# CITY OF BYRON, GEORGIA




# ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED DECEMBER 31, 2012

# CITY OF BYRON, GEORGIA

## AUDIT REPORT

## FOR THE YEAR ENDED
## DECEMBER 31, 2012

CITY OF BYRON, GEORGIA

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# INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of Byron
Byron, Georgia

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Byron, Georgia as of and for the year ended December 31, 2012, 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 of material misstatement.

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Byron, Georgia as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund of for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information and the schedule of funding progress on pages 4 through 10 and page 49 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.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Byron, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, the budgetary comparison schedules, and the schedule of projects constructed with special sales tax proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, the budgetary comparison schedules and the schedule of projects constructed with special sales tax proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the

basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, the budgetary comparison schedules, and the schedule of projects constructed with special sales tax proceeds are fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2013, on our consideration of the City of Byron, 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 Byron, Georgia's internal control over financial reporting and compliance.

Macon, Georgia
September 30, 2013

# MANAGEMENT'S DISCUSSION & ANALYSIS

As management of the City of Byron, Georgia (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2012.

## FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities as of December 31, 2012, by $24,337,732.
- The government's total net position increased by $1,843,604 for the year ended December 31, 2012
- As of December 31, 2012, total net position consisted of $16,155,817 net investment in capital assets, $2,161,516 restricted, and $6,020,399 unrestricted.
- As of December 31, 2012, the City's governmental funds reported an ending fund balance of $5,430,891, an increase of $270,470 in comparison with the prior year.
- For the year ended December 31, 2012, unrestricted fund balance (the total of the assigned, and unassigned components of fund balance) for the General Fund was $2,738,046 or approximately 69% of total general fund expenditures.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

### Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as earned but unused vacation leave.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through administrative fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works and economic development. The business-type activities of the City include a Water and Sewerage Fund, Natural Gas Fund and Solid Waste Fund.

**Fund Financial Statements**. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Byron, Georgia, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Byron, Georgia can be divided into two categories: governmental funds and proprietary funds.

*Governmental Funds*

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains nine individual governmental funds: the General Fund, Hotel/Motel Tax Fund, Law Enforcement Confiscation Fund, SPLOST 1994 Fund, SPLOST 2000 Fund, SPLOST 2004 Fund, SPLOST 2008 Fund, Capital Improvements Fund and the Debt Service Fund.

The City adopts an annual appropriated budget for the General Fund, Special Revenue Funds and the Debt Service Fund. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

*Proprietary Funds*

The City maintains three proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise funds to account for the activities of the Water and Sewerage Fund, Natural Gas Fund, and Solid Waste Fund.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $24,337,732, at the close of the most recent year.

The largest portion of the City's net position (66.3%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (8.8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of $6,020,399 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

For the year ended December 31, 2012, capital assets increased $1,401,040. Long-term liabilities decreased $136,776 as of December 31, 2012, compared to 2011. The decrease is the result of principal payments.

| | Governmental Activities | | Business-type Activities | | Total Net Position | |
|---|---|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Assets | | | | | | |
| Current and other assets | $ 6,024,289 | $ 6,154,652 | $ 2,761,833 | $ 2,700,052 | $ 8,786,122 | $ 8,854,704 |
| Capital assets | 11,879,547 | 12,050,693 | 10,187,609 | 8,615,423 | 22,067,156 | 20,666,116 |
| Total Assets | 17,903,836 | 18,205,345 | 12,949,442 | 11,315,475 | 30,853,278 | 29,520,820 |
| Liabilities | | | | | | |
| Current and other liabilities | 278,480 | 656,324 | 251,213 | 247,739 | 529,693 | 904,063 |
| Long-term liabilities | 4,580,554 | 4,776,114 | 1,405,299 | 1,346,515 | 5,985,853 | 6,122,629 |
| Total Liabilities | 4,859,034 | 5,432,438 | 1,656,512 | 1,594,254 | 6,515,546 | 7,026,692 |
| Net Position | | | | | | |
| Net investment in capital assets | 7,366,166 | 7,354,212 | 8,789,651 | 7,280,393 | 16,155,817 | 14,634,605 |
| Restricted | 2,146,516 | 2,256,175 | 15,000 | 15,000 | 2,161,516 | 2,271,175 |
| Unrestricted | 3,532,120 | 3,162,520 | 2,488,279 | 2,425,828 | 6,020,399 | 5,588,348 |
| Total net position | $ 13,044,802 | $ 12,772,907 | $ 11,292,930 | $ 9,721,221 | $ 24,337,732 | $ 22,494,128 |

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Revenues | | | | | | |
| Program revenues | | | | | | |
| Charges for services | $ 1,139,555 | $ 1,025,393 | $ 1,941,006 | $ 2,053,359 | $ 3,080,561 | $ 3,078,752 |
| Operating grants and contributions | 18,247 | 168,536 | - | - | 18,247 | 168,536 |
| Capital grants and contributions | 1,692,718 | 1,106,543 | 1,628,805 | 1,785,884 | 3,321,523 | 2,892,427 |
| General revenues | | | | | | |
| Property tax | 1,569,768 | 1,421,314 | - | - | 1,569,768 | 1,421,314 |
| Sales tax | 325,674 | 323,665 | - | - | 325,674 | 323,665 |
| Other taxes | 1,172,648 | 1,126,860 | - | - | 1,172,648 | 1,126,860 |
| Investment earnings | 4,810 | 8,962 | 5,317 | 20,682 | 10,127 | 29,644 |
| Other | 28,720 | 18,943 | - | - | 28,720 | 18,943 |
| Total Revenues | 5,952,140 | 5,200,216 | 3,575,128 | 3,859,925 | 9,527,268 | 9,060,141 |
| Expenses | | | | | | |
| General government | 1,341,511 | 1,332,856 | - | - | 1,341,511 | 1,332,856 |
| Public safety | 2,260,792 | 2,049,420 | - | - | 2,260,792 | 2,049,420 |
| Public works | 2,231,144 | 2,206,234 | - | - | 2,231,144 | 2,206,234 |
| Economic development | 7,689 | 4,730 | - | - | 7,689 | 4,730 |
| Interest on long-term debt | 186,945 | 191,968 | - | - | 186,945 | 191,968 |
| Water and sewer | - | - | 1,085,658 | 1,009,853 | 1,085,658 | 1,009,853 |
| Natural Gas | - | - | 314,181 | 378,691 | 314,181 | 378,691 |
| Solid Waste | - | - | 255,744 | 228,777 | 255,744 | 228,777 |
| Total Expenses | 6,028,081 | 5,785,208 | 1,655,583 | 1,617,321 | 7,683,664 | 7,402,529 |
| Excess (deficiency) before transfers and special item | (75,941) | (584,992) | 1,919,545 | 2,242,604 | 1,843,604 | 1,657,612 |
| Transfers | 347,836 | 609,368 | (347,836) | (609,368) | - | - |
| Special item | - | - | - | (716,791) | - | (716,791) |
| Change in net position | 271,895 | 24,376 | 1,571,709 | 916,445 | 1,843,604 | 940,821 |
| Net position - beginning of year | 12,772,907 | 12,748,531 | 9,721,221 | 8,804,776 | 22,494,128 | 21,553,307 |
| Net position - end of year | $ 13,044,802 | $ 12,772,907 | $ 11,292,930 | $ 9,721,221 | $ 24,337,732 | $ 22,494,128 |

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's council.

As of December 31, 2012, the City's governmental funds reported combined fund balances of $5,430,891, an increase of $270,470 in comparison with the prior year. Approximately 48% of this amount ($2,588,792) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either nonspendable, restricted, or assigned to indicate that it is 1) not in spendable form, 2) legally required to be maintained intact, 3) restricted for particular purposes ($2,146,516), or 4) assigned for particular purposes ($695,583).

**Proprietary Funds**

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

The Water and Sewerage Fund provides water to the City's residential and commercial customers. The Solid Waste Fund provides garbage pick-up to the City's residential and commercial customers. Prior to November 1, 2008, the Natural Gas Fund provided natural gas to residential and commercial customers. Effective November 1, 2008, Mayor and Council merged the Natural Gas System of the City of Byron with and into Jointly Owned Natural Gas (JONG), and at that time the separate existence of the natural gas system of the City of Byron ceased. JONG acquired and operates the natural gas system of the City of Byron, which was a substantial saving to the City of Byron customers. As of November 1, 2008, the City of Byron owns a ten percent share of Section "A" of the JONG system.

## GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, the City made some budget amendments that resulted in an increase in both budgeted revenue and budgeted appropriations. The following are the main components of the amendments in the General Fund:

- Administrative budgeted expenditures decreased $67,130 due to the retirement of an employee.
- Municipal Court budgeted expenditures increased $27,605 for courtware fees.
- Police department budgeted expenditures increased $205,063 for the purchasing instead of leasing of vehicles and purchase of equipment.
- Fire Department budgeted expenditures increased $152,349 for the purchase of equipment.
- Marshal Department budgeted expenditures increased $14,972 for facility repairs.

A detailed comparison of the general fund budget to actual amounts can be found on pages 17 through 19 of this report.

The City is ever cognizant of the necessity of being good stewards of public funds while at the same time having the responsibility of accumulating sufficient funds to effectively promote growth and development of the economy through purchase of land, providing infrastructure, etc. to entice prospective industry into the City.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The City's investment in capital assets for its governmental and business-type activities, as of December 31, 2012, amounts to $22,067,156, net of accumulated depreciation. The investment in capital assets includes land, buildings, distribution system, machinery and equipment, and vehicles. For the current year, the investment in capital assets increased $1,401,040. The net change is the result of capital acquisitions of $2,114,638, and depreciation expense of $713,598.

City of Byron, Georgia's Capital Assets
(net of depreciation)

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Land | $ 646,092 | $ 646,092 | $ 156,769 | $ 156,769 | $ 802,861 | $ 802,861 |
| Construction in process | 1,272,997 | 1,242,329 | 6,064,683 | 4,395,283 | 7,337,680 | 5,637,612 |
| Infrastructure | 4,558,685 | 4,744,580 | - | - | 4,558,685 | 4,744,580 |
| Building | 4,970,079 | 5,168,660 | - | - | 4,970,079 | 5,168,660 |
| Distribution system | - | - | 3,818,124 | 3,899,612 | 3,818,124 | 3,899,612 |
| Machinery and equipment | 161,314 | 12,538 | 148,033 | 163,759 | 309,347 | 176,297 |
| Vehicles | 247,745 | 196,961 | - | - | 247,745 | 196,961 |
| Intangibles | 22,635 | 39,533 | - | - | 22,635 | 39,533 |
| Total | $ 11,879,547 | $12,050,693 | $10,187,609 | $ 8,615,423 | $22,067,156 | $20,666,116 |

Additional information on the City's capital assets can be found in Note 8 on pages 39-40 of this report.

### Long-Term Debt

As of December 31, 2012, the City reflects $4,540,000 in bonds payable as long-term debt in the governmental-wide financial statements. The Water and Sewerage Fund reflects GEFA loans and revenue bonds as long-term debt as of December 31, 2012. GEFA loans equal $1,327,958, including $53,816 due within one year. Bonds payable equal $70,000, including $12,000 due within one year.

Additional information on the City's long-term debt can be found in Note 9 on pages 41-44 of this report.

### Accomplishments/Growth for 2012

In 2012, several new retail and distribution businesses located in the North Peach Industrial Park in Byron created jobs and will add to the property tax base.

On March 18, 2009 an agreement was entered into, amended on October 2, 2009, between the City of Byron and Peach Hill Properties to build the Benjamin Hawkins Parkway connecting Boy Scout Road and Chapman Road, funded in part by 2008 SPLOST Funds and a Department of Transportation grant. This project is pending completion; waiting for DOT to issue a certificate of completion.

On September 1, 2009, a wastewater agreement was signed between Macon Water Authority and the City of Byron to run a force main to carry sewage from Byron to the Macon Water Authority plant in Bibb County. This project alleviates the City of Byron from building an expansion sewage treatment plant, saving money by transporting sewage to the Macon Water Authority plant. In 2010, the City continued to obtain the necessary easements. A construction bid was awarded in July 2011. This project was completed in October 2012. Since that time, the City of Byron has begun to add additional flow to the above mentioned line, to better enhance sewage treatment for its customers.

On October 8, 2009, the City of Byron executed a clean water state revolving fund contract administered by GEFA. Byron was awarded $2,720,820 stimulus funds under the American Recovery and Reinvestment Act of 2009 for sanitary sewer rehabilitation. A contract was awarded to CaJenn Construction and Rehabilitation, Inc. to perform the work. The project was completed in 2012. The GEFA loan converted from construction status to a fixed amortization loan in 2013.

The City of Byron was awarded a Streetscape and Sidewalk Project Grant, in the amount of $400,000, to be funded with Transportation Enhancement (TE) funds provided through the Georgia Department of Transportation (GDOT). The Notice to Proceed with Preliminary Engineering for this project was issued in November 2011. The project will cover sidewalks and streetscapes on Main Street and sidewalks on Boy Scout Road, with 80% federal funding and 20% local match. The Project should be completed by 2015.

In 2012, the City was awarded an Assistance to Firefighters Grant (AFG-SAFER), which allows for federal funding of six full-time firefighters and their benefits for 24 months. This grant will enable the City to operate its Fire Department 24 hours a day, 7 days a week for the next 24 months at minimal expense.

The City of Byron Police Department was awarded a Grant from the Criminal Justice Coordinating Council for $10,000 and it was used to buy forensics equipment which dramatically helped to solve crimes faster than waiting on other agencies to give aid.

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for anyone with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to City of Byron, Georgia, 401 Main Street, Byron, Georgia 31008.

# FINANCIAL STATEMENTS

CITY OF BYRON, GEORGIA

STATEMENT OF NET POSITION
DECEMBER 31, 2012

| | Primary Government | | | Component Unit |
|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | Development Authority |
| ASSETS | | | | |
| Cash and cash equivalents | $ 4,755,194 | $ 1,491,625 | $ 6,246,819 | $ 57,865 |
| Certificates of deposit | 235,121 | 144,166 | 379,287 | - |
| Receivables, net of allowance | | | | |
| Taxes | 950,197 | - | 950,197 | - |
| Accounts | - | 119,462 | 119,462 | - |
| Due from Jointly Owned Natural Gas | - | 36,711 | 36,711 | - |
| Due from other government | 775,687 | - | 775,687 | - |
| Internal balances | (777,654) | 777,654 | - | - |
| Restricted assets | - | 21,140 | 21,140 | - |
| Investment in Jointly Owned Natural Gas | - | 171,075 | 171,075 | - |
| Deferred charge | 85,744 | - | 85,744 | - |
| Capital assets: | | | | |
| Nondepreciable | 1,919,089 | 6,221,452 | 8,140,541 | 2,172,169 |
| Depreciable | 9,960,458 | 3,966,157 | 13,926,615 | - |
| Total Assets | 17,903,836 | 12,949,442 | 30,853,278 | 2,230,034 |
| LIABILITIES | | | | |
| Accounts payable | 148,034 | 96,847 | 244,881 | - |
| Retainage payable | 93,942 | - | 93,942 | 28,714 |
| Accrued interest | 30,271 | 4,023 | 34,294 | - |
| Customer deposits | - | 150,343 | 150,343 | - |
| Unearned revenue | 6,233 | - | 6,233 | - |
| Noncurrent liabilities | | | | |
| Due within one year | 247,097 | 72,056 | 319,153 | - |
| Due in more than one year | 4,333,457 | 1,333,243 | 5,666,700 | 200,000 |
| Total Liabilities | 4,859,034 | 1,656,512 | 6,515,546 | 228,714 |
| NET POSITION | | | | |
| Net investment in capital assets | 7,366,166 | 8,789,651 | 16,155,817 | 2,172,169 |
| Restricted for | | | | |
| Capital outlay | 2,111,624 | - | 2,111,624 | - |
| Public safety | 7,872 | - | 7,872 | - |
| Other restrictions | 27,020 | 15,000 | 42,020 | - |
| Unrestricted | 3,532,120 | 2,488,279 | 6,020,399 | (170,849) |
| Total Net Position | $ 13,044,802 | $ 11,292,930 | $ 24,337,732 | $ 2,001,320 |

The accompanying notes are an integral part of the statements.

CITY OF BYRON, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

| 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 | Primary Government: Business-type Activities | Primary Government: Total | Component Unit: Development Authority |
|---|---|---|---|---|---|---|---|---|
| **Primary Government:** | | | | | | | | |
| Governmental Activities | | | | | | | | |
| General government | $ 1,341,511 | $ 192,747 | $ 18,247 | $ 1,688,708 | $ 558,191 | $ - | $ 558,191 | $ - |
| Public safety | 2,260,792 | 946,808 | - | - | (1,313,984) | - | (1,313,984) | - |
| Public works | 2,231,144 | - | - | 4,010 | (2,227,134) | - | (2,227,134) | - |
| Economic development | 7,689 | - | - | - | (7,689) | - | (7,689) | - |
| Interest on long-term debt | 186,945 | - | - | - | (186,945) | - | (186,945) | - |
| Total governmental activities | 6,028,081 | 1,139,555 | 18,247 | 1,692,718 | (3,177,561) | - | (3,177,561) | - |
| Business-type Activities | | | | | | | | |
| Water and sewerage | 1,085,658 | 1,344,111 | - | 1,628,805 | - | 1,887,258 | 1,887,258 | - |
| Natural gas | 314,181 | 325,743 | - | - | - | 11,562 | 11,562 | - |
| Solid Waste | 255,744 | 271,152 | - | - | - | 15,408 | 15,408 | - |
| Total Business-type Activities | 1,655,583 | 1,941,006 | - | 1,628,805 | - | 1,914,228 | 1,914,228 | - |
| Total Primary Government | $ 7,683,664 | $ 3,080,561 | $ 18,247 | $ 3,321,523 | (3,177,561) | 1,914,228 | (1,263,333) | - |
| Development Authority | $ 7,939 | $ - | $ - | $ - | | | | (7,939) |
| Total Component Units | $ 7,939 | $ - | $ - | $ - | | | | (7,939) |
| General Revenues | | | | | | | | |
| Property tax | | | | | 1,569,768 | - | 1,569,768 | - |
| Sales tax | | | | | 325,674 | - | 325,674 | - |
| Insurance premium | | | | | 224,788 | - | 224,788 | - |
| Franchise taxes | | | | | 326,146 | - | 326,146 | - |
| Beer and wine | | | | | 145,747 | - | 145,747 | - |
| Other taxes | | | | | 475,967 | - | 475,967 | - |
| Investment earnings | | | | | 4,810 | 5,317 | 10,127 | 356 |
| Miscellaneous | | | | | 28,720 | - | 28,720 | - |
| Total General Revenues | | | | | 3,101,620 | 5,317 | 3,106,937 | 8,045 |
| Transfers | | | | | 347,836 | (347,836) | - | - |
| Total General Revenues and Transfers | | | | | 3,449,456 | (342,519) | 3,106,937 | 8,045 |
| Change in Net Position | | | | | 271,895 | 1,571,709 | 1,843,604 | 106 |
| Net Position - Beginning of year | | | | | 12,772,907 | 9,721,221 | 22,494,128 | 2,001,214 |
| Net Position - End of year | | | | | $ 13,044,802 | $ 11,292,930 | $ 24,337,732 | $ 2,001,320 |

The accompanying notes are an integral part of the statements.

CITY OF BYRON, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012

| | General Fund | SPLOST 2008 | SPLOST 2000 | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| ASSETS | | | | | |
| Cash and cash equivalents | $ 2,014,399 | $ 1,462,535 | $ 626 | $ 1,277,634 | $ 4,755,194 |
| Certificates of deposit | 118,690 | - | - | 116,431 | 235,121 |
| Receivables, net of allowance | | | | | |
| Taxes | 907,414 | - | - | 42,783 | 950,197 |
| Due from other governments | 27,038 | - | 748,649 | - | 775,687 |
| Due from other funds | 840,708 | - | - | 582 | 841,290 |
| Total Assets | $ 3,908,249 | $ 1,462,535 | $ 749,275 | $ 1,437,430 | $ 7,557,489 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | $ 105,530 | $ 18,488 | $ 8,671 | $ 15,345 | $ 148,034 |
| Retainage payable | - | - | 93,942 | - | 93,942 |
| Due to other funds | 778,236 | 25,880 | 684,784 | 130,044 | 1,618,944 |
| Deferred revenues | 259,445 | - | - | 6,233 | 265,678 |
| Total Liabilities | 1,143,211 | 44,368 | 787,397 | 151,622 | 2,126,598 |
| Fund Balances: | | | | | |
| Restricted | 26,992 | 1,418,167 | - | 701,357 | 2,146,516 |
| Assigned | 111,132 | - | - | 584,451 | 695,583 |
| Unassigned | 2,626,914 | - | (38,122) | - | 2,588,792 |
| Total Fund Balances (deficit) | 2,765,038 | 1,418,167 | (38,122) | 1,285,808 | 5,430,891 |
| Total Liabilities and Fund Balances | $ 3,908,249 | $ 1,462,535 | $ 749,275 | $ 1,437,430 | $ 7,557,489 |

The accompanying notes are an integral part of the statements.

CITY OF BYRON, GEORGIA

RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
DECEMBER 31, 2012

| | | |
|---|---|---|
| Total governmental fund balances | $ | 5,430,891 |
| Amounts reported for governmental activities in the Statement of Net Position differ from amounts reported in the Balance Sheet of Governmental Funds due to the following: | | |
| Deferred charge for issuance costs | | 85,744 |
| Capital Assets | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | |
| Land and construction in progress | | 1,919,089 |
| Cost of the assets | | 14,288,820 |
| Accumulated depreciation | | (4,328,362) |
| Revenues | | |
| Some of the government's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. | | 259,445 |
| Long-term Liabilities | | |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities both current and long-term are reported in the Statement of Net Position. Long-term liabilities at year-end consist of the following: | | |
| Compensated absences | | (67,173) |
| Bonds payable | | (4,540,000) |
| Bonds discount | | 26,619 |
| Accrued interest payable | | (30,271) |
| Total Net Position of Governmental Activities | $ | 13,044,802 |

The accompanying notes are an integral part of the statements.

CITY OF BYRON, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

| | General Fund | SPLOST 2008 | SPLOST 2000 | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| Revenues: | | | | | |
| Taxes | | | | | |
| Property tax | $ 1,587,696 | $ - | $ - | $ - | $ 1,587,696 |
| Sales tax | 325,674 | - | - | - | 325,674 |
| Insurance premium | 224,788 | - | - | - | 224,788 |
| Franchise taxes | 326,146 | - | - | - | 326,146 |
| Beer and wine | 145,747 | - | - | - | 145,747 |
| Other taxes | 259,227 | - | - | 216,740 | 475,967 |
| License and permits | 172,121 | - | - | - | 172,121 |
| Intergovernmental | 18,247 | - | 1,688,708 | - | 1,706,955 |
| Charges for services | 20,626 | - | - | - | 20,626 |
| Fines | 946,058 | - | - | 750 | 946,808 |
| Investment earnings | 3,707 | 2,716 | 1 | 2,396 | 8,820 |
| Other revenues | 28,720 | - | - | - | 28,720 |
| Total Revenues | 4,058,757 | 2,716 | 1,688,709 | 219,886 | 5,970,068 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 1,045,208 | - | 50 | 91,968 | 1,137,226 |
| Public safety | 2,441,708 | - | - | 5,273 | 2,446,981 |
| Public works | 460,414 | - | - | - | 460,414 |
| Economic development | 7,689 | - | - | - | 7,689 |
| Debt Service: | | | | | |
| Principal | - | - | - | 185,000 | 185,000 |
| Interest | - | - | - | 188,009 | 188,009 |
| Capital Outlay | - | 106,688 | 1,515,427 | - | 1,622,115 |
| Total Expenditures | 3,955,019 | 106,688 | 1,515,477 | 470,250 | 6,047,434 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 103,738 | (103,972) | 173,232 | (250,364) | (77,366) |
| Other Financing Sources (Uses): | | | | | |
| Transfers from other funds | 477,880 | - | - | 403,009 | 880,889 |
| Transfers to other funds | (403,009) | - | - | (130,044) | (533,053) |
| Total other financing sources (uses) | 74,871 | - | - | 272,965 | 347,836 |
| Net change in fund balances | 178,609 | (103,972) | 173,232 | 22,601 | 270,470 |
| Fund Balance (deficit) - Beginning of year | 2,586,429 | 1,522,139 | (211,354) | 1,263,207 | 5,160,421 |
| Fund Balance (deficit) - End of year | $ 2,765,038 | $ 1,418,167 | $ (38,122) | $ 1,285,808 | $ 5,430,891 |

The accompanying notes are an integral part of the statements.

CITY OF BYRON, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2012

| | | |
|---|---|---|
| Net changes in fund balances - total governmental funds | $ | 270,470 |
| Amounts reported for governmental activities in the Statement of Activities differ from amounts reported in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances due to the following: | | |
| Capital Assets | | |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense. | | |
| Total capital outlays | | 320,924 |
| Total depreciation | | (492,070) |
| Long-term Debt | | |
| Repayment of general obligation, debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. | | 185,000 |
| Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. | | 12,460 |
| Accrued interest on debt | | 1,064 |
| Amortization of issuance costs | | (8,025) |
| Revenues | | |
| Because some revenues will not be collected for several months after the government's year end, they are not considered available revenues and are deferred in the governmental funds. Deferred revenues increased by this amount during the year. | | (17,928) |
| Change in Net Position of Governmental Activities | $ | 271,895 |

The accompanying notes are an integral part of the statements.

CITY OF BYRON, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2012

| | Budget Amounts | | | Variance Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| Taxes: | | | | |
| General property taxes | $ 1,376,546 | $ 1,435,220 | $ 1,587,696 | $ 152,476 |
| Local option sales tax | 321,395 | 325,674 | 325,674 | - |
| Other taxes: | | | | |
| Beer and wine | 148,071 | 148,071 | 145,747 | (2,324) |
| Insurance premium | 211,631 | 211,631 | 224,788 | 13,157 |
| Recording intangible | 14,652 | 14,652 | 17,605 | 2,953 |
| Real estate transfer | 7,149 | 7,149 | 5,244 | (1,905) |
| Franchise tax | 304,090 | 304,090 | 326,146 | 22,056 |
| Auto and mobile home | 103,601 | 103,601 | 142,773 | 39,172 |
| Business and occupation taxes | 51,600 | 51,600 | 41,336 | (10,264) |
| Public utility taxes | 31,681 | 31,681 | 36,016 | 4,335 |
| Financial institutions | 13,658 | 13,658 | 15,107 | 1,449 |
| Other | 682 | 682 | 1,146 | 464 |
| Total Taxes | 2,584,756 | 2,647,709 | 2,869,278 | 221,569 |
| Licenses and Permits: | | | | |
| Building permits | 123,428 | 123,428 | 131,301 | 7,873 |
| Business license | 10,427 | 10,427 | 13,620 | 3,193 |
| Alcohol beverage licenses | 26,600 | 26,600 | 27,200 | 600 |
| Total Licenses and Permits | 160,455 | 160,455 | 172,121 | 11,666 |
| Fines and Forfeitures: | | | | |
| Fines | 731,027 | 857,252 | 940,701 | 83,449 |
| Other police revenue | 5,020 | 5,020 | 5,357 | 337 |
| Total Fines and Forfeitures | $ 736,047 | $ 862,272 | $ 946,058 | $ 83,786 |

The accompanying notes are an integral part of the statements.

CITY OF BYRON, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

| | Budget Amounts | | | Variance Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| Intergovernmental Revenues: | | | | |
| Local government payment in lieu of taxes | $ - | $ - | $ 3,859 | $ 3,859 |
| Department of Justice | - | - | 14,388 | 14,388 |
| Other grants | 328,000 | 328,000 | - | (328,000) |
| Total Intergovernmental Revenues | 328,000 | 328,000 | 18,247 | (309,753) |
| Charges for Services: | | | | |
| Rents | 22,084 | 22,084 | 14,607 | (7,477) |
| Administrative fees | 5,577 | 5,577 | 2,369 | (3,208) |
| Cemetery fees | - | - | 3,500 | 3,500 |
| Animal control fees | 200 | 200 | 150 | (50) |
| Total Charges for Services | 27,861 | 27,861 | 20,626 | (7,235) |
| Miscellaneous: | | | | |
| Interest earnings | 6,330 | 6,330 | 3,707 | (2,623) |
| Insurance proceeds | - | - | 20,944 | 20,944 |
| Miscellaneous | 17,447 | 17,447 | 7,776 | (9,671) |
| Total Miscellaneous | 23,777 | 23,777 | 32,427 | 8,650 |
| Total Revenues | $ 3,860,896 | $ 4,050,074 | $ 4,058,757 | $ 8,683 |

The accompanying notes are an integral part of the statements.

CITY OF BYRON, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

| | Budget Amounts | | | Variance Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| Current: | | | | |
| General Government: | | | | |
| Administrative | $ 600,097 | $ 532,967 | $ 434,600 | $ 98,367 |
| Executive | 232,589 | 232,589 | 212,690 | 19,899 |
| Municipal Court | 276,595 | 304,200 | 304,200 | - |
| Library | 1,959 | 2,012 | 2,012 | - |
| Planning and zoning | 137,943 | 137,943 | 91,706 | 46,237 |
| Public Safety: | | | | |
| Police department | 1,590,783 | 1,795,846 | 1,795,846 | - |
| Fire department | 282,720 | 435,069 | 435,069 | - |
| Marshal | 195,821 | 210,793 | 210,793 | - |
| Public Works: | | | | |
| Street | 319,794 | 319,794 | 196,643 | 123,151 |
| Public works administration | 280,495 | 280,495 | 263,771 | 16,724 |
| Economic Development: | | | | |
| Byron Development Authority | - | 7,689 | 7,689 | - |
| Total expenditures | 3,918,796 | 4,259,397 | 3,955,019 | 304,378 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (57,900) | (209,323) | 103,738 | 313,061 |
| Other Financing Sources (Uses): | | | | |
| Transfer from: | | | | |
| Hotel motel tax fund | 123,523 | 130,044 | 130,044 | - |
| Solid waste fund | 28,507 | 28,507 | 28,507 | - |
| Natural gas fund | 20,000 | 20,000 | 20,000 | - |
| Water and sewerage fund | 299,329 | 299,329 | 299,329 | - |
| Transfers to: | | | | |
| Debt service fund | (383,459) | (373,009) | (373,009) | - |
| Capital improvements fund | (30,000) | (30,000) | (30,000) | - |
| Total Other Financing Sources (Uses) | 57,900 | 74,871 | 74,871 | - |
| Net change in fund balances | - | (134,452) | 178,609 | 313,061 |
| Fund Balance - Beginning of year | 2,586,429 | 2,586,429 | 2,586,429 | - |
| Fund Balance - End of year | $ 2,586,429 | $ 2,451,977 | $ 2,765,038 | $ 313,061 |

The accompanying notes are an integral part of the statements.

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CITY OF BYRON, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2012

| | Business-type Activities - Enterprise Funds | | | |
|---|---|---|---|---|
| | | | Nonmajor | |
| | Water and Sewerage Fund | Natural Gas Fund | Solid Waste Fund | Total |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | $ 1,076,239 | $ 413,184 | $ 2,202 | $ 1,491,625 |
| Certificates of deposit | 144,166 | - | - | 144,166 |
| Restricted cash and cash equivalents: | | | | |
| Revenue bond covenant accounts | 21,140 | - | - | 21,140 |
| Accounts receivable | | | | |
| (Net of allowance for uncollectible) | 67,215 | 1,527 | 50,720 | 119,462 |
| Due from Jointly Owned Natural Gas | - | 36,711 | - | 36,711 |
| Due from other funds | 769,621 | 6,789 | 1,244 | 777,654 |
| Total current assets | 2,078,381 | 458,211 | 54,166 | 2,590,758 |
| Noncurrent assets: | | | | |
| Investment in Jointly Owned Natural Gas | - | 171,075 | - | 171,075 |
| Capital assets: | | | | |
| Nondepreciable | 6,221,452 | - | - | 6,221,452 |
| Depreciable | 3,966,157 | - | - | 3,966,157 |
| Total noncurrent assets | 10,187,609 | 171,075 | - | 10,358,684 |
| Total Assets | 12,265,990 | 629,286 | 54,166 | 12,949,442 |

The accompanying notes are an integral part of the statements.

CITY OF BYRON, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2012
(CONTINUED)

| | Business-type Activities - Enterprise Funds | | | |
|---|---|---|---|---|
| | | | Nonmajor | |
| | Water and Sewerage Fund | Natural Gas Fund | Solid Waste Fund | Total |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | $ 38,270 | $ 36,276 | $ 22,301 | $ 96,847 |
| Accrued interest payable | 4,023 | - | - | 4,023 |
| Customer deposits | 150,343 | - | - | 150,343 |
| Accrued absences - current | 6,240 | - | - | 6,240 |
| Notes payable - current | 53,816 | - | - | 53,816 |
| Revenue bonds payable - current | 12,000 | - | - | 12,000 |
| Total current liabilities | 264,692 | 36,276 | 22,301 | 323,269 |
| Noncurrent liabilities: | | | | |
| Accrued absences | 1,101 | - | - | 1,101 |
| Revenue bonds payable | 58,000 | - | - | 58,000 |
| Notes payable | 1,274,142 | - | - | 1,274,142 |
| Total noncurrent liabilities | 1,333,243 | - | - | 1,333,243 |
| Total Liabilities | 1,597,935 | 36,276 | 22,301 | 1,656,512 |
| NET POSITION | | | | |
| Net investment in capital assets | 8,789,651 | - | - | 8,789,651 |
| Restricted for debt retirement | 15,000 | - | - | 15,000 |
| Unrestricted | 1,863,404 | 593,010 | 31,865 | 2,488,279 |
| Total Net Position | $ 10,668,055 | $ 593,010 | $ 31,865 | $ 11,292,930 |

The accompanying notes are an integral part of the statements.

CITY OF BYRON, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

| | Business-type Activities - Enterprise Funds | | | |
|---|---|---|---|---|
| | | | Nonmajor | |
| | Water and Sewerage Fund | Natural Gas Fund | Solid Waste Fund | Total |
| Operating Revenues: | | | | |
| Charges and fees | $ 1,305,829 | $ 313,567 | $ 271,152 | $ 1,890,548 |
| Penalties | 38,282 | - | - | 38,282 |
| Other | - | 12,176 | - | 12,176 |
| Total Operating Revenues | 1,344,111 | 325,743 | 271,152 | 1,941,006 |
| Operating Expenses: | | | | |
| Salaries and benefits | 344,153 | - | 19,482 | 363,635 |
| Utilities | 172,165 | 313,998 | - | 486,163 |
| Maintenance and repairs | 27,034 | - | 1,086 | 28,120 |
| Operating materials | 89,296 | - | 80 | 89,376 |
| Contractual charges | 44,880 | - | 223,101 | 267,981 |
| Other operating expenses | 152,249 | 183 | 11,995 | 164,427 |
| Depreciation | 221,528 | - | - | 221,528 |
| Total Operating Expenses | 1,051,305 | 314,181 | 255,744 | 1,621,230 |
| Operating Income (Loss) | 292,806 | 11,562 | 15,408 | 319,776 |
| Nonoperating Revenues (Expenses): | | | | |
| Interest revenue | 3,400 | 582 | 7 | 3,989 |
| Net income from joint venture | - | 1,328 | - | 1,328 |
| Interest expense | (34,353) | - | - | (34,353) |
| Total Nonoperating Revenues (Expenses) | $ (30,953) | $ 1,910 | $ 7 | $ (29,036) |

The accompanying notes are an integral part of the statements.

CITY OF BYRON, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

| | Business-type Activities - Enterprise Funds | | | |
|---|---|---|---|---|
| | | | Nonmajor | |
| | Water and Sewerage Fund | Natural Gas Fund | Solid Waste Fund | Total |
| Income (loss) before transfers | $ 261,853 | $ 13,472 | $ 15,415 | $ 290,740 |
| Capital contributions | 1,628,805 | - | - | 1,628,805 |
| Transfers (out) | (299,329) | (20,000) | (28,507) | (347,836) |
| Change in net position | 1,591,329 | (6,528) | (13,092) | 1,571,709 |
| Net Position - Beginning of Year | 9,076,726 | 599,538 | 44,957 | 9,721,221 |
| Net Position - End of Year | $ 10,668,055 | $ 593,010 | $ 31,865 | $ 11,292,930 |

The accompanying notes are an integral part of the statements.

CITY OF BYRON, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

| | Business-type Activities - Enterprise Funds | | | |
|---|---|---|---|---|
| | | | Nonmajor | |
| | Water and Sewerage Fund | Natural Gas Fund | Solid Waste Fund | Total |
| Cash Flows from Operating Activities: | | | | |
| Cash received from customers | $ 1,366,457 | $ 333,509 | $ 259,028 | $ 1,958,994 |
| Cash paid to suppliers | (566,619) | (328,547) | (238,838) | (1,134,004) |
| Cash paid to employees | (348,297) | - | (19,482) | (367,779) |
| Net Cash Provided by (Used for) Operating Activities | 451,541 | 4,962 | 708 | 457,211 |
| Cash Flows from Noncapital Financing Activities: | | | | |
| Transfer to other funds | (299,329) | (20,000) | (28,507) | (347,836) |
| Net Cash Provided by (Used for) Noncapital Financing Activities | (299,329) | (20,000) | (28,507) | (347,836) |
| Cash Flows from Capital and Related Financing Activities: | | | | |
| Principal paid on note | (39,023) | - | - | (39,023) |
| Interest paid on note | (34,653) | - | - | (34,653) |
| Acquisition and construction of capital assets | (164,911) | - | - | (164,911) |
| Principal paid on revenue bonds | (12,000) | - | - | (12,000) |
| Proceeds from note | 113,951 | - | - | 113,951 |
| Net Cash Provided by (Used for) Capital and Related Financing Activities | $ (136,636) | $ - | $ - | $ (136,636) |

The accompanying notes are an integral part of the statements.

CITY OF BYRON, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

| | Business-type Activities - Enterprise Funds | | | |
|---|---|---|---|---|
| | | | Nonmajor | |
| | Water and Sewerage Fund | Natural Gas Fund | Solid Waste Fund | Total |
| Cash Flows from Investing Activities: | | | | |
| Purchase of investments | $ (1,882) | $ - | $ - | $ (1,882) |
| Net income from JONG | - | 1,328 | - | 1,328 |
| Interest earnings | 3,400 | 582 | 7 | 3,989 |
| Net Cash Provided by (Used for) Investing Activities | 1,518 | 1,910 | 7 | 3,435 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 17,094 | (13,128) | (27,792) | (23,826) |
| Cash and Cash Equivalents at Beginning of Year | 1,080,285 | 426,312 | 29,994 | 1,536,591 |
| Cash and Cash Equivalents at End of Year | $ 1,097,379 | $ 413,184 | $ 2,202 | $ 1,512,765 |
| Classified as: | | | | |
| Current assets | $ 1,076,239 | $ 413,184 | $ 2,202 | $ 1,491,625 |
| Restricted assets | 21,140 | - | - | 21,140 |
| Total Cash and Cash Equivalents | $ 1,097,379 | $ 413,184 | $ 2,202 | $ 1,512,765 |

The accompanying notes are an integral part of the statements.

CITY OF BYRON, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

| | Business-type Activities - Enterprise Funds | | | |
|---|---|---|---|---|
| | | | Nonmajor | |
| | Water and Sewerage Fund | Natural Gas Fund | Solid Waste Fund | Total |
| Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities: | | | | |
| Net operating income | $ 292,806 | $ 11,562 | $ 15,408 | $ 319,776 |
| Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities: | | | | |
| Depreciation | 221,528 | - | - | 221,528 |
| Changes in Assets and Liabilities: | | | | |
| (Increase) decrease in accounts receivable | 3,939 | 9,094 | (12,124) | 909 |
| (Increase) decrease in due from other governments | 18,407 | - | - | 18,407 |
| (Increase) decrease in due from other funds | (99,991) | - | 4,426 | (95,565) |
| (Increase) decrease in investment in JONG | - | (1,328) | - | (1,328) |
| Increase (decrease) in accounts payable | 18,996 | (7,577) | (7,644) | 3,775 |
| Increase (decrease) in accrued vacation absences | (4,144) | - | - | (4,144) |
| Increase (decrease) in due to other funds | - | (6,789) | 642 | (6,147) |
| Total Adjustments | 158,735 | (6,600) | (14,700) | 137,435 |
| Net Cash Provided by (Used for) Operating Activities | $ 451,541 | $ 4,962 | $ 708 | $ 457,211 |
| Noncash Investing, Capital, Financing Activities: | | | | |
| Contributions of capital assets from government | $ 1,628,805 | $ - | $ - | $ 1,628,805 |
| Total Noncash Investing, Capital, Financing Activities | $ 1,628,805 | $ - | $ - | $ 1,628,805 |

The accompanying notes are an integral part of the statements.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Byron was incorporated in 1874 under the provision of an Act of the General Assembly of Georgia. The City operates under a mayor-council form of government and provides the following services as authorized by its charter: public safety, highways and streets, sanitation, health and social services, recreation and general administrative services.

The accounting policies of the City of Byron conform to generally accepted accounting principles as applicable to governments. The following is a summary of the City's more significant policies applied in the preparation of the accompanying financial statements.

### A. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Byron, Georgia (primary government) and any component units. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are, in substance, part of the City's operations.

The component unit discussed below is included in the City's reporting entity because of the significance of its operational and financial relationship with the City. In conformity with generally accepted accounting principles, as set forth in Statement of Governmental Accounting Standards No. 14, *The Financial Reporting Entity*, the financial statements of the component unit have been included as a discretely presented component unit.

**Blended Component Unit**

The City of Byron Redevelopment Authority (the "Authority") was created April 11, 1979 to promote projects in connection with the redevelopment or revitalization of urban, central city or downtown areas for the public good and welfare of the City of Byron, Georgia. The governing board of the Authority is appointed by City Council for a three-year term. The Authority is presented as a debt service fund. The Redevelopment Authority does not issue separate financial statements.

**Discretely Presented Component Units**

The City of Byron Development Authority (the "Authority") was formed in 1998 to promote and expand industry, welfare and trade for the public good and welfare of the City of Byron, Georgia. The governing board of the Authority is appointed by City Council for a four-year term. The Development Authority is audited along with the primary government financial statements and separate financial statements are not prepared.

The City of Byron Downtown Development Authority was inactive and had no assets or liabilities as of December 31, 2012.

Under Georgia law, the City, in conjunction with other cities and counties in the middle Georgia area, is a member of the Middle Georgia Regional Commission (RC) and is required to pay annual dues thereto. Membership in a RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a RC. Separate financial statements may be obtained from:

Middle Georgia Regional Commission
175-C Emery Highway
Macon, Georgia 31217

**Related Organizations**

The Housing Authority of the City of Byron, Georgia, is considered a related organization based upon the criteria in GASB Statement 14. The Housing Authority is a legally separate entity having a board composed of members appointed originally by the City of Byron, Georgia. The City of Byron, Georgia is not able to impose its will upon the Housing Authority and a financial benefit/burden relationship does not exist between them. Therefore, based upon the criteria above, the Housing Authority of the City of Byron, Georgia is a related organization.

The City of Byron Georgia joined the Jointly Owned Natural Gas (JONG) in November 2008. The JONG was established to provide maintenance and related services for a natural gas transmission line serving the cities of Perry, Warner Robins, Hawkinsville, Cochran and their customers. A board of directors, composed of one member from each of the cities, manages the JONG. The JONG's major source of revenue consists of reimbursements for operating expense and capital outlays from member cities. JONG's financial records are maintained on a fiscal year ending September 30 of each year. A separately issued financial report is available and may be obtained from:

Jointly Owned Natural Gas
P.O. Box 1545
Warner Robins, GA 31099

As of December 31, 2012, the City has an approximate 10 percent equity interest in the JONG. This equity interest is recorded in the proprietary funds statement of net assets.

## B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. 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. 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 of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

## C. Measurement Focus, Basis of Accounting and Financial Statement 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 reported 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, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

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

Special Purpose Local Option Sales Tax (SPLOST) 2008 – The Construction Fund accounts for the proceeds of a bond issued by Peach County, Georgia and the related capital expenditures.

Special Purpose Local Option Sales Tax (SPLOST) 2000 – The SPLOST Fund accounts for capital expenditures paid with the special purpose local option sales tax.

The government reports the following major proprietary funds:

Water & Sewer – The Water and Sewer Fund accounts for the activities of the water and sewer distributions system.

Natural Gas – The Natural Gas Fund accounts for the activities of the natural gas distribution system.

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 designated 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 revenue of the Water and Sewer Fund, Natural Gas Fund and Solid Waste Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to used restricted resources first then unrestricted resources, as they are needed.

## D. Deposits and Investments

The government's cash and cash equivalents are considered cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

## E. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

## F. Other Receivables

All trade and property tax receivables are shown net of an allowance for doubtful accounts. The allowance is determined based upon prior experience.

## G. Inventory

Inventories of expendable supplies held for consumption are not considered material and are recorded as expenditures, or expenses, as appropriate, when purchased.

## H. Restricted Assets

Certain assets of the enterprise funds are classified as restricted assets because their use is restricted by bond covenants.

## I. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, 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 government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are valued at cost or estimated historical cost if purchased or constructed. Donated capital assets are valued at their estimated fair market value on the date donated.

General infrastructure assets acquired prior to January 1, 2004 are not reported in the basic financial statements.

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

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

| | Estimated Lives | |
|---|---|---|
| Asset Class | Governmental Activities | Business-type Activities |
| Buildings and improvements | 5-30 years | n/a |
| Infrastructure | 30 years | 30 years |
| Equipment, vehicles, intangibles | 5-10 years | 5-10 years |
| Distribution system | n/a | 10-50 years |

## J. Deferred Revenue

The City of Byron reports deferred revenue on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City of Byron before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City of Byron has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

## K. 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 statements of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In 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 the debt issued 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.

## L. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

## M. Fund Equity

In the financial statements, governmental funds report the following classifications of fund balance in accordance with Governmental Accounting Standards Board Statement No. 54:

- Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – amounts are restricted when constraints have been placed on the use of resources by (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Council. The Council approves committed resources through a motion and vote during the voting session of Council meetings.
- Assigned – amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. By motion, the City Council has authorized the Mayor or City Clerk or designee to assign fund balances.
- Unassigned – amounts that have not been assigned to other funds and that are not restricted, committed or assigned to specific purposes within the General Fund.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

The City does not have a formal minimum fund balance policy. The following is a summary of the fund balance classifications as of December 31, 2012:

| | General Fund | SPLOST 2008 | SPLOST 2000 | Nonmajor Governmental | Total |
|---|---|---|---|---|---|
| **Fund Balances** | | | | | |
| Restricted for: | | | | | |
| Capital outlay | - | 1,418,167 | - | 693,457 | 2,111,624 |
| Debt service | - | - | - | 28 | 28 |
| Public safety | - | - | - | 7,872 | 7,872 |
| Donations-utility payments | 26,992 | - | - | - | 26,992 |
| Assigned: | | | | | |
| Fund balance appropriations | 66,260 | - | - | - | 66,260 |
| Capital outlay | - | - | - | 584,451 | 584,451 |
| Public safety | 44,872 | - | - | - | 44,872 |
| Unassigned | 2,626,914 | - | (38,122) | - | 2,588,792 |
| Total fund balances | $ 2,765,038 | $ 1,418,167 | $ (38,122) | $ 1,285,808 | $ 5,430,891 |

## N. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and errors or omissions. The City purchases commercial insurance for these types of risk. For these risks, settlements have not exceeded coverage for the past three years. The City had no significant reduction in insurance coverage from coverage in the prior year.

## O. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2012, are recorded as prepaid items using the consumption methods of reporting an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reserved, as this amount is not available for general appropriation.

# NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

## A. Budget Process

An annual operating budget is prepared for the General Fund and the Special Revenue Funds. Budgets are prepared for the Capital Projects Funds on a project-length basis, which usually covers two or more fiscal years. The budget officer formulates and remits the budget to the Mayor and Council. After a review by the Mayor and Council and public hearing, a final budget is approved when the budget resolution is adopted.

The City Clerk is delegated the authority, upon the direction of and approval by the Mayor and Council to transfer sums from one budget line item to another. No increase in the overall budget for the City may be made without the approval of the Mayor and Council and amendment to the budget.

The legal level of budgetary control is the department level. The council made supplemental budgetary appropriations throughout the year, which were not considered material.

All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual has been prepared on the basis described above.

### B. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City. Budget to Generally Accepted Accounting Principal Basis reconciliations are not required.

### C. Deficit Fund Equity

The SPLOST 2000 capital projects fund had a deficit fund balance of $38,122. The fund incurred expenditures prior to the receipt of special local option sales taxes. In 2011, the intergovernmental agreement was modified to provide the City with additional funds. The City plans to eliminate this deficit fund balance with future special local option sales taxes.

## NOTE 3 – DEPOSITS AND INVESTMENTS

### A. Custodial Credit Risk - Deposits

The custodial credit risk for deposits is the risk that in the event of the failure of the bank, the government will not be able to recover deposits. The City's bank balances of deposits as of December 31, 2012 are entirely insured or collateralized with securities held by the City's agent in the City's name. State statues require banks holding public funds to secure these funds by FDIC insurance, securities pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held.

The Byron Development Authority, a discretely presented component unit, bank balances of deposits as of December 31, 2012 are entirely insured or collateralized with securities held by the Authority's agent in the Authority's name. State statutes require banks holding public funds to secure these funds by FDIC insurance, securities pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held.

### B. Investments

*Custodial credit risk.* For an investment, the custodial risk is the risk that in the event of the failure of the counter-party to a transaction, an entity will not be able to recover the value of the investment or collateral securities that are in possession of an outside party. The City had no such investments with such risk as of December 31, 2012.

*Interest rate risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit risk.* Georgia law allows investments in obligations of the U.S. Treasury, other U.S. Governmental Agencies, State of Georgia, other states, prime banker's acceptance, repurchase agreements, other political subdivisions of Georgia.

## NOTE 4 – TAX REVENUE

### A. Property Taxes

State law requires that property taxes be based on assessed value, which is 40% of market value. All real and personal property (including motor vehicles) are valued as of January 1 of each year and must be returned for tax purposes by March 1. With the exception of motor vehicles and the property of public utilities, which are valued by the State Revenue Department, all assessments are made by a joint Board of Tax Assessors of Peach County.

Upon completion of all assessments and tax returns, the information is turned over to the Peach County Tax Commissioner for compilation of the tax digest. The completed tax digest must be submitted to the State Revenue Commissioner for approval. The State Revenue Commissioner must ascertain that real property on the tax digest has been assessed at the state mandated forty percent (40%) of fair market value. The Commissioner has the option to withhold certain state funding if the mandated 40% level is not reached.

The property tax calendar is as follows:

| | Real/Personal Property (Excluding Vehicles) | Motor Vehicles |
|---|---|---|
| Assessment date | January 1 | January 1 |
| Levy date | November 18 | January 1 |
| Due date and collection date | January 17 | Staggered |

**B. Hotel/Motel Excise Tax**

A summary of the hotel/motel excise tax expenditures and receipts for the year ended December 31, 2012, are as follows:

| Expenditures by Purpose | Amount | Hotel/Motel Tax Receipts | Percentage |
|---|---|---|---|
| Convention & Visitors Bureau | $ 86,696 | $ 216,740 | 40% |
| General fund | 130,044 | 216,740 | 60% |

## NOTE 5 – OTHER RECEIVABLES

Receivables have been reduced to their estimated net realizable value, based upon historical experience rates. Receivables at December 31, 2012, consist of the following:

| | General Fund | Water Sewerage | Natural Gas | Nonmajor Enterprise Fund | Nonmajor Governmental Funds | Total |
|---|---|---|---|---|---|---|
| Receivables: | | | | | | |
| Taxes | $ 1,236,008 | $ - | $ - | $ - | $ 42,783 | $ 1,278,791 |
| Accounts | - | 130,206 | 23,650 | 101,439 | - | 255,295 |
| Gross Receivables | 1,236,008 | 130,206 | 23,650 | 101,439 | 42,783 | 1,534,086 |
| Less: Allowance for uncollectibles | (328,594) | (62,991) | (22,123) | (50,719) | - | (464,427) |
| Net Total Receivables | $ 907,414 | $ 67,215 | $ 1,527 | $ 50,720 | $ 42,783 | $ 1,069,659 |

## NOTE 6 – DUE FROM OTHER GOVERNMENTS

The General Fund reflects $27,038 in Due from Other Governments, which represents local option sales tax due from the Georgia Department of Revenue.

The SPLOST 2000 Fund reflects $748,649 in Due from Other Governments, which represents reimbursements due from Peach County, Georgia.

## NOTE 7 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The interfund receivables and payables at December 31, 2012, were as follows:

| Receivable Fund | Payable Fund | Amount |
|---|---|---|
| General | Nonmajor Governmental | $ 130,044 |
| General | SPLOST 2000 Fund | 684,784 |
| General | SPLOST 2008 Fund | 25,880 |
| Water and Sewerage | General | 769,621 |
| Natural Gas | General | 6,789 |
| Nonmajor Governmental | General | 582 |
| Nonmajor Enterprise | General | 1,244 |
| Total | | $ 1,618,944 |

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

A reconciliation of transfers is as follows:

| | Transfer In: | | |
|---|---|---|---|
| Transfer out: | General Fund | Nonmajor Governmental | Total |
| General Fund | $ - | $ 403,009 | $ 403,009 |
| Water and Sewerage | 299,329 | - | 299,329 |
| Natural Gas Fund | 20,000 | - | 20,000 |
| Nonmajor Enterprise | 28,507 | - | 28,507 |
| Nonmajor Governmental | 130,044 | - | 130,044 |
| Total | $ 477,880 | $ 403,009 | $ 880,889 |

Transfers are used to move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

## NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012, was as follows:

**Primary Government**

| | Balance January 1, 2012 | Increases | Decreases | Balance December 31, 2012 |
|---|---|---|---|---|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | $ 646,092 | $ - | $ - | $ 646,092 |
| Construction in progress | 1,242,329 | 30,668 | - | 1,272,997 |
| Total capital assets not being depreciated | 1,888,421 | 30,668 | - | 1,919,089 |
| Capital assets, being depreciated: | | | | |
| Infrastructure | 5,561,607 | - | - | 5,561,607 |
| Buildings and improvements | 6,723,881 | - | - | 6,723,881 |
| Vehicles | 920,773 | 109,909 | - | 1,030,682 |
| Intangible | 84,262 | - | - | 84,262 |
| Machinery and equipment | 708,041 | 180,347 | - | 888,388 |
| Total capital assets being depreciated | 13,998,564 | 290,256 | - | 14,288,820 |
| Less: accumulated depreciation | | | | |
| Infrastructure | (817,027) | (185,895) | - | (1,002,922) |
| Buildings and improvements | (1,555,221) | (198,581) | - | (1,753,802) |
| Vehicles | (723,812) | (59,125) | - | (782,937) |
| Intangible | (44,729) | (16,898) | - | (61,627) |
| Machinery and equipment | (695,503) | (31,571) | - | (727,074) |
| Total accumulated depreciation | (3,836,292) | (492,070) | - | (4,328,362) |
| Total capital assets being depreciated, net | 10,162,272 | (201,814) | - | 9,960,458 |
| Governmental activities capital assets, net | $ 12,050,693 | $ (171,146) | $ - | 11,879,547 |
| Less related long term debt outstanding | | | | (4,513,381) |
| Net investment in capital assets | | | | $ 7,366,166 |

The following is a summary of proprietary fund-type capital assets at December 31, 2012:

| | Balance January 1, 2012 | Increases | Decreases | Reclassifications | Balance December 31, 2012 |
|---|---|---|---|---|---|
| Business-type activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | $ 156,769 | $ - | $ - | $ - | $ 156,769 |
| Construction in progress | 4,395,283 | 1,745,072 | - | (75,672) | 6,064,683 |
| Total capital assets not being depreciated | 4,552,052 | 1,745,072 | - | (75,672) | 6,221,452 |
| Capital assets, being depreciated: | | | | | |
| Distribution system | 7,181,527 | 48,642 | - | 75,672 | 7,305,841 |
| Equipment and vehicles | 880,359 | - | - | - | 880,359 |
| Total capital assets being depreciated | 8,061,886 | 48,642 | - | 75,672 | 8,186,200 |
| Less: accumulated depreciation | | | | | |
| Distribution system | (3,281,915) | (205,802) | - | - | (3,487,717) |
| Equipment and vehicles | (716,600) | (15,726) | - | - | (732,326) |
| Total accumulated depreciation | (3,998,515) | (221,528) | - | - | (4,220,043) |
| Total capital assets being depreciated, net | 4,063,371 | (172,886) | - | 75,672 | 3,966,157 |
| Business-type activities capital assets, net | $ 8,615,423 | $ 1,572,186 | $ - | $ - | $ 10,187,609 |
| Less related long term debt outstanding | | | | | (1,397,958) |
| Net investment in capital assets | | | | | $ 8,789,651 |

Depreciation expense was charged to functions/programs of the primary government as follows:

| | |
|---|---|
| Governmental activities: | |
| General government | $ 230,482 |
| Public safety | 82,305 |
| Public works | 179,283 |
| Total | $ 492,070 |
| Business-type activities: | |
| Water and sewerage | $ 221,528 |

**Discretely presented component unit**

Activity for the Development Authority for the year ended December 31, 2012, was as follows:

| | Balance January 1, 2012 | Increases | Decreases | Balance December 31, 2012 |
|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | |
| Land | $ 1,007,284 | $ - | $ - | $ 1,007,284 |
| Construction in progress | 1,136,171 | 28,714 | - | 1,164,885 |
| Total capital assets | $ 2,143,455 | $ 28,714 | $ - | $ 2,172,169 |

## NOTE 9 – LONG-TERM DEBT

**Revenue Bonds**

The City has one series of Revenue Bonds issued in the amount of $282,000 at an interest rate of 5% in the Water and Sewerage Fund:

| | Water and Sewerage Fund |
|---|---|
| Principal Outstanding December 31, 2012 | $ 70,000 |
| Interest rate | 5% |
| Interest Payable on | June 1st and December 1st |
| Principal Payable on | December 1st |

The bonds are secured by a pledge of the revenues from the operation of the City's Water and Sewerage fund subject to payment of the reasonable and necessary costs of operating and maintaining the fund's facilities and systems.

The bonds were issued to provide funds to finance, in whole or in part, the cost of adding to, extending, improving and equipping the City's water and sewerage system, acquiring the necessary property and to pay related expenses.

The bond ordinances require that all revenues arising from the operations of the systems be deposited into the system revenue accounts and disbursed in the following manners and order:

1. Payment of reasonable and necessary costs of operating, maintaining and repairing the system into the operations and maintenance account. The ordinance also allows the City to maintain in reserve an amount equal to thirty days working capital.

2. Payment on or before the 15th of the month an amount equal to one-sixth of the interest payable on the next ensuing interest payment date and an amount equal to one-twelfth of the principal payable on the next ensuing principal payment date.

3. Payments into the Renewal and Extension of all remaining funds.

4. Revenue bond debt service to maturity is as follows:

| | Principal | Interest |
|---|---|---|
| 2013 | $ 12,000 | $ 3,500 |
| 2014 | 14,000 | 2,900 |
| 2015 | 14,000 | 2,200 |
| 2016 | 14,000 | 1,500 |
| 2017 | 16,000 | 800 |
| Total | $ 70,000 | $ 10,900 |

**Notes Payable**

On February 27, 2001, the City entered into a contract with the Georgia Environmental Facilities Authority to provide financing for the improvement of its sewerage treatment facilities. The total proceeds for the loan were $497,333. The loan is to be paid over a twenty-year period starting November 1, 2002, on a quarterly basis. Interest is at 5.15%.

On September 26, 2007, the City entered into a contract with the Georgia Environmental Facilities Authority to provide financing to purchase a sewer lift station from Fort Valley. The total proceeds for the loan were $394,646. The loan is to be paid over a twenty year period starting November 1, 2007, on a monthly basis. Interest is at 4.2%.

On October 8, 2009, the City entered into a contract with the Georgia Environmental Facilities Authority for a Clean Water State Revolving Loan Fund grant/loan to provide financing for acquiring, constructing, and installing environmental facilities. The City may draw down funds up to $2,720,820, of which 70% is forgivable. As of December 31, 2012, $2,550,424 has been drawn down. $697,365 is the loan portion and is payable to Georgia Environmental Facilities Authority. Interest is accrued monthly at 3.0%. Principal payments will begin after the final draw has been made.

The annual requirements to amortize the three notes at December 31, 2012, are as follows:

| | 2001 GEFA Loan | | 2007 GEFA Loan | | (estimated) 2009 GEFA Loan | |
|---|---|---|---|---|---|---|
| | Interest | Principal | Interest | Principal | Interest | Principal |
| 2013 | $ 15,546 | $ 24,434 | $ 13,111 | $ 16,486 | $ 10,380 | $ 12,896 |
| 2014 | 14,264 | 25,716 | 12,405 | 17,192 | 20,173 | 26,379 |
| 2015 | 12,913 | 27,066 | 11,669 | 17,928 | 19,371 | 27,182 |
| 2016 | 11,492 | 28,488 | 10,901 | 18,696 | 18,544 | 28,008 |
| 2017 | 9,997 | 29,983 | 10,100 | 19,496 | 17,692 | 28,860 |
| 2018-2022 | 24,650 | 175,249 | 37,242 | 110,741 | 74,748 | 158,016 |
| 2023-2027 | - | - | 11,597 | 119,118 | 49,210 | 183,553 |
| 2028-2032 | - | - | - | - | 19,544 | 213,219 |
| 2033 | - | - | - | - | 145 | 19,252 |
| Total | $ 88,862 | $310,936 | $107,025 | $319,657 | $229,807 | $697,365 |

*Blended component unit*

**Revenue Bonds**

In 2007, the Redevelopment Authority issued $5,070,000 of revenue bonds to finance the construction of the new municipal complex. Revenue bonds outstanding at year end are $4,540,000 with an interest rate that varies from 3.35% to 4.25%. Principal and interest payments are payable on November 1st. The maturity date of the revenue bonds is November 1, 2029.

Revenue bond debt service requirements to maturity are as follows:

| | Principal | Interest |
|---|---|---|
| 2013 | $ 190,000 | $ 181,626 |
| 2014 | 195,000 | 174,976 |
| 2015 | 205,000 | 167,976 |
| 2016 | 210,000 | 160,472 |
| 2017 | 220,000 | 152,598 |
| 2018-2022 | 1,250,000 | 627,318 |
| 2023-2027 | 1,545,000 | 352,358 |
| 2028-2029 | 725,000 | 46,431 |
| Total | $ 4,540,000 | $ 1,863,755 |

**Changes in Long-Term Obligations**

The following is a summary of long-term debt transactions of the City for the year ended December 31, 2012:

| | Beginning Balance | Additions | Deductions | Ending Balance | Amounts Due Within One Year |
|---|---|---|---|---|---|
| **Governmental Activities:** | | | | | |
| Long-term debt | | | | | |
| Compensated absences | $ 79,633 | $ 63,840 | $ (76,300) | $ 67,173 | $ 57,097 |
| Redevelopment Authority: | | | | | |
| Bonds payable | 4,725,000 | - | (185,000) | 4,540,000 | 190,000 |
| Less: deferred amounts | | | | | |
| Discount on bonds | (28,520) | - | 1,901 | (26,619) | - |
| Total Long-term debt | $ 4,776,113 | $ 63,840 | $ (259,399) | $ 4,580,554 | $ 247,097 |

For the governmental activities, compensated absences are generally liquidated by the General Fund.

| | Beginning Balance | Additions | Deductions | Ending Balance | Amounts Due Within One Year |
|---|---|---|---|---|---|
| **Business-type Activities:** | | | | | |
| Long-term debt | | | | | |
| Revenue bonds | $ 82,000 | $ - | $ (12,000) | $ 70,000 | $ 12,000 |
| GEFA loan 2001 | 334,151 | - | (23,215) | 310,936 | 24,434 |
| GEFA loan 2007 | 335,465 | - | (15,808) | 319,657 | 16,486 |
| GEFA loan 2009 | 583,414 | 113,951 | - | 697,365 | 12,896 |
| Compensated absences | 11,485 | 9,976 | (14,120) | 7,341 | 6,240 |
| Total Long-term debt | $ 1,346,515 | $ 123,927 | $ (65,143) | $ 1,405,299 | $ 72,056 |

**Discretely Presented Component Unit**

In 2010, the Development Authority obtained a $225,000 line of credit with Certus Bank to help cover the cost of the development of 40.15 acres in Peach County, known as the Holleman Tract, The Roost. $200,000 has been drawn down on the line of credit as of December 31, 2012.

## NOTE 10 – RESTRICTED ASSETS

The balances of the restricted asset accounts in the enterprise funds are as follows:

| | |
|---|---|
| Water and Sewerage Fund | |
| Revenue bond debt service account | $ 21,140 |

## NOTE 11 – PENSION PLAN

### *Plan Description*

The City's defined benefit pension plan, City of Byron Retirement Plan, (the Plan) provides retirement, disability and death benefits to plan members and beneficiaries. These retirement provisions were established by an adoption agreement executed by City Council. The Plan is affiliated with the Georgia Municipal Employees Benefit System (GMEBS) an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Georgia Municipal Association issues a publicly available financial report on GMEBS that includes financial statements and required supplementary information. That report may be obtained by writing to Georgia Municipal Association, 201 Pryor Street, Atlanta, Georgia 30303-3606.

### *Significant Accounting Policies*

*Basis of Accounting.* The City of Byron financial statements are prepared using the modified accrual basis. Employer contributions are recognized in the period that the contributions are due.

### *Funding Policy*

The plan members are not required to contribute to the plan. The City is required to contribute at an actuarially determined rate; the current rate is 16.76% of annual covered payroll. The contribution requirements of the City are established and may be amended by the GMEBS Board of Trustees.

There were no changes in methods or assumptions from the prior valuation.

### *Annual Pension Cost*

For the plan year, the City's annual pension cost of $301,458 was equal to the City's required and actual contributions.

The City's annual pension cost and net pension obligation (asset) for the pension plan for the current year were determined as follows:

| | |
|---|---|
| Normal cost | $ 301,458 |
| Payment on unfunded actuarial accrued liability | - |
| Annual pension cost | 301,458 |
| Contributions | (301,458) |
| Increase in pension obligation (asset) | - |
| Net pension obligation (asset) 12/31/11 | - |
| Net pension obligation (asset) 12/31/12 | $ - |

Three-Year Trend Information for the Plan

| Fiscal Year | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation (Asset) |
|---|---|---|---|
| 2012 | $ 301,458 | 100% | $ - |
| 2011 | 322,023 | 100% | - |
| 2010 | 424,136 | 100% | - |

The required contribution was determined as part of the July 1, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases of 3.5% plus age and service based merit increases and (c) 3.5% for participants hired prior to 4/1/92 and 3.0 for participants hired on or after 4/1/92. The Plan's unfunded actuarial accrued liability is being amortized (closed level dollar method) over 30 years from 1982 and changes in the unfunded actuarial accrued liabilities over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods.

***Funded Status and Funding Progress***

The funded status of the plan as of July 1, 2012, the most recent actuarial valuation date, is as follows:

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | Percentage of Covered Payroll ((b-a)/c) |
|---|---|---|---|---|---|---|
| 7/1/2012 | $ 6,087,017 | $ 6,756,087 | $ 669,070 | 90.10% | $ 1,716,941 | 38.97% |

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of December 31, 2012.

***Additional Information***

Additional information as of the latest actuarial valuation follows:

| | |
|---|---|
| Valuation date | 7/1/2012 |
| Actuarial cost method | projected unit credit |
| Amortization method | closed level dollar for remaining unfunded liability |
| Remaining amortization period | remaining amortization period varies for the bases, with a net effective amortization period of 10 years. |
| Asset valuation method | Sum of actuarial value at beginning of year and the cash flows during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 50% of market value for 2009, 44% of market value for 2010, 38% of market value for 2011, 32% market value for 2012, 26% market value for 2013, and 20% market value for 2014 and later years. |
| Actuarial Assumptions: | |
| Investment rate of return | 7.75% |
| Projected salaries increases | 3.50% plus age and service based merit increases |
| COLAs | 3.50% for participants hired prior to 4/1/92<br>3.00% for participants hired on or after 4/1/92 |
| Membership of the plan: | |
| Retirees and beneficiaries receiving benefits | 16 |
| Terminated plan members entitled to, but not yet receiving benefits | 16 |
| Active plan members | 51 |
| Total | 83 |

## NOTE 12 – POST-EMPLOYMENT BENEFITS

In accordance with City resolution, the City provides life insurance in the amount of $7,500 to retired employees. Currently, 8 retirees participate in the life insurance benefits plan. The accounting and funding policies followed by the City are on a pay-as-you-go basis. For 2012, the cost of retirees' life insurance benefits was $252. The amounts associated with the plan are immaterial to the financial statements and accordingly, the City has elected not to implement Governmental Accounting Standards Board Statement 43, "Financial Reporting for Postretirement Benefit Plans Other Than Pension Plans".

## NOTE 13 – CONTINGENT LIABILITIES

### *Litigation*

During the course of normal operations of the City, various claims and lawsuits arise. The City attorney has advised that there are no potential liabilities that will impair the City's financial position as of the date of this audit report.

### *Grants*

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

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# REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BYRON, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2012

GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM
SCHEDULE OF FUNDING PROGRESS

| Actuarial Valuation Year | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Funded Ratio (a/b) | Unfunded/ (Assets in Excess of) AAL (b-a) | Covered Payroll (c) | Unfunded/ (Assets in Excess of) AAL as a Percentage of Covered Payroll {(b-a)/c} |
|---|---|---|---|---|---|---|
| 7/1/2012 | $ 6,087,017 | $ 6,756,087 | 90.10% | $ 669,070 | $ 1,716,941 | 38.97% |
| 7/1/2011 | 5,739,743 | 6,433,536 | 89.22% | 693,793 | 1,767,653 | 39.25% |
| 7/1/2010 | 5,369,881 | 6,207,269 | 86.51% | 837,388 | 1,727,283 | 48.48% |
| 7/1/2009 | 4,086,155 | 5,975,909 | 68.38% | 1,889,754 | 1,680,118 | 112.48% |
| 7/1/2008 | 5,429,900 | 5,649,122 | 96.12% | 219,222 | 1,635,364 | 13.41% |
| 7/1/2007 | 5,163,945 | 5,226,411 | 98.80% | 62,466 | 1,559,030 | 4.01% |

# SUPPLEMENTARY INFORMATION

# NONMAJOR GOVERNMENTAL FUNDS

## Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Law Enforcement Confiscation Fund – This fund is used to account for funds confiscated from criminal activity and their expenditures in compliance with State and Federal laws.

Hotel/Motel Tax Fund – This fund is used to account for funds collected from the hotel/motel tax and disbursed to other governmental agencies.

## Debt Service Fund

Debt service funds account for the accumulation of resources for the principal payment, interest and related costs of long-term debt.

## Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary and trust funds.

Special Purpose Local Option Sales Tax (SPLOST) 1994 Fund – This fund is used to account for capital expenditures paid with the special purpose local option sales tax.

Special Purpose Local Option Sales Tax (SPLOST) 2004 Fund – This fund is used to account for capital expenditures paid with the special purpose local option sales tax.

Capital Improvements Fund – This fund is used to account for the purchase or construction of major capital facilities or equipment for the City.

CITY OF BYRON, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2012

| | Special Revenue Funds | | | Capital Projects Funds | | | Total Nonmajor Governmental Funds |
|---|---|---|---|---|---|---|---|
| | Law Enforcement Confiscation | Hotel/Motel Tax Fund | Debt Service Fund | SPLOST 1994 | SPLOST 2004 | Capital Improvements | |
| ASSETS | | | | | | | |
| Cash and cash equivalents | $ 7,290 | $ 108,839 | $ 28 | $ 1,623 | $ 691,834 | $ 468,020 | $ 1,277,634 |
| Certificates of deposit | - | - | - | - | - | 116,431 | 116,431 |
| Receivables, net of allowance | | | | | | | |
| Taxes | - | 42,783 | - | - | - | - | 42,783 |
| Due from other funds | 582 | - | - | - | - | - | 582 |
| Total Assets | $ 7,872 | $ 151,622 | $ 28 | $ 1,623 | $ 691,834 | $ 584,451 | $ 1,437,430 |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | $ - | $ 15,345 | $ - | $ - | $ - | $ - | $ 15,345 |
| Due to other funds | - | 130,044 | - | - | - | - | 130,044 |
| Deferred revenue | - | 6,233 | - | - | - | - | 6,233 |
| Total Liabilities | - | 151,622 | - | - | - | - | 151,622 |
| Fund Balances: | | | | | | | |
| Restricted | 7,872 | - | 28 | 1,623 | 691,834 | - | 701,357 |
| Assigned | - | - | - | - | - | 584,451 | 584,451 |
| Total Fund Balances | 7,872 | - | 28 | 1,623 | 691,834 | 584,451 | 1,285,808 |
| Total Liabilities and Fund Balances | $ 7,872 | $ 151,622 | $ 28 | $ 1,623 | $ 691,834 | $ 584,451 | $ 1,437,430 |

CITY OF BYRON, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

| | Special Revenue Funds | | | Capital Projects Funds | | | Total Nonmajor Governmental Funds |
|---|---|---|---|---|---|---|---|
| | Law Enforcement Confiscation | Hotel/Motel Tax Fund | Debt Service Fund | SPLOST 1994 | SPLOST 2004 | Capital Improvements | |
| Revenues: | | | | | | | |
| Taxes | | | | | | | |
| Other taxes | $ - | $ 216,740 | $ - | $ - | $ - | $ - | $ 216,740 |
| Fines | 750 | - | - | - | - | - | 750 |
| Investment earnings | 10 | - | - | 10 | 1,283 | 1,093 | 2,396 |
| Total Revenues | 760 | 216,740 | - | 10 | 1,283 | 1,093 | 219,886 |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| General government | - | 86,696 | 80 | 5,192 | - | - | 91,968 |
| Public safety | 5,273 | - | - | - | - | - | 5,273 |
| Debt Service: | | | | | | | |
| Principal | - | - | 185,000 | - | - | - | 185,000 |
| Interest | - | - | 188,009 | - | - | - | 188,009 |
| Total Expenditures | 5,273 | 86,696 | 373,089 | 5,192 | - | - | 470,250 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (4,513) | 130,044 | (373,089) | (5,182) | 1,283 | 1,093 | (250,364) |
| Other Financing Sources (Uses): | | | | | | | |
| Transfers from other funds | - | - | 373,009 | - | - | 30,000 | 403,009 |
| Transfers to other funds | - | (130,044) | - | - | - | - | (130,044) |
| Total other financing sources (uses) | - | (130,044) | 373,009 | - | - | 30,000 | 272,965 |
| Net change in fund balances | (4,513) | - | (80) | (5,182) | 1,283 | 31,093 | 22,601 |
| Fund Balance - Beginning of year | 12,385 | - | 108 | 6,805 | 690,551 | 553,358 | 1,263,207 |
| Fund Balance - End of year | $ 7,872 | $ - | $ 28 | $ 1,623 | $ 691,834 | $ 584,451 | $ 1,285,808 |

CITY OF BYRON, GEORGIA

LAW ENFORCEMENT CONFISCATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2012

| | Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| Revenues: | | | |
| Fines and forfeitures | $ 750 | $ 750 | $ - |
| Interest income | 10 | 10 | - |
| Total Revenues | 760 | 760 | - |
| Expenditures: | | | |
| Current: | | | |
| Public safety | 5,273 | 5,273 | - |
| Total Expenditures | 5,273 | 5,273 | - |
| Net change in fund balances | (4,513) | (4,513) | - |
| Fund Balance - Beginning of year | 12,385 | 12,385 | - |
| Fund Balance - End of year | $ 7,872 | $ 7,872 | $ - |

CITY OF BYRON, GEORGIA

HOTEL MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2012

| | Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| Revenues: | | | |
| Hotel Motel Tax | $ 216,740 | $ 216,740 | $ - |
| Total Revenues | 216,740 | 216,740 | - |
| Expenditures: | | | |
| Current: | | | |
| Convention and Visitors Bureau | 86,696 | 86,696 | - |
| Total Expenditures | 86,696 | 86,696 | - |
| Excess of Revenues Over (Under) Expenditures | 130,044 | 130,044 | - |
| Other Financing Sources (Uses): | | | |
| Transfers to General Fund | (130,044) | (130,044) | - |
| Total Other Financing Sources (Uses) | (130,044) | (130,044) | - |
| Net change in fund balances | - | - | - |
| Fund Balance - Beginning of year | - | - | - |
| Fund Balance - End of year | $ - | $ - | $ - |

CITY OF BYRON, GEORGIA

DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2012

| | Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| Revenues: | | | |
| Interest income | $ - | $ - | $ - |
| Total Revenues | - | - | - |
| Expenditures: | | | |
| Current: | | | |
| General government | 80 | 80 | - |
| Debt Service: | | | |
| Principal | 185,000 | 185,000 | - |
| Interest | 188,009 | 188,009 | - |
| Total Expenditures | 373,089 | 373,089 | - |
| Excess (deficiency) of revenues over (under) expenditures | (373,089) | (373,089) | - |
| Other Financing Sources (Uses): | | | |
| Transfers from General Fund | 373,009 | 373,009 | - |
| Total Other Financing Sources (Uses) | 373,009 | 373,009 | - |
| Net change in fund balances | (80) | (80) | - |
| Fund Balance - Beginning of year | 108 | 108 | - |
| Fund Balance - End of year | $ 28 | $ 28 | $ - |

CITY OF BYRON, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2012

| | Original Estimated Cost | Revised Estimated Cost | Expenditures | | |
|---|---|---|---|---|---|
| | | | Prior Years | Current Year | Total |
| **Special Local Option Sales Tax 1994** | | | | | |
| Water System Improvements | $ 1,225,000 | $ 1,225,000 | $ 1,731,041 | $ 5,192 | $ 1,736,233 |
| EDA Projects | 1,050,000 | 1,050,000 | 1,050,000 | - | 1,050,000 |
| Total Expenditures | $ 2,275,000 | $ 2,275,000 | $ 2,781,041 | $ 5,192 | $ 2,786,233 |
| **Special Local Option Sales Tax 2000 (note 1)** | | | | | |
| Roads, Streets and Bridges | $ 250,000 | $ 250,000 | $ 330,740 | $ - | $ 330,740 |
| Wastewater Collection and Treatment | - | 4,200,000 | 2,642,865 | 1,515,477 | 4,158,342 |
| Total Expenditures | $ 250,000 | $ 4,450,000 | $ 2,973,605 | $ 1,515,477 | $ 4,489,082 |

Note 1: Special Local Option Sales Tax 1999 was renamed Special Local Option Sales Tax 2000. On July 21, 2011, the intergovernmental agreement was amended for the 3rd time bringing the total of the wastewater collection and treatment project to $4,200,000. The City incurred additional expenditures for the wastewater collection project and elected to transfer additional funds from the Water and Sewerage Fund to cover those expenditures.

| | | | | | |
|---|---|---|---|---|---|
| **Special Local Option Sales Tax 2004** | | | | | |
| Recreational Facility/ Complex Building | $ 500,000 | $ 500,000 | $ 519,490 | $ - | $ 519,490 |
| Sewer and Water System Improvements | 750,000 | 750,000 | 146,833 | - | 146,833 |
| Total Expenditures | $ 1,250,000 | $ 1,250,000 | $ 666,323 | $ - | $ 666,323 |
| **Special Local Option Sales Tax 2008** | | | | | |
| Roads, Streets and Bridges | $ 1,566,000 | $ 1,566,000 | $ 903,701 | $ - | $ 903,701 |
| Cultural, Historical and Recreational Facilities | 75,000 | 75,000 | 21,205 | - | 21,205 |
| Sewer and Water System | 1,044,000 | 1,044,000 | 174,522 | 106,688 | 281,210 |
| Bond Interest and Costs of Issuance | 390,000 | 390,000 | - | - | - |
| Total Expenditures | $ 3,075,000 | $ 3,075,000 | $ 1,099,428 | $ 106,688 | $ 1,206,116 |

CITY OF BYRON, GEORGIA

BALANCE SHEET
COMPONENT UNIT - DEVELOPMENT AUTHORITY
DECEMBER 31, 2012

| | |
|---|---|
| ASSETS | |
| Cash and cash equivalents | $ 57,865 |
| Total Assets | $ 57,865 |
| LIABILITIES AND FUND BALANCES | |
| Liabilities: | |
| Retainage payable | $ 28,714 |
| Total Liabilities | 28,714 |
| Fund Balances: | |
| Unassigned | 29,151 |
| Total Fund Balances | 29,151 |

Amounts reported for governmental activities in the Statement of Net Position differ from amounts reported in the Balance Sheet of Governmental Funds due to the following:

| | |
|---|---|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 2,172,169 |
| Certain liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported in the fund. | (200,000) |
| Net position of component unit | $ 2,001,320 |

CITY OF BYRON, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
COMPONENT UNIT - DEVELOPMENT AUTHORITY
FOR THE YEAR ENDED DECEMBER 31, 2012

| | | |
|---|---|---|
| Revenues: | | |
| Investment earnings | $ | 356 |
| Total Revenues | | 8,045 |
| Expenditures: | | |
| Capital Outlay | | 28,964 |
| Total Expenditures | | 36,653 |
| Net change in fund balances | | (28,608) |
| Fund Balance - Beginning of year | | 57,759 |
| Fund Balance - End of year | $ | 29,151 |
| Net change in fund balances - component unit | $ | (28,608) |

Amounts reported for governmental activities in the Statement of Activities differ from amounts reported in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances due to the following:

| | | |
|---|---|---|
| Capital Assets | | |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense. | | |
| Total capital outlays | | 28,714 |
| Change in net position of component unit | $ | 106 |

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# GOVERNMENTAL REPORTS

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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*

Mayor and City Council
City of Byron
Byron, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Byron, Georgia as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise City of Byron, Georgia's basic financial statements, and have issued our report thereon dated September 30, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Byron, 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 City of Byron, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Byron, Georgia's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. 2012-01, 2012-02, 2012-03, 2012-04, 2012-05 and 2012-06.



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**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Byron, 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*.

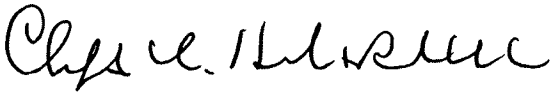
**City of Byron, Georgia's Response to Findings**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the 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.

Macon, Georgia
September 30, 2013



CITY OF BYRON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2012

## Financial Statement Findings

Findings noted on the 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*:

### 2012-01 Accounts Receivable/Revenue

*CRITERIA*
Accounting procedures should be designed to insure that revenues are accrued and recognized when they become both measurable and available to finance expenditures of the fiscal period.

*CONDITION*
Various revenue items were not recorded in the proper fiscal period.

*CONTEXT*
The following adjustments were necessary:

- Net material adjustments totaling $53,225 to correct property taxes receivable and $139,330 to correct deferred revenue in the General Fund.
- Adjustments of $54,658 to correct the current year receivables for the Local Option Sales Taxes.
- Adjustments in the Hotel/Motel Tax Fund to reverse prior year receivables of $15,921 and record current year receivable for delinquent taxes of $6,233. Adjustments were also needed in the Hotel/Motel Tax Fund and the General Fund to record transfers between the two funds in the amount of $130,044.
- Material adjustments in the SPLOST 2000 Fund to reverse a prior year receivable from Peach County of $417,911 and record current year receivables of $748,649.
- Material adjustments in the Water and Sewerage Fund to reverse prior year grants receivable of $18,407.
- A material adjustment in the Water and Sewerage Fund to reclassify loan proceeds of $113,951 from revenue to a liability account.
- Material adjustments in the Natural Gas Fund to record current year receivables of $36,711 and reverse prior year receivables of $46,136.

*EFFECT*
The City produced financial reports, which contained material errors. The audit procedures for 2012 identified the need for a large number of material adjustments to correct accounting records and financial reports.

*CAUSE*
The City does not have adequate accounting procedures in place to insure the accrual of revenues in the proper fiscal year.

*RECOMMENDATION*

We recommend that the City develop procedures to insure the recording of revenues when they become both measurable and available to finance expenditures of the fiscal period.

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*

The City agrees with the findings. Accounting has been staffed with appropriate personnel with more extensive backgrounds in bookkeeping and policies are being developed to ensure the proper recording of revenue items.

**2012-02 Accounts Payable/Expenses**

*CRITERIA*
In accordance with generally accepted accounting principles, expenses are recognized as soon as a liability is incurred. Year-end procedures are necessary to ensure that expenses or expenditures and accounts payable are recorded in the appropriate period.

*CONDITION*
The City does not have adequate accounting procedures to insure that expenses are recorded and properly classified when a liability is incurred.

*CONTEXT*
The following adjustments were necessary:

- Adjustments to record payables of $14,588 in the General Fund and to reverse prior year payables of $25,000.
- A material adjustment to record retainage payable of $93,942 in the SPLOST 2000 Fund.
- Material adjustments to record payables of $11,039 in the Natural Gas Fund and reverse prior year payables of $33,541. An adjustment was also needed to reverse a duplicated entry to accrue accounts payable in the amount of $24,914.
- A material adjustment to reverse prior year payables of $75,000 in the SPLOST 2008 Fund.

*EFFECT*
Material audit adjustments were needed to fairly state and classify expenses for the year ended December 31, 2012.

*CAUSE*
The City lacked accounting procedures to insure the recording and proper classification of incurred expenses at the end of the fiscal period.

*RECOMMENDATION*
The City should establish procedures to insure the proper accrual and classification of all liabilities incurred during the fiscal period

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*
The City agrees with the findings. Accounting has been staffed with appropriate personnel with more extensive backgrounds in bookkeeping and policies are being developed to ensure the proper recording of payable/expense items.

**2012-03 Capital Assets**

*CRITERIA*
Accounting and control procedures should be designed to insure that capital asset activity is recorded and reported in the business-type activities financial statements. Capital asset records must be supported by detailed records that include location, department, cost, estimated useful life, depreciation and other detail supporting documentation.

*CONDITION*
The City had not properly posted all capital asset activity to the subsidiary ledgers.

*CONTEXT*
The following adjustments were necessary:

- Material adjustments in the Water and Sewerage Fund to reclassify capital asset additions of $50,958 from expenses.
- A material adjustment in the Water and Sewerage Fund to record depreciation expense for $221,528.
- A material adjustment in the Water and Sewerage Fund to record contributed capital from the SPLOST Funds for $1,579,427.

*EFFECT*
Interim financial statements for the Water and Sewerage Fund contained material misstatements and were relied upon by management.

*CAUSE*
Accounting personnel may have lacked adequate training in capital asset accounting.

*RECOMMENDATION*
The City should insure that the proper reconciling procedures are being performed monthly and at year-end to balance and reconcile capital asset records.

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*
The City agrees with the findings. Forms and policies have been developed to better track capital expenditures. Each project is now individually tracked by the department overseeing the work being performed and that information is being relayed directly to accounting, which will ensure more timely depreciation and posting to ledgers.

**2012-04** **Debt Service Fund**

*CRITERIA*
The City's accounting system should reflect all of the financial transactions of the City.

*CONDITION*
During 2012, the accounting system did not reflect the transactions of the debt service fund.

*CONTEXT*
Adjustments were necessary to record debt service payments of $373,009 and transfers from the General Fund of $373,009.

*EFFECT*
The accounting system did not reflect all of the financial transactions which were required to be reported by governmental accounting standards.

*CAUSE*
The City staff had not established a fund to record debt transactions.

*RECOMMENDATION*
A debt service fund should be established in the accounting system to record the related debt service transactions.

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*
The City agrees with the findings. The debt service fund is being built into the ledger this fiscal year; it was an oversight in previous years.

**2012-05 Interfund Balances**

*CRITERIA*
Generally accepted accounting principles require that interfund loan transactions be recorded as interfund receivables and interfund payables in the lender and borrower funds, respectively. Additionally, these balances are required to be liquidated on a timely basis.

*CONDITION*
The Hotel/Motel Tax Fund reflects an interfund balance which includes tax collections for the entire year.

*CONTEXT*
Cash accumulated in the Hotel/Motel Tax Fund checking account totaled $108,839 as of December 31, 2012. A balance of $130,044 was due to the General Fund at year-end and was not subsequently paid to the General Fund on a timely basis.

*EFFECT*
The Hotel/Motel Tax Fund interfund balance was not liquidated until after audit procedures were performed subsequent to the year-end.

*CAUSE*
The City did not monitor outstanding interfund balances of the Hotel/Motel Tax Fund.

*RECOMMENDATION*
We recommend that the City review all interfund receivables and payables on a monthly basis and liquidate the balances on a monthly basis.

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*
The City agrees with the findings. The interfund balance will be cleared and will now be cleared on a monthly basis with any other interfund balances.

**2012-06 Control Environment – Municipal Court**

*CRITERIA*
Accounting and control procedures should be designed to insure that fines and forfeitures and bond payments are deposited and recorded in a timely manner.

*CONDITION*
Audit procedures noted the following conditions:

- Municipal Court did not collect police department receipts on a timely basis.
- Municipal did not deposit receipts on a timely basis.
- Multiple staff members had access to cash held in a filing cabinet.
- Courtware software was not updated on a timely basis.

*CONTEXT*
Bond funds in the amount of $1,310, received on October 12, 2012 were never deposited into the bank and could not be located once the case went to court in January 2013.

*EFFECT*
The City was unable to account for $1,310 in bond funds.

*CAUSE*
The City did not have controls in place to insure all municipal court funds were deposited timely and reconciled to subsidiary reports.

*RECOMMENDATION*
The City should implement effective controls over the collection of cash receipts in the municipal court.

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*
The City agrees with the findings. Police Department receipts are now being collected weekly by the Court Administrator. Receipts are being deposited as they are received. Cash is now being held in a locked safe in the Court Administrator's office, only 2 personnel have the combination. Courtware is now being updated daily.