CITY OF BLYTHE, GEORGIA

FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

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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 and each major fund of the City of Blythe, Georgia, as of and for the year ended December 31, 2020, 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, 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 and each major fund of the City of Blythe, Georgia, as of December 31, 2020, 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 June 11, 2021 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.

Sandersville, Georgia
June 11, 2021

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, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	$ 2,931,288	$ 381,504	$ 3,312,792
Accounts receivable, net	-	8,939	8,939
Receivable from other governments	18,245	-	18,245
Internal balances	-	-	-
Total current assets	2,949,533	390,443	3,339,976
Noncurrent assets:			
Nondepreciable	156,242	-	156,242
Depreciable capital assets, net of accumulated depreciation	1,050,571	918,820	1,969,391
Total assets	4,156,346	1,309,263	5,465,609
LIABILITIES:			
Current liabilities:			
Accounts payable	18,179	2,516	20,695
Accrued wages and benefits	20,562	1,513	22,075
Total current liabilities	38,741	4,029	42,770
Noncurrent liabilities:			
Long-term debt, net of current portion	-	-	-
Total noncurrent liabilities	-	-	-
Total liabilities	38,741	4,029	42,770
NET POSITION:			
Investment in capital assets	1,206,813	918,820	2,125,633
Restricted for:			
Capital projects	1,909,415	-	1,909,415
Transportation improvements	94,448	-	94,448
Unrestricted	906,929	386,414	1,293,343
	$ 4,117,605	$ 1,305,234	$ 5,422,839

See accompanying notes to the basic financial statements

CITY OF BLYTHE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

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	$ 133,345	$ 16,703	$ 37,219	$ -	$ (79,423)	$ -	$ (79,423)
Public safety	258,001	155,338	-	-	(102,663)	-	(102,663)
Public works	45,218	-	22,661	4,410	(18,147)	-	(18,147)
Health and welfare	3,013	-	-	-	(3,013)	-	(3,013)
Culture and recreation	58,453	-	8,633	-	(49,820)	-	(49,820)
Interest on long-term debt	-	-	-	-	-	-	-
Total governmental activities	498,030	172,041	68,513	4,410	(253,066)	-	(253,066)
Business-type activities:							
Water and sewer	118,677	124,329	-	-	-	5,652	5,652
Total business-type activities	118,677	124,329	-	-	-	5,652	5,652
Total primary government	$ 616,707	$ 296,370	$ 68,513	$ 4,410	(253,066)	5,652	(247,414)
General revenues:							
Taxes:							
General sales and use tax					162,717	-	162,717
Other taxes					138,462	-	138,462
Grants and contributions					-	-	-
Interest income					3,494	1,382	4,876
Miscellaneous					6,972	-	6,972
Transfers					20,114	(20,114)	-
Total general revenues and transfers					331,759	(18,732)	313,027
Change in net position					78,693	(13,080)	65,613
Net position, beginning					4,038,912	1,318,314	5,357,226
Net position, ending					$ 4,117,605	$ 1,305,234	$ 5,422,839

See accompanying notes to the basic financial statements

CITY OF BLYTHE, GEORGIA

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2020

	General Fund	Capital Projects Fund VI	Capital Projects Fund VII	TSPLOST Fund	Library Fund	Total Governmental Funds
ASSETS:						
Cash and cash equivalents	$ 922,936	$ 577,024	$ 1,332,391	$ 92,230	$ 6,707	$ 2,931,288
Accounts receivable, net	-	-	-	-	-	-
Receivables from other funds	-	-	-	-	-	-
Receivables from other governments	16,027	-	-	2,218	-	18,245
Total assets	$ 938,963	$ 577,024	$ 1,332,391	$ 94,448	$ 6,707	$ 2,949,533
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE:						
Accounts payable	$ 18,179	$ -	$ -	$ -	$ -	$ 18,179
Accrued payroll deductions	3,020	-	-	-	-	3,020
Payable to other funds	-	-	-	-	-	-
Total liabilities	21,199	-	-	-	-	21,199
DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-
FUND BALANCES:						
Non-spendable fund balance	-	-	-	-	-	-
Restricted fund balance:						
Capital projects	-	577,024	1,332,391	-	-	1,909,415
Transportation improvements	-	-	-	94,448	-	94,448
Committed fund balance	-	-	-	-	-	-
Assigned fund balance:						
Library	-	-	-	-	6,707	6,707
Veteran's Memorial	-	-	-	-	-	-
Unassigned fund balance	917,764	-	-	-	-	917,764
Total fund balances	917,764	577,024	1,332,391	94,448	6,707	2,928,334
Total liabilities, deferred inflows of resources and fund balance	$ 938,963	$ 577,024	$ 1,332,391	$ 94,448	$ 6,707	

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 $610,318	1,206,813
Compensated absences are not reported in the governmental funds	(17,542)
Net position of governmental activities	$ 4,117,605

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, 2020

	General Fund	Capital Projects Fund VI	Capital Projects Fund VII	TSPLOST Fund	Library Fund	Total Governmental Funds
REVENUES:						
Taxes	$ 301,179	$ -	$ -	$ -	$ -	$ 301,179
Licenses and permits	15,083	-	-	-	-	15,083
Intergovernmental	37,219	-	-	22,661	-	59,880
Fees and fines	155,338	-	-	-	-	155,338
Charges for services	1,620	-	-	-	-	1,620
Other	10,147	2,165	2,245	319	8,633	23,509
Total revenues	520,586	2,165	2,245	22,980	8,633	556,609
EXPENDITURES:						
Current operating:						
General government	108,416	-	-	-	-	108,416
Public safety	240,379	-	-	-	-	240,379
Public works	23,876	-	15,900	-	-	39,776
Judicial	3,013	-	-	-	-	3,013
Culture and recreation	5,916	-	-	-	19,464	25,380
Debt service:						
Principal	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Capital outlays	-	40,291	-	-	-	40,291
Total expenditures	381,600	40,291	15,900	-	19,464	457,255
Excess (deficiency) of revenues over (under) expenditures	138,986	(38,126)	(13,655)	22,980	(10,831)	99,354
OTHER FINANCING SOURCES (USES):						
Loan proceeds	-	-	-	-	-	-
Transfers in (out)	12,624	-	-	-	7,490	20,114
Total other financing sources and uses	12,624	-	-	-	7,490	20,114
Net change in fund balance	151,610	(38,126)	(13,655)	22,980	(3,341)	119,468
FUND BALANCE, beginning	766,154	615,150	1,346,046	71,468	10,048	2,808,866
FUND BALANCE, ending	$ 917,764	$ 577,024	$ 1,332,391	$ 94,448	$ 6,707	$ 2,928,334

(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, 2020

Net change in fund balances - total governmental funds	$ 119,468
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	52,783
Depreciation	(81,312)
	(28,529)
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	(12,246)
	$ 78,693

See accompanying notes to the basic financial statements

CITY OF BLYTHE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2020

	Water Fund
ASSETS	
CURRENT ASSETS:	
Cash in bank	$ 381,504
Accounts receivable, net of allowance of $2,972	8,939
Total current assets	390,443
NONCURRENT ASSETS:	
Capital Assets:	
Land and improvements	4,759
Vehicles and equipment	103,848
Water distribution system	1,409,325
	1,517,932
Less accumulated depreciation	(599,112)
Total capital assets	918,820
Total assets	1,309,263
LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable	2,516
Payroll tax liabilities	1,513
Total current liabilities	4,029
NONCURRENT LIABILITIES	-
Total liabilities	4,029
NET POSITION	
INVESTMENT IN CAPITAL ASSETS	918,820
UNRESTRICTED	386,414
Total net position	$ 1,305,234

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, 2020

	Water Fund
OPERATING REVENUES:	
Water charges	$ 117,950
Tap fees	3,470
Late penalties and other	2,909
Total operating revenues	124,329
OPERATING EXPENSES:	
Salaries	30,765
Employee benefits	2,883
Insurance	7,593
Legal and professional	2,125
Repairs and maintenance	6,303
Supplies	14,452
Utilities and communications	10,737
Water testing	4,890
Depreciation	37,173
Other operating	1,756
Total operating expenses	118,677
OPERATING INCOME (LOSS)	5,652
NON-OPERATING REVENUES (EXPENSES):	
Interest income	1,382
Other	-
Total non-operating revenues (expenses)	1,382
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	7,034
CAPITAL CONTRIBUTIONS	-
NET INCOME (LOSS) BEFORE TRANSFERS	7,034
TRANSFERS IN (OUT)	(20,114)
CHANGE IN NET POSITION	(13,080)
NET POSITION, beginning of year	1,318,314
NET POSITION, end of year	$ 1,305,234

See accompanying notes to the basic financial statements

CITY OF BLYTHE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	$ 123,728
Payments to suppliers	(47,062)
Payments to employees	(33,472)
Net cash provided by operating activities	43,194
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Operating subsidies and transfers to other funds	(20,114)
Net cash used in noncapital financing activities	(20,114)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase for capital assets	-
Net cash used in capital and related financing activities	-
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest earned	1,382
Net cash provided by investing activities	1,382
NET INCREASE (DECREASE) IN CASH	24,462
BALANCES, beginning of year	357,042
BALANCES, end of year	$ 381,504
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income (loss)	$ 5,652
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:	
Cash flows reported in other categories:	
Depreciation expense	37,173
Changes in assets and liabilities:	
Receivables, net	(601)
Accounts payable	794
Payroll taxes payable	176
Net cash provided by operating activities	$ 43,194

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 VI 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 and the remaining $950,000 in 2017.

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 Library Special Revenue Fund accounts for transactions related to the operations of the City's library.

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, 2020. At December 31, 2020, $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

No department had expenditures in excess of appropriations for the year ended December 31, 2020.

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, 2020, none of the City's $3,312,792 was exposed to custodial credit risk.

Investments - There were no investments at December 31, 2020.

4. ACCOUNTS RECEIVABLE

At December 31, 2020, accounts receivable consisted of the following:

	Governmental Activities	Business-type Activities	Total
General Fund:			
Local option sales tax	$ 16,027	$ -	$ 16,027
TSPLOST Fund:			
Special local option sales tax	2,218	-	2,218
Water and Sewer Fund:			
Water and sewer fees	-	11,911	11,911
	18,245	11,911	30,156
Allowance for doubtful accounts	-	(2,972)	(2,972)
	$ 18,245	$ 8,939	$ 27,184

5. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Not being depreciated:				
Land	$ 152,475	$ -	$ -	$ 152,475
Construction-in-progress	-	3,767	-	3,767
Subtotal	152,475	3,767	-	156,242
Other capital assets:				
Land improvements	240,449	-	-	240,449
Buildings & improvements	936,541	-	-	936,541
Vehicles & equipment	434,883	49,016	-	483,899
Subtotal	1,764,348	52,783	-	1,817,131
Accumulated depreciation:				
Land improvements	50,106	10,407	-	60,513
Buildings & improvements	324,350	28,992	-	353,342
Vehicles & equipment	154,550	41,913	-	196,463
Subtotal	529,006	81,312	-	610,318
Net capital assets	$ 1,235,342	$ (28,529)	$ -	$ 1,206,813
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	1,409,325	-	-	1,409,325
Subtotal	1,517,932	-	-	1,517,932
Accumulated depreciation:				
Vehicles & equipment	82,975	6,483	-	89,458
Land improvements	4,758	1	-	4,759
Water system	474,206	30,689	-	504,895
Subtotal	561,939	37,173	-	599,112
Net capital assets	$ 955,993	$ (37,173)	$ -	$ 918,820

Depreciation was charged to functions as follows:

Governmental activities:	
General government	$ 14,215
Public safety	28,582
Public works	5,442
Culture and recreation	33,073
	$ 81,312

6. LONG-TERM DEBT

Following is a summary of changes in long-term debt for the year ended December31, 2020:

	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020	Amount Due in One Year
Governmental type activities:					
Compensated absences	$ 5,296	$ 12,246	$ -	$ 17,542	$ 17,542

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, 2020.

8. INTERFUND TRANSACTIONS AND BALANCES

During 2020 the Water Fund transferred $20,114 to the General Fund, and the General Fund transferred $7,490 to the Library Fund. Transfers and payments within the reporting entity are substantially for the purposes of subsidizing operating functions. Resources are accumulated in a fund to support and simplify the administration of various projects or programs.

There were no balances due to/from funds at December 31, 2020.

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, 2020.

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 $3,671 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, 2020, 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 June 11, 2021, the date the financial statements were available to be issued. As a result of the spread of the coronavirus pandemic, economic uncertainties have arisen which are likely to impact day to day operations of the City. It is likely that sales tax collections will be adversely affected by the general economic conditions as a result of the coronavirus. The financial impact of these uncertainties is unknown at this time.

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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes:				
Local option sales tax	$ 144,000	$ 137,000	$ 162,717	$ 25,717
Insurance premium tax	50,000	58,000	58,226	226
Title ad valorem tax	10,000	15,000	30,539	15,539
Franchise tax	32,000	32,000	36,667	4,667
Beer and wine tax	9,000	9,000	12,357	3,357
Other taxes	-	-	673	673
	245,000	251,000	301,179	50,179
Licenses and Permits:				
Business licenses and permits	5,550	5,550	15,083	9,533
	5,550	5,550	15,083	9,533
Intergovernmental:				
State government grants	-	-	-	-
Federal grants	-	37,219	37,219	-
	-	37,219	37,219	-
Charges for services:				
Miscellaneous charges	-	-	1,620	1,620
	-	-	1,620	1,620
Fees and fines:				
Fines and forfeitures	170,000	135,000	155,338	20,338
	170,000	135,000	155,338	20,338
Miscellaneous:				
Interest income	1,200	1,200	3,175	1,975
Rent	1,500	1,500	2,125	625
Other	-	-	4,847	4,847
	2,700	2,700	10,147	7,447
Total revenues	423,250	431,469	520,586	89,117

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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES:				
Current Operating:				
General government	$ 125,085	$ 127,085	$ 108,416	$ 18,669
Public safety	238,320	238,320	227,887	10,433
Public works	25,000	25,000	23,876	1,124
Judicial	15,800	15,800	3,013	12,787
Culture and recreation	7,300	7,300	5,916	1,384
Total operating expenditures	411,505	413,505	369,108	44,397
Capital Outlays:				
General government	2,000	2,000	-	2,000
Public safety	18,745	20,734	12,492	8,242
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Total capital expenditures	20,745	22,734	12,492	10,242
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total debt service	-	-	-	-
Total expenditures	432,250	436,239	381,600	54,639
Excess (deficiency) of revenues over expenditures	(9,000)	(4,770)	138,986	143,756
OTHER FINANCING SOURCES (USES):				
Loan proceeds	-	-	-	-
Transfers in (out)	9,000	4,770	12,624	7,854
	9,000	4,770	12,624	7,854
Excess (deficiency) of revenues over expenditures and other financing sources	-	-	151,610	151,610
FUND BALANCE, beginning of year	766,154	766,154	766,154	-
FUND BALANCE, end of year	$ 766,154	$ 766,154	$ 917,764	$ 151,610

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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	$ 25,000	$ 25,000	$ 22,661	$ (2,339)
Other income	300	300	319	19
Total revenue	25,300	25,300	22,980	(2,320)
EXPENDITURES:				
Current operating	25,300	25,300	-	25,300
Capital outlays	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	25,300	25,300	-	25,300
Excess revenues over (under) expenditures	-	-	22,980	22,980
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	-	-	-	-
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	22,980	22,980
FUND BALANCE, beginning of year	71,468	71,468	71,468	-
FUND BALANCE, end of year	$ 71,468	$ 71,468	$ 94,448	$ 22,980

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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	$ -	$ -	$ -	$ -
Other	10,680	10,680	8,633	(2,047)
	10,680	10,680	8,633	(2,047)
EXPENDITURES:				
Current operating:				
Salaries and benefits	10,000	10,000	9,299	701
Supplies	6,410	6,410	6,237	173
Repairs and maintenance	-	-	-	-
Utilities	4,300	4,300	3,920	380
Miscellaneous	200	200	8	192
Capital outlays	-	-	-	-
Total expenditures	20,910	20,910	19,464	1,446
Excess revenues over (under) expenditures	(10,230)	(10,230)	(10,831)	(601)
OTHER FINANCING SOURCES (USES)				
Transfers in	10,230	10,230	7,490	(2,740)
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	(3,341)	(3,341)
FUND BALANCE, beginning of year	10,048	10,048	10,048	-
FUND BALANCE, end of year	$ 10,048	$ 10,048	$ 6,707	$ (3,341)

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:

- 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
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL SALES TAX PROCEEDS
For the Year Ended December 31, 2020

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
SPLOST VI:						
Water system upgrades & improvements	$ 500,000	$ 500,000	$ 212,698	$ -	$ 212,698	43%
Surface water drainage improvements/Sidewalks	300,000	300,000	-	3,767	3,767	1%
Development of Veteran's Memorial Park	200,000	200,000	192,116	-	192,116	96%
Public safety buildings & equipment	175,000	175,000	168,766	-	168,766	96%
Major equipment	125,000	200,000	100,922	36,524	137,446	69%
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, 2020

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	$ 1,200	$ -	$ 1,200	0%
Surface water drainage improvements/Sidewalks	200,000	200,000	18,689	-	18,689	9%
Public safety buildings & equipment	165,000	165,000	65,444	-	65,444	40%
Major equipment	100,000	100,000	-	-	-	0%
General government buildings and equipment	85,000	85,000	14,370	-	14,370	17%
Paving roads	350,000	350,000	-	15,900	15,900	5%
Additional water system upgrades/improvements	50,000	50,000	-	-	-	0%
Recreation and library equipment and facilities	650,000	650,000	469,258	-	469,258	72%

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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 and each major fund of the City of Blythe, Georgia as of and for the year ended December 31, 2020, 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 June 11, 2021.

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 we consider to be material weaknesses.

MEMBERS OF THE AMERICAN INSTITUTE OF CPAs AND THE GEORGIA SOCIETY OF CPAs

We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies noted as items 20-1 through 20-2.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

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.

Sandersville, Georgia
June 11, 2021

CITY OF BLYTHE, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2020

SIGNIFICANT DEFICIENCIES

20-1 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.

20-2 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.

CITY OF BLYTHE

294 Church St
BLYTHE, GEORGIA 30805

Georgia Department of Audits & Accounts
270 Washington Street, S.W., Suite 1-156
Atlanta, Georgia 30334-8400

Gentlemen:

The following constitutes our corrective action plan regarding the findings and recommendations in our audit report for the year ended December 31, 2020.

1. With respect to the finding regarding segregation of duties in the "Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards," we submit the following comments:

    1. We annually review our system of internal control after our audited financial statements are received, along with any suggestions from the accounting firm as to improvements that can be made to strengthen controls.

    2. We have a full-time clerk who performs all of our bookkeeping functions. Checks are signed by the clerk and at least one council member after invoices are approved by Council.

    3. Our budget will not permit us to hire additional personnel to further separate accounting duties.

    4. City personnel do not currently possess the professional skills necessary to prepare the year end financial statements and related footnotes. The City will consider additional training that would provide accounting personnel with the skills to detect and correct misstatements in the financial statements.

Should you need any further explanation of these matters please contact us.

Sincerely,

Phillip Stewart
Mayor, City of Blythe