CITY OF BYRON, GEORGIA

AUDIT REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2014

CITY OF BYRON, GEORGIA

TABLE OF CONTENTS
DECEMBER 31, 2014

INDEPENDENT AUDITOR'S REPORT 1-3

MANAGEMENT'S DISCUSSION AND ANALYSIS 4-10

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements:
- Statement of Net Position 11
- Statement of Activities 12

Fund Financial Statements:
- Balance Sheet – Governmental Funds 13
- Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Position 14
- Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds 15
- Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 16
- Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual: General Fund 17-19
- Statement of Net Position – Proprietary Funds 20-21
- Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds 22-23
- Statement of Cash Flows – Proprietary Funds 24-26
- Statement of Fiduciary Assets and Liability – Fiduciary Fund 27

Notes to the Financial Statements 28-49

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress 50

SUPPLEMENTARY INFORMATION

Combining and Individual Fund Statements and Schedules:

- Combining Balance Sheet – Nonmajor Governmental Funds 51
- Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds 52
- Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual: Special Revenue Funds 53-54

Schedule of Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual: Debt Service Fund 55

Statement of Changes in Assets and Liability – Agency Fund 56

Schedule of Projects Constructed with Special Sales Tax Proceeds 57

Component Unit – Development Authority
Balance Sheet 58
Statement of Revenues, Expenditures, and Changes in Fund Balances 59

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 60-61

Schedule of Findings and Responses 62-65

FINANCIAL SECTION

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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, 2014, 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, 2014, and the respective changes in financial position and, where applicable, cash flows, and the budgetary comparison for the General Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information and the schedule of funding progress on pages 4 through 10 and page 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, the component unit financial statements 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, the component unit financial statements, 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, the component unit financial statements, 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 June 26, 2015, 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
June 26, 2015

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, 2014.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities as of December 31, 2014, by $21,570,778.
- The government's total net position decreased by $1,805,981 for the year ended December 31, 2014
- As of December 31, 2014, total net position consisted of $15,860,352 net investment in capital assets, $1,291,777 restricted, and $4,418,649 unrestricted.
- As of December 31, 2014, the City's governmental funds reported an ending fund balance of $4,360,170, a decrease of $501,343 in comparison with the prior year.
- For the year ended December 31, 2014, unrestricted fund balance (the total of the assigned, and unassigned components of fund balance) for the General Fund was $2,423,938 or approximately 54% 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 $21,570,778, at the close of the most recent year.

The largest portion of the City's net position (73.5%) 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 (6.0%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of $4,418,649 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

For the year ended December 31, 2014, capital assets decreased $591,652. Long-term liabilities increased $573,533 as of December 31, 2014, compared to 2013. The increase is the result of a new GEFA loan.

	Governmental Activities		Business-type Activities		Total Net Position	
	2014	2013	2014	2013	2014	2013
Assets						
Current and other assets	$ 4,676,784	$ 5,362,444	$ 2,984,924	$ 2,437,296	$ 7,661,708	$ 7,799,740
Capital assets	11,165,030	11,524,874	10,145,886	10,377,694	21,310,916	21,902,568
Total Assets	15,841,814	16,887,318	13,130,810	12,814,990	28,972,624	29,702,308
Liabilities						
Current and other liabilities	126,498	291,796	963,340	296,278	1,089,838	588,074
Long-term liabilities	4,275,408	4,393,837	2,036,600	1,343,638	6,312,008	5,737,475
Total Liabilities	4,401,906	4,685,633	2,999,940	1,639,916	7,401,846	6,325,549
Net Position						
Net investment in capital assets	6,967,965	7,199,592	8,892,387	9,041,184	15,860,352	16,240,776
Restricted	1,270,612	1,671,750	21,165	21,154	1,291,777	1,692,904
Unrestricted	3,201,331	3,330,343	1,217,318	2,112,736	4,418,649	5,443,079
Total net position	$ 11,439,908	$ 12,201,685	$ 10,130,870	$ 11,175,074	$ 21,570,778	$ 23,376,759

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues						
Charges for services	$ 829,694	$ 1,011,623	$ 2,261,895	$ 2,037,011	$ 3,091,589	$ 3,048,634
Operating grants and contributions	295,707	157,439	-	-	295,707	157,439
Capital grants and contributions	371,043	191,628	291,872	523,351	662,915	714,979
General revenues						
Property tax	1,596,009	1,604,011	-	-	1,596,009	1,604,011
Sales tax	299,965	302,280	-	-	299,965	302,280
Other taxes	1,278,345	1,220,667	-	-	1,278,345	1,220,667
Investment earnings	1,039	1,448	11,392	14,654	12,431	16,102
Other	33,875	24,657	-	-	33,875	24,657
Total Revenues	4,705,677	4,513,753	2,565,159	2,575,016	7,270,836	7,088,769
Expenses						
General government	1,464,852	1,507,930	-	-	1,464,852	1,507,930
Public safety	2,779,579	2,572,518	-	-	2,779,579	2,572,518
Public works	1,402,218	1,312,217	-	-	1,402,218	1,312,217
Economic development	10,182	13,082	-	-	10,182	13,082
Interest on long-term debt	174,976	179,352	-	-	174,976	179,352
Water and sewer	-	-	2,625,405	1,777,670	2,625,405	1,777,670
Natural Gas	-	-	355,228	340,367	355,228	340,367
Solid Waste	-	-	264,377	260,862	264,377	260,862
Total Expenses	5,831,807	5,585,099	3,245,010	2,378,899	9,076,817	7,963,998
Excess (deficiency) before transfers	(1,126,130)	(1,071,346)	(679,851)	196,117	(1,805,981)	(875,229)
Transfers	364,353	313,973	(364,353)	(313,973)	-	-
Change in net position	(761,777)	(757,373)	(1,044,204)	(117,856)	(1,805,981)	(875,229)
Net position - beginning of year, restated	12,201,685	12,959,058	11,175,074	11,292,930	23,376,759	24,251,988
Net position - end of year	$ 11,439,908	$ 12,201,685	$ 10,130,870	$ 11,175,074	$ 21,570,778	$ 23,376,759

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, 2014, the City's governmental funds reported combined fund balances of $4,360,170, a decrease of $501,343 in comparison with the prior year. Approximately 53% of this amount ($2,319,773) 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 ($1,330,843), or 4) assigned for particular purposes ($709,554).

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 one budget amendment to expenditures. The following are the main components of the amendment in the General Fund:

- Police Department budgeted expenditures increased $68,361 for vehicles purchased.
- Fire Department budgeted expenditures increased $89,551 for salaries.
- Streets Department budgeted expenditures decreased $158,281 for a DOT grant the City did not receive in the current year.

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, 2014, amounts to $21,310,916, 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 $591,652. The net change is the result of capital acquisitions of $430,537 and depreciation expense of $1,022,189.

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

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	$ 646,092	$ 646,092	$ 156,769	$ 156,769	$ 802,861	$ 802,861
Construction in process	16,100	22,470	437,323	638,282	453,423	660,752
Infrastructure	5,413,721	5,599,568	-	-	5,413,721	5,599,568
Building	4,612,310	4,811,677	-	-	4,612,310	4,811,677
Distribution system	-	-	9,312,722	9,384,376	9,312,722	9,384,376
Machinery and equipment	130,556	156,656	239,072	198,267	369,628	354,923
Vehicles	346,251	282,628	-	-	346,251	282,628
Intangibles	-	5,783	-	-	-	5,783
Total	$ 11,165,030	$11,524,874	$10,145,886	$ 10,377,694	$21,310,916	$21,902,568

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, 2014, the governmental activities reflect $4,155,000 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, 2014. GEFA loans equal $1,986,909, including $71,892 due within one year. Bonds payable equal $44,000, including $14,000 due within one year.

Additional information on the City's long-term debt can be found in Note 9 on pages 42-46 of this report.

Accomplishments/Growth for 2014

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. The City of Byron is currently awaiting the release of these funds.

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. To date, the AFG-SAFER grant continues through its 24-month completion and the City of Byron Firefighters will continue to be budgeted.

In May of 2014, the City of Byron was approved for a loan from GEFA (Georgia Environmental Finance Authority) under the Clean Water State Revolving Fund in the amount of $4,000,000 for the purpose of improving its wastewater system infrastructure.

In June of 2014, the City of Byron completed an Ordinance of Cemetery Rules and Regulations for the city cemetery which aided in a framework for providing structure to the new addition of 480 grave spaces made available for purchase into the existing area.

Throughout the year of 2014, the City of Byron worked toward the decommissioning of the abandoned Oxidation Pond which led to a resolved consent order through the EPD (Environmental Protection Division).

The City of Byron Police Department was awarded a Grant from the Governor's Office of Highway Safety in the amount of $12,500. These funds were used to buy equipment and aid with travel expenses to and from training helping which cuts down on expenses to the budget.

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, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Development Authority
ASSETS				
Cash and cash equivalents	$ 4,326,771	$ 1,321,698	$ 5,648,469	$ 27,595
Certificates of deposit	116,823	144,746	261,569	-
Receivables, net of allowance				
Taxes	365,181	-	365,181	-
Accounts	-	117,735	117,735	-
Due from Jointly Owned Natural Gas	-	48,318	48,318	-
Due from other government	107,663	896,065	1,003,728	-
Internal balances	(239,654)	239,654	-	-
Restricted assets	-	21,165	21,165	-
Investment in Jointly Owned Natural Gas	-	195,543	195,543	-
Capital assets:				
Nondepreciable	662,192	594,092	1,256,284	2,172,169
Depreciable	10,502,838	9,551,794	20,054,632	-
Total Assets	15,841,814	13,130,810	28,972,624	2,199,764
LIABILITIES				
Accounts payable	98,502	661,318	759,820	-
Retainage payable	-	112,050	112,050	-
Accrued interest	27,996	5,010	33,006	-
Customer deposits	-	184,962	184,962	-
Noncurrent liabilities				
Due within one year	292,511	90,729	383,240	-
Due in more than one year	3,982,897	1,945,871	5,928,768	200,000
Total Liabilities	4,401,906	2,999,940	7,401,846	200,000
NET POSITION				
Net investment in capital assets	6,967,965	8,892,387	15,860,352	2,172,169
Restricted for				
Capital outlay	1,179,243	-	1,179,243	-
Law enforcement	60,344	-	60,344	-
Other restrictions	31,025	21,165	52,190	-
Unrestricted (Deficit)	3,201,331	1,217,318	4,418,649	(172,405)
Total Net Position	$ 11,439,908	$ 10,130,870	$ 21,570,778	$ 1,999,764

The accompanying notes are an integral part of the statements.

CITY OF BYRON, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

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	$ 1,464,852	$ 156,233	$ 295,707	$ -	$ (1,012,912)	$ -	$ (1,012,912)	$ -
Public safety	2,779,579	673,461	-	-	(2,106,118)	-	(2,106,118)	-
Public works	1,402,218	-	-	371,043	(1,031,175)	-	(1,031,175)	-
Economic development	10,182	-	-	-	(10,182)	-	(10,182)	-
Interest on long-term debt	174,976	-	-	-	(174,976)	-	(174,976)	-
Total governmental activities	5,831,807	829,694	295,707	371,043	(4,335,363)	-	(4,335,363)	-
Business-type Activities								
Water and sewerage	2,625,405	1,535,286	-	291,872	-	(798,247)	(798,247)	-
Natural gas	355,228	428,339	-	-	-	73,111	73,111	-
Solid Waste	264,377	298,270	-	-	-	33,893	33,893	-
Total Business-type Activities	3,245,010	2,261,895	-	291,872	-	(691,243)	(691,243)	-
Total Primary Government	$ 9,076,817	$ 3,091,589	$ 295,707	$ 662,915	(4,335,363)	(691,243)	(5,026,606)	-
Development Authority	$ 10,432	$ -	$ -	$ -				(10,432)
Total Component Units	$ 10,432	$ -	$ -	$ -				(10,432)
General Revenues								
Property tax					1,596,009	-	1,596,009	-
Sales tax					299,965	-	299,965	-
Insurance premium					243,354	-	243,354	-
Franchise taxes					323,090	-	323,090	-
Beer and wine					141,794	-	141,794	-
Other taxes					570,107	-	570,107	-
Grants and contributions not restricted to specific programs					-	-	-	10,182
Investment earnings					1,039	11,392	12,431	261
Miscellaneous					33,875	-	33,875	-
Total General Revenues					3,209,233	11,392	3,220,625	10,443
Transfers					364,353	(364,353)	-	-
Total General Revenues and Transfers					3,573,586	(352,961)	3,220,625	10,443
Change in Net Position					(761,777)	(1,044,204)	(1,805,981)	11
Net Position - Beginning of year					12,201,685	11,175,074	23,376,759	1,999,753
Net Position - End of year					$ 11,439,908	$ 10,130,870	$ 21,570,778	$ 1,999,764

The accompanying notes are an integral part of the statements.

CITY OF BYRON, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	General Fund	SPLOST 2008	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 2,059,663	$ 1,062,589	$ 1,204,519	$ 4,326,771
Certificates of deposit	-	-	116,823	116,823
Receivables, net of allowance				
Taxes	318,796	-	46,385	365,181
Due from other governments	107,663	-	-	107,663
Due from other funds	548,525	-	60,813	609,338
Total Assets	$ 3,034,647	$ 1,062,589	$ 1,428,540	$ 5,525,776
LIABILITIES				
Accounts payable	$ 66,274	$ -	$ 32,228	$ 98,502
Due to other funds	300,912	539,525	8,555	848,992
Total Liabilities	367,186	539,525	40,783	947,494
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	212,510	-	-	212,510
Unavailable revenue - hotel/motel taxes	-	-	5,602	5,602
Total Deferred Inflows of Resources	212,510	-	5,602	218,112
FUND BALANCES				
Restricted	31,013	523,064	776,766	1,330,843
Assigned	104,165	-	605,389	709,554
Unassigned	2,319,773	-	-	2,319,773
Total Fund Balances	2,454,951	523,064	1,382,155	4,360,170
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 3,034,647	$ 1,062,589	$ 1,428,540	$ 5,525,776

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, 2014

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds	$	4,360,170
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		662,192
Cost of the assets		15,980,766
Accumulated depreciation		(5,477,928)
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		218,112
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:		
Capital leases		(64,882)
Compensated absences		(78,343)
Bonds payable		(4,155,000)
Bonds discount		22,817
Accrued interest payable		(27,996)
Total Adjustments		7,079,738
Total Net Position of Governmental Activities	$	11,439,908

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, 2014

	General Fund	SPLOST 2008	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes				
Property tax	$ 1,615,028	$ -	$ -	$ 1,615,028
Sales tax	299,965	-	-	299,965
Insurance premium	243,354	-	-	243,354
Franchise taxes	323,090	-	-	323,090
Beer and wine	141,794	-	-	141,794
Other taxes	325,183	-	244,924	570,107
License and permits	125,405	-	-	125,405
Intergovernmental	295,707	-	369,288	664,995
Charges for services	30,828	-	-	30,828
Fines	651,846	-	21,615	673,461
Investment earnings	340	1,062	1,392	2,794
Other revenues	33,875	-	-	33,875
Total Revenues	4,086,415	1,062	637,219	4,724,696
Expenditures:				
Current:				
General government	1,146,166	-	97,970	1,244,136
Public safety	2,791,432	-	21,481	2,812,913
Public works	501,609	-	-	501,609
Economic development	10,182	-	-	10,182
Debt Service:				
Principal	-	-	195,000	195,000
Interest	-	-	174,976	174,976
Capital Outlay	-	365,744	350,714	716,458
Total Expenditures	4,449,389	365,744	840,141	5,655,274
Excess (Deficiency) of Revenues Over (Under) Expenditures	(362,974)	(364,682)	(202,922)	(930,578)
Other Financing Sources (Uses):				
Proceeds from capital lease	64,882	-	-	64,882
Transfers from other funds	526,493	-	420,996	947,489
Transfers to other funds	(377,521)	-	(205,615)	(583,136)
Total other financing sources (uses)	213,854	-	215,381	429,235
Net change in fund balances	(149,120)	(364,682)	12,459	(501,343)
Fund Balance - Beginning of year	2,604,071	887,746	1,369,696	4,861,513
Fund Balance - End of year	$ 2,454,951	$ 523,064	$ 1,382,155	$ 4,360,170

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, 2014

Amounts reported for governmental activities in the statement of activities are different because:	
Net changes in fund balances - total governmental funds	$ (501,343)
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	226,860
Total depreciation	(586,704)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(19,019)
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.	195,000
Issuance of long-term debt	(64,882)
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.	(9,788)
Amortization of discount	(1,901)
Total Adjustments	(260,434)
Change in Net Position of Governmental Activities	$ (761,777)

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, 2014

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
Taxes:				
General property taxes	$ 1,464,010	$ 1,464,010	$ 1,615,028	$ 151,018
Local option sales tax	304,416	304,416	299,965	(4,451)
Other taxes:				
Beer and wine	150,736	150,736	141,794	(8,942)
Insurance premium	232,747	232,747	243,354	10,607
Recording intangible	22,594	22,594	13,253	(9,341)
Real estate transfer	6,056	6,056	3,751	(2,305)
Franchise tax	306,478	306,478	323,090	16,612
Auto and mobile home	129,666	129,666	177,484	47,818
Business and occupation taxes	61,064	61,064	75,615	14,551
Public utility taxes	32,823	32,823	35,549	2,726
Financial institutions	19,096	19,096	18,879	(217)
Other	644	644	652	8
Total Taxes	2,730,330	2,730,330	2,948,414	218,084
Licenses and Permits:				
Building permits	117,152	117,152	103,165	(13,987)
Business license	11,280	11,280	8,040	(3,240)
Alcohol beverage licenses	26,000	26,000	14,200	(11,800)
Total Licenses and Permits	154,432	154,432	125,405	(29,027)
Fines and Forfeitures:				
Fines	1,061,287	1,061,287	640,341	(420,946)
Other police revenue	4,905	4,905	11,505	6,600
Total Fines and Forfeitures	$ 1,066,192	$ 1,066,192	$ 651,846	$ (414,346)

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, 2014
(CONTINUED)

	Budget Amounts			
	Original	Final	Actual	Variance with Final Budget
Intergovernmental Revenues:				
Local government payment in lieu of taxes	$ 2,065	$ 2,065	$ -	$ (2,065)
FEMA	547,200	547,200	295,707	(251,493)
Other grants	52,000	52,000	-	(52,000)
Total Intergovernmental Revenues	601,265	601,265	295,707	(305,558)
Charges for Services:				
Rents	22,742	22,742	10,386	(12,356)
Administrative fees	1,377	1,377	5,502	4,125
Cemetery fees	7,500	7,500	14,940	7,440
Animal control fees	100	100	-	(100)
Total Charges for Services	31,719	31,719	30,828	(891)
Miscellaneous:				
Interest earnings	170	170	340	170
Insurance proceeds	25,924	25,924	8,200	(17,724)
Miscellaneous	26,083	26,083	25,675	(408)
Total Miscellaneous	52,177	52,177	34,215	(17,962)
Total Revenues	$ 4,636,115	$ 4,636,115	$ 4,086,415	$ (549,700)

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, 2014
(CONTINUED)

	Budget Amounts			
	Original	Final	Actual	Variance with Final Budget
Current:				
General Government:				
Administrative	$ 551,708	$ 551,708	$ 521,624	$ 30,084
Executive	263,685	263,685	233,487	30,198
Municipal Court	294,072	294,072	276,861	17,211
Library	1,986	2,455	2,455	-
Planning and zoning	115,748	115,748	111,739	4,009
Public Safety:				
Police department	1,821,285	1,889,646	1,889,646	-
Fire department	629,332	718,883	718,883	-
Marshal	188,489	188,489	182,903	5,586
Public Works:				
Street	570,851	412,470	261,949	150,521
Stormwater	19,500	19,500	6,313	13,187
Public works administration	290,022	290,022	233,347	56,675
Economic Development:				
Byron Development Authority	15,000	15,000	10,182	4,818
Total expenditures	4,761,678	4,761,678	4,449,389	312,289
Excess (Deficiency) of Revenues Over (Under) Expenditures	(125,563)	(125,563)	(362,974)	(237,411)
Other Financing Sources (Uses):				
Proceeds from capital lease	-	-	64,882	64,882
Transfer from:				
Hotel motel tax fund	126,000	126,000	146,954	20,954
Natural gas fund	30,000	30,000	30,000	-
Water and sewerage fund	349,539	349,539	349,539	-
Transfers to:				
Debt service fund	(369,976)	(369,976)	(369,976)	-
Capital improvements fund	(10,000)	(10,000)	(7,545)	2,455
Total Other Financing Sources (Uses)	125,563	125,563	213,854	88,291
Net change in fund balances	-	-	(149,120)	(149,120)
Fund Balance - Beginning of year	2,604,071	2,604,071	2,604,071	-
Fund Balance - End of year	$ 2,604,071	$ 2,604,071	$ 2,454,951	$ (149,120)

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, 2014

	Business-type Activities - Enterprise Funds			
			Nonmajor	
	Water and Sewerage Fund	Natural Gas Fund	Solid Waste Fund	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 756,324	$ 552,766	$ 12,608	$ 1,321,698
Certificates of deposit	144,746	-	-	144,746
Restricted cash and cash equivalents:				
Revenue bond covenant accounts	21,165	-	-	21,165
Accounts receivable				
(Net of allowance for uncollectible)	49,902	-	67,833	117,735
Due from Jointly Owned Natural Gas	-	48,318	-	48,318
Due from other funds	240,099	-	-	240,099
Total current assets	2,108,301	601,084	80,441	2,789,826
Noncurrent assets:				
Investment in Jointly Owned Natural Gas	-	195,543	-	195,543
Capital assets:				
Nondepreciable	594,092	-	-	594,092
Depreciable	9,551,794	-	-	9,551,794
Total noncurrent assets	10,145,886	195,543	-	10,341,429
Total Assets	12,254,187	796,627	80,441	13,131,255

The accompanying notes are an integral part of the statements.

CITY OF BYRON, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2014
(CONTINUED)

	Business-type Activities - Enterprise Funds			
			Nonmajor	
	Water and Sewerage Fund	Natural Gas Fund	Solid Waste Fund	Total
LIABILITIES				
Current liabilities:				
Accounts payable	$ 603,597	$ 35,418	$ 22,303	$ 661,318
Accrued interest payable	5,010	-	-	5,010
Retainage payable	112,050	-	-	112,050
Due to other funds	-	-	445	445
Customer deposits	184,962	-	-	184,962
Accrued absences - current	4,837	-	-	4,837
Notes payable - current	71,892	-	-	71,892
Revenue bonds payable - current	14,000	-	-	14,000
Total current liabilities	996,348	35,418	22,748	1,054,514
Noncurrent liabilities:				
Accrued absences	854	-	-	854
Revenue bonds payable	30,000	-	-	30,000
Notes payable	1,915,017	-	-	1,915,017
Total noncurrent liabilities	1,945,871	-	-	1,945,871
Total Liabilities	2,942,219	35,418	22,748	3,000,385
NET POSITION				
Net investment in capital assets	8,892,387	-	-	8,892,387
Restricted for debt retirement	21,165	-	-	21,165
Unrestricted	398,416	761,209	57,693	1,217,318
Total Net Position	$ 9,311,968	$ 761,209	$ 57,693	$ 10,130,870

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, 2014

	Business-type Activities - Enterprise Funds			
			Nonmajor	
	Water and Sewerage Fund	Natural Gas Fund	Solid Waste Fund	Total
Operating Revenues:				
Charges and fees	$ 1,491,652	$ 414,730	$ 298,270	$ 2,204,652
Penalties	43,254	-	-	43,254
Other	380	13,609	-	13,989
Total Operating Revenues	1,535,286	428,339	298,270	2,261,895
Operating Expenses:				
Salaries and benefits	370,188	-	-	370,188
Utilities	164,731	355,228	-	519,959
Maintenance and repairs	59,720	-	-	59,720
Operating materials	70,092	-	-	70,092
Contractual charges	406,196	-	264,317	670,513
Oxidation pond closure	874,655	-	-	874,655
Other operating expenses	191,714	-	60	191,774
Depreciation	435,485	-	-	435,485
Total Operating Expenses	2,572,781	355,228	264,377	3,192,386
Operating Income (Loss)	(1,037,495)	73,111	33,893	(930,491)
Nonoperating Revenues (Expenses):				
Interest revenue	436	113	-	549
Net income from joint venture	-	10,843	-	10,843
Interest expense	(52,624)	-	-	(52,624)
Total Nonoperating Revenues (Expenses)	$ (52,188)	$ 10,956	$ -	$ (41,232)

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, 2014
(CONTINUED)

	Business-type Activities - Enterprise Funds			
			Nonmajor	
	Water and Sewerage Fund	Natural Gas Fund	Solid Waste Fund	Total
Income (loss) before transfers	$ (1,089,683)	$ 84,067	$ 33,893	$ (971,723)
Capital contributions	291,872	-	-	291,872
Transfers in	-	58,661	-	58,661
Transfers (out)	(349,539)	(30,000)	(43,475)	(423,014)
Change in net position	(1,147,350)	112,728	(9,582)	(1,044,204)
Net Position - Beginning of Year	10,459,318	648,481	67,275	11,175,074
Net Position - End of Year	$ 9,311,968	$ 761,209	$ 57,693	$ 10,130,870

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, 2014

	Business-type Activities - Enterprise Funds			
			Nonmajor	
	Water and Sewerage Fund	Natural Gas Fund	Solid Waste Fund	Total
Cash Flows from Operating Activities:				
Cash received from customers	$ 645,072	$ 417,604	$ 289,577	$ 1,352,253
Cash paid to suppliers	(650,763)	(82,941)	(235,636)	(969,340)
Cash paid to employees	(371,625)	-	-	(371,625)
Net Cash Provided by (Used for) Operating Activities	(377,316)	334,663	53,941	11,288
Cash Flows from Noncapital Financing Activities:				
Transfer from other funds	-	58,661	-	58,661
Transfer to other funds	(349,539)	(30,000)	(43,475)	(423,014)
Net Cash Provided by (Used for) Noncapital Financing Activities	(349,539)	28,661	(43,475)	(364,353)
Cash Flows from Capital and Related Financing Activities:				
Principal paid on notes	(69,011)	-	-	(69,011)
Interest paid on notes	(53,023)	-	-	(53,023)
Acquisition and construction of capital assets	(30,460)	-	-	(30,460)
Principal paid on revenue bonds	(14,000)	-	-	(14,000)
Capital contributions	118,655	-	-	118,655
Proceeds from note	777,410	-	-	777,410
Net Cash Provided by (Used for) Capital and Related Financing Activities	$ 729,571	$ -	$ -	$ 729,571

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, 2014
(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	$ (289)	$ -	$ -	$ (289)
Net income from JONG	-	10,843	-	10,843
Interest earnings	436	113	-	549
Net Cash Provided by (Used for) Investing Activities	147	10,956	-	11,103
Net Increase (Decrease) in Cash and Cash Equivalents	2,863	374,280	10,466	387,609
Cash and Cash Equivalents at Beginning of Year	774,626	178,486	2,142	955,254
Cash and Cash Equivalents at End of Year	$ 777,489	$ 552,766	$ 12,608	$ 1,342,863
Classified as:				
Current assets	$ 756,324	$ 552,766	$ 12,608	$ 1,321,698
Restricted assets	21,165	-	-	21,165
Total Cash and Cash Equivalents	$ 777,489	$ 552,766	$ 12,608	$ 1,342,863

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, 2014
(CONTINUED)

	Business-type Activities - Enterprise Funds			
			Nonmajor	
	Water and Sewerage Fund	Natural Gas Fund	Solid Waste Fund	Total
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities:				
Net operating income	$ (1,037,495)	$ 73,111	$ 33,893	$ (930,491)
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	435,485	-	-	435,485
Changes in Assets and Liabilities:				
(Increase) decrease in accounts receivable	5,851	108	(8,693)	(2,734)
(Increase) decrease in due from other governments	(896,065)	-	-	(896,065)
(Increase) decrease in due from other funds	445,945	-	-	445,945
(Increase) decrease in investment in JONG	-	(10,843)	-	(10,843)
Increase (decrease) in accounts payable	558,350	(3,638)	699	555,411
Increase (decrease) in retainage payable	112,050	-	-	112,050
Increase (decrease) in accrued vacation absences	(1,437)	-	-	(1,437)
Increase (decrease) in due to other funds	-	275,925	28,042	303,967
Total Adjustments	660,179	261,552	20,048	941,779
Net Cash Provided by (Used for) Operating Activities	$ (377,316)	$ 334,663	$ 53,941	$ 11,288
Noncash Investing, Capital, Financing Activities:				
Contributions of capital assets from government	$ 291,872	$ -	$ -	$ 291,872
Total Noncash Investing, Capital, Financing Activities	$ 291,872	$ -	$ -	$ 291,872

The accompanying notes are an integral part of the statements.

CITY OF BYRON, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITY
FIDUCIARY FUND
DECEMBER 31, 2014

	Agency Fund
ASSETS	
Cash	$ 49,733
Total assets	$ 49,733
LIABILITY	
Payable from Assets	
Confiscated assets pending disposition	$ 49,733

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, 2014.

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, 2014, 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, 2014:

	General Fund	SPLOST 2008	Nonmajor Governmental	Total
Fund Balances				
Restricted for:				
Capital outlay	-	523,064	716,410	1,239,474
Debt service	-	-	12	12
Law enforcement	-	-	60,344	60,344
Donations-utility payments	31,013	-	-	31,013
Assigned:				
Fund balance appropriations	73,092	-	-	73,092
Capital outlay	-	-	605,389	605,389
Municipal Court	10,819	-	-	10,819
Law enforcement	20,254	-	-	20,254
Unassigned	2,319,773	-	-	2,319,773
Total fund balances	$ 2,454,951	$ 523,064	$ 1,382,155	$ 4,360,170

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, 2014, 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.

The Byron Development Authority, a discretely presented component unit, bank balances of deposits as of December 31, 2014 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, 2014, the City's only investments were in certificates of deposit.

At December 31, 2014, the City's investments in certificates of deposit were as follows:

Investment	Maturity	Amount
Certificates of deposit - Water and Sewerage Fund	156 days	$ 144,746
Certificate of deposit - Nonmajor Governmental Fund	236 days	116,823
		$ 261,569

NOTE 4 – TAX REVENUE

A. Property Taxes

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

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

The property tax calendar is as follows:

	Real/Personal Property (Excluding Vehicles)	Motor Vehicles
Assessment date	January 1	January 1
Levy date	November 1	January 1
Due date and collection date	December 31	Staggered

B. Hotel/Motel Excise Tax

A summary of the hotel/motel excise tax expenditures and receipts for the year ended December 31, 2014, are as follows:

Expenditures by Purpose	Amount	Hotel/Motel Tax Receipts	Percentage
Convention & Visitors Bureau	$ 97,970	$ 244,924	40%
General fund	146,954	244,924	60%

NOTE 5 – OTHER RECEIVABLES

Receivables have been reduced to their estimated net realizable value, based upon historical experience rates. Receivables at December 31, 2014, consist of the following:

	General Fund	Water Sewerage	Natural Gas	Nonmajor Enterprise Fund	Nonmajor Governmental Funds	Total
Receivables:						
Taxes	$ 465,762	$ -	$ -	$ -	$ 46,385	$ 512,147
Accounts	-	94,054	22,123	135,666	-	251,843
Gross Receivables	465,762	94,054	22,123	135,666	46,385	763,990
Less: Allowance for uncollectibles	(146,966)	(44,152)	(22,123)	(67,833)	-	(281,074)
Net Total Receivables	$ 318,796	$ 49,902	$ -	$ 67,833	$ 46,385	$ 482,916

NOTE 6 – DUE FROM OTHER GOVERNMENTS

The General Fund reflects $107,663 in Due from Other Governments, which represents local option sales tax of $26,206 due from the Georgia Department of Revenue and grant reimbursements of $81,457 from FEMA.

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The interfund receivables and payables at December 31, 2014, were as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	$ 8,555
General	SPLOST 2008	539,525
General	Nonmajor Enterprise	445
Water and Sewerage	General	240,099
Nonmajor Governmental	General	60,813
Total		$ 849,437

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	Natural Gas Fund	Nonmajor Governmental	Total
General Fund	$ -	$ -	$ 377,521	$ 377,521
Water and Sewerage	349,539	-	-	349,539
Natural Gas Fund	30,000	-	-	30,000
Nonmajor Enterprise	-	-	43,475	43,475
Nonmajor Governmental	146,954	58,661	-	205,615
Total	$ 526,493	$ 58,661	$ 420,996	$ 1,006,150

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, 2014, was as follows:

Primary Government

	Balance January 1, 2014	Increases	Decreases	Reclassifications	Balance December 31, 2014
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 646,092	$ -	$ -	$ -	$ 646,092
Construction in progress	22,470	-	-	(6,370)	16,100
Total capital assets not being depreciated	668,562	-	-	(6,370)	662,192
Capital assets, being depreciated:					
Infrastructure	6,830,069	36,200	-	6,370	6,872,639
Buildings and improvements	6,763,725	-	-	-	6,763,725
Vehicles	1,147,384	171,587	-	-	1,318,971
Intangible	84,262	-	-		84,262
Machinery and equipment	922,096	19,073	-	-	941,169
Total capital assets being depreciated	15,747,536	226,860	-	6,370	15,980,766
Less: accumulated depreciation					
Infrastructure	(1,230,501)	(228,417)	-	-	(1,458,918)
Buildings and improvements	(1,952,048)	(199,367)	-	-	(2,151,415)
Vehicles	(864,756)	(107,964)	-	-	(972,720)
Intangible	(78,479)	(5,783)	-		(84,262)
Machinery and equipment	(765,440)	(45,173)	-	-	(810,613)
Total accumulated depreciation	(4,891,224)	(586,704)	-	-	(5,477,928)
Total capital assets being depreciated, net	10,856,312	(359,844)	-	-	10,502,838
Governmental activities capital assets, net	$ 11,524,874	$ (359,844)	$ -	$ -	11,165,030
Less related long term debt outstanding					(4,197,065)
Net investment in capital assets					$ 6,967,965

The following is a summary of proprietary fund-type capital assets at December 31, 2014:

	Balance January 1, 2014	Increases	Decreases	Reclassifications	Balance December 31, 2014
Business-type activities:					
Capital assets, not being depreciated:					
Land	$ 156,769	$ -	$ -	$ -	$ 156,769
Construction in progress	638,282	136,106	-	(337,065)	437,323
Total capital assets not being depreciated	795,051	136,106	-	(337,065)	594,092
Capital assets, being depreciated:					
Distribution system	13,276,356		-	337,065	13,613,421
Equipment and vehicles	941,980	67,571	-	-	1,009,551
Total capital assets being depreciated	14,218,336	67,571	-	337,065	14,622,972
Less: accumulated depreciation					
Distribution system	(3,891,980)	(408,719)	-	-	(4,300,699)
Equipment and vehicles	(743,713)	(26,766)	-	-	(770,479)
Total accumulated depreciation	(4,635,693)	(435,485)	-	-	(5,071,178)
Total capital assets being depreciated, net	9,582,643	(367,914)	-	337,065	9,551,794
Business-type activities capital assets, net	$ 10,377,694	$ (231,808)	$ -	$ -	$ 10,145,886
Less related long term debt outstanding					(1,253,499)
Net investment in capital assets					$ 8,892,387

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

Governmental activities:

General government	$ 209,027
Public safety	154,554
Public works	223,123
Total	$ 586,704

Business-type activities:

Water and sewerage	$ 435,485

Discretely presented component unit

Activity for the Development Authority for the year ended December 31, 2014, was as follows:

	Balance January 1, 2014	Increases	Decreases	Reclassifications	Balance December 31, 2014
Capital assets, not being depreciated:					
Land	$ 1,007,284	$ -	$ -	$ -	$ 1,007,284
Land improvements	-	-	-	1,164,885	1,164,885
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, 2014	$ 44,000
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
2015	$ 14,000	$ 2,200
2016	14,000	1,500
2017	16,000	800
Total	$ 44,000	$ 4,500

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%.

On November 17, 2014, 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 the decommissioning of the City's wastewater treatment facility, construction of pump stations and force mains to transit sewage flows to Macon Water Authority's system, and all related appurtenances. The City may draw down funds up to $3,775,930, of which 13.2418% is forgivable. As of December 31, 2014, $896,065 has been drawn down. $777,410 is the loan

portion and is payable to Georgia Environmental Facilities Authority. Interest is at 2.31%. Principal payments will begin after the final draw has been made.

The annual requirements to amortize the notes at December 31, 2014, are as follows:

	2001 GEFA Loan		2007 GEFA Loan		2009 GEFA Loan		Estimated 2014 GEFA Loan	
	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
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	11,833	20,657
2018	8,422	31,558	9,266	20,331	16,985	29,426	17,148	31,587
2019	6,765	33,214	8,395	21,202	16,090	30,321	16,411	32,325
2020-2024	9,462	110,477	27,556	120,428	66,040	166,015	70,374	173,302
2025-2029	-	-	3,622	67,898	39,209	192,845	49,178	194,499
2030-2034	-	-	-	-	9,216	160,957	25,388	218,288
2035-2036	-	-	-	-	-	-	2,901	106,752
Total	$ 59,051	$260,787	$ 81,509	$285,979	$203,603	$662,734	$193,233	$777,410

Capital Lease

During 2014, the City obtained a $64,882 capital lease to finance the purchase of two vehicles. The vehicles have a five-year estimated useful life. This year, $6,822 was included in depreciation expense. Total interest paid for 2014 was $0. The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2014 were as follows:

Year Ending December 31st	Governmental Activities	
	Principal	Interest
2015	$ 20,919	$ 1,827
2016	21,619	1,126
2017	22,344	401
Total	$ 64,882	$ 3,354

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
2015	$ 205,000	$ 167,976
2016	210,000	160,472
2017	220,000	152,598
2018	230,000	144,193
2019	240,000	135,339
2020-2024	1,355,000	525,843
2025-2029	1,695,000	220,732
Total	$ 4,155,000	$ 1,507,153

Changes in Long-Term Obligations

The following is a summary of long-term debt transactions of the City for the year ended December 31, 2014:

	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Long-term debt					
Compensated absences	$ 68,555	$ 78,308	$ (68,520)	$ 78,343	$ 66,592
Capital lease	-	64,882	-	64,882	20,919
Redevelopment Authority:					
Bonds payable	4,350,000	-	(195,000)	4,155,000	205,000
Less: discount on bonds	(24,718)	-	1,901	(22,817)	-
Total Long-term debt	$ 4,393,837	$ 143,190	$ (261,619)	$ 4,275,408	$ 292,511

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	$ 58,000	$ -	$ (14,000)	$ 44,000	$ 14,000
GEFA loan 2001	286,502	-	(25,716)	260,786	27,067
GEFA loan 2007	303,171	-	(17,192)	285,979	17,928
GEFA loan 2009	688,837	-	(26,103)	662,734	26,897
GEFA loan 2014	-	777,410	-	777,410	-
Compensated absences	7,128	14,281	(15,718)	5,691	4,837
Total Long-term debt	$ 1,343,638	$ 791,691	$ (98,729)	$ 2,036,600	$ 90,729

Discretely Presented Component Unit

In 2013, the Development Authority obtained a $200,000 loan with American Pride Bank to refinance a line of credit obtained to help cover the cost of the development of 40.15 acres in Peach County, known as the Holleman Tract, The Roost. The loan is renewed on an annual basis and accrues interest at 5.0%.

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	$ 21,165

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 19.97% 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 $350,848 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	$ 176,460
Fiscal year adjustment	12,853
Payment on unfunded actuarial accrued liability	161,535
Annual pension cost	350,848
Contributions	(350,848)
Increase in pension obligation (asset)	-
Net pension obligation (asset) 12/31/13	-
Net pension obligation (asset) 12/31/14	$ -

Three-Year Trend Information for the Plan

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
2014	$ 350,848	100%	$ -
2013	281,817	100%	-
2012	301,458	100%	-

The required contribution was determined as part of the July 1, 2014 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, 2014, 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)
7/1/2014	$ 6,641,516	$ 8,131,704	$ 1,490,188	81.67%	$ 1,800,429	82.77%

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, 2014.

Additional Information

Additional information as of the latest actuarial valuation follows:

Valuation date	7/1/2014
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 20% of market value.
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
Inflation rate	3.50%
Membership of the plan:	
Retirees and beneficiaries receiving benefits	25
Terminated plan members entitled to, but not yet receiving benefits	16
Active plan members	32
Total	73

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, 11 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 2014, the cost of retirees' life insurance benefits was $347. The amounts associated with the plan are immaterial to the financial statements and accordingly, the City has elected not to implement Governmental Accounting Standards Board Statement 43, "Financial Reporting for Postretirement Benefit Plans Other Than Pension Plans".

NOTE 13 – CONTINGENT LIABILITIES

Litigation

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

Grants

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

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BYRON, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2014

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}
7/1/2014	$ 6,641,516	$ 8,131,704	81.67%	$ 1,490,188	$ 1,800,429	82.77%
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%

SUPPLEMENTARY INFORMATION

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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, 2014

	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	$ 59,762	$ -	$ 12	$ -	$ -	$ 656,179	$ -	$ 488,566	$ 1,204,519
Certificates of deposit	-	-	-	-	-	-	-	116,823	116,823
Receivables, net of allowance									
Taxes	-	46,385	-	-	-	-	-	-	46,385
Due from other funds	582	-	-	-	-	-	60,231	-	60,813
Total Assets	$ 60,344	$ 46,385	$ 12	$ -	$ -	$ 656,179	$ 60,231	$ 605,389	$ 1,428,540
LIABILITIES									
Accounts payable	$ -	$ 32,228	$ -	$ -	$ -	$ -	$ -	$ -	$ 32,228
Due to other funds	-	8,555	-	-	-	-	-	-	8,555
Total Liabilities	-	40,783	-	-	-	-	-	-	40,783
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue - other	-	5,602	-	-	-	-	-	-	5,602
Total Deferred Inflows of Resources	-	5,602	-	-	-	-	-	-	5,602
Fund Balances:									
Restricted	60,344	-	12	-	-	656,179	60,231	-	776,766
Assigned	-	-	-	-	-	-	-	605,389	605,389
Total Fund Balances	60,344	-	12	-	-	656,179	60,231	605,389	1,382,155
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 60,344	$ 46,385	$ 12	$ -	$ -	$ 656,179	$ 60,231	$ 605,389	$ 1,428,540

CITY OF BYRON, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	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	
Revenues:									
Taxes									
Other taxes	$ -	$ 244,924	$ -	$ -	$ -	$ -	$ -	$ -	$ 244,924
Intergovernmental	-	-	-	-	255,905	-	113,383	-	369,288
Fines	21,615	-	-	-	-	-	-	-	21,615
Investment earnings	37	-	-	-	-	693	-	662	1,392
Total Revenues	21,652	244,924	-	-	255,905	693	113,383	662	637,219
Expenditures:									
Current:									
General government	-	97,970	-	-	-	-	-	-	97,970
Public safety	21,481	-	-	-	-	-	-	-	21,481
Capital outlay	-	-	-	1,623	256,019	37,148	53,152	2,772	350,714
Debt Service:									
Principal	-	-	195,000	-	-	-	-	-	195,000
Interest	-	-	174,976	-	-	-	-	-	174,976
Total Expenditures	21,481	97,970	369,976	1,623	256,019	37,148	53,152	2,772	840,141
Excess (Deficiency) of Revenues Over (Under) Expenditures	171	146,954	(369,976)	(1,623)	(114)	(36,455)	60,231	(2,110)	(202,922)
Other Financing Sources (Uses):									
Transfers from other funds	-	-	369,976	-	-	-	-	51,020	420,996
Transfers to other funds	-	(146,954)	-	-	-	-	-	(58,661)	(205,615)
Total other financing sources (uses)	-	(146,954)	369,976	-	-	-	-	(7,641)	215,381
Net change in fund balances	171	-	-	(1,623)	(114)	(36,455)	60,231	(9,751)	12,459
Fund Balance - beginning of year	60,173	-	12	1,623	114	692,634	-	615,140	1,369,696
Fund Balance - end of year	$ 60,344	$ -	$ 12	$ -	$ -	$ 656,179	$ 60,231	$ 605,389	$ 1,382,155

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, 2014

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Fines and forfeitures	$ -	$ 21,615	$ 21,615
Interest income	-	37	37
Total Revenues	-	21,652	21,652
Expenditures:			
Current:			
Public safety	25,000	21,481	3,519
Total Expenditures	25,000	21,481	3,519
Net change in fund balances	(25,000)	171	25,171
Fund Balance - Beginning of year	60,173	60,173	-
Fund Balance - End of year	$ 35,173	$ 60,344	$ 25,171

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, 2014

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Hotel Motel Tax	$ 252,000	$ 244,924	$ (7,076)
Total Revenues	252,000	244,924	(7,076)
Expenditures:			
Current:			
Convention and Visitors Bureau	105,046	97,970	7,076
Total Expenditures	105,046	97,970	7,076
Excess of Revenues Over (Under) Expenditures	146,954	146,954	-
Other Financing Sources (Uses):			
Transfers to General Fund	(146,954)	(146,954)	-
Total Other Financing Sources (Uses)	(146,954)	(146,954)	-
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, 2014

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Interest income	$ -	$ -	$ -
Total Revenues	-	-	-
Expenditures:			
Debt Service:			
Principal	190,000	195,000	(5,000)
Interest	181,626	174,976	6,650
Total Expenditures	371,626	369,976	1,650
Excess (deficiency) of revenues over (under) expenditures	(371,626)	(369,976)	1,650
Other Financing Sources (Uses):			
Transfers from General Fund	371,626	369,976	1,650
Total Other Financing Sources (Uses)	371,626	369,976	1,650
Net change in fund balances	-	-	-
Fund Balance - Beginning of year	12	12	-
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, 2014

	12/31/13	Additions	Deletions	12/31/14
Police Pre-Confiscated Assets Fund				
ASSETS				
Cash	$ 49,041	$ 692	$ -	$ 49,733
Total assets	$ 49,041	$ 692	$ -	$ 49,733
LIABILITY				
Payable from assets				
Confiscated assets pending disposition	$ 49,041	$ 692	$ -	$ 49,733

CITY OF BYRON, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
Special Local Option Sales Tax 1994 (Note 1)					
Water System Improvements	$ 1,225,000	$ 1,225,000	$ 1,736,233	$ 1,623	$ 1,737,856
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	$ 1,623	$ 2,787,856

Note 1: The 1994 SPLOST was closed out as of December 31, 2014.

Special Local Option Sales Tax 2000 (Notes 2 & 3)					
Roads, Streets and Bridges	$ 250,000	$ 250,000	$ 330,740	$ -	$ 330,740
Wastewater Collection and Treatment	-	4,200,000	4,207,489	256,019	4,463,508
Total Expenditures	$ 250,000	$ 4,450,000	$ 4,538,229	$ 256,019	$ 4,794,248

Note 2: 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.

Note 3: The 2000 SPLOST was closed out as of December 31, 2014.

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	37,148	183,981
Total Expenditures	$ 1,250,000	$ 1,250,000	$ 666,323	$ 37,148	$ 703,471

Special Local Option Sales Tax 2008					
Roads, Streets and Bridges	$ 1,566,000	$ 1,566,000	$ 915,536	$ 229,675	$ 1,145,211
Cultural, Historical and Recreational Facilities	75,000	75,000	21,205	-	21,205
Sewer and Water System	1,044,000	1,044,000	801,250	136,069	937,319
Bond Interest and Costs of Issuance	390,000	390,000	-	-	-
Total Expenditures	$ 3,075,000	$ 3,075,000	$ 1,737,991	$ 365,744	$ 2,103,735

CITY OF BYRON, GEORGIA

BALANCE SHEET
COMPONENT UNIT - DEVELOPMENT AUTHORITY
DECEMBER 31, 2014

ASSETS	
Cash and cash equivalents	$ 27,595
Total Assets	$ 27,595
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	$ -
Total Liabilities	-
Fund Balances:	
Unassigned	27,595
Total Fund Balances	27,595

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	$ 1,999,764

CITY OF BYRON, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
COMPONENT UNIT - DEVELOPMENT AUTHORITY
FOR THE YEAR ENDED DECEMBER 31, 2014

Revenues:		
Intergovernmental	$	10,182
Investment earnings		261
Total Revenues		10,443
Expenditures:		
Current:		
Closing costs		250
Debt Service:		
Interest		10,182
Total Expenditures		10,432
Net change in fund balances		11
Fund Balance - Beginning of year		27,584
Fund Balance - End of year	$	27,595
Net change in fund balances - component unit	$	11

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	$	11

GOVERNMENTAL REPORT

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

Mayor and City Council
City of Byron
Byron, Georgia

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Byron, Georgia as of and for the year ended December 31, 2014, 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 June 26, 2015.

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. 2014-001, 2014-002, 2014-003, and 2014-004.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Byron, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Byron, Georgia's Response to Findings

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

Purpose of this Report

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

Macon, Georgia
June 26, 2015

CITY OF BYRON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014

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*:

2014-001 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 $71,162 to correct property taxes receivable and $109,230 to correct unavailable revenue in the General Fund.
- Material adjustments in the General Fund to record current year grants receivable of $81,457 and reverse prior year grants receivable of $66,449.
- Material adjustment of $31,853 in the Hotel/Motel Tax Fund to reverse prior year receivables.
- Material adjustment in the Water and Sewerage Fund to record grants receivable of $896,065.
- Material adjustments in the Natural Gas Fund to record current year receivables of $48,318 and reverse prior year receivables of $48,426.

EFFECT
The City produced financial reports, which contained material errors. The audit procedures for 2014 identified the need for a large number of material adjustments to correct accounting records and financial reports.

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

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

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
The City agrees with this finding. The City's Accounting Specialist is now a Certified Finance Officer and has a better understanding of proper recording of revenue items.

2014-002 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:

- Material adjustment to record accounts payables of $14,702 in the General Fund.
- Material adjustment of $21,466 in the General Fund and Law Enforcement Confiscation Fund to record law enforcement expenditures in the correct fund.
- Material adjustment of $247,554 in the SPLOST 2000 Fund and Water and Sewerage Fund to record SPLOST project expenditures in the correct fund.
- Material adjustment to record accounts payables of $559,580 and retainage payable of $112,050 in the Water and Sewerage Fund.
- Material adjustment to record payables of $35,095 in the Natural Gas Fund.

EFFECT
Material audit adjustments were needed to fairly state and classify expenses for the year ended December 31, 2014.

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

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

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
The City agrees with this finding. The City's Accounting Specialist is now a Certified Finance Officer and has a better understanding of proper recording of payable/expense items.

2014-003 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 $30,460 from expenses.
- A material adjustment in the Water and Sewerage Fund to record depreciation expense for $435,485.
- A material adjustment in the Water and Sewerage Fund to record contributed capital from the SPLOST Funds for $173,217.

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

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

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

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
The City agrees with this finding. Depreciation is now going to be calculated/estimated and posted on a monthly basis.

2014-004 Debt Service Fund

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

CONDITION
During 2014, the accounting system did not reflect the transactions of the debt service fund.

CONTEXT
Adjustments were necessary to record debt service payments of $369,976 and transfers from the General Fund of $369,976.

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

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

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

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
The City agrees with this finding. The Debt Service Fund has now been built in to the ledger so that appropriate entries can be made for the current and future fiscal years.