# CITY OF BLYTHE, GEORGIA

## FINANCIAL STATEMENTS

## For the Year Ended December 31, 2016

## TABLE OF CONTENTS


| | PAGE |
|---|---|
| **INDEPENDENT AUDITOR'S REPORT** | 1 – 3 |
| **BASIC FINANCIAL STATEMENTS:** | |
| *Government-wide Financial Statements:* | |
| Statement of Net Position | 4 |
| Statement of Activities | 5 |
| *Fund Financial Statements*: | |
| Balance Sheet – Governmental Funds | 6 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds | 7 – 8 |
| Statement of Net Position– Proprietary Funds | 9 |
| Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds | 10 |
| Statement of Cash Flows – Proprietary Funds | 11 |
| *Notes to Basic Financial Statements* | 12 – 23 |
| **REQUIRED SUPPLEMENTARY INFORMATION:** | |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – General Fund | 24 – 25 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – TSPLOST Special Revenue Fund | 26 |
| **OTHER SUPPLEMENTARY INFORMATION:** | |
| Combining Balance Sheet – Nonmajor Governmental Funds | 27 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds | 28 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual –Library Special Revenue Fund | 29 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Veteran's Memorial Special Revenue Fund | 30 |

| | PAGE |
|---|---|
| Schedule of Projects Constructed with Special Sales Tax Proceeds | 31 - 32 |
| Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* | 33 - 34 |
| Schedule of Findings and Responses | 35 - 36 |

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# INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council
City of Blythe, Georgia

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blythe, Georgia, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

*Management's Responsibility for the Financial Statements*

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

*Auditor's Responsibility*

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

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

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

***Opinions***

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blythe, Georgia, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that budgetary comparison information on pages 24 through 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The City of Blythe, Georgia's basic financial statements. The schedule of projects constructed with special sales tax proceeds and the other schedules included in other supplementary information as described in the accompanying table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The schedule of projects constructed with special sales tax proceeds and the other schedules included in other supplementary information as described in the accompanying table of contents are the responsibility of management and were derived from and relate to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have issued our report dated May 19, 2017 on our consideration of the City of Blythe, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The City of Blythe, Georgia's internal control over financial reporting and compliance.

*Wright & Wright, P.C.*

May 19, 2017

## BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the Governmental Accounting Standards Board ("GASB"). The sets of statements include:

- Government-wide financial statements
- Fund financial statements:
  - Governmental funds
  - Proprietary (enterprise) funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

**CITY OF BLYTHE, GEORGIA**

**STATEMENT OF NET POSITION**

**DECEMBER 31, 2016**

| | Primary Government | | |
|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total |
| **ASSETS:** | | | |
| Current assets: | | | |
| Cash and cash equivalents | $ 2,259,236 | $ 315,751 | $ 2,574,987 |
| Accounts receivable, net | - | 7,756 | 7,756 |
| Receivable from other governments | 15,471 | - | 15,471 |
| Internal balances | - | - | - |
| Total current assets | 2,274,707 | 323,507 | 2,598,214 |
| Noncurrent assets: | | | |
| Nondepreciable | 154,912 | - | 154,912 |
| Depreciable capital assets, net of accumulated depreciation | 589,655 | 1,057,078 | 1,646,733 |
| Total assets | 3,019,274 | 1,380,585 | 4,399,859 |
| **LIABILITIES:** | | | |
| Current liabilities: | | | |
| Accounts payable | 6,947 | 1,869 | 8,816 |
| Accrued wages and benefits | 5,134 | - | 5,134 |
| Accrued interest payable | - | 1,226 | 1,226 |
| Total current liabilities | 12,081 | 3,095 | 15,176 |
| Noncurrent liabilities: | | | |
| Long-term debt, net of current portion | - | - | - |
| Total noncurrent liabilities | - | - | - |
| Total liabilities | 12,081 | 3,095 | 15,176 |
| **NET POSITION:** | | | |
| Investment in capital assets | 744,567 | 1,057,078 | 1,801,645 |
| Restricted for: | | | |
| Capital projects | 1,675,890 | - | 1,675,890 |
| Transportation improvements | 41,735 | - | 41,735 |
| Library | 14,811 | - | 14,811 |
| Veteran's Memorial | 1,338 | - | 1,338 |
| Unrestricted | 528,852 | 320,412 | 849,264 |
| | $ 3,007,193 | $ 1,377,490 | $ 4,384,683 |

See accompanying notes to the basic financial statements

**CITY OF BLYTHE, GEORGIA**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities | Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-type Activities | Net (Expense) Revenue and Changes in Net Position: Primary Government: Total |
|---|---|---|---|---|---|---|---|
| **Primary government:** | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | $ 136,015 | $ 10,221 | $ - | $ - | $ (125,794) | $ - | $ (125,794) |
| Public safety | 176,868 | 159,489 | - | - | (17,379) | - | (17,379) |
| Public works | 21,945 | - | 35,680 | 953,899 | 967,634 | - | 967,634 |
| Health and welfare | 5,136 | - | - | - | (5,136) | - | (5,136) |
| Culture and recreation | 22,993 | - | 185 | - | (22,808) | - | (22,808) |
| Interest on long-term debt | - | - | - | - | - | - | - |
| Total governmental activities | 362,957 | 169,710 | 35,865 | 953,899 | 796,517 | - | 796,517 |
| Business-type activities: | | | | | | | |
| Water and sewer | 130,936 | 119,473 | - | - | - | (11,463) | (11,463) |
| Total business-type activities | 130,936 | 119,473 | - | - | - | (11,463) | (11,463) |
| Total primary government | $ 493,893 | $ 289,183 | $ 35,865 | $ 953,899 | 796,517 | (11,463) | 785,054 |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| General sales and use tax | | | | | 130,349 | - | 130,349 |
| Other taxes | | | | | 92,156 | - | 92,156 |
| Grants and contributions | | | | | - | - | - |
| Interest income | | | | | 1,938 | 510 | 2,448 |
| Miscellaneous | | | | | 5,537 | - | 5,537 |
| Transfers | | | | | (95,567) | 95,567 | - |
| Total general revenues and transfers | | | | | 134,413 | 96,077 | 230,490 |
| Change in net position | | | | | 930,930 | 84,614 | 1,015,544 |
| Net position, beginning | | | | | 2,076,263 | 1,292,876 | 3,369,139 |
| Net position, ending | | | | | $ 3,007,193 | $ 1,377,490 | $ 4,384,683 |

See accompanying notes to the basic financial statements

**CITY OF BLYTHE, GEORGIA**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

**DECEMBER 31, 2016**

| | General Fund | Capital Projects Fund | Capital Projects Fund VII | TSPLOST Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|
| **ASSETS:** | | | | | | |
| Cash and cash equivalents | $ 527,208 | $ 727,368 | $ 948,522 | $ 39,989 | $ 16,149 | $ 2,259,236 |
| Accounts receivable, net | - | - | - | - | - | - |
| Receivables from other funds | - | - | - | - | - | - |
| Receivables from other governments | 13,725 | - | - | 1,746 | - | 15,471 |
| Total assets | $ 540,933 | $ 727,368 | $ 948,522 | $ 41,735 | $ 16,149 | $ 2,274,707 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE:** | | | | | | |
| Accounts payable | $ 6,947 | $ - | $ - | $ - | $ - | $ 6,947 |
| Accrued payroll deductions | 2,404 | - | - | - | - | 2,404 |
| Payable to other funds | - | - | - | - | - | - |
| Total liabilities | 9,351 | - | - | - | - | 9,351 |
| **DEFERRED INFLOWS OF RESOURCES** | - | - | - | - | - | - |
| **FUND BALANCES:** | | | | | | |
| Non-spendable fund balance | - | - | - | - | - | - |
| Restricted fund balance: | | | | | | |
| Capital projects | - | 727,368 | 948,522 | - | - | 1,675,890 |
| Transportation improvements | - | - | - | 41,735 | - | 41,735 |
| Committed fund balance | - | - | - | - | - | - |
| Assigned fund balance: | | | | | | |
| Library | - | - | - | - | 14,811 | 14,811 |
| Veteran's Memorial | - | - | - | - | 1,338 | 1,338 |
| Unassigned fund balance | 531,582 | - | - | - | - | 531,582 |
| Total fund balances | 531,582 | 727,368 | 948,522 | 41,735 | 16,149 | 2,265,356 |
| Total liabilities, deferred inflows of resources and fund balance | $ 540,933 | $ 727,368 | $ 948,522 | $ 41,735 | $ 16,149 | |

Amounts reported for governmental activities in the Statement of Net Position are different because:

| | |
|---|---|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of $454,270 | 744,567 |
| Compensated absences are not reported in the governmental funds | (2,730) |
| Net position of governmental activities | $ 3,007,193 |

See accompanying notes the basic financial statements

CITY OF BLYTHE, GEORGIA

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2016

| | General Fund | Capital Projects Fund | Capital Projects Fund VII | TSPLOST Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|
| **REVENUES:** | | | | | | |
| Taxes | $ 222,505 | $ - | $ - | $ - | $ - | $ 222,505 |
| Licenses and permits | 9,546 | - | - | - | - | 9,546 |
| Intergovernmental | - | - | 950,000 | 35,650 | - | 985,650 |
| Fees and fines | 159,489 | - | - | - | - | 159,489 |
| Charges for services | 675 | - | - | - | - | 675 |
| Other | 7,475 | 3,109 | 790 | 30 | 185 | 11,589 |
| Total revenues | 399,690 | 3,109 | 950,790 | 35,680 | 185 | 1,389,454 |
| **EXPENDITURES:** | | | | | | |
| Current operating: | | | | | | |
| General government | 121,639 | - | 23 | - | 1,431 | 123,093 |
| Public safety | 169,659 | - | - | - | - | 169,659 |
| Public works | 21,219 | - | - | 18 | - | 21,237 |
| Judicial | 5,136 | - | - | - | - | 5,136 |
| Culture and recreation | 10,502 | - | - | - | - | 10,502 |
| Debt service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest and other charges | - | - | - | - | - | - |
| Capital outlays | - | 186,457 | 2,245 | - | - | 188,702 |
| Total expenditures | 328,155 | 186,457 | 2,268 | 18 | 1,431 | 518,329 |
| Excess (deficiency) of revenues over (under) expenditures | 71,535 | (183,348) | 948,522 | 35,662 | (1,246) | 871,125 |
| **OTHER FINANCING SOURCES (USES):** | | | | | | |
| Loan proceeds | - | - | - | - | - | - |
| Transfers in (out) | (7,078) | - | - | - | - | (7,078) |
| Total other financing sources and uses | (7,078) | - | - | - | - | (7,078) |
| Net change in fund balance | 64,457 | (183,348) | 948,522 | 35,662 | (1,246) | 864,047 |
| **FUND BALANCE, beginning** | 467,125 | 910,716 | - | 6,073 | 17,395 | 1,401,309 |
| **FUND BALANCE, ending** | $ 531,582 | $ 727,368 | $ 948,522 | $ 41,735 | $ 16,149 | $ 2,265,356 |

(Continued)

See accompanying notes to the basic financial statements

**CITY OF BLYTHE, GEORGIA**

**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**
**GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

| | |
|---|---|
| Net change in fund balances - total governmental funds | $ 864,047 |
| Amounts reported for governmental activities in the Statement of Activities are different because: | |
| Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets: | |
| Capital outlays | 104,435 |
| Depreciation | (37,005) |
| | 67,430 |
| The effect of various capital asset disposals and sales, net of accumulated depreciation | - |
| Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The adjustment for these items are as follows: | |
| Compensated absences | (547) |
| | $ 930,930 |

See accompanying notes to the basic financial statements

**CITY OF BLYTHE, GEORGIA**

**STATEMENT OF NET POSITION**

**PROPRIETARY FUNDS**

**DECEMBER 31, 2016**

| | Water Fund |
|---|---|
| **ASSETS** | |
| **CURRENT ASSETS:** | |
| Cash in bank | $ 315,751 |
| Accounts receivable, net of allowance of $2,972 | 7,756 |
| Total current assets | 323,507 |
| **NONCURRENT ASSETS:** | |
| Capital Assets: | |
| Land and improvements | 4,759 |
| Vehicles and equipment | 103,848 |
| Water distribution system | 1,396,351 |
| | 1,504,958 |
| Less accumulated depreciation | (447,880) |
| Total capital assets | 1,057,078 |
| Total assets | 1,380,585 |
| **LIABILITIES** | |
| **CURRENT LIABILITIES:** | |
| Accounts payable | 1,869 |
| Payroll tax liabilities | 1,226 |
| Total current liabilities | 3,095 |
| **NONCURRENT LIABILITIES** | - |
| Total liabilities | 3,095 |
| **NET POSITION** | |
| **INVESTMENT IN CAPITAL ASSETS** | 1,057,078 |
| **UNRESTRICTED** | 320,412 |
| Total net position | $ 1,377,490 |

See accompanying notes to the basic financial statements

CITY OF BLYTHE, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2016

| | Water Fund |
|---|---|
| **OPERATING REVENUES:** | |
| Water charges | $ 114,788 |
| Tap fees | 1,470 |
| Late penalties and other | 3,215 |
| Total operating revenues | 119,473 |
| **OPERATING EXPENSES:** | |
| Salaries | 43,281 |
| Employee benefits | 7,859 |
| Insurance | 7,870 |
| Legal and professional | 1,900 |
| Repairs and maintenance | 2,855 |
| Supplies | 13,204 |
| Utilities and communications | 9,890 |
| Water testing | 4,890 |
| Depreciation | 36,468 |
| Other operating | 2,719 |
| Total operating expenses | 130,936 |
| **OPERATING INCOME (LOSS)** | (11,463) |
| **NON-OPERATING REVENUES (EXPENSES):** | |
| Interest income | 510 |
| Other | - |
| Total non-operating revenues (expenses) | 510 |
| **NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS** | (10,953) |
| **CAPITAL CONTRIBUTIONS** | 88,489 |
| **NET INCOME (LOSS) BEFORE TRANSFERS** | 77,536 |
| **TRANSFERS IN (OUT)** | 7,078 |
| **CHANGE IN NET POSITION** | 84,614 |
| **NET POSITION, beginning of year** | 1,292,876 |
| **NET POSITION, end of year** | $ 1,377,490 |

See accompanying notes to the basic financial statements

**CITY OF BLYTHE, GEORGIA**
**STATEMENT OF CASH FLOWS**
**PROPRIETARY FUNDS**
**FOR THE YEAR ENDED DECEMBER 31, 2016**

| | Water Fund |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | |
| Receipts from customers | $ 113,508 |
| Payments to suppliers | (37,769) |
| Payments to employees | (50,752) |
| Net cash provided by operating activities | 24,987 |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:** | |
| Operating subsidies and transfers to other funds | 7,078 |
| Net cash used in noncapital financing activities | 7,078 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:** | |
| Purchase for capital assets | (7,078) |
| Net cash used in capital and related financing activities | (7,078) |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | |
| Interest earned | 510 |
| Net cash provided by investing activities | 510 |
| **NET INCREASE (DECREASE) IN CASH** | 25,497 |
| **BALANCES, beginning of year** | 290,254 |
| **BALANCES, end of year** | $ 315,751 |
| **RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:** | |
| Operating income (loss) | $ (11,463) |
| Adjustments to reconcile operating loss to net cash provided by (used in) operating activities: | |
| Cash flows reported in other categories: | |
| Depreciation expense | 36,468 |
| Changes in assets and liabilities: | |
| Receivables, net | (1,280) |
| Accounts payable | 874 |
| Payroll taxes payable | 388 |
| Net cash provided by operating activities | $ 24,987 |

**NONCASH CAPITAL FINANCING ACTIVITIES:**

Capital purchases of $88,489 were paid from the Capital Projects Funds

See accompanying notes to the basic financial statements

# 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

## A. Reporting Entity

The financial statements of City of Blythe (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the City.

Currently, the City has no blended component units or discretely presented component units.

## B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the City (the primary government) and its component units. 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.

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. The City has elected not to allocate indirect costs among the programs, functions and segments. 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 as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

## C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including accrued interest on general long-term debt, is recognized when due, and certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The City reports the following major governmental funds:

> The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
>
> The Capital Projects Fund accounts for capital expenditures paid with special purpose local option sales tax.
>
> The Capital Projects Fund VII accounts for capital expenditures paid with a 2015 special purpose local option sales tax referendum. The City received 50% or $950,000 of the projected proceeds of this referendum in 2016.
>
> The Transportation Special Revenue Fund accounts for capital outlay and other transportation improvements related to the additional one-percent local option sales tax in effect for the period January 1, 2014 to December 31, 2022.

The City reports the following major proprietary fund:

> The Water Fund is used to account for the provision of water and sewer services to businesses and residents of the City. All activities necessary to provide such services are accounted for in the fund, including but not limited to, administration, operation, financing and related debt services, and billing and collections.

The City complies with Governmental Accounting Standards Board ("GASB") Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting. This Statement requires the City to apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB's). As permitted by GASB No. 20, the City has elected not to comply with the FASB Statements and Interpretations issued after November 30, 1989.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services; operating expenses 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 nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts.

## D. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

Investments, if any, are stated at fair market value with unrealized holding gains and losses reported as the "Change in fair market value of investments" in the Statement of Revenues, Expenses and Changes in Net Position.

## E. Inventory

Inventory is valued at cost, which approximates market, using the first-in/first-out ("FIFO") method. The cost of governmental fund-type inventory is recorded as an expenditure when consumed rather than when purchased.

## F. Prepaid Items

Prepaid balances, if any, are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year, and a reserve for prepaid items is recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

## G. Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, sidewalks, distribution systems and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of two years and an original cost of $5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Prior to October 1, 2003, governmental funds' infrastructure assets were not capitalized. Infrastructure assets totaling $0 were completed during the year ended December 31, 2016. At December 31, 2016, $0 of construction-in-progress was related to infrastructure assets.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

| | |
|---|---|
| Buildings | 30-40 years |
| Depreciable land improvements | 8 - 20 years |
| Machinery and equipment | 5 - 25 years |
| Infrastructure and utility systems | 40 – 50 years |

## H. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

## I. Long-Term Obligations

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

Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charged and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

## J. Equity Classifications

The City has implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This new standard changed the overall definitions and classifications of governmental fund balances.

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

**Fund Balance**

Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

**Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e. items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

**Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. Only the City Council may modify or rescind the commitment.

**Assigned** – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council is authorized to assign fund balance.

**Unassigned** – Fund balances are reported as unassigned when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund. Negative unassigned balances may be reported in all funds.

The City uses restricted amounts to be spent first when both restricted and unrestricted fund balances are available, unless there are legal documents/contracts that prohibit the use of restricted fund balances, such as grant agreements that require a dollar match. Additionally, the City would then use committed, assigned and lastly unassigned amounts from the unrestricted fund balance when expending funds.

The City does not have a formal minimum fund balance policy; however, the City Council addresses various target reserve positions which are reviewed periodically.

**Net Position**

**Net investment in capital assets** – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted net position** – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**Unrestricted net position** – All other net assets that do not meet the definition of "restricted" or "net investment in capital assets."

### K. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly chargeable to another fund, are recorded as expenditures/ expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

## 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### Budgetary Basis

GAAP is the budgetary basis used in the preparation of these statements.

### Budget Requirements, Accounting and Reporting

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to year end the Mayor submits to the Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

2. The Council holds a public hearing on the budget, giving notice thereof at least ten days in advance by publication in the official organ of City of Blythe.

3. The budget is then revised and adopted or amended by the Council at a regular meeting early in the year to which it applies.

4. The budget so adopted may be revised during the year only by formal action of the Council in a regular meeting and no increase shall be made therein without provision also being made for financing same.

5. The legal level of budgetary control is the department level within the General Fund. Increases in the total appropriations of a department, whether accomplished through an increase in estimated revenues or through a transfer of appropriations among departments, require the approval of the Mayor and Council.

6. Formal budgetary integration is employed as a management control device during the year for the General Fund and the Special Revenue Funds. The budgets for the General Fund, Special Revenue Fund and Capital Project Funds are adopted on a basis consistent with GAAP.

7. Budgeted amounts are as originally adopted, or as amended by the Council. Individual amendments were not material in relation to the original appropriations which were amended.

### Excesses of Expenditures over Appropriations in Individual Funds

The following general fund departments had excesses of actual expenditures over appropriations in the amount shown for the year ended December 31, 2016:

| | |
|---|---|
| Culture and recreation | $ 3,987 |
| General government – capital outlays | 4,222 |

These overexpenditures were funded by greater than anticipated revenues and by available fund balance. The Mayor and Council plan in the future to more closely monitor expenditures to determine if budget amendments need to be made or if cost cutting measures need to be formulated.

## 3. DEPOSITS AND INVESTMENTS

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of December 31, 2016, none of the City's $2,574,987 was exposed to custodial credit risk.

Investments - There were no investments at December 31, 2016.

## 4. ACCOUNTS RECEIVABLE

At December 31, 2016, accounts receivable consisted of the following:

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| General Fund: | | | |
| Local option sales tax | $ 13,725 | $ - | $ 13,725 |
| TSPLOST Fund: | | | |
| Special local option sales tax | 1,746 | - | 1,746 |
| Water and Sewer Fund: | | | |
| Water and sewer fees | - | 10,728 | 10,728 |
| | 15,471 | 10,728 | 26,199 |
| Allowance for doubtful accounts | - | (2,972) | (2,972) |
| | $ 15,471 | $ 7,756 | $ 23,227 |

## 5. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended December 31, 2016 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| **Governmental activities:** | | | | |
| Not being depreciated: | | | | |
| Land | $ 145,667 | $ - | $ - | $ 145,667 |
| Construction-in-progress | - | 9,245 | - | 9,245 |
| Subtotal | 145,667 | 9,245 | - | 154,912 |
| Other capital assets: | | | | |
| Land improvements | 196,649 | 27,700 | - | 224,349 |
| Buildings & improvements | 529,452 | 15,750 | - | 545,202 |
| Vehicles & equipment | 222,634 | 51,740 | - | 274,374 |
| Subtotal | 1,094,402 | 104,435 | - | 1,198,837 |
| Accumulated depreciation: | | | | |
| Land improvements | 16,076 | 7,852 | - | 23,928 |
| Buildings & improvements | 234,190 | 16,949 | - | 251,139 |
| Vehicles & equipment | 166,999 | 12,204 | - | 179,203 |
| Subtotal | 417,265 | 37,005 | - | 454,270 |
| Net capital assets | $ 677,137 | $ 67,430 | $ - | $ 744,567 |
| **Business-type activities:** | | | | |
| Not being depreciated: | | | | |
| Land | $ - | $ - | $ - | $ - |
| Construction-in-progress | - | - | - | - |
| Subtotal | - | - | - | - |
| Other capital assets: | | | | |
| Vehicles & equipment | 103,848 | - | - | 103,848 |
| Land improvements | 4,759 | - | - | 4,759 |
| Water system | 1,300,784 | 95,567 | - | 1,396,351 |
| Subtotal | 1,409,391 | 95,567 | - | 1,504,958 |
| Accumulated depreciation: | | | | |
| Vehicles & equipment | 53,614 | 7,671 | - | 61,285 |
| Land improvements | 3,675 | 317 | - | 3,992 |
| Water system | 354,123 | 28,480 | - | 382,603 |
| Subtotal | 411,412 | 36,468 | - | 447,880 |
| Net capital assets | $ 997,979 | $ 59,099 | $ - | $ 1,057,078 |

Depreciation was charged to functions as follows:

| | |
|---|---|
| Governmental activities: | |
| General government | $ 16,981 |
| Public safety | 6,825 |
| Public works | 708 |
| Culture and recreation | 12,491 |
| | $ 37,005 |

## 6. LONG-TERM DEBT

Following is a summary of changes in long-term debt for the year ended December31, 2016:

| | Balance January 1, 2016 | Additions | Reductions | Balance December 31, 2016 | Amount Due in One Year |
|---|---|---|---|---|---|
| Governmental type activities: | | | | | |
| Compensated absences | $ 2,183 | $ 548 | $ - | $ 2,731 | $ 2,731 |

For the governmental activities, compensated absences are generally liquidated by the general fund.

## 7. FUND EQUITY

**Fund Deficits**

No fund had a deficit fund balance at December 31, 2016.

## 8. INTERFUND TRANSACTIONS AND BALANCES

Transfers to/from Other Funds:

During the year ended December 31, 2016, the General Fund transferred $7,078 to the Water Fund during the year. All transfers were made in accordance with budgetary authorizations.

## 9. COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from federal grantor agencies are subject to audit and adjustment by the applicable agency. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

### Litigation

According to the City's attorney, there are no contingent liabilities or other litigation in progress for which the City may be liable as of December 31, 2016.

## 10. DEFINED CONTRIBUTION PLAN

The City has a defined contribution retirement plan for the city clerk, director of water works, and the chief of police. These employees are eligible to participate in the plan immediately upon employment. Covered employees may contribute up to 25% of their base salary. The City makes an annual plan year end non-matching contribution of 3% of the annual gross salary of covered employees. Employee contributions to the plan were $0 and the City contributed $2,465 for the current fiscal year.

The City's defined contribution plan, City of Blythe Defined Contribution Plan, was authorized by the City Council by passage of an ordinance on June 2, 2006 and is administered by the City. The City Council originally established the contribution requirements, and it has the authority to amend contribution requirements if it deems appropriate.

## 11. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors of omissions, job related illnesses or injuries to employees; natural disaster; and unemployment compensation.

There were no significant reductions of insurance coverage in the prior year. Management believes that the coverage is adequate to preclude any significant uninsured risk exposure to the City. Settled claims have not exceeded the commercial excess coverage in any of the past three fiscal years.

### Risk Pool

The City has elected to be a member of the Georgia Municipal Association Workers' Compensation Self-Insurance Fund (GMAWCSIF) and Georgia Interlocal Risk Management Agency (GIRMA), risk management agencies created under Georgia law. As a participant in the GMAWCSIF and GIRMA, the City has no legal obligation to pay its own workers' compensation claims or general liability claims. The City is required to make an annual contribution to the funds in an amount that is determined on the basis of actuarial projections of losses. With payment of the City's annual contribution, the City has effectively transferred the risk and responsibility for payment of its workers' compensation claims and general liability claims. However, the enabling statute creating the GMAWCSIF and GIRMA permits the funds to levy an assessment upon its members to make up any deficiency the fund may have in surplus or reserves. Since excess insurance is purchased by the GMASCSIF and GIRMA to protect the funds from catastrophic losses, no amount has been recorded in the financial statements for this contingency as management believes the likelihood for assessment is remote.

### Self Insurance

The City is self-insured with regard to unemployment compensation claims. The City accounts for claims with expenditures and liabilities being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. The City has not experienced any claims related to unemployment compensation in the past three years.

## 12. JOINT VENTURE

Under Georgia law, the City in conjunction with other cities and counties in the Central Savannah River Area, is a member of the Central Savannah River Area Regional Commission and is required to pay annual dues thereto. During its year ended December 31, 2016, the City paid $807 in such dues. Membership in a Regional Commission is required by the OCGA Section 50-8-34 which provides for the organizational structure of the Regional Commission in Georgia. The Regional Commission Board membership includes the chief elected official of each City and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a Regional Commission. Separate financial statements may be obtained from:

CSRA Regional Commission
3023 River Watch Parkway Suite A
Augusta, Georgia 30907

## 13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 19, 2017, the date the financial statements were available to be issued.

## REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedules – General Fund and TSPLOST Special Revenue Fund

CITY OF BLYTHE, GEORGIA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET (GAAP) BASIS AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2016

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **REVENUES:** | | | | |
| Taxes: | | | | |
| Local option sales tax | $ 130,000 | $ 130,000 | $ 130,349 | $ 349 |
| Insurance premium tax | 38,000 | 38,000 | 45,001 | 7,001 |
| Title ad valorem tax | 6,000 | 6,000 | 4,979 | (1,021) |
| Franchise tax | 32,000 | 32,000 | 33,270 | 1,270 |
| Beer and wine tax | 8,000 | 8,000 | 8,568 | 568 |
| Real estate transfer tax | - | - | 338 | 338 |
| Other taxes | - | - | - | - |
| | 214,000 | 214,000 | 222,505 | 8,505 |
| Licenses and Permits: | | | | |
| Business licenses and permits | 5,550 | 5,550 | 9,546 | 3,996 |
| | 5,550 | 5,550 | 9,546 | 3,996 |
| Intergovernmental: | | | | |
| State government grants | - | - | - | - |
| Federal grants | - | - | - | - |
| | - | - | - | - |
| Charges for services: | | | | |
| Miscellaneous charges | - | - | 675 | 675 |
| | - | - | 675 | 675 |
| Fees and fines: | | | | |
| Fines and forfeitures | 80,000 | 126,955 | 159,489 | 32,534 |
| | 80,000 | 126,955 | 159,489 | 32,534 |
| Miscellaneous: | | | | |
| Interest income | 1,200 | 1,200 | 1,938 | 738 |
| Rent | 1,500 | 1,500 | 3,275 | 1,775 |
| Other | - | - | 2,262 | 2,262 |
| | 2,700 | 2,700 | 7,475 | 4,775 |
| Total revenues | 302,250 | 349,205 | 399,690 | 50,485 |

CITY OF BLYTHE, GEORGIA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET (GAAP) BASIS AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2016

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **EXPENDITURES:** | | | | |
| **Current Operating:** | | | | |
| General government | $ 118,780 | $ 118,255 | $ 117,417 | $ 838 |
| Public safety | 161,374 | 206,589 | 169,659 | 36,930 |
| Public works | 19,370 | 22,120 | 21,219 | 901 |
| Judicial | 5,200 | 6,800 | 5,136 | 1,664 |
| Culture and recreation | 7,000 | 6,515 | 10,502 | (3,987) |
| Total operating expenditures | 311,724 | 360,279 | 323,933 | 36,346 |
| **Capital Outlays:** | | | | |
| General government | - | - | 4,222 | (4,222) |
| Public safety | 4,200 | 2,600 | - | 2,600 |
| Public works | - | - | - | - |
| Health and welfare | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Total capital expenditures | 4,200 | 2,600 | 4,222 | (1,622) |
| **Debt Service:** | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total debt service | - | - | - | - |
| Total expenditures | 315,924 | 362,879 | 328,155 | 34,724 |
| Excess (deficiency) of revenues over expenditures | (13,674) | (13,674) | 71,535 | 85,209 |
| **OTHER FINANCING SOURCES (USES):** | | | | |
| Loan proceeds | - | - | - | - |
| Transfers in (out) | 13,674 | 13,674 | (7,078) | (20,752) |
| | 13,674 | 13,674 | (7,078) | (20,752) |
| Excess (deficiency) of revenues over expenditures and other financing sources | - | - | 64,457 | 64,457 |
| **FUND BALANCE, beginning of year** | 467,125 | 467,125 | 467,125 | - |
| **FUND BALANCE, end of year** | $ 467,125 | $ 467,125 | $ 531,582 | $ 64,457 |

**CITY OF BLYTHE, GEORGIA**

**TSPLOST SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP) BASIS AND ACTUAL**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **REVENUES:** | | | | |
| Intergovernmental | $ 30,000 | $ 30,000 | $ 35,650 | $ 5,650 |
| Other income | 100 | 100 | 30 | (70) |
| Total revenue | 30,100 | 30,100 | 35,680 | 5,580 |
| **EXPENDITURES:** | | | | |
| Current operating | 16,426 | 16,426 | 18 | 16,408 |
| Capital outlays | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total expenditures | 16,426 | 16,426 | 18 | 16,408 |
| Excess revenues over (under) expenditures | 13,674 | 13,674 | 35,662 | 21,988 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers in (out) | (13,674) | (13,674) | - | 13,674 |
| Excess revenues and other financing sources (uses) over (under) expenditures | - | - | 35,662 | 35,662 |
| **FUND BALANCE, beginning of year** | 6,073 | 6,073 | 6,073 | - |
| **FUND BALANCE, end of year** | $ 6,073 | $ 6,073 | $ 41,735 | $ 35,662 |

## OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor are a part of the basic financial statements, but are presented for purposes of additional analysis. Such information includes:

- Combining Statements – Nonmajor governmental funds
- Library Special Revenue Fund Statement of Expenditures (Final Budget to Actual)
- Veteran's Memorial Special Revenue Fund Statement of Expenditures (Final Budget to Actual)
- Schedule of Projects Constructed with Special Sales Tax Proceeds
- Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

**CITY OF BLYTHE, GEORGIA**

**COMBINING BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

**DECEMBER 31, 2016**

| | Special Revenue Fund | | Total Nonmajor Governmental Funds |
|---|---|---|---|
| | Library Fund | Veteran's Memorial | |
| **ASSETS:** | | | |
| Cash and cash equivalents | $ 14,811 | $ 1,338 | $ 16,149 |
| Other assets | - | - | - |
| Total assets | $ 14,811 | $ 1,338 | $ 16,149 |
| **LIABILITIES:** | | | |
| Accounts payable | $ - | $ - | $ - |
| Other liabilities | - | - | - |
| Total liabilities | - | - | - |
| **FUND BALANCES:** | | | |
| Non-spendable fund balance | - | - | - |
| Restricted fund balance | - | - | - |
| Committed fund balance | - | - | - |
| Assigned fund balance: | | | |
| Library | 14,811 | - | 14,811 |
| Veteran's Memorial | - | 1,338 | 1,338 |
| Unassigned fund balance | - | - | - |
| Total fund balances | 14,811 | 1,338 | 16,149 |
| Total liabilities and fund balances | $ 14,811 | $ 1,338 | $ 16,149 |

**CITY OF BLYTHE, GEORGIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**NONMAJOR GOVERNMENT FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

| | Special Revenue Fund | | Total Nonmajor Governmental Funds |
|---|---|---|---|
| | Library Fund | Veteran's Memorial | |
| **REVENUES:** | | | |
| Intergovernmental | $ - | $ - | $ - |
| Other | 32 | 153 | 185 |
| Total revenues | 32 | 153 | 185 |
| **EXPENDITURES:** | | | |
| Current operating: | | | |
| General government | - | 1,431 | 1,431 |
| Capital outlays | - | - | - |
| Debt service | - | - | - |
| Total expenditures | - | 1,431 | 1,431 |
| Excess (deficiency) of revenues over expenditures | 32 | (1,278) | (1,246) |
| **OTHER FINANCING SOURCES (USES):** | | | |
| Transfers in (out) | - | - | - |
| Total other financing sources and uses | - | - | - |
| Net change in fund balance | 32 | (1,278) | (1,246) |
| **FUND BALANCE, beginning** | 14,779 | 2,616 | 17,395 |
| **FUND BALANCE, ending** | $ 14,811 | $ 1,338 | $ 16,149 |

**CITY OF BLYTHE, GEORGIA**

**LIBRARY SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP) BASIS AND ACTUAL**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **REVENUES:** | | | | |
| Intergovernmental | $ - | $ - | $ - | $ - |
| Other | 1,000 | 1,000 | 32 | (968) |
| | 1,000 | 1,000 | 32 | (968) |
| **EXPENDITURES:** | | | | |
| Current operating: | | | | |
| Supplies | 200 | 200 | - | 200 |
| Repairs and maintenance | 800 | 800 | - | 800 |
| Utilities | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Capital outlays | - | - | - | - |
| Total expenditures | 1,000 | 1,000 | - | 1,000 |
| Excess revenues over (under) expenditures | - | - | 32 | 32 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers in | - | - | - | - |
| Excess revenues and other financing sources (uses) over (under) expenditures | - | - | 32 | 32 |
| **FUND BALANCE, beginning of year** | 14,779 | 14,779 | 14,779 | - |
| **FUND BALANCE, end of year** | $ 14,779 | $ 14,779 | $ 14,811 | $ 32 |

CITY OF BLYTHE, GEORGIA

VETERAN'S MEMORIAL SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP) BASIS AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2016

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **REVENUES:** | | | | |
| Intergovernmental | $ - | $ - | $ - | $ - |
| Other | 2,000 | 2,000 | 153 | (1,847) |
| | 2,000 | 2,000 | 153 | (1,847) |
| **EXPENDITURES:** | | | | |
| Current operating: | | | | |
| Supplies | 500 | 500 | - | 500 |
| Repairs and maintenance | 1,500 | 1,500 | 1,431 | 69 |
| Miscellaneous | - | - | - | - |
| Capital outlays | - | - | - | - |
| Total expenditures | 2,000 | 2,000 | 1,431 | 569 |
| Excess revenues over (under) expenditures | - | - | (1,278) | (1,278) |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers in | - | - | - | - |
| Excess revenues and other financing sources (uses) over (under) expenditures | - | - | (1,278) | (1,278) |
| **FUND BALANCE, beginning of year** | 2,616 | 2,616 | 2,616 | - |
| **FUND BALANCE, end of year** | $ 2,616 | $ 2,616 | $ 1,338 | $ (1,278) |

**CITY OF BLYTHE, GEORGIA**
**SCHEDULE OF PROJECTS CONSTRUCTED WITH**
**SPECIAL SALES TAX PROCEEDS**
**For the Year Ended December 31, 2016**

| Project | Original Estimated Cost | Revised Estimated Cost | Expenditures | | | Estimated Percentage of Completion |
|---|---|---|---|---|---|---|
| | | | Prior Years | Current Year | Total | |
| SPLOST V: | | | | | | |
| Water system upgrades & improvements | $ 300,000 | $ 739,051 | $ 739,051 | $ - | $ 739,051 | 100% |
| Improvements to City Hall/Community Center | 150,000 | 150,000 | 4,440 | 15,750 | 20,190 | 13% |
| Police vehicles & equipment | 228,000 | 228,000 | 75,245 | - | 75,245 | 33% |
| Public works and water department equipment | 156,000 | 156,000 | 97,450 | - | 97,450 | 62% |
| Recreation and library equipment and facilities | 78,000 | 128,425 | 121,425 | 7,000 | 128,425 | 100% |
| SPLOST VI: | | | | | | |
| Water system upgrades & improvements | 500,000 | 500,000 | 122,199 | 88,489 | 210,688 | 42% |
| Surface water drainage improvements/Sidewalks | 300,000 | 300,000 | - | - | - | 0% |
| Development of Veteran's Memorial Park | 200,000 | 200,000 | 192,116 | - | 192,116 | 96% |
| Public safety buildings & equipment | 175,000 | 175,000 | 41,783 | 42,518 | 84,301 | 48% |
| Major equipment | 125,000 | 125,000 | 40,022 | 32,700 | 72,722 | 58% |
| Additional water system upgrades/improvements | 50,000 | 50,000 | - | - | - | 0% |
| General government land | - | 25,000 | 24,436 | - | 24,436 | 98% |

**CITY OF BLYTHE, GEORGIA**
**SCHEDULE OF PROJECTS CONSTRUCTED WITH**
**SPECIAL SALES TAX PROCEEDS**
**For the Year Ended December 31, 2016**

| Project | Original Estimated Cost | Revised Estimated Cost | Expenditures | | | Estimated Percentage of Completion |
|---|---|---|---|---|---|---|
| | | | Prior Years | Current Year | Total | |
| SPLOST VII: | | | | | | |
| Water system upgrades & improvements | 300,000 | 300,000 | - | - | - | 0% |
| Surface water drainage improvements/Sidewalks | 200,000 | 200,000 | - | - | - | 0% |
| Public safety buildings & equipment | 165,000 | 165,000 | - | - | - | 0% |
| Major equipment | 100,000 | 100,000 | - | - | - | 0% |
| General government equipment | 85,000 | 85,000 | - | | - | 0% |
| Paving roads | 350,000 | 350,000 | - | | - | 0% |
| Additional water system upgrades/improvements | 50,000 | 50,000 | - | - | - | 0% |
| Recreation and library equipment and facilities | 650,000 | 650,000 | - | 2,245 | 2,245 | 0% |

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Mayor and Council
City of Blythe, Georgia

We have audited, 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, the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Blythe, Georgia as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City of Blythe's basic financial statements and have issued our report thereon dated May 19, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Blythe, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Blythe, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Blythe's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that were considered to be material weaknesses.

We did identify certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies noted as items 16-1 through 16-2.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Blythe Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 16-3.

**City of Blythe, Georgia's Response to Findings**

City of Blythe, Georgia's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City of Blythe, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Wright & Wright, P.C.*

May 19, 2017

**CITY OF BLYTHE, GEORGIA**
**SCHEDULE OF FINDINGS AND RESPONSES**
**For the Year Ended December 31, 2016**

## SIGNIFICANT DEFICIENCIES

### 16-1 Segregation of Duties

**Condition**

Due to the small size of the City's staff, controls are not practical to provide adequate segregation of duties in the cash receipts and disbursements functions.

**Effect**

Because of the failure to separate control over cash, errors or fraud that might avoid detection are possible.

**Recommendation**

The City Council should implement other internal controls in areas where segregation of duties is not practical.

**Views of Responsible Officials**

We concur and will continue to require dual signatures on checks and council approval for non recurring expenditures.

### 16-2 Controls Over Financial Statement Presentation

**Condition**

City personnel do not currently possess the professional skills necessary to prepare the year end financial statements in sufficient detail to detect material misstatements in the financial statements and related footnotes.

**Effect**

The deficiency identified above could result in a material misstatement to the City's financial statements that would not be prevented or detected on a timely basis.

**Recommendation**

The City should consider additional training that would provide accounting personnel with the skills to detect and correct misstatements in the financial statements.

**Views of Responsible Officials**

We concur. We will evaluate the cost effectiveness of implementing the control and act accordingly.

## COMPLIANCE AND OTHER MATTERS

### 16-3 Budgetary

**Condition**

In the City's General Fund, actual expenditures exceeded budget appropriations in two departments. This is a violation of state law.

**Effect**

Fiscal control and accountability over departmental expenditures may be jeopardized.

**Recommendation**

The City should monitor the budget and amend it when appropriate.

**Views of Responsible Officials**

Our City Council will analyze budgetary financial data periodically and amend the budget when appropriate.