257	3,256	7,513	0
Capital leases payable	34,385	0	34,385	0
Notes payable	0	270,359	270,359	0
Bonds payable	0	108,232	108,232	0
Total noncurrent liabilities	38,642	381,847	420,489	0
Total liabilities	177,431	781,698	959,129	0

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

CITY OF ROYSTON, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2011

	Primary Government			Component Unit Downtown Development Authority
	Governmental Activities	Business-type Activities	Total	
NET ASSETS				
Invested in capital assets, net of related debt	$ 3,652,401	$ 3,582,987	$ 7,235,388	$ 6,000
Restricted for:				
Public Safety	35,781	0	35,781	0
Capital outlay	32,988	0	32,988	0
Unrestricted	250,220	1,775,497	2,025,717	12,053
Total net assets	$ 3,971,390	$ 5,358,484	$ 9,329,874	$ 18,053

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, 2011

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	$ 496,217	$ 98,565	$ 0	$ 0	$ (397,652)
Judicial	9,598	0	0	0	(9,598)
Public Safety	1,166,199	71,342	52,054	0	(1,042,803)
Public Works	574,305	6,900	0	112,602	(454,803)
Culture and Recreation	105,942	11,350	0	278,523	183,931
Housing and Development	82,292	2,658	0	0	(79,634)
Interest on long-term debt	2,641	0	0	0	(2,641)
Total governmental activities	2,437,194	190,815	52,054	391,125	(1,803,200)
Business-type activities					
Water and Sewer Utility	897,431	870,719	0	3,471	(23,241)
Natural Gas Utility	1,970,885	2,454,449	0	0	483,564
Sanitation	220,560	281,240	5,760	0	66,440
Total business-type activities	3,088,876	3,606,408	5,760	3,471	526,763
Total primary government	5,526,070	3,797,223	57,814	394,596	(1,276,437)
Component Unit					
Downtown Development Authority					
Housing and Development	18,714	8,522	2,700	0	(7,492)

	Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit
Change in net assets				
Net (expense) revenue	$ (1,803,200)	$ 526,763	$ (1,276,437)	$ (7,492)
General revenues				
Taxes				
Property	518,037	0	518,037	0
Sales	447,514	0	447,514	0
Franchise	208,222	0	208,222	0
Insurance premium	134,203	0	134,203	0
Intangibles	3,927	0	3,927	0
Alcoholic beverage	68,005	0	68,005	0
Occupational	27,232	0	27,232	0
Hotel/Motel	3,019	0	3,019	0
Payments from City of Royston	0	0	0	2,935
Interest and investment earnings	4,878	15,005	19,883	0
Other	9,844	88,839	98,683	0
Transfers	517,264	(517,264)	0	0
Total general revenues and transfers	1,942,145	(413,420)	1,528,725	2,935
Change in net assets	138,945	113,343	252,288	(4,557)
Net assets - beginning	3,832,445	5,245,141	9,077,586	22,610
Net assets - ending	$ 3,971,390	$ 5,358,484	$ 9,329,874	$ 18,053

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

CITY OF ROYSTON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	General	2004 Franklin County SPLOST Capital Projects	Nonmajor Governmental Funds	Total
ASSETS				
Cash	$ 40,982	$ 0	$ 26,878	$ 67,860
Equity in pooled cash	141,792	27,572	9,335	178,699
Certificates of deposit	78,710	0	0	78,710
Restricted assets				
Cash	786	0	0	786
Receivables (net)				
Accounts	3,966	0	0	3,966
Taxes	83,025	0	0	83,025
Intergovernmental	0	5,416	0	5,416
Interest	806	0	0	806
Prepaid items	26,557	0	0	26,557
Total assets	$ 376,624	$ 32,988	$ 36,213	$ 445,825
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 40,438	$ 0	$ 301	$ 40,739
Deferred revenue	27,746	0	0	27,746
Accrued salaries	43,532	0	0	43,532
Total liabilities	111,716	0	301	112,017
Fund balances				
Nonspendable prepaids	26,557	0	0	26,557
Restricted for:				
Public Safety	786	0	34,995	35,781
Capital projects	0	32,988	0	32,988
Assigned for:				
Budget	170,533	0	0	170,533
Culture and Recreation	11,815	0	0	11,815
Housing and Development	0	0	917	917
Unassigned	55,217	0	0	55,217
Total fund balances	264,908	32,988	35,912	333,808
Total liabilities and fund balances	$ 376,624	$ 32,988	$ 36,213	$ 445,825

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, 2011

Total fund balance - total governmental funds	$	333,808
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets of $7,124,786, net of accumulated depreciation of ($3,421,790), are not financial resources and, therefore, are not reported in the funds.		3,702,996
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 $27,748.		27,746
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are capital leases of ($50,595) and compensated absences of ($42,565).		(93,160)
Net assets of governmental activities	$	3,971,390

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, 2011

	General	2004 Franklin County SPLOST Capital Projects	Nonmajor Governmental Funds	Total
REVENUES				
Taxes	$ 1,397,189	$ 0	$ 3,020	$ 1,400,209
Licenses and permits	15,435	0	0	15,435
Fines, fees and forfeitures	68,995	0	3,447	72,442
Charges for services	105,438	0	0	105,438
Intergovernmental	22,324	319,860	40,720	382,904
Interest	4,362	484	32	4,878
Contributions	7,951	47,325	2,499	57,775
Other	4,571	0	0	4,571
Total revenues	1,626,265	367,669	49,718	2,043,652
EXPENDITURES				
Current				
General Government	463,326	0	0	463,326
Judicial	9,598	0	0	9,598
Public Safety	1,089,544	0	22,646	1,112,190
Public Works	545,643	0	0	545,643
Culture and Recreation	70,363	0	0	70,363
Housing and Development	81,783	0	2,633	84,416
Capital outlay	0	252,825	24,422	277,247
Total expenditures	2,260,257	252,825	49,701	2,562,783
Excess (deficiency) of revenues over (under) expenditures	(633,992)	114,844	17	(519,131)
Other financing sources (uses)				
Transfers in (out)				
Transfers in	633,060	0	0	633,060
Transfers out	0	(115,796)	0	(115,796)
Sale of capital assets	5,474	0	0	5,474
Total other financing sources (uses)	638,534	(115,796)	0	522,738
Net change in fund balance	4,542	(952)	17	3,607
Fund balances, July 1	260,366	33,940	35,895	330,201
Fund balances, June 30	$ 264,908	$ 32,988	$ 35,912	$ 333,808

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, 2011

Net change in fund balances - total governmental funds	$	3,607
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 capital outlays of $323,439 exceeded depreciation of ($209,108) in the current period.		114,331
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 ($68,985), net of accumulated depreciation of $68,782.		(203)
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.		9,952
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 $15,588 exceeded proceeds of ($0).		15,588
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.		(4,330)
Change in net assets of governmental activities	$	138,945

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, 2011

	Budget			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Taxes	$ 1,392,500	$ 1,371,500	$ 1,397,189	$ 25,689
Licenses and permits	14,600	14,600	15,435	835
Fines, fees and forfeitures	90,040	91,540	68,995	(22,545)
Charges for services	106,988	104,688	105,438	750
Intergovernmental	98,500	119,400	22,324	(97,076)
Interest	5,800	5,800	4,362	(1,438)
Contributions	8,000	43,000	7,951	(35,049)
Other	4,400	5,200	4,571	(629)
Total revenues	1,720,828	1,755,728	1,626,265	(129,463)
EXPENDITURES				
Current				
General Government				
Mayor and Council	101,712	100,013	98,217	1,796
Administration	420,359	413,261	363,831	49,430
Elections	1,575	1,575	1,278	297
Judicial				
Municipal Court	10,505	10,505	9,598	907
Public Safety				
Police	1,045,777	1,045,777	1,010,916	34,861
Fire	78,199	78,199	71,233	6,966
Animal Control	7,400	7,400	7,395	5
Public Works				
Streets	473,098	479,913	434,576	45,337
Maintenance Shop	88,516	88,516	80,555	7,961
Cemetery	28,838	31,238	30,512	726
Culture and Recreation				
Library	27,225	32,833	33,155	(322)
Parks and Recreation	64,050	207,778	37,208	170,570
Housing and Development				
Code Enforcement	31,715	24,507	24,187	320
Better Hometown Program	55,078	59,878	54,296	5,582
Downtown Development Authority	6,000	6,000	3,300	2,700
Total expenditures	2,440,047	2,587,393	2,260,257	327,136
Excess (deficiency) of revenues over (under) expenditures	(719,219)	(831,665)	(633,992)	197,673
Other financing sources (uses)				
Transfers in (out)				
Transfers in	608,007	706,507	633,060	(73,447)
Sales of capital assets	0	11,815	5,474	(6,341)
Contingency	(3,000)	(869)	0	869
Total other financing sources (uses)	605,007	717,453	638,534	(78,919)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(114,212)	(114,212)	4,542	118,754
Fund balances, July 1	114,212	114,212	260,366	146,154
Fund balances, June 30	$ 0	$ 0	$ 264,908	$ 264,908

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

CITY OF ROYSTON, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011

	Business Type			
	Water and Sewer Utility	Natural Gas Utility	Sanitation	Totals
ASSETS				
Current assets				
Cash	$ 0	$ 11,666	$ 0	$ 11,666
Equity in pooled cash	299,235	618,831	471,347	1,389,413
Certificates of deposit	0	148,039	0	148,039
Restricted assets				
Equity in pooled cash	21,562	56,567	0	78,129
Receivables (net)				
Accounts	112,300	131,161	33,866	277,327
Interest	0	376	0	376
Inventories	0	127,505	0	127,505
Prepaid items	5,743	4,955	1,649	12,347
Total current assets	438,840	1,099,100	506,862	2,044,802
Noncurrent assets				
Capital assets				
Non-depreciable	406,133	47,586	6,429	460,148
Depreciable (net)	1,984,826	1,625,895	22,178	3,632,899
Other assets				
Bond issue costs (net)	2,333	0	0	2,333
Total noncurrent assets	2,393,292	1,673,481	28,607	4,095,380
Total assets	2,832,132	2,772,581	535,469	6,140,182
LIABILITIES				
Current liabilities				
Payables				
Accounts	29,664	54,570	3,436	87,670
Sales tax	0	3,175	0	3,175
Interest	4,600	0	0	4,600
Accrued salaries	11,685	11,504	2,987	26,176
Compensated absences	9,216	13,001	7,085	29,302
Unearned revenue	4,837	32,605	1,888	39,330
Notes payable	16,469	0	0	16,469
Revenue bonds payable	115,000	0	0	115,000
Liabilities payable from restricted assets:				
Customer deposits payable	21,562	56,567	0	78,129
Total current liabilities	213,033	171,422	15,396	399,851

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

CITY OF ROYSTON, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011

	Business Type			
	Water and Sewer Utility	Natural Gas Utility	Sanitation	Totals
Noncurrent liabilities				
Compensated absences	$ 1,024	$ 1,445	$ 787	$ 3,256
Notes payable	270,359	0	0	270,359
Bonds payable	108,232	0	0	108,232
Total noncurrent liabilities	379,615	1,445	787	381,847
Total liabilities	592,648	172,867	16,183	781,698
NET ASSETS				
Invested in capital assets, net of related debt	1,880,899	1,673,481	28,607	3,582,987
Unrestricted	358,585	926,233	490,679	1,775,497
Total net assets	$ 2,239,484	$ 2,599,714	$ 519,286	$ 5,358,484

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, 2011

	Business Type			
	Water and Sewer Utility	Natural Gas Utility	Sanitation	Totals
OPERATING REVENUES				
Charges for sales and services	$ 870,719	$ 2,454,449	$ 281,240	$ 3,606,408
Other	44,083	33,376	5,890	83,349
Total operating revenues	914,802	2,487,825	287,130	3,689,757
OPERATING EXPENSES				
Costs of sales and services	351,590	1,603,298	104,887	2,059,775
Personal services	386,154	279,811	114,443	780,408
Depreciation	129,027	75,217	1,230	205,474
Other	0	9,559	0	9,559
Total operating expenses	866,771	1,967,885	220,560	3,055,216
Operating income (loss)	48,031	519,940	66,570	634,541
Non-operating revenues (expenses)				
Intergovernmental	0	0	5,760	5,760
Interest revenue	3,127	8,330	3,548	15,005
Interest expense	(21,558)	(3,000)	0	(24,558)
Amortization	(9,102)	0	0	(9,102)
Gain (loss) on disposal of capital assets	3,400	0	0	3,400
Total non-operating revenues (expenses)	(24,133)	5,330	9,308	(9,495)
Income (loss) before capital contributions and transfers	23,898	525,270	75,878	625,046
Capital contributions				
Intergovernmental	3,471	0	0	3,471
Income (loss) before transfers	27,369	525,270	75,878	628,517
Transfers in (out)				
Transfers in	115,796	0	0	115,796
Transfers out	(29,536)	(597,716)	(5,808)	(633,060)
Total transfers	86,260	(597,716)	(5,808)	(517,264)
Change in net assets	113,629	(72,446)	70,070	111,253
Net Assets, July 1	2,125,855	2,670,070	449,216	5,245,141
Net Assets, June 30	$ 2,239,484	$ 2,597,624	$ 519,286	$ 5,356,394

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, 2011

	Business Type			
	Water and Sewer Utility	Natural Gas Utility	Sanitation	Totals
Cash flows from operating activities:				
Receipts from customers	$ 863,480	$ 2,543,101	$ 283,300	$ 3,689,881
Payments to suppliers	(345,192)	(1,640,093)	(106,811)	(2,092,096)
Payments to employees	(378,498)	(275,753)	(112,392)	(766,643)
Other receipts	44,083	33,376	5,890	83,349
Other payments	0	(9,559)	0	(9,559)
Net cash provided (used) by operating activities	183,873	651,072	69,987	904,932
Cash flows from non-capital financing activities:				
Receipts from other governments	0	0	5,760	5,760
Payments to other funds	(29,536)	(700,716)	(5,808)	(736,060)
Net cash provided (used) by non-capital financing activities	(29,536)	(700,716)	(48)	(730,300)
Cash flows from capital and related financing activities:				
Sale of capital assets	3,400	2,090	0	5,490
Receipts from other governments	3,471	0	0	3,471
Receipts from other funds	115,796	0	0	115,796
Interest paid	(23,658)	0	0	(23,658)
Acquisition of capital assets	(273,741)	(245,935)	(3,068)	(522,744)
Principal payments - notes	(15,824)	0	0	(15,824)
Principal payments - bonds	(105,000)	0	0	(105,000)
Net cash provided (used) by capital and related financing activities	(295,556)	(243,845)	(3,068)	(542,469)
Cash flows from investing activities:				
Interest received	3,127	8,644	3,548	15,319
Proceeds from sale of investments	0	145,593	0	145,593
Purchase of investments	0	(148,039)	0	(148,039)
Net cash provided (used) by investing activities	3,127	6,198	3,548	12,873
Net increase (decrease) in cash and cash equivalents	(138,092)	(287,291)	70,419	(354,964)
Cash and cash equivalents, July 1	458,889	974,355	400,928	1,834,172
Cash and cash equivalents, June 30	$ 320,797	$ 687,064	$ 471,347	$ 1,479,208

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, 2011

	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)	$ 48,031	$ 519,940	$ 66,570	$ 634,541
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	129,027	75,217	1,230	205,474
(Increase) decrease in accounts receivable	2,287	107,817	1,331	111,435
(Increase) decrease in prepaid items	(215)	129	(67)	(153)
(Increase) decrease in inventories	0	(19,264)	0	(19,264)
Increase (decrease) in accounts payable	6,613	(17,660)	(1,857)	(12,904)
Increase (decrease) in sales tax payable	0	(2,009)	0	(2,009)
Increase (decrease) in unearned revenue	3,019	17,718	729	21,466
Increase (decrease) in accrued payroll liabilities	7,656	4,058	2,051	13,765
Increase (decrease) in deposits payable	(12,545)	(34,874)	0	(47,419)
Total adjustments	135,842	131,132	3,417	270,391
Net cash provided (used) by operating activities	$ 183,873	$ 651,072	$ 69,987	$ 904,932
Cash and cash equivalents reconciliation:				
Cash	$ 0	$ 11,666	$ 0	$ 11,666
Equity in pooled cash	299,235	618,831	471,347	1,389,413
Restricted assets				
Equity in pooled cash	21,562	56,567	0	78,129
Total cash and cash equivalents	$ 320,797	$ 687,064	$ 471,347	$ 1,479,208

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, 2011

	Municipal Court Agency Fund
ASSETS	
Equity in pooled cash	$ 8,958
Accounts receivable (net)	132,681
Total assets	$ 141,639
LIABILITIES	
Due to other agencies	$ 141,639

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.

2004 Franklin County SPLOST Capital Projects Fund – This fund is used to account for long-term projects financed by the passage of the 2004 Franklin County special purpose local option sales tax.

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, 2011, 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. Prior to July 1, 2007, neither their historical costs nor related depreciation had historically been reported in the financial statements. For entities the size of the City of Royston, retroactive reporting of infrastructure assets was 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. Fund Balances – Governmental Funds

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

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at June 30, 2011, by the City are nonspendable in form. The City has not reported any amounts that are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the City Council, the City of Royston's highest level of decision making authority, which include the language "committed for the purpose of". Commitments may be modified or rescinded only through adoption of a subsequent resolution. A resolution committing amounts must be adopted prior to the end of the fiscal year; however, the amount to be committed may be determined within 120 days of fiscal year-end.

Assigned – includes amounts that the City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the City Council's adopted policy, amounts may be assigned by the City Manager, under the authorization of the City Council, through a written memorandum. Amounts appropriated to eliminate a projected deficit in the subsequent fiscal year's budget shall constitute assignments and are documented by adoption of the City's annual operating budget. Equity amounts reported in special revenue funds, capital project funds, debt service funds, or permanent funds not otherwise classified as nonspendable, restricted, or committed shall constitute assignments of fund balance.

Unassigned – includes amounts that do not fall into one of the above four categories. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The General Fund is the only fund that should report this category of fund balance.

2. Summary of Significant Accounting Policies (continued)

K. Fund Balances – Governmental Funds

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

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at June 30, 2011, by the City are nonspendable in form. The City has not reported any amounts that are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the City Council, the City of Royston's highest level of decision making authority, which include the language "committed for the purpose of". Commitments may be modified or rescinded only through adoption of a subsequent resolution. A resolution committing amounts must be adopted prior to the end of the fiscal year; however, the amount to be committed may be determined within 120 days of fiscal year-end.

Assigned – includes amounts that the City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the City Council's adopted policy, amounts may be assigned by the City Manager under the authorization of the City Council through a written memorandum. Amounts appropriated to eliminate a projected deficit in the subsequent fiscal year's budget shall constitute assignments and are documented by adoption of the City's annual operating budget. Equity amounts reported in special revenue funds, capital project funds, debt service funds, or permanent funds not otherwise classified as nonspendable, restricted, or committed shall constitute assignments of fund balance.

Unassigned – includes amounts that do not fall into one of the above four categories. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The General Fund is the only fund that should report this category of fund balance.

2. Summary of Significant Accounting Policies (continued)

K. Fund Balances – Governmental Funds, continued

For the purposes of fund balance classification, the City considers restricted amounts spent first when an expenditure is incurred for which both restricted and unrestricted fund balance is available. Furthermore, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance can be used, then committed amounts are spent first, followed by assigned amounts, and then unassigned amounts.

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 2010 amounts have been reclassified to conform with the 2011 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, 2011 consist of the following:

Major Funds		
General Fund		$ 3,966
Enterprise Funds		
Water and Sewer Utility	$ 190,630	
Less: Allowances for Uncollectibles	(78,330)	
Natural Gas Utility	282,765	
Less: Allowances for Uncollectibles	(151,604)	
Sanitation	55,644	
Less: Allowances for Uncollectibles	(21,778)	277,327
Total Primary Government		$ 281,293
Fiduciary Funds		
Agency Fund		
Municipal Court Agency Fund	$ 241,238	
Less: Allowance for Uncollectiables	(108,557)	$ 132,681

5. Intergovernmental Receivables

Intergovernmental receivables at June 30, 2011 consist of the following:

Major Fund	
2004 Franklin County SPLOST	
Franklin County, Georgia	$ 5,416

6. Property Taxes

Taxes receivable as of June 30, 2011 consist of property taxes for seven years as follows:

Year of Levy	Amount
2010	$ 24,810
2009	15,389
2008	3,713
2007	2,524
2006	2,764
2005	1,976
2004	2,630
	53,806
Less allowance for uncollectible	(10,940)
Total	$ 42,866

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 2011, based upon the assessments of January 1, 2010, were billed on February 8, 2011 and due on March 28, 2011. Tax liens are issued 90 days after the due date. The tax rate of 10.0 mills for fiscal year 2011 was levied on January 11, 2011.

Other Taxes

$40,159 of sales taxes are also included in taxes receivable.

7. Interfund Transfers

A summary of interfund transfers for fiscal year 2011 is as follows:

	Transfers out:				
	Major Funds				
	2004 Franklin County SPLOST	Water and Sewer Utility	Natural Gas Utility	Sanitation	Total
Transfers in:					
Major Funds					
General	$ 0	$ 29,536	$ 597,716	$ 5,808	$ 633,060
Water and Sewer Utility	115,796	0	0	0	115,796
	$ 115,796	$ 29,536	$ 597,716	$ 5,808	$ 748,856

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, 2011 was as follows:

	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
Governmental activities				
Non-depreciable assets				
Land	$353,463	$0	$0	$353,463
Construction in progress	39,513	0	(39,513)	0
Total nondepreciable assets	392,976	0	(39,513)	353,463
Depreciable assets				
Buildings	3,365,930	2,300	0	3,368,230
Infrastructure	1,386,816	300,188	0	1,687,004
Vehicles and equipment	1,481,145	105,614	(93,048)	1,493,711
Furniture and fixtures	228,316	0	(5,938)	222,378
Total depreciable assets	6,462,207	408,102	(98,986)	6,771,323
Accumulated depreciation				
Buildings	(1,767,846)	(66,658)	0	(1,834,504)
Infrastructure	(121,170)	(32,816)		(153,986)
Vehicles and equipment	(1,227,757)	(121,779)	93,048	(1,256,488)
Furniture and fixtures	(149,542)	(33,005)	5,735	(176,812)
Total accumulated depreciation	(3,266,315)	(254,258)	98,783	(3,421,790)
Total depreciable assets, net	3,195,892	153,844	(203)	3,349,533
Governmental activities capital assets, net	$3,588,868	$153,844	($39,716)	$3,702,996
Business-type activities				
Non-depreciable assets				
Land	$97,761	$0	$0	$97,761
Construction in progress	243,181	238,754	(119,548)	362,387
Total non-depreciable assets	340,942	238,754	(119,548)	460,148
Depreciable assets				
Buildings	240,933	0	0	240,933
Land improvements	22,611	0	0	22,611
Distribution system	8,428,057	310,720	0	8,738,777
Vehicles and equipment	1,073,584	122,818	(131,956)	1,064,446
Total depreciable assets	9,765,185	433,538	(131,956)	10,066,767
Accumulated depreciation				
Buildings	(103,040)	(4,819)	0	(107,859)
Land improvements	(3,018)	(1,507)	0	(4,525)
Distribution system	(5,271,391)	(166,153)	0	(5,437,544)
Vehicles and equipment	(952,901)	(62,995)	131,956	(883,940)
Total accumulated depreciation	(6,330,350)	(235,474)	131,956	(6,433,868)
Total depreciable assets, net	3,434,835	198,064	0	3,632,899
Business-type activities capital assets, net	$3,775,777	$436,818	($119,548)	$4,093,047

8. Capital Assets (continued)

Capital asset activity for the Downtown Development Authority Component Unit for the year ended June 30, 2011 was as follows:

	Balance 6/30/2010	Increases	Decreases	Balance 6/30/2011
Downtown Development Authority Component Unit				
Non-depreciable assets				
Construction in progress	$6,000	$0	$0	$6,000

Depreciation expense was charged to functions/programs as follows:

Primary Government	
Governmental activities	
General Government	$ 35,255
Public Safety	81,503
Public Works	56,483
Culture and Recreation	35,579
Housing and Development	288
Total depreciation expense for governmental activities	$ 209,108
Business-type activities	
Water and Sewer Utility	$ 129,027
Natural Gas Utility	75,217
Sanitation	1,230
Total depreciation expense for business-type activities	$ 205,474

	Governmental Activities	Business-type Activities
Current year depreciation expense	$ 209,108	$ 205,474
Prior accumulated depreciation on assets transferred between governmental, business-type activities, and component unit	45,150	30,000
Additions to accumulated depreciation	$ 254,258	$ 235,474

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, 2011 are $50,595 for governmental activities.

The following is a schedule of the future minimum lease payments together with the present value of the net minimum lease payments as of June 30, 2011:

Year Ending June 30,	Governmental Activities
2012	$ 18,229
2013	18,229
2014	18,229
Total minimum lease payments	54,687
Less amounts representing interest	(4,092)
Present value of minimum lease payments	$ 50,595

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% ($286,828 outstanding).

Annual debt service requirements for notes payable are as follows:

Year Ending June 30,	Principal	Interest	Total
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	19,423	8,574	27,997
2017-2021	110,141	29,844	139,985
2022-2025	87,045	6,264	93,309
Totals	$ 286,828	$ 86,451	$ 373,279

Revenue Bonds

Revenue bonds have been issued for business-type activities and are comprised of the following individual issue at June 30, 2011:

$890,000 2003 Water and Sewerage Refunding Revenue Series Bonds due in annual installments of $115,000 through July 1, 2012; interest at 4.00% ($230,000 outstanding less loss on refunding of $6,768 to net $223,232).

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

Year Ending June 30,	Principal	Interest	Total
2012	$ 115,000	$ 6,900	$ 121,900
2013	115,000	2,300	117,300
Totals	$ 230,000	$ 9,200	$ 239,200

10. Long-Term Debt (continued)

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.

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, 2011:

	Balance 6/30/2010	Additions	Deductions	Balance 6/30/2011	Due Within One Year
Governmental activities					
Capital lease obligations	$ 66,183	$ 0	$ 15,588	$ 50,595	$ 16,210
Compensated absences	38,236	42,431	38,102	42,565	38,308
Total governmental activities	$ 104,419	$ 42,431	$ 53,690	$ 93,160	$ 54,518
Business-type activities					
Revenue bonds	$ 335,000	$ 0	$ 105,000	$ 230,000	$ 115,000
Loss on refunding	(13,537)	0	(6,769)	(6,768)	0
Notes payable	302,653	0	15,825	286,828	16,469
Compensated absences	27,477	32,461	27,380	32,558	29,302
Total business-type activities	$ 651,593	$ 32,461	$ 141,436	$ 542,618	$ 160,771

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, 2011, the amount of defeased debt outstanding but removed from the City's records for business-type activities amounted to $115,000.

12. 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.

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	5
Terminated vested participants entitled to but not yet receiving benefits	6
Active participants	53
Total number of participants	64

12. Pension Plan (continued)

Plan Description and Contribution Information, continued

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 9.65% 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, 2011. 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

12. Pension Plan (continued)

Annual Pension Cost and Net Pension Obligation, continued

The Plan's funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, accumulate funds so that sufficient assets will be available to pay benefits when due. The contribution rate for normal cost is determined using the projected unit credit actuarial funding method. The actuarial value of assets was determined by using the sum of actuarial value at the beginning of the year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 2008 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year. The remaining amortization period at January 1, 2011 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	$	129,006
Contributions made		129,006
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.

12. 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
1/1/2011	129,006	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%
1/1/2011	322,106	772,966	450,860	41.67%	1,378,879	32.70%

13. 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.

13. 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, 2011, 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 $4,933 to the plans based on covered salaries of $434,891. Plan members made voluntary contributions of $19,732 to the plans. Total payroll was $1,592,090.

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.

14. Hotel/Motel Lodging Tax

The City has levied a 3% lodging tax. A summary of the transactions for the year ending June 30, 2011, follows:

Lodging Tax Receipts	$3,020	
Disbursements to		
Downtown Development Authority	$2,633	87% of Tax Receipts

15. 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 2011, 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, 2011, the city paid $2,253 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.

16. 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 $19,525 as payment-in-lieu-of-taxes for fiscal year 2011. Separate financial statements may be obtained from Housing Authority of the City of Royston, 216 Hartwell Street, Royston, Georgia 30662.

17. 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.

18. Commitments and Contingencies

Commitments

The City has an active construction project for expansion of the water and sewer distribution system; the amount expended through June 30, 2011 was $39,929, with a remaining commitment to contractors of $4,791.

Contingencies

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

COMBINING STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

CITY OF ROYSTON, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011

	Special Revenue	
	Confiscated Assets	**Hotel/Motel Tax**
ASSETS		
Cash	$ 5,094	$ 0
Equity in pooled cash	0	1,218
Intergovernmental receivable	0	0
Total assets	$ 5,094	$ 1,218
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 0	$ 301
Fund balances		
Restricted for:		
Public Safety	5,094	0
Assigned for Housing and Development	0	917
Total fund balances	5,094	917
Total liabilities and fund balances	$ 5,094	$ 1,218

Special Revenue		Capital Projects	Total
Technology Surcharge	Fire Department	Hart County SPLOST #2	Nonmajor Governmental Funds
$ 0	$ 21,784	$ 0	$ 26,878
8,117	0	0	9,335
0	0	0	0
$ 8,117	21,784	$ 0	$ 36,213
$ 0	$ 0	$ 0	$ 301
8,117	21,784	0	34,995
0	0	0	917
8,117	21,784	0	35,912
$ 8,117	$ 21,784	$ 0	$ 36,213

CITY OF ROYSTON, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2011

	Special Revenue	
	Confiscated Assets	**Hotel/Motel Tax**
REVENUES		
Taxes	$ 0	$ 3,020
Fines, fees, and forfeitures	0	0
Intergovernmental	0	0
Interest	0	0
Contributions	22	0
Total revenues	22	3,020
EXPENDITURES		
Current		
Public Safety	1,065	0
Housing and Development	0	2,633
Capital outlay	0	0
Total expenditures	1,065	2,633
Excess (deficiency) of revenues over (under) expenditures	(1,043)	387
Other financing sources (uses)		
Transfers out	0	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,043)	387
Fund balances, July 1	6,137	530
Fund balances, June 30	$ 5,094	$ 917

Special Revenue		Capital Projects	Total
Technolgy Surcharge	Fire Department	Hart County SPLOST #2	Nonmajor Governmental Funds
$ 0	$ 0	$ 0	$ 3,020
3,447	0	0	3,447
0	16,779	23,941	40,720
32	0	0	32
0	2,477	0	2,499
3,479	19,256	23,941	49,718
0	21,581	0	22,646
0	0	0	2,633
0	0	24,422	24,422
0	21,581	24,422	49,701
3,479	(2,325)	(481)	17
0	0	0	0
3,479	(2,325)	(481)	17
4,638	24,109	481	35,895
$ 8,117	$ 21,784	$ 0	$ 35,912

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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, 2011 and 2010

	2011	2010
ASSETS		
Cash	$ 40,982	$ 2,712
Equity in pooled cash	141,792	87,561
Certificates of deposit	78,710	77,198
Restricted assets		
Cash	786	3,413
Receivables (net)		
Accounts	3,966	802
Taxes	83,025	73,674
Interest	806	1,206
Due from other funds	0	100,000
Prepaid items	26,557	23,956
Total assets	$ 376,624	$ 370,522
LIABILITIES AND FUND BALANCES		
Liabilities		
Payables		
Accounts	$ 40,438	$ 44,210
Excess taxes	0	17,032
Deferred revenue	27,746	17,795
Accrued salaries and payroll liabilities	43,532	31,119
Total liabilities	111,716	110,156
Fund balances		
Nonspendable prepaid items	26,557	23,956
Restricted for Public Safety	786	3,413
Assigned for:		
Budget	170,533	114,212
Culture and Recreation	11,815	0
Unassigned	55,217	118,785
Total fund balances	264,908	260,366
Total liabilities and fund balances	$ 376,624	$ 370,522

CITY OF ROYSTON, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2011 and 2010

	2011	2010
REVENUES		
Taxes	$ 1,397,189	$ 1,396,609
Licenses and permits	15,435	17,509
Fines, fees and forfeitures	68,995	98,188
Charges for services	105,438	106,957
Intergovernmental	22,324	41,942
Interest	4,362	2,659
Contributions	7,951	12,918
Other	4,571	5,405
Total revenues	1,626,265	1,682,187
EXPENDITURES		
Current		
General Government	463,326	457,452
Judicial	9,598	9,267
Public Safety	1,089,544	1,134,377
Public Works	545,643	487,778
Culture and Recreation	70,363	50,842
Housing and Development	81,783	75,555
Total expenditures	2,260,257	2,215,271
Excess (deficiency) of revenues over (under) expenditures before transfers	(633,992)	(533,084)
Other financing sources (uses)		
Transfers in (out)		
Natural Gas Utility Fund	597,716	493,297
Water and Sewer Utility Fund	29,536	26,324
Sanitation Fund	5,808	29,806
Sales of capital assets	5,474	0
Total other financing sources (uses)	638,534	549,427
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	4,542	16,343
Fund balances, July 1	260,366	244,023
Fund balances, June 30	$ 264,908	$ 260,366

CITY OF ROYSTON, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes				
General property taxes				
Property tax	$ 465,000	$ 468,775	$ 3,775	$ 471,570
Motor vehicle tax	27,000	29,311	2,311	30,078
Cost, penalties, and interest	6,000	8,333	2,333	17,874
Total general property taxes	498,000	506,419	8,419	519,522
Local option sales tax	445,000	447,514	2,514	443,430
Intangible tax	4,300	3,927	(373)	3,951
Franchise tax	194,000	208,222	14,222	192,257
Insurance premium tax	138,000	134,203	(3,797)	138,226
Beer and wine tax	60,000	68,005	8,005	69,781
Occupational tax	31,000	27,232	(3,768)	28,001
Other taxes	1,200	1,667	467	1,441
Total taxes	1,371,500	1,397,189	25,689	1,396,609
Licenses and Permits				
Building permits	3,000	2,658	(342)	4,199
Alcohol licenses and penalties	11,600	12,777	1,177	13,310
Total licenses and permits	14,600	15,435	835	17,509
Fines, fees and forfeitures	91,540	68,995	(22,545)	98,188
Charges for Services				
Cemetery lot sales	7,000	6,900	(100)	7,800
Fire protection	750	1,400	650	1,350
Civic Center rents	11,100	11,350	250	11,925
Indirect expenses	85,838	85,788	(50)	85,882
Total charges for services	104,688	105,438	750	106,957
Intergovernmental				
Grants and receipts	119,400	22,324	(97,076)	41,942
Interest	5,800	4,362	(1,438)	2,659
Contributions	43,000	7,951	(35,049)	12,918
Other	5,200	4,571	(629)	5,405
Total revenues	$ 1,755,728	$ 1,626,265	$ (129,463)	$ 1,682,187

CITY OF ROYSTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
Current				
General Government				
Mayor and Council				
Personal services	$ 69,206	$ 68,207	$ 999	$ 67,335
Contractual services	24,196	23,326	870	33,784
Materials and supplies	6,611	6,684	(73)	2,176
Total Mayor and Council	100,013	98,217	1,796	103,295
Administration				
Personal services	262,160	226,096	36,064	220,417
Contractual services	101,125	99,144	1,981	87,362
Materials and supplies	30,118	25,203	4,915	31,498
Capital outlay	4,858	3,068	1,790	0
Payments to other agencies	15,000	10,320	4,680	10,420
Total Administration	413,261	363,831	49,430	349,697
Elections				
Contract services	1,401	1,142	259	3,590
Materials and supplies	174	136	38	870
Total Elections	1,575	1,278	297	4,460
Total General Government	514,849	463,326	51,523	457,452
Judicial				
Municipal Court				
Personal Services	10,505	9,598	907	9,267
Public Safety				
Police				
Personal services	852,267	820,338	31,929	822,594
Contractual services	98,694	97,712	982	107,384
Materials and supplies	84,110	84,076	34	80,437
Capital outlay	706	0	706	27,572
Payments to other agencies	10,000	8,790	1,210	12,268
Total Police Department	1,045,777	1,010,916	34,861	1,050,255
Fire				
Personal services	14,515	12,649	1,866	10,854
Contractual services	26,955	25,906	1,049	27,753
Materials and supplies	18,500	14,449	4,051	18,486
Debt service	18,229	18,229	0	18,229
Total Fire Department	78,199	71,233	6,966	75,322
Animal Control				
Payments to others agencies	7,400	7,395	5	8,800
Total Public Safety	1,131,376	1,089,544	41,832	1,134,377
Public Works				
Streets				
Personal services	217,403	203,322	14,081	174,987
Contractual services	107,872	100,990	6,882	104,333
Materials and supplies	117,539	101,246	16,293	82,988
Capital outlay	37,099	29,018	8,081	18,827
Total Streets	479,913	434,576	45,337	381,135

CITY OF ROYSTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(With comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
Public Works (continued)				
Maintenance Shop				
Personal services	$ 60,316	$ 57,487	$ 2,829	$ 56,303
Contractual services	10,361	6,821	3,540	5,263
Materials and supplies	17,174	16,247	927	14,582
Capital outlay	665	0	665	0
Total Maintenance Shop	88,516	80,555	7,961	76,148
Cemetery				
Contractual services	30,738	30,512	226	28,882
Materials and supplies	500	0	500	1,613
Total Cemetery	31,238	30,512	726	30,495
Total Public Works	599,667	545,643	54,024	487,778
Culture and Recreation				
Library				
Contractual services	3,000	3,119	(119)	3,292
Materials and supplies	10,833	11,036	(203)	9,567
Payments to other agencies	19,000	19,000	0	16,500
Total Library	32,833	33,155	(322)	29,359
Parks and Recreation				
Contractual services	12,883	14,902	(2,019)	12,199
Materials and supplies	17,817	22,306	(4,489)	9,284
Capital outlay	177,078	0	177,078	0
Total Parks and Recreation	207,778	37,208	170,570	21,483
Total Culture and Recreation	240,611	70,363	170,248	50,842
Housing and Development				
Code Enforcement				
Personal services	1,610	1,456	154	24,965
Contractual services	19,128	18,882	246	9,138
Materials and supplies	700	781	(81)	3,753
Capital outlay	3,069	3,068	1	17,680
Total Code Enforcement	24,507	24,187	320	55,536
Better Hometown Program				
Personal services	40,817	34,052	6,765	7,463
Contractual services	12,711	13,499	(788)	7,622
Materials and supplies	6,350	6,745	(395)	2,234
Total Better Hometown Program	59,878	54,296	5,582	17,319
Agency allocations				
Downtown Development Authority	6,000	3,300	2,700	2,700
Total Housing and Development	90,385	81,783	8,602	75,555
Total expenditures	$ 2,587,393	$ 2,260,257	$ 327,136	$ 2,215,271

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, 2011 and 2010

	2011	2010
ASSETS		
Cash	$ 5,094	$ 6,137
LIABILITIES AND FUND BALANCES		
Fund balances		
Restricted for Public Safety	$ 5,094	$ 6,137

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, 2011
(With comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees, and forfeitures	$ 4,459	$ 0	$ (4,459)	$ 4,459
Contributions	0	22	22	0
Total revenues	4,459	22	(4,437)	4,459
EXPENDITURES				
Current				
Public Safety				
Materials and supplies	4,459	1,065	3,394	250
Total expenditures	4,459	1,065	3,394	250
Excess (deficiency) of revenues over (under) expenditures	0	(1,043)	(1,043)	4,209
Fund balances, July 1	0	6,137	6,137	1,928
Fund balances, June 30	$ 0	$ 5,094	$ 5,094	$ 6,137

CITY OF ROYSTON, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	2011	2010
ASSETS		
Equity in pooled cash	$ 1,218	$ 632
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 301	$ 102
Fund balances		
Assigned for Housing and Development	917	530
Total liabilites and fund balance	$ 1,218	$ 632

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, 2011
(With comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Hotel/motel taxes	$ 2,700	$ 3,020	$ 320	$ 2,410
Total revenues	2,700	3,020	320	2,410
EXPENDITURES				
Current				
Housing and Development				
Agency allocations	2,700	2,633	67	1,994
Total expenditures	2,700	2,633	67	1,994
Excess (deficiency) of revenues over (under) expenditures	0	387	387	416
Fund balances, July 1	0	530	530	114
Fund balances, June 30	$ 0	$ 917	$ 917	$ 530

CITY OF ROYSTON, GEORGIA
TECHNOLOGY SURCHARGE SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	2011	2010
ASSETS		
Equity in pooled cash	$ 8,117	$ 4,638
LIABILITIES AND FUND BALANCES		
Fund balances		
Restricted for Public Safety	$ 8,117	$ 4,638

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, 2011
(With comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees, and forfeitures	$ 3,200	$ 3,447	$ 247	$ 4,292
Interest	0	32	32	27
Total revenues	3,200	3,479	279	4,319
EXPENDITURES				
Current				
Public Safety				
Contractual services	0	0	0	796
Capital outlay	0	0	0	3,368
Total expenditures	0	0	0	4,164
Excess (deficiency) of revenues over (under) expenditures	3,200	3,479	279	155
Other financing sources (uses)				
Contingency	(3,200)	0	3,200	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	3,479	3,479	155
Fund balances, July 1	0	4,638	4,638	4,483
Fund balances, June 30	$ 0	$ 8,117	$ 8,117	$ 4,638

CITY OF ROYSTON, GEORGIA
FIRE DEPARTMENT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	2011	2010
ASSETS		
Cash	$ 21,784	$ 24,109
LIABILITIES AND FUND BALANCES		
Fund balances		
Restricted for Public Safety	$ 21,784	$ 24,109

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, 2011
(With comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	$ 12,984	$ 16,779	$ 3,795	$ 20,335
Contributions	2,000	2,477	477	2,346
Total revenues	14,984	19,256	4,272	22,681
EXPENDITURES				
Current				
Public Safety				
Materials and supplies	9,096	8,488	608	11,156
Capital outlay	11,039	11,038	1	0
Payments to other agencies	4,849	2,055	2,794	1,217
Total expenditures	24,984	21,581	3,403	12,373
Excess (deficiency) of revenues over (under) expenditures	(10,000)	(2,325)	7,675	10,308
Other financing sources (uses)				
Transfers in (out)				
General Fund	10,000	0	(10,000)	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(2,325)	(2,325)	10,308
Fund balances, July 1	0	24,109	24,109	13,801
Fund balances, June 30	$ 0	$ 21,784	$ 21,784	$ 24,109

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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.

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
2004 FRANKLIN COUNTY SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	2011	2010
ASSETS		
Equity in pooled cash	$ 27,572	$ 33,507
Intergovernmental receivable	5,416	2,193
Total assets	$ 32,988	$ 35,700
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 0	$ 1,760
Fund balances		
Restricted for capital projects	32,988	33,940
Total liabilities and fund balances	$ 32,988	$ 35,700

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, 2011 and 2010

	2011	2010
REVENUES		
Intergovernmental	$ 319,860	$ 107,089
Interest	484	421
Contributions	47,325	0
Total revenues	367,669	107,510
EXPENDITURES		
Capital outlay		
Public Works		
Streets	0	44,709
Culture and Recreation		
Recreation	252,825	3,952
Housing and Development		
Downtown Development Authority	0	3,000
Total expenditures	252,825	51,661
Excess (deficiency) of revenues over (under) expenditures	114,844	55,849
Other financing sources (uses)		
Transfers in (out)		
Water and Sewer Utility Fund	(115,796)	(57,187)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(952)	(1,338)
Fund balances, July 1	33,940	35,278
Fund balances, June 30	$ 32,988	$ 33,940

CITY OF ROYSTON, GEORGIA
HART COUNTY SPECIAL PURPOSE LOCAL OPTION SALES TAX #2
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	2011	2010
ASSETS		
Equity in pooled cash	$ 0	$ 481
LIABILITIES AND FUND BALANCES		
Fund balances		
Restricted for capital projects	$ 0	$ 481

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, 2011 and 2010

	2011	2010
REVENUES		
Intergovernmental	$ 23,941	$ 10,570
Total revenues	23,941	10,570
EXPENDITURES		
Capital outlay		
Culture and Recreation		
Recreation	24,422	10,089
Total expenditures	24,422	10,089
Excess (deficiency) of revenues over (under) expenditures	(481)	481
Fund balances, July 1	481	0
Fund balances, June 30	$ 0	$ 481

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ENTERPRISE FUNDS

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

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, 2011 and 2010

	2011	2010
ASSETS		
Current assets		
Equity in pooled cash	$ 299,235	$ 424,782
Accounts receivable (net)	112,300	114,587
Prepaid items	5,743	5,528
Total current assets	417,278	544,897
Restricted assets		
Customer Deposits		
Equity in pooled cash	21,562	34,107
Capital assets		
Land	67,645	67,645
Land improvements	22,611	22,611
Buildings	94,400	94,400
Vehicles and equipment	417,131	427,376
Water system	5,613,678	5,613,678
Construction in progress	338,488	123,633
Accumulated depreciation	(4,162,994)	(4,103,098)
Total capital assets (net of accumulated depreciation)	2,390,959	2,246,245
Other assets		
Bond issuance costs (net of accumulated amortization)	2,333	4,667
Total assets	2,832,132	2,829,916

CITY OF ROYSTON, GEORGIA
WATER AND SEWER UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2011 and 2010

	2011	2010
LIABILITIES		
Current liabilities		
Payables		
Accounts	$ 29,664	$ 23,051
Interest	4,600	6,700
Accrued salaries	11,685	7,385
Compensated absences	9,216	5,989
Unearned revenue	4,837	1,818
Notes payable	16,469	15,824
Revenue bonds payable	115,000	105,000
Total current liabilities	191,471	165,767
Current liabilities payable from restricted assets		
Customer deposits payable	21,562	34,107
Long-term liabilities		
Compensated absences	1,024	895
Notes payable	270,359	286,829
Revenue bonds payable	108,232	216,463
Total long-term liabilities	379,615	504,187
Total liabilities	592,648	704,061
NET ASSETS		
Invested in capital assets, net of related debt	1,880,899	1,622,129
Unrestricted	358,585	503,726
Total net assets	$ 2,239,484	$ 2,125,855

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, 2011 and 2010

	2011	2010
OPERATING REVENUES		
Charges for sales and services		
Water sales	$ 518,857	$ 512,038
Sewer charges	351,862	355,502
Other	44,083	42,378
Total operating revenues	914,802	909,918
OPERATING EXPENSES		
Costs of sales and services	351,590	367,361
Personal services	386,154	348,949
Depreciation	129,027	128,368
Total operating expenses	866,771	844,678
Operating income (loss)	48,031	65,240
Non-operating revenues (expenses)		
Interest revenue	3,127	4,945
Interest expense	(21,558)	(26,417)
Amortization	(9,102)	(9,102)
Gain (loss) on disposal of capital assets	3,400	(5,421)
Total non-operating revenues (expenses)	(24,133)	(35,995)
Income (loss) before capital contributions and transfers	23,898	29,245
Capital contributions		
Intergovernmental	3,471	0
Income (loss) before transfers	27,369	29,245
Transfers in (out)		
General Fund	(29,536)	(26,324)
2004 Franklin County SPLOST Fund	115,796	57,187
Total transfers	86,260	30,863
Change in net assets	113,629	60,108
Net assets, July 1	2,125,855	2,065,747
Net assets, June 30	$ 2,239,484	$ 2,125,855

CITY OF ROYSTON, GEORGIA
WATER AND SEWER UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Receipts from customers	$ 863,480	$ 857,294
Payments to suppliers	(345,192)	(361,312)
Payments to employees	(378,498)	(350,164)
Other receipts	44,083	42,378
Net cash provided (used) by operating activities	183,873	188,196
Cash flows from non-capital financing activities:		
Payments to other funds	(29,536)	(26,324)
Cash flows from capital and related financing activities:		
Sale of capital assets	3,400	0
Receipts from other governments	3,471	0
Receipts from other funds	115,796	57,187
Interest paid	(23,658)	(28,517)
Acquisition of capital assets	(273,741)	(97,441)
Principal payments - notes	(15,824)	(15,186)
Principal payments - bonds	(105,000)	(105,000)
Net cash provided (used) by capital and related financing activities	(295,556)	(188,957)
Cash flows from investing activities:		
Interest received	3,127	4,945
Net increase (decrease) in cash and cash equivalents	(138,092)	(22,140)
Cash and cash equivalents, July 1	458,889	481,029
Cash and cash equivalents, June 30	$ 320,797	$ 458,889

CITY OF ROYSTON, GEORGIA
WATER AND SEWER UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2011 and 2010

	2011	2010
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 48,031	$ 65,240
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	129,027	128,368
(Increase) decrease in accounts receivable	2,287	(11,342)
(Increase) decrease in prepaid items	(215)	(1,478)
Increase (decrease) in accounts payable	6,613	7,527
Increase (decrease) in unearned revenue	3,019	(253)
Increase (decrease) in deposits payable	(12,545)	1,349
Increase (decrease) in accrued payroll liabilities	7,656	(1,215)
Total adjustments	135,842	122,956
Net cash provided (used) by operating activities	$ 183,873	$ 188,196
Cash and cash equivalents reconciliation:		
Equity in pooled cash	$ 299,235	$ 424,782
Customer Deposits		
Equity in pooled cash	21,562	34,107
Total cash and cash equivalents	$ 320,797	$ 458,889

CITY OF ROYSTON, GEORGIA
NATURAL GAS UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2011 and 2010

	2011	2010
ASSETS		
Current assets		
Cash	$ 11,666	$ 84
Equity in pooled cash	618,831	882,830
Certificates of deposit	148,039	145,593
Receivables		
Accounts (net)	131,161	238,978
Interest	376	690
Inventories	127,505	108,241
Prepaid items	4,955	5,084
Total current assets	1,042,533	1,381,500
Restricted assets		
Customer Deposits		
Equity in pooled cash	56,567	91,441
Capital assets		
Land	23,687	23,687
Buildings	99,433	99,433
Vehicles and equipment	329,749	325,260
Natural gas system	3,125,100	2,814,380
Construction in progress	23,899	119,548
Accumulated depreciation	(1,928,387)	(1,879,545)
Total capital assets (net of accumulated depreciation)	1,673,481	1,502,763
Total assets	2,772,581	2,975,704

CITY OF ROYSTON, GEORGIA
NATURAL GAS UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2011 and 2010

	2011	2010
LIABILITIES		
Current liabilities		
Payables		
Accounts	$ 54,570	$ 72,230
Sales tax	3,175	5,184
Accrued salaries	11,504	8,207
Compensated absences	13,001	11,906
Unearned revenue	32,605	14,887
Due to other funds	0	100,000
Total current liabilities	114,855	212,414
Current liabilities payable from restricted assets		
Customer deposits payable	56,567	91,441
Long-term liabilities		
Compensated absences	1,445	1,779
Total liabilities	172,867	305,634
NET ASSETS		
Invested in capital assets	1,673,481	1,502,763
Unrestricted	926,233	1,167,307
Total net assets	$ 2,599,714	$ 2,670,070

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, 2011 and 2010

	2011	2010
OPERATING REVENUES		
Charges for sales and services		
Gas sales	$ 2,430,290	$ 2,638,838
Gas services and repairs	24,159	26,375
Other	33,376	33,675
Total operating revenues	2,487,825	2,698,888
OPERATING EXPENSES		
Costs of sales and services	1,603,298	1,775,568
Personal services	279,811	312,357
Depreciation	75,217	80,772
Other	9,559	12,427
Total operating expenses	1,967,885	2,181,124
Operating income (loss)	519,940	517,764
Non-operating revenues (expenses)		
Interest revenue	8,330	11,952
Interest expense	(3,000)	0
Gain (loss) on disposal of capital assets	2,090	0
Total non-operating revenues (expenses)	7,420	11,952
Income (loss) before transfers	527,360	529,716
Transfers in (out)		
General Fund	(597,716)	(493,297)
Change in net assets	(70,356)	36,419
Net assets, July 1	2,670,070	2,633,651
Net assets, June 30	$ 2,599,714	$ 2,670,070

CITY OF ROYSTON, GEORGIA
NATURAL GAS UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Receipts from customers	$ 2,543,101	$ 2,623,487
Payments to suppliers	(1,640,093)	(1,765,784)
Payments to employees	(275,753)	(314,492)
Other receipts	33,376	33,675
Other payments	(9,559)	(12,427)
Net cash provided (used) by operating activities	651,072	564,459
Cash flows from non-capital financing activities:		
Receipts from other funds	0	50,638
Payments to other funds	(700,716)	(493,297)
Net cash provided (used) by non-capital financing activities	(700,716)	(442,659)
Cash flows from capital and related financing activities:		
Sale of capital assets	2,090	0
Acquisition of capital assets	(245,935)	(51,176)
Net cash provided (used) by capital and related financing activities	(243,845)	(51,176)
Cash flows from investing activities:		
Interest received	8,644	12,646
Proceeds from maturities of investments	145,593	142,596
Purchase of investments	(148,039)	(145,593)
Net cash provided (used) by investing activities	6,198	9,649
Net increase (decrease) in cash and cash equivalents	(287,291)	80,273
Cash and cash equivalents, July 1	974,355	894,082
Cash and cash equivalents, June 30	$ 687,064	$ 974,355

CITY OF ROYSTON, GEORGIA
NATURAL GAS UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2011 and 2010

	2011	2010
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 519,940	$ 517,764
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	75,217	80,772
(Increase) decrease in accounts receivable	107,817	(42,930)
(Increase) decrease in inventory	(19,264)	9,914
(Increase) decrease in prepaid items	129	(3,596)
Increase (decrease) in accounts payable	(17,660)	3,466
Increase (decrease) in deposits payable	(34,874)	148
Increase (decrease) in sales tax payable	(2,009)	219
Increase (decrease) in unearned revenue	17,718	837
Increase (decrease) in accrued payroll liabilities	4,058	(2,135)
Total adjustments	131,132	46,695
Net cash provided (used) by operating activities	$ 651,072	$ 564,459
Cash and cash equivalents reconciliation:		
Cash	$ 11,666	$ 84
Equity in pooled cash	618,831	882,830
Customer Deposits		
Equity in pooled cash	56,567	91,441
Total cash and cash equivalents	$ 687,064	$ 974,355

CITY OF ROYSTON, GEORGIA
SANITATION ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2011 and 2010

	2011	2010
ASSETS		
Current assets		
Equity in pooled cash	$ 471,347	$ 400,928
Accounts receivable (net)	33,866	35,197
Prepaid items	1,649	1,582
Total current assets	506,862	437,707
Capital assets		
Land	6,429	6,429
Buildings	47,100	47,100
Vehicles and equipment	317,565	320,947
Accumulated depreciation	(342,487)	(347,707)
Total capital assets (net of accumulated depreciation)	28,607	26,769
Total assets	535,469	464,476
LIABILITIES		
Current liabilities		
Accounts payable	3,436	5,293
Accrued salaries	2,987	1,900
Compensated absences	7,085	6,010
Unearned revenue	1,888	1,159
Total current liabilities	15,396	14,362
Long-term liabilities		
Compensated absences	787	898
Total liabilities	16,183	15,260
NET ASSETS		
Invested in capital assets	28,607	26,769
Unrestricted	490,679	422,447
Total net assets	$ 519,286	$ 449,216

CITY OF ROYSTON, GEORGIA
SANITATION ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2011 and 2010

	2011	2010
OPERATING REVENUES		
Charges for sales and services		
Sanitation fees	$ 281,240	$ 288,055
Other	5,890	5,881
Total operating revenues	287,130	293,936
OPERATING EXPENSES		
Costs of sales and services	104,887	102,395
Personal services	114,443	107,751
Depreciation	1,230	13,644
Total operating expenses	220,560	223,790
Operating income (loss)	66,570	70,146
Non-operating revenue (expenses)		
Intergovernmental revenue	5,760	5,280
Interest revenue	3,548	4,362
Total non-operating revenue (expenses)	9,308	9,642
Income (loss) before transfers	75,878	79,788
Transfers in (out)		
General Fund	(5,808)	(29,806)
Change in net assets	70,070	49,982
Net assets, July 1	449,216	399,234
Net assets, June 30	$ 519,286	$ 449,216

CITY OF ROYSTON, GEORGIA
SANITATION ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Receipts from customers	$ 283,300	$ 280,488
Payments to suppliers	(106,811)	(105,274)
Payments to employees	(112,392)	(107,457)
Other receipts	5,890	5,882
Net cash provided (used) by operating activities	69,987	73,639
Cash flows from non-capital financing activities		
Receipts from other governments	5,760	5,280
Payments to other funds	(5,808)	(34,256)
Net cash provided (used) by non-capital financing activities	(48)	(28,976)
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(3,068)	0
Cash flows from investing activities:		
Interest received	3,548	4,362
Net increase (decrease) in cash and cash equivalents	70,419	49,025
Cash and cash equivalents, July 1	400,928	351,903
Cash and cash equivalents, June 30	$ 471,347	$ 400,928
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 66,570	$ 70,146
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	1,230	13,644
(Increase) decrease in accounts receivable	1,331	(8,105)
(Increase) decrease in prepaid items	(67)	(431)
Increase (decrease) in accounts payable	(1,857)	(2,448)
Increase (decrease) in unearned revenue	729	539
Increase (decrease) in accrued payroll liabilities	2,051	294
Total adjustments	3,417	3,493
Net cash provided by operating activities	$ 69,987	$ 73,639

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, 2011 and 2010

	2011	2010
ASSETS		
Equity in pooled cash	$ 8,958	$ 13,684
Accounts receivable (net)	132,681	102,157
Total assets	$ 141,639	$ 115,841
LIABILITIES		
Liabilities		
Accrued payables	$ 0	$ 2,676
Due to other agencies	141,639	113,165
Total liabilities	$ 141,639	$ 115,841

CITY OF ROYSTON, GEORGIA
MUNICIPAL COURT AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the fiscal year ended June 30, 2011

	Balance July 1	Additions	Deletions	Balance June 30
ASSETS				
Equity in pooled cash	$ 13,684	$ 88,237	$ 92,963	$ 8,958
Accounts receivable	102,157	91,553	61,029	132,681
Total assets	$ 115,841	$ 179,790	$ 153,992	$ 141,639
LIABILITIES				
Due to other agencies	$ 115,841	$ 179,790	$ 153,992	$ 141,639

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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, 2011 and 2010

	2011	2010
ASSETS		
Cash	$ 12,053	$ 16,610
LIABILITIES AND FUND BALANCES		
Fund balances		
Assigned for Housing and Development	$ 12,053	$ 16,610

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, 2011
(With comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	$ 7,700	$ 2,935	$ (4,765)	$ 4,808
Contributions	12,500	2,700	(9,800)	4,055
Miscellaneous	9,800	8,522	(1,278)	5,676
Total revenues	30,000	14,157	(15,843)	14,539
EXPENDITURES				
Current				
Housing and Development				
Contractual services	10,150	6,176	3,974	2,807
Materials and supplies	12,400	7,179	5,221	12,064
Capital outlay	0	0	0	6,000
Payment to other agencies	5,000	5,359	(359)	1,500
Total expenditures	27,550	18,714	8,836	22,371
Excess (deficiency) of revenues over (under) expenditures	2,450	(4,557)	(7,007)	(7,832)
Other financing sources (uses)				
Contingency	(2,450)	0	2,450	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(4,557)	(4,557)	(7,832)
Fund balances, July 1	0	16,610	16,610	24,442
Fund balances, June 30	$ 0	$ 12,053	$ 12,053	$ 16,610

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OTHER REPORTING SECTION

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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, 2011, which collectively comprise the City of Royston, Georgia's basic financial statements, and have issued our report thereon dated October 26, 2011. 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 that we consider to be significant deficiencies in internal control over financial reporting. 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 11-1

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.

Comment 11-1, continued

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.

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 matters that we have reported to management of the City of Royston, Georgia, in a separate letter dated October 26, 2011.

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 entity, 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, LLC

Certified Public Accountants

Gainesville, Georgia
October 26, 2011

CITY OF ROYSTON, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended June 30, 2011

Project	Estimated Cost * Original	Estimated Cost * Current	Expenditures Prior Years	Expenditures Current Year	Expenditures Total
2004 FRANKLIN COUNTY SPLOST					
Fire	$ 195,718	$ 195,718	$ 193,180	$ 0	$ 193,180
Recreation	192,523	192,523	14,752	205,500	220,252
Streets	283,122	283,122	166,880	0	166,880
Library	44,041	44,041	61,208	0	61,208
Water and Sewer	656,843	656,843	441,575	115,796	557,371
Total	$ 1,372,247	$ 1,372,247	$ 877,595	$ 321,296	$ 1,198,891
Current year 2004 Franklin County SPLOST expenditures					$ 321,296
Expenditures financed through other revenues					47,325
Total expenditures and transfers out of the 2004 Franklin County SPLOST Capital Projects Fund					$ 368,621
HART COUNTY SPLOST #2					
Streets	$ 59,400	$ 59,400	$ 0	$ 0	$ 0
Recreation	39,600	39,600	15,209	24,422	39,631
Total	$ 99,000	$ 99,000	$ 15,209	$ 24,422	$ 39,631

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

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