CITY OF BYRON, GEORGIA

AUDIT REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2013

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, 2013, 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, 2013, 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.

Matter of Emphasis

As discussed in Note 14 to the financial statements, in 2013, the City of Byron, Georgia adopted new accounting guidance, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

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 50 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 underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 July 21, 2014, 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
July 21, 2014

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, 2013.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities as of December 31, 2013, by $23,376,759.
- The government's total net position decreased by $875,229 for the year ended December 31, 2013
- As of December 31, 2013, total net position consisted of $16,240,776 net investment in capital assets, $1,692,904 restricted, and $5,443,079 unrestricted.
- As of December 31, 2013, the City's governmental funds reported an ending fund balance of $4,861,513, a decrease of $569,377 in comparison with the prior year.
- For the year ended December 31, 2013, unrestricted fund balance (the total of the assigned, and unassigned components of fund balance) for the General Fund was $2,574,623 or approximately 63% 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 ten 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, LMIG 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 $23,376,759, at the close of the most recent year.

The largest portion of the City's net position (69.5%) 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 (7.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of $5,443,079 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

For the year ended December 31, 2013, capital assets decreased $164,588. Long-term liabilities decreased $248,378 as of December 31, 2013, compared to 2012. The decrease is the result of principal payments.

	Governmental Activities		Business-type Activities		Total Net Position	
	2013	2012	2013	2012	2013	2012
Assets						
Current and other assets	$ 5,362,444	$ 6,024,289	$ 2,437,296	$ 2,761,833	$ 7,799,740	$ 8,786,122
Capital assets	11,524,874	11,879,547	10,377,694	10,187,609	21,902,568	22,067,156
Total Assets	16,887,318	17,903,836	12,814,990	12,949,442	29,702,308	30,853,278
Liabilities						
Current and other liabilities	291,796	278,480	296,278	251,213	588,074	529,693
Long-term liabilities	4,393,837	4,580,554	1,343,638	1,405,299	5,737,475	5,985,853
Total Liabilities	4,685,633	4,859,034	1,639,916	1,656,512	6,325,549	6,515,546
Net Position						
Net investment in capital assets	7,199,592	7,366,166	9,041,184	8,789,651	16,240,776	16,155,817
Restricted	1,671,750	2,146,516	21,154	15,000	1,692,904	2,161,516
Unrestricted	3,330,343	3,532,120	2,112,736	2,488,279	5,443,079	6,020,399
Total net position	$ 12,201,685	$ 13,044,802	$ 11,175,074	$ 11,292,930	$ 23,376,759	$ 24,337,732

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues						
Charges for services	$ 1,011,623	$ 1,139,555	$ 2,037,011	$ 1,941,006	$ 3,048,634	$ 3,080,561
Operating grants and contributions	157,439	18,247	-	-	157,439	18,247
Capital grants and contributions	191,628	1,692,718	523,351	1,628,805	714,979	3,321,523
General revenues						
Property tax	1,604,011	1,569,768	-	-	1,604,011	1,569,768
Sales tax	302,280	325,674	-	-	302,280	325,674
Other taxes	1,220,667	1,172,648	-	-	1,220,667	1,172,648
Investment earnings	1,448	4,810	14,654	5,317	16,102	10,127
Other	24,657	28,720	-	-	24,657	28,720
Total Revenues	4,513,753	5,952,140	2,575,016	3,575,128	7,088,769	9,527,268
Expenses						
General government	1,507,930	1,341,511	-	-	1,507,930	1,341,511
Public safety	2,572,518	2,260,792	-	-	2,572,518	2,260,792
Public works	1,312,217	2,231,144	-	-	1,312,217	2,231,144
Economic development	13,082	7,689	-	-	13,082	7,689
Interest on long-term debt	179,352	186,945	-	-	179,352	186,945
Water and sewer	-	-	1,777,670	1,085,658	1,777,670	1,085,658
Natural Gas	-	-	340,367	314,181	340,367	314,181
Solid Waste	-	-	260,862	255,744	260,862	255,744
Total Expenses	5,585,099	6,028,081	2,378,899	1,655,583	7,963,998	7,683,664
Excess (deficiency) before transfers	(1,071,346)	(75,941)	196,117	1,919,545	(875,229)	1,843,604
Transfers	313,973	347,836	(313,973)	(347,836)	-	-
Change in net position	(757,373)	271,895	(117,856)	1,571,709	(875,229)	1,843,604
Net position - beginning of year, restated	12,959,058	12,772,907	11,292,930	9,721,221	24,251,988	22,494,128
Net position - end of year	$ 12,201,685	$ 13,044,802	$ 11,175,074	$ 11,292,930	$ 23,376,759	$ 24,337,732

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, 2013, the City's governmental funds reported combined fund balances of $4,861,513, a decrease of $569,377 in comparison with the prior year. Approximately 52% of this amount ($2,528,456) 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 ($1,671,750), or 4) assigned for particular purposes ($661,307).

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 $41,356 for contingency funds not used.
- Executive budgeted expenditures increased $72,271 due to matching funds for an RBEG grant that was applied for during the year and unforeseen repairs to the Byron Library (the City of Byron owns the building).
- Fire Department budgeted expenditures increased $200,278 due to the SAFER grant (hiring six new employees).

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, 2013, amounts to $21,902,568, 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 decreased $164,588. The net change is the result of capital acquisitions of $850,613, depreciation expense of $1,007,168 and disposals of $8,033.

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	$ 646,092	$ 646,092	$ 156,769	$ 156,769	$ 802,861	$ 802,861
Construction in process	22,470	1,272,997	638,282	6,064,683	660,752	7,337,680
Infrastructure	5,599,568	4,558,685	-	-	5,599,568	4,558,685
Building	4,811,677	4,970,079	-	-	4,811,677	4,970,079
Distribution system	-	-	9,384,376	3,818,124	9,384,376	3,818,124
Machinery and equipment	156,656	161,314	198,267	148,033	354,923	309,347
Vehicles	282,628	247,745	-	-	282,628	247,745
Intangibles	5,783	22,635	-	-	5,783	22,635
Total	$ 11,524,874	$11,879,547	$10,377,694	$ 10,187,609	$21,902,568	$ 22,067,156

Additional information on the City's capital assets can be found in Note 8 on pages 40-41 of this report.

Long-Term Debt

As of December 31, 2013, the governmental activities reflect $4,350,000 in bonds payable as long-term debt. The Water and Sewerage Fund reflects GEFA loans and revenue bonds as long-term debt as of December 31, 2013. GEFA loans equal $1,278,510, including $69,011 due within one year. Bonds payable equal $58,000, including $14,000 due within one year.

Additional information on the City's long-term debt can be found in Note 9 on pages 42-45 of this report.

Accomplishments/Growth for 2013

In 2013, 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, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Development Authority
ASSETS				
Cash and cash equivalents	$ 5,628,472	$ 934,000	$ 6,562,472	$ 56,298
Certificates of deposit	235,646	144,557	380,203	-
Receivables, net of allowance				
Taxes	395,913	-	395,913	-
Accounts	-	114,893	114,893	-
Due from Jointly Owned Natural Gas	-	48,426	48,426	-
Due from other government	91,979	-	91,979	-
Internal balances	(989,566)	989,566	-	-
Restricted assets	-	21,154	21,154	-
Investment in Jointly Owned Natural Gas	-	184,700	184,700	-
Capital assets:				
Nondepreciable	668,562	795,051	1,463,613	2,172,169
Depreciable	10,856,312	9,582,643	20,438,955	-
Total Assets	16,887,318	12,814,990	29,702,308	2,228,467
LIABILITIES				
Accounts payable	190,373	124,962	315,335	-
Retainage payable	-	-	-	28,714
Accrued interest	27,996	5,409	33,405	-
Customer deposits	20,276	165,907	186,183	-
Unearned revenue	53,151	-	53,151	-
Noncurrent liabilities				
Due within one year	253,271	89,070	342,341	-
Due in more than one year	4,140,566	1,254,568	5,395,134	200,000
Total Liabilities	4,685,633	1,639,916	6,325,549	228,714
NET POSITION				
Net investment in capital assets	7,199,592	9,041,184	16,240,776	2,172,169
Restricted for				
Capital outlay	1,582,117	-	1,582,117	-
Public safety	60,173	-	60,173	-
Other restrictions	29,460	21,154	50,614	-
Unrestricted (Deficit)	3,330,343	2,112,736	5,443,079	(172,416)
Total Net Position	$ 12,201,685	$ 11,175,074	$ 23,376,759	$ 1,999,753

The accompanying notes are an integral part of the statements.

CITY OF BYRON, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

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	$ 1,507,930	$ 290,282	$ 157,439	$ -	$ (1,060,209)	$ -	$ (1,060,209)	$ -
Public safety	2,572,518	721,341	-	-	(1,851,177)	-	(1,851,177)	-
Public works	1,312,217	-	-	191,628	(1,120,589)	-	(1,120,589)	-
Economic development	13,082	-	-	-	(13,082)	-	(13,082)	-
Interest on long-term debt	179,352	-	-	-	(179,352)	-	(179,352)	-
Total governmental activities	5,585,099	1,011,623	157,439	191,628	(4,224,409)	-	(4,224,409)	-
Business-type Activities								
Water and sewerage	1,777,670	1,338,672	-	523,351	-	84,353	84,353	-
Natural gas	340,367	402,067	-	-	-	61,700	61,700	-
Solid Waste	260,862	296,272	-	-	-	35,410	35,410	-
Total Business-type Activities	2,378,899	2,037,011	-	523,351	-	181,463	181,463	-
Total Primary Government	$ 7,963,998	$ 3,048,634	$ 157,439	$ 714,979	(4,224,409)	181,463	(4,042,946)	-
Development Authority	$ 14,932	$ -	$ -	$ -				(14,932)
Total Component Units	$ 14,932	$ -	$ -	$ -				(14,932)
General Revenues								
Property tax					1,604,011	-	1,604,011	-
Sales tax					302,280	-	302,280	-
Insurance premium					232,747	-	232,747	-
Franchise taxes					309,961	-	309,961	-
Beer and wine					148,087	-	148,087	-
Other taxes					529,872	-	529,872	-
Grants and contributions not restricted to specific programs					-	-	-	13,082
Investment earnings					1,448	14,654	16,102	283
Miscellaneous					24,657	-	24,657	-
Total General Revenues					3,153,063	14,654	3,167,717	13,365
Transfers					313,973	(313,973)	-	-
Total General Revenues and Transfers					3,467,036	(299,319)	3,167,717	13,365
Change in Net Position					(757,373)	(117,856)	(875,229)	(1,567)
Net Position - Beginning of year, restated					12,959,058	11,292,930	24,251,988	2,001,320
Net Position - End of year					$ 12,201,685	$ 11,175,074	$ 23,376,759	$ 1,999,753

The accompanying notes are an integral part of the statements.

CITY OF BYRON, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	General Fund	SPLOST 2008	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 3,235,118	$ 1,061,526	$ 1,331,828	$ 5,628,472
Certificates of deposit	119,056	-	116,590	235,646
Receivables, net of allowance				
Taxes	353,002	-	42,911	395,913
Due from other governments	91,979	-	-	91,979
Due from other funds	226,661	-	103,544	330,205
Total Assets	$ 4,025,816	$ 1,061,526	$ 1,594,873	$ 6,682,215
LIABILITIES				
Accounts payable	$ 102,563	$ 65,854	$ 21,956	$ 190,373
Due to other governments	-	-	20,276	20,276
Due to other funds	1,093,110	107,926	118,735	1,319,771
Unearned revenue	-	-	53,151	53,151
Total Liabilities	1,195,673	173,780	214,118	1,583,571
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	226,072	-	-	226,072
Unavailable revenue - other	-	-	11,059	11,059
Total Deferred Inflows of Resources	226,072	-	11,059	237,131
FUND BALANCES				
Restricted	29,448	887,746	754,556	1,671,750
Assigned	46,167	-	615,140	661,307
Unassigned	2,528,456	-	-	2,528,456
Total Fund Balances	2,604,071	887,746	1,369,696	4,861,513
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 4,025,816	$ 1,061,526	$ 1,594,873	$ 6,682,215

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, 2013

Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balances - governmental funds	$	4,861,513
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		668,562
Cost of the assets		15,747,536
Accumulated depreciation		(4,891,224)
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		237,131
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		(68,555)
Bonds payable		(4,350,000)
Bonds discount		24,718
Accrued interest payable		(27,996)
Total Adjustments		7,340,172
Total Net Position of Governmental Activities	$	12,201,685

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, 2013

	General Fund	SPLOST 2008	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes				
Property tax	$ 1,626,325	$ -	$ -	$ 1,626,325
Sales tax	302,280	-	-	302,280
Insurance premium	232,747	-	-	232,747
Franchise taxes	309,961	-	-	309,961
Beer and wine	148,087	-	-	148,087
Other taxes	317,592	-	212,280	529,872
License and permits	277,522	-	-	277,522
Intergovernmental	157,439	-	189,373	346,812
Charges for services	12,760	-	-	12,760
Fines	666,726	-	54,615	721,341
Investment earnings	523	1,454	1,726	3,703
Other revenues	24,657	-	-	24,657
Total Revenues	4,076,619	1,454	457,994	4,536,067
Expenditures:				
Current:				
General government	1,240,244	-	85,260	1,325,504
Public safety	2,357,430	-	2,320	2,359,750
Public works	485,391	-	-	485,391
Economic development	13,082	-	-	13,082
Debt Service:				
Principal	-	-	190,000	190,000
Interest	-	-	181,626	181,626
Capital Outlay	-	531,875	332,189	864,064
Total Expenditures	4,096,147	531,875	791,395	5,419,417
Excess (Deficiency) of Revenues Over (Under) Expenditures	(19,528)	(530,421)	(333,401)	(883,350)
Other Financing Sources (Uses):				
Transfers from other funds	492,208	-	633,647	1,125,855
Transfers to other funds	(633,647)	-	(178,235)	(811,882)
Total other financing sources (uses)	(141,439)	-	455,412	313,973
Net change in fund balances	(160,967)	(530,421)	122,011	(569,377)
Fund Balance - Beginning of year	2,765,038	1,418,167	1,247,685	5,430,890
Fund Balance - End of year	$ 2,604,071	$ 887,746	$ 1,369,696	$ 4,861,513

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, 2013

Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds	$	(569,377)
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		226,945
Total depreciation		(581,618)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(22,314)
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 position.		190,000
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.		(1,382)
Accrued interest on debt		2,274
Amortization of discount		(1,901)
Total Adjustments		(187,996)
Change in Net Position of Governmental Activities	$	(757,373)

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, 2013

	Budget Amounts			
	Original	Final	Actual	Variance with Final Budget
Taxes:				
General property taxes	$ 1,403,605	$ 1,403,605	$ 1,626,325	$ 222,720
Local option sales tax	327,442	327,442	302,280	(25,162)
Other taxes:				
Beer and wine	153,167	153,167	148,087	(5,080)
Insurance premium	211,632	211,632	232,747	21,115
Recording intangible	14,666	14,666	23,257	8,591
Real estate transfer	4,891	4,891	6,295	1,404
Franchise tax	325,287	325,287	309,961	(15,326)
Auto and mobile home	117,054	117,054	160,824	43,770
Business and occupation taxes	46,403	46,403	71,199	24,796
Public utility taxes	31,077	31,077	36,277	5,200
Financial institutions	15,107	15,107	19,096	3,989
Other	459	459	644	185
Total Taxes	2,650,790	2,650,790	2,936,992	286,202
Licenses and Permits:				
Building permits	127,022	127,022	244,672	117,650
Business license	11,180	11,180	11,700	520
Alcohol beverage licenses	27,350	27,350	21,150	(6,200)
Total Licenses and Permits	165,552	165,552	277,522	111,970
Fines and Forfeitures:				
Fines	1,304,216	1,304,216	662,154	(642,062)
Other police revenue	5,087	5,087	4,572	(515)
Total Fines and Forfeitures	$ 1,309,303	$ 1,309,303	$ 666,726	$ (642,577)

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, 2013
(CONTINUED)

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
Intergovernmental Revenues:				
Local government payment in lieu of taxes	$ 1,930	$ 1,930	$ 2,065	$ 135
FEMA	28,500	137,001	108,501	(28,500)
Governor's Office of Highway Safety	-	-	9,998	9,998
USDA	-	31,875	31,875	-
Other grants	-	104,274	5,000	(99,274)
Total Intergovernmental Revenues	30,430	275,080	157,439	(117,641)
Charges for Services:				
Rents	18,000	18,000	10,751	(7,249)
Administrative fees	3,255	3,255	2,009	(1,246)
Cemetery fees	12,000	12,000	-	(12,000)
Animal control fees	200	200	-	(200)
Total Charges for Services	33,455	33,455	12,760	(20,695)
Miscellaneous:				
Interest earnings	-	-	523	523
Insurance proceeds	10,000	10,000	17,283	7,283
Miscellaneous	18,724	18,724	7,374	(11,350)
Total Miscellaneous	28,724	28,724	25,180	(3,544)
Total Revenues	$ 4,218,254	$ 4,462,904	$ 4,076,619	$ (386,285)

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, 2013
(CONTINUED)

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
Current:				
General Government:				
Administrative	$ 560,270	$ 518,914	$ 469,687	$ 49,227
Executive	230,031	302,302	302,302	-
Municipal Court	380,944	380,944	338,655	42,289
Library	1,986	12,361	10,865	1,496
Planning and zoning	121,284	121,284	118,735	2,549
Public Safety:				
Police department	1,693,892	1,693,892	1,663,046	30,846
Fire department	319,139	519,417	519,417	-
Marshal	196,041	196,041	174,967	21,074
Public Works:				
Street	338,183	338,183	238,446	99,737
Public works administration	287,992	287,992	246,945	41,047
Economic Development:				
Byron Development Authority	10,000	13,082	13,082	-
Total expenditures	4,139,762	4,384,412	4,096,147	288,265
Excess (Deficiency) of Revenues Over (Under) Expenditures	78,492	78,492	(19,528)	(98,020)
Other Financing Sources (Uses):				
Transfer from:				
Hotel motel tax fund	126,000	126,000	127,368	1,368
Natural gas fund	20,000	20,000	20,000	-
Water and sewerage fund	340,913	340,913	344,840	3,927
Transfers to:				
Debt service fund	(371,626)	(371,626)	(371,626)	-
Capital improvements fund	(262,021)	(262,021)	(262,021)	-
Total Other Financing Sources (Uses)	(146,734)	(146,734)	(141,439)	5,295
Net change in fund balances	(68,242)	(68,242)	(160,967)	(92,725)
Fund Balance - Beginning of year	2,765,038	2,765,038	2,765,038	-
Fund Balance - End of year	$ 2,696,796	$ 2,696,796	$ 2,604,071	$ (92,725)

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, 2013

	Business-type Activities - Enterprise Funds			
	Water and Sewerage Fund	Natural Gas Fund	Nonmajor Solid Waste Fund	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 753,372	$ 178,486	$ 2,142	$ 934,000
Certificates of deposit	144,557	-	-	144,557
Restricted cash and cash equivalents:				
Revenue bond covenant accounts	21,154	-	-	21,154
Accounts receivable				
(Net of allowance for uncollectible)	55,753	-	59,140	114,893
Due from Jointly Owned Natural Gas	-	48,426	-	48,426
Due from other funds	686,044	275,925	27,597	989,566
Total current assets	1,660,880	502,837	88,879	2,252,596
Noncurrent assets:				
Investment in Jointly Owned Natural Gas	-	184,700	-	184,700
Capital assets:				
Nondepreciable	795,051	-	-	795,051
Depreciable	9,582,643	-	-	9,582,643
Total noncurrent assets	10,377,694	184,700	-	10,562,394
Total Assets	12,038,574	687,537	88,879	12,814,990

The accompanying notes are an integral part of the statements.

CITY OF BYRON, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2013
(CONTINUED)

	Business-type Activities - Enterprise Funds			
			Nonmajor	
	Water and Sewerage Fund	Natural Gas Fund	Solid Waste Fund	Total
LIABILITIES				
Current liabilities:				
Accounts payable	$ 64,302	$ 39,056	$ 21,604	$ 124,962
Accrued interest payable	5,409	-	-	5,409
Customer deposits	165,907	-	-	165,907
Accrued absences - current	6,059	-	-	6,059
Notes payable - current	69,011	-	-	69,011
Revenue bonds payable - current	14,000	-	-	14,000
Total current liabilities	324,688	39,056	21,604	385,348
Noncurrent liabilities:				
Accrued absences	1,069	-	-	1,069
Revenue bonds payable	44,000	-	-	44,000
Notes payable	1,209,499	-	-	1,209,499
Total noncurrent liabilities	1,254,568	-	-	1,254,568
Total Liabilities	1,579,256	39,056	21,604	1,639,916
NET POSITION				
Net investment in capital assets	9,041,184	-	-	9,041,184
Restricted for debt retirement	21,154	-	-	21,154
Unrestricted	1,396,980	648,481	67,275	2,112,736
Total Net Position	$ 10,459,318	$ 648,481	$ 67,275	$ 11,175,074

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, 2013

	Business-type Activities - Enterprise Funds			
			Nonmajor	
	Water and Sewerage Fund	Natural Gas Fund	Solid Waste Fund	Total
Operating Revenues:				
Charges and fees	$ 1,298,234	$ 390,784	$ 296,272	$ 1,985,290
Penalties	39,052	-	-	39,052
Other	1,386	11,283	-	12,669
Total Operating Revenues	1,338,672	402,067	296,272	2,037,011
Operating Expenses:				
Salaries and benefits	317,811	-	-	317,811
Utilities	186,788	340,367	-	527,155
Maintenance and repairs	88,487	-	-	88,487
Operating materials	64,199	-	-	64,199
Contractual charges	392,208	-	260,802	653,010
Other operating expenses	246,670	-	60	246,730
Depreciation	425,550	-	-	425,550
Total Operating Expenses	1,721,713	340,367	260,862	2,322,942
Operating Income (Loss)	(383,041)	61,700	35,410	(285,931)
Nonoperating Revenues (Expenses):				
Interest revenue	883	146	-	1,029
Net income from joint venture	-	13,625	-	13,625
Interest expense	(55,957)	-	-	(55,957)
Total Nonoperating Revenues (Expenses)	$ (55,074)	$ 13,771	$ -	$ (41,303)

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, 2013
(CONTINUED)

	Business-type Activities - Enterprise Funds			
			Nonmajor	
	Water and Sewerage Fund	Natural Gas Fund	Solid Waste Fund	Total
Income (loss) before transfers	$ (438,115)	$ 75,471	$ 35,410	$ (327,234)
Capital contributions	523,351	-	-	523,351
Transfers in	50,867	-	-	50,867
Transfers (out)	(344,840)	(20,000)	-	(364,840)
Change in net position	(208,737)	55,471	35,410	(117,856)
Net Position - Beginning of Year	10,668,055	593,010	31,865	11,292,930
Net Position - End of Year	$ 10,459,318	$ 648,481	$ 67,275	$ 11,175,074

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, 2013

	Business-type Activities - Enterprise Funds			
	Water and Sewerage Fund	Natural Gas Fund	Nonmajor Solid Waste Fund	Total
Cash Flows from Operating Activities:				
Cash received from customers	$ 1,350,134	$ 378,254	$ 287,852	$ 2,016,240
Cash paid to suppliers	(845,145)	(606,723)	(287,912)	(1,739,780)
Cash paid to employees	(318,025)	-	-	(318,025)
Net Cash Provided by (Used for) Operating Activities	186,964	(228,469)	(60)	(41,565)
Cash Flows from Noncapital Financing Activities:				
Transfer to other funds	(344,840)	(20,000)	-	(364,840)
Net Cash Provided by (Used for) Noncapital Financing Activities	(344,840)	(20,000)	-	(364,840)
Cash Flows from Capital and Related Financing Activities:				
Principal paid on notes	(49,448)	-	-	(49,448)
Interest paid on notes	(54,572)	-	-	(54,572)
Acquisition and construction of capital assets	(100,316)	-	-	(100,316)
Principal paid on revenue bonds	(12,000)	-	-	(12,000)
Net Cash Provided by (Used for) Capital and Related Financing Activities	$ (216,336)	$ -	$ -	$ (216,336)

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, 2013
(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	$ (392)	$ -	$ -	$ (392)
Net income from JONG	-	13,625	-	13,625
Interest earnings	883	146	-	1,029
Net Cash Provided by (Used for) Investing Activities	491	13,771	-	14,262
Net Increase (Decrease) in Cash and Cash Equivalents	(322,853)	(234,698)	(60)	(557,611)
Cash and Cash Equivalents at Beginning of Year	1,097,379	413,184	2,202	1,512,765
Cash and Cash Equivalents at End of Year	$ 774,526	$ 178,486	$ 2,142	$ 955,154
Classified as:				
Current assets	$ 753,372	$ 178,486	$ 2,142	$ 934,000
Restricted assets	21,154	-	-	21,154
Total Cash and Cash Equivalents	$ 774,526	$ 178,486	$ 2,142	$ 955,154

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, 2013
(CONTINUED)

	Business-type Activities - Enterprise Funds			
	Water and Sewerage Fund	Natural Gas Fund	Nonmajor Solid Waste Fund	Total
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities:				
Net operating income	$ (383,041)	$ 61,700	$ 35,410	$ (285,931)
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	425,550	-	-	425,550
Abandoned project	8,033	-	-	8,033
Changes in Assets and Liabilities:				
(Increase) decrease in accounts receivable	11,462	(10,188)	(8,420)	(7,146)
(Increase) decrease in due from other funds	83,577	-	-	83,577
(Increase) decrease in investment in JONG	-	(13,625)	-	(13,625)
Increase (decrease) in accounts payable	41,597	2,781	(697)	43,681
Increase (decrease) in accrued vacation absences	(214)	-	-	(214)
Increase (decrease) in due to other funds	-	(269,137)	(26,353)	(295,490)
Total Adjustments	570,005	(290,169)	(35,470)	244,366
Net Cash Provided by (Used for) Operating Activities	$ 186,964	$ (228,469)	$ (60)	$ (41,565)
Noncash Investing, Capital, Financing Activities:				
Contributions of capital assets from government	$ 523,351	$ -	$ -	$ 523,351
Total Noncash Investing, Capital, Financing Activities	$ 523,351	$ -	$ -	$ 523,351

The accompanying notes are an integral part of the statements.

CITY OF BYRON, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITY
FIDUCIARY FUND
DECEMBER 31, 2013

	Agency Fund
ASSETS	
Cash	$ 49,041
Total assets	$ 49,041
LIABILITY	
Payable from Assets	
Confiscated assets pending disposition	$ 49,041

The accompanying notes are an integral part of the statements.

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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, 2013.

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, 2013, the City has an approximate 10 percent equity interest in the JONG. This equity interest is recorded in the proprietary funds statement of net position.

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.

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.

Additionally, the City reports the following fund type:

Fiduciary Fund – accounts for money confiscated and held pending disposition by courts.

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 Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement, element, deferred inflows of resources, represents an acquisition of net position that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources, property taxes and hotel/motel taxes. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

K. Net Position Flow Assumption

Sometimes the City 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 City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

L. 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 position. Bond premiums and discounts are

amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In fund financial statements, governmental fund types recognize bond premiums and discounts 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.

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, 2013:

	General Fund	SPLOST 2008	Nonmajor Governmental	Total
Fund Balances				
Restricted for:				
Capital outlay	-	887,746	694,371	1,582,117
Debt service	-	-	12	12
Public safety	-	-	60,173	60,173
Donations-utility payments	29,448	-	-	29,448
Assigned:				
Capital outlay	-	-	615,140	615,140
Public safety	46,167	-	-	46,167
Unassigned	2,528,456	-	-	2,528,456
Total fund balances	$ 2,604,071	$ 887,746	$ 1,369,696	$ 4,861,513

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, 2013, 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, the Special Revenue Funds and the Debt Service Fund. 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.

NOTE 3 – DEPOSITS AND INVESTMENTS

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. 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. At December 31, 2013, the carrying amount of the City's deposits was $7,012,870 and the bank balance was $7,113,544. As of December 31, 2013, $45,660 of the City's bank balances of $7,113,544 was exposed to custodial credit risk.

The Byron Development Authority, a discretely presented component unit, bank balances of deposits as of December 31, 2013 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.

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. At December 31, 2013, the City's only investments were in certificates of deposit.

At December 31, 2013, the City's investments in certificates of deposit were as follows:

Investment	Maturity	Amount
Certificate of deposit - General Fund	156 days	$ 119,056
Certificates of deposit - Water and Sewerage Fund	156 days	144,557
Certificate of deposit - Nonmajor Governmental Fund	236 days	116,590
		$ 380,203

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	December 15	January 1
Due date and collection date	February 15	Staggered

B. Hotel/Motel Excise Tax

A summary of the hotel/motel excise tax expenditures and receipts for the year ended December 31, 2013, are as follows:

Expenditures by Purpose	Amount	Hotel/Motel Tax Receipts	Percentage
Convention & Visitors Bureau	$ 84,912	$ 212,280	40%
General fund	127,368	212,280	60%

NOTE 5 – OTHER RECEIVABLES

Receivables have been reduced to their estimated net realizable value, based upon historical experience rates. Receivables at December 31, 2013, consist of the following:

	General Fund	Water Sewerage	Natural Gas	Nonmajor Enterprise Fund	Nonmajor Governmental Funds	Total
Receivables:						
Taxes	$ 546,741	$ -	$ -	$ -	$ 42,911	$ 589,652
Accounts	-	106,010	22,123	118,279	-	246,412
Gross Receivables	546,741	106,010	22,123	118,279	42,911	836,064
Less: Allowance for uncollectibles	(193,739)	(50,257)	(22,123)	(59,139)	-	(325,258)
Net Total Receivables	$ 353,002	$ 55,753	$ -	$ 59,140	$ 42,911	$ 510,806

NOTE 6 – DUE FROM OTHER GOVERNMENTS

The General Fund reflects $91,979 in Due from Other Governments, which represents local option sales tax of $25,530 due from the Georgia Department of Revenue, grant reimbursements of $56,451 from FEMA and $9,998 from the Governor's Office of Highway Safety.

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The interfund receivables and payables at December 31, 2013, were as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	$ 118,735
General	SPLOST 2008	107,926
Water and Sewerage	General	686,044
Natural Gas	General	275,925
Nonmajor Governmental	General	103,544
Nonmajor Enterprise	General	27,597
Total		$ 1,319,771

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	Water & Sewerage Fund	Nonmajor Governmental	Total
General Fund	$ -	$ -	$ 633,647	$ 633,647
Water and Sewerage	344,840	-	-	344,840
Natural Gas Fund	20,000	-	-	20,000
Nonmajor Governmental	127,368	50,867	-	178,235
Total	$ 492,208	$ 50,867	$ 633,647	$ 1,176,722

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, 2013, was as follows:

Primary Government

	Balance January 1, 2013	Increases	Decreases	Reclassifications	Balance December 31, 2013
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 646,092	$ -	$ -	$ -	$ 646,092
Construction in progress	1,272,997	17,935	-	(1,268,462)	22,470
Total capital assets not being depreciated	1,919,089	17,935	-	(1,268,462)	668,562
Capital assets, being depreciated:					
Infrastructure	5,561,607	-	-	1,268,462	6,830,069
Buildings and improvements	6,723,881	39,844	-	-	6,763,725
Vehicles	1,030,682	135,458	(18,756)	-	1,147,384
Intangible	84,262	-	-		84,262
Machinery and equipment	888,388	33,708	-	-	922,096
Total capital assets being depreciated	14,288,820	209,010	(18,756)	1,268,462	15,747,536
Less: accumulated depreciation					
Infrastructure	(1,002,922)	(227,579)	-	-	(1,230,501)
Buildings and improvements	(1,753,802)	(198,246)	-	-	(1,952,048)
Vehicles	(782,937)	(100,575)	18,756	-	(864,756)
Intangible	(61,627)	(16,852)	-		(78,479)
Machinery and equipment	(727,074)	(38,366)	-	-	(765,440)
Total accumulated depreciation	(4,328,362)	(581,618)	18,756	-	(4,891,224)
Total capital assets being depreciated, net	9,960,458	(372,608)	-	-	10,856,312
Governmental activities capital assets, net	$ 11,879,547	$ (354,673)	$ -	$ -	11,524,874
Less related long term debt outstanding					(4,325,282)
Net investment in capital assets					$ 7,199,592

The following is a summary of proprietary fund-type capital assets at December 31, 2013:

	Balance January 1, 2013	Increases	Decreases	Reclassifications	Balance December 31, 2013
Business-type activities:					
Capital assets, not being depreciated:					
Land	$ 156,769	$ -	$ -	$ -	$ 156,769
Construction in progress	6,064,683	552,147	(8,033)	(5,970,515)	638,282
Total capital assets not being depreciated	6,221,452	552,147	(8,033)	(5,970,515)	795,051
Capital assets, being depreciated:					
Distribution system	7,305,841		-	5,970,515	13,276,356
Equipment and vehicles	880,359	71,521	(9,900)	-	941,980
Total capital assets being depreciated	8,186,200	71,521	(9,900)	5,970,515	14,218,336
Less: accumulated depreciation					
Distribution system	(3,487,717)	(404,263)	-	-	(3,891,980)
Equipment and vehicles	(732,326)	(21,287)	9,900	-	(743,713)
Total accumulated depreciation	(4,220,043)	(425,550)	9,900	-	(4,635,693)
Total capital assets being depreciated, net	3,966,157	(354,029)	-	5,970,515	9,582,643
Business-type activities capital assets, net	$ 10,187,609	$ 198,118	$ (8,033)	$ -	$ 10,377,694
Less related long term debt outstanding					(1,336,510)
Net investment in capital assets					$ 9,041,184

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

Governmental activities:	
General government	$ 218,987
Public safety	140,745
Public works	221,886
Total	$ 581,618
Business-type activities:	
Water and sewerage	$ 425,550

Discretely presented component unit

Activity for the Development Authority for the year ended December 31, 2013, was as follows:

	Balance January 1, 2013	Increases	Decreases	Balance December 31, 2013
Capital assets, not being depreciated:				
Land	$ 1,007,284	$ -	$ -	$ 1,007,284
Construction in progress	1,164,885	-	-	1,164,885
Total capital assets	$ 2,172,169	$ -	$ -	$ 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, 2013	$ 58,000
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
2014	$ 14,000	$ 2,900
2015	14,000	2,200
2016	14,000	1,500
2017	16,000	800
Total	$ 58,000	$ 7,400

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 total proceeds for the loan were $697,365. The loan is to be paid over a twenty year period starting September 1, 2013, on a monthly basis. Interest is at 3.0%.

The annual requirements to amortize the three notes at December 31, 2013, are as follows:

	2001 GEFA Loan		2007 GEFA Loan		2009 GEFA Loan	
	Interest	Principal	Interest	Principal	Interest	Principal
2014	$ 14,264	$ 25,716	$ 12,405	$ 17,192	$ 20,308	$ 26,103
2015	12,913	27,067	11,669	17,928	19,514	26,897
2016	11,492	28,488	10,901	18,696	18,696	27,715
2017	9,997	29,983	10,100	19,496	17,853	28,558
2018	8,422	31,558	9,266	20,331	16,985	29,426
2019-2023	16,228	143,690	32,500	115,483	70,940	161,114
2024-2028	-	-	7,073	94,045	44,901	187,153
2029-2033	-	-	-	-	14,712	201,871
Total	$ 73,316	$286,502	$ 93,914	$303,171	$223,909	$688,837

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
2014	$ 195,000	$ 174,976
2015	205,000	167,976
2016	210,000	160,472
2017	220,000	152,598
2018	230,000	144,193
2019-2023	1,300,000	577,894
2024-2028	1,620,000	288,295
2029	370,000	15,725
Total	$ 4,350,000	$ 1,682,129

Changes in Long-Term Obligations

The following is a summary of long-term debt transactions of the City for the year ended December 31, 2013:

	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Long-term debt					
Compensated absences	$ 67,173	$ 72,876	$ (71,494)	$ 68,555	$ 58,271
Redevelopment Authority:					
Bonds payable	4,540,000	-	(190,000)	4,350,000	195,000
Less: deferred amounts					
Discount on bonds	(26,619)	-	1,901	(24,718)	-
Total Long-term debt	$ 4,580,554	$ 72,876	$ (259,593)	$ 4,393,837	$ 253,271

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	$ 70,000	$ -	$ (12,000)	$ 58,000	$ 14,000
GEFA loan 2001	310,936	-	(24,434)	286,502	25,716
GEFA loan 2007	319,657	-	(16,486)	303,171	17,192
GEFA loan 2009	697,365	-	(8,528)	688,837	26,103
Compensated absences	7,341	11,040	(11,253)	7,128	6,059
Total Long-term debt	$ 1,405,299	$ 11,040	$ (72,701)	$ 1,343,638	$ 89,070

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, 2013.

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	$ 21,154

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 $281,817 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	$ 176,515
Fiscal year adjustment	10,324
Payment on unfunded actuarial accrued liability	94,978
Annual pension cost	281,817
Contributions	(281,817)
Increase in pension obligation (asset)	-
Net pension obligation (asset) 12/31/12	-
Net pension obligation (asset) 12/31/13	$ -

Three-Year Trend Information for the Plan

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
2013	$ 281,817	100%	$ -
2012	301,458	100%	-
2011	322,023	100%	-

The required contribution was determined as part of the July 1, 2013 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, 2013, 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)
7/1/2013	$ 6,429,295	$ 7,652,109	$ 1,222,814	84.02%	$ 1,727,175	70.80%

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, 2013.

Additional Information

Additional information as of the latest actuarial valuation follows:

Valuation date	7/1/2013
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 11 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 3.00% for participants hired on or after 4/1/92
Membership of the plan:	
Retirees and beneficiaries receiving benefits	21
Terminated plan members entitled to, but not yet receiving benefits	14
Active plan members	51
Total	86

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, 10 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 2013, the cost of retirees' life insurance benefits was $316. 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.

NOTE 14 – RESTATEMENT FOR NEW ACCOUNTING STANDARD

During 2013, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities.*

GASB No. 65 requires that bond issuance costs be written off as of January 1, 2013. The effect of this adjustment is as follows:

	Governmental Activities
Net position December 31, 2012, as previously reported	$ 13,044,802
Implementation of GASB 65 for bond issuance costs	(85,744)
Net position December 31, 2012, restated	$ 12,959,058

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REQUIRED SUPPLEMENTARY INFORMATION

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}
7/1/2013	$ 6,429,295	$ 7,652,109	84.02%	$ 1,222,814	$ 1,727,175	70.80%
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%

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) 2000 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.

LMIG Fund – This fund is used to account for funds from the Georgia Department of Transportation for the Local Maintenance and Improvement Grant (LMIG) Program and the related expenditures.

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, 2013

	Special Revenue Funds			Capital Projects Funds					Total Nonmajor Governmental Funds
	Law Enforcement Confiscation	Hotel/Motel Tax Fund	Debt Service Fund	SPLOST 1994	SPLOST 2000	SPLOST 2004	LMIG	Capital Improvements	
ASSETS									
Cash and cash equivalents	$ 59,591	$ 108,839	$ 12	$ 1,623	$ 566	$ 692,634	$ -	$ 468,563	$ 1,331,828
Certificates of deposit	-	-	-	-	-	-	-	116,590	116,590
Receivables, net of allowance									
Taxes	-	42,911	-	-	-	-	-	-	42,911
Due from other funds	582	-	-	-	19,824	-	53,151	29,987	103,544
Total Assets	$ 60,173	$ 151,750	$ 12	$ 1,623	$ 20,390	$ 692,634	$ 53,151	$ 615,140	$ 1,594,873
LIABILITIES									
Accounts payable	$ -	$ 21,956	$ -	$ -	$ -	$ -	$ -	$ -	$ 21,956
Due to other funds	-	118,735	-	-	-	-	-	-	118,735
Unearned revenue	-	-	-	-	-	-	53,151	-	53,151
Due to other governments	-	-	-	-	20,276	-	-	-	20,276
Total Liabilities	-	140,691	-	-	20,276	-	53,151	-	214,118
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue - other	-	11,059	-	-	-	-	-	-	11,059
Total Deferred Inflows of Resources	-	11,059	-	-	-	-	-	-	11,059
Fund Balances:									
Restricted	60,173	-	12	1,623	114	692,634	-	-	754,556
Assigned	-	-	-	-		-	-	615,140	615,140
Total Fund Balances	60,173	-	12	1,623	114	692,634	-	615,140	1,369,696
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 60,173	$ 151,750	$ 12	$ 1,623	$ 20,390	$ 692,634	$ 53,151	$ 615,140	$ 1,594,873

CITY OF BYRON, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Special Revenue Funds			Capital Projects Funds					Total
	Law Enforcement Confiscation	Hotel/Motel Tax Fund	Debt Service Fund	SPLOST 1994	SPLOST 2000	SPLOST 2004	LMIG	Capital Improvements	Nonmajor Governmental Funds
Revenues:									
Taxes									
Other taxes	$ -	$ 212,280	$ -	$ -	$ -	$ -	$ -	$ -	$ 212,280
Intergovernmental	-	-	-	-	138,250	-	51,123	-	189,373
Fines	54,615	-	-	-	-	-	-	-	54,615
Investment earnings	6	-	-	1	-	800	-	919	1,726
Total Revenues	54,621	212,280	-	1	138,250	800	51,123	919	457,994
Expenditures:									
Current:									
General government	-	84,912	16	-	60	-	-	272	85,260
Public safety	2,320	-	-	-	-	-	-	-	2,320
Capital outlay	-	-	-	-	49,087	-	51,123	231,979	332,189
Debt Service:									
Principal	-	-	190,000	-	-	-	-	-	190,000
Interest	-	-	181,626	-	-	-	-	-	181,626
Total Expenditures	2,320	84,912	371,642	-	49,147	-	51,123	232,251	791,395
Excess (Deficiency) of Revenues Over (Under) Expenditures	52,301	127,368	(371,642)	1	89,103	800	-	(231,332)	(333,401)
Other Financing Sources (Uses):									
Transfers from other funds	-	-	371,626	-	-	-	-	262,021	633,647
Transfers to other funds	-	(127,368)	-	-	(50,867)	-	-	-	(178,235)
Total other financing sources (uses)	-	(127,368)	371,626	-	(50,867)	-	-	262,021	455,412
Net change in fund balances	52,301	-	(16)	1	38,236	800	-	30,689	122,011
Fund Balance (deficit) - beginning of year	7,872	-	28	1,622	(38,122)	691,834	-	584,451	1,247,685
Fund Balance - end of year	$ 60,173	$ -	$ 12	$ 1,623	$ 114	$ 692,634	$ -	$ 615,140	$ 1,369,696

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, 2013

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Fines and forfeitures	$ -	$ 54,615	$ 54,615
Interest income	-	6	6
Total Revenues	-	54,621	54,621
Expenditures:			
Current:			
Public safety	2,320	2,320	-
Total Expenditures	2,320	2,320	-
Net change in fund balances	(2,320)	52,301	54,621
Fund Balance - Beginning of year	7,872	7,872	-
Fund Balance - End of year	$ 5,552	$ 60,173	$ 54,621

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, 2013

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Hotel Motel Tax	$ 212,280	$ 212,280	$ -
Total Revenues	212,280	212,280	-
Expenditures:			
Current:			
Convention and Visitors Bureau	84,912	84,912	-
Total Expenditures	84,912	84,912	-
Excess of Revenues Over (Under) Expenditures	127,368	127,368	-
Other Financing Sources (Uses):			
Transfers to General Fund	(127,368)	(127,368)	-
Total Other Financing Sources (Uses)	(127,368)	(127,368)	-
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, 2013

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Interest income	$ -	$ -	$ -
Total Revenues	-	-	-
Expenditures:			
Current:			
General government	16	16	-
Debt Service:			
Principal	190,000	190,000	-
Interest	181,626	181,626	-
Total Expenditures	371,642	371,642	-
Excess (deficiency) of revenues over (under) expenditures	(371,642)	(371,642)	-
Other Financing Sources (Uses):			
Transfers from General Fund	371,626	371,626	-
Total Other Financing Sources (Uses)	371,626	371,626	-
Net change in fund balances	(16)	(16)	-
Fund Balance - Beginning of year	28	28	-
Fund Balance - End of year	$ 12	$ 12	$ -

CITY OF BYRON, GEORGIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITY
AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	12/31/12	Additions	Deletions	12/31/13
Police Pre-Confiscated Assets Fund				
ASSETS				
Cash	$ -	$ 49,041	$ -	$ 49,041
Total assets	$ -	$ 49,041	$ -	$ 49,041
LIABILITY				
Payable from assets				
Confiscated assets pending disposition	$ -	$ 49,041	$ -	$ 49,041

CITY OF BYRON, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	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	$ 1,736,233	$ -	$ 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	$ 2,786,233	$ -	$ 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	4,158,342	49,147	4,207,489
Total Expenditures	$ 250,000	$ 4,450,000	$ 4,489,082	$ 49,147	$ 4,538,229

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. In 2011, 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. In 2013, the City determined that it was necessary to transfer $50,867 back to the Water and Sewerage Fund for expenditures that were ultimately allowable SPLOST 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	$ 11,835	$ 915,536
Cultural, Historical and Recreational Facilities	75,000	75,000	21,205	-	21,205
Sewer and Water System	1,044,000	1,044,000	281,210	520,040	801,250
Bond Interest and Costs of Issuance	390,000	390,000	-	-	-
Total Expenditures	$ 3,075,000	$ 3,075,000	$ 1,206,116	$ 531,875	$ 1,737,991

CITY OF BYRON, GEORGIA

BALANCE SHEET
COMPONENT UNIT - DEVELOPMENT AUTHORITY
DECEMBER 31, 2013

ASSETS	
Cash and cash equivalents	$ 56,298
Total Assets	$ 56,298
LIABILITIES AND FUND BALANCES	
Liabilities:	
Retainage payable	$ 28,714
Total Liabilities	28,714
Fund Balances:	
Unassigned	27,584
Total Fund Balances	27,584

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	$ 1,999,753

CITY OF BYRON, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
COMPONENT UNIT - DEVELOPMENT AUTHORITY
FOR THE YEAR ENDED DECEMBER 31, 2013

Revenues:		
Intergovernmental	$	13,082
Investment earnings		283
Total Revenues		13,365
Expenditures:		
Current:		
Closing costs		1,850
Debt Service:		
Interest		13,082
Total Expenditures		14,932
Net change in fund balances		(1,567)
Fund Balance - Beginning of year		29,151
Fund Balance - End of year	$	27,584
Net change in fund balances - component unit	$	(1,567)

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		-
Change in net position of component unit	$	(1,567)

GOVERNMENTAL REPORTS

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, 2013, 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 July 21, 2014.

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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses. 2013-01, 2013-02, 2013-03, 2013-04 and 2013-05.

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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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2013-06 and 2013-07.

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
July 21, 2014

CITY OF BYRON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2013

Financial Statement Findings

Findings noted on the 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*:

2013-01 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 $94,892 to correct property taxes receivable and $489,261 to correct unavailable revenue in the General Fund.
- Adjustments of $50,949 to correct the current year receivables for the Local Option Sales Taxes.
- Adjustments of $66,449 to record current year grants receivable.
- Net adjustments of $31,668 in the Hotel/Motel Tax Fund to correct receivables. 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 $19,112.
- Material adjustment of $49,041 in the LEC Fund to reclassify cash deposits for pending forfeitures that were originally recorded as revenue.
- Material adjustments in the SPLOST 2000 Fund to reverse a prior year receivable from Peach County of $748,649.
- Material adjustments in the Natural Gas Fund to record current year receivables of $48,426 and reverse prior year receivables of $36,711.

EFFECT
The City produced financial reports, which contained material errors. The audit procedures for 2013 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 of Byron agrees with this finding. Additional training has been afforded to our accounting personnel in 2014 and the revenue items will be recorded in the proper fiscal periods in future years.

2013-02 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 $34,502 in the General Fund and to reverse prior year payables of $18,073.
- A material adjustment to reverse prior year retainage payable of $93,942 in the SPLOST 2000 Fund.
- Material adjustment to record current year accounts payable of $65,854 in the SPLOST 2008 Fund.
- Material adjustments to record payables of $38,733 in the Natural Gas Fund and reverse prior year payables of $11,039.

EFFECT
Material audit adjustments were needed to fairly state and classify expenses for the year ended December 31, 2013.

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 of Byron agrees that Accounts Payable/Expenses were not properly classified, however, our accounting system DOES have the ability/procedure for classifying expenses in prior/present and future years. These entries were made by mistake and our accounting personnel have been made aware of the importance of following the procedures set forth in our accounting system to properly record and classify expenses in the appropriate period.

2013-03 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 $100,317 from expenses.
- A material adjustment in the Water and Sewerage Fund to record depreciation expense for $377,220.
- A material adjustment in the Water and Sewerage Fund to record contributed capital from the SPLOST Funds for $523,351.

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 of Byron agrees with this finding. New procedures and forms were developed immediately following the FY2012 audit. Additional training will be provided to accounting personnel to ensure that the capital asset activity is recorded monthly.

2013-04 **Debt Service Fund**

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

CONDITION
During 2013, the accounting system did not reflect the transactions of the debt service fund.

CONTEXT
Adjustments were necessary to record debt service payments of $371,626 and transfers from the General Fund of $371,626.

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 of Byron agrees with this finding. This was an oversight on the City's part. The Debt Service Fund has now been created in the accounting system and will be tracked as all of our other funds are.

2013-05 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, 2013. A balance of $118,735 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 of Byron agrees with this finding. All hotel/motel funds will be transferred to/from the Hotel/Motel Fund and the General Fund monthly, as needed.

COMPLIANCE FINDINGS

2013-06 2000 SPLOST Project Expenditures

CRITERIA
The official Code of Georgia (OCGA) Section 48-8-121(a)(1) requires that SPLOST proceeds cannot in any manner be commingled with other City funds prior to their expenditure. State law also prohibits the expenditure of SPLOST monies for any purposes that were not approved in the SPLOST referendum.

CONDITION
The SPLOST 2000 Fund received excess reimbursements from the County. At December 31, 2013, the General Fund owed the SPLOST 2000 Fund since the fund did not have the appropriate cash balance to cover the excess reimbursements. In addition, the City determined that a prior year transfer to the 2000 SPLOST Fund from the Water and Sewerage Fund was overstated.

CONTEXT
The SPLOST 2000 Fund reflects an interfund balance of $19,824 due from the General Fund for excess reimbursements due to the County. Reimbursement requests to the County were duplicated on four invoices therefore creating a payable of $20,276 to the County. In a prior year the City had transferred funds from the Water and Sewerage Fund to the SPLOST 2000 Fund to cover expenditures which were originally determined to be unallowable. The City subsequently, determined that the expenditures were allowable and recorded a transfer of $50,867 to correct the overpayment from the Water and Sewerage Fund.

EFFECT
The City had not complied with State law.

CAUSE
The City did not have adequate internal controls in place to ensure that expenditures were not duplicated on reimbursement requests.

RECOMMENDATION
The City should reduce future reimbursement request to the County for the excess funds determined at year end. In addition, the City should carefully monitor the invoices submitted to avoid other potential duplications.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
The City of Byron agrees with this finding. All reimbursement requests for SPLOST 2000 proceeds will be compared against previous requests by the accounting department prior to the transmittal of such requests, to avoid duplication. Any due to/due from balances will be corrected immediately and not occur in future years.

2013-07 Collateralization of Deposits

CRITERIA
The official Code of Georgia Annotated (OCGA) Section 45-8-12(c) requires public funds to be fully collateralized at 110% or insured.

CONDITION
Management has not adequately monitored the level of collateralization provided by the banking institutions.

CONTEXT
The Drug Fund checking account with a balance of $45,660 as of December 31, 2013 was not included in the collateral pool provided by the bank.

EFFECT
The City is not in compliance with the Georgia statute and, in the event of bank failure, has exposed public funds to a custodial credit risk.

CAUSE
The bank did not have the Drug Fund checking account designated as public funds, and therefore, did not properly collateralize the bank account.

RECOMMENDATION
Management should regularly monitor collateral levels to insure compliance with state law and safeguard public funds.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
The City of Byron agrees with this finding. The City of Byron has communicated with the bank to make sure it was corrected. The correction was done in May of 2014.