CITY OF BYRON, GEORGIA



ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2015

CITY OF BYRON, GEORGIA

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

CITY OF BYRON, GEORGIA

TABLE OF CONTENTS
DECEMBER 31, 2015

Page

INDEPENDENT AUDITOR'S REPORT 1-3

MANAGEMENT'S DISCUSSION AND ANALYSIS 4-10

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements:
- Statement of Net Position 11-12
- Statement of Activities 13

Fund Financial Statements:
- Balance Sheet – Governmental Funds 14
- Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Position 15
- Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds 16
- Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 17
- Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual: General Fund 18-20
- Statement of Net Position – Proprietary Funds 21-22
- Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds 23-24
- Statement of Cash Flows – Proprietary Funds 25-27
- Statement of Fiduciary Assets and Liability – Fiduciary Fund 28

Notes to the Financial Statements 29-53

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the Net Pension Liability and Related Ratios 54

Schedule of Contributions 55

Notes to the Required Supplementary Information 56-57

CITY OF BYRON, GEORGIA

TABLE OF CONTENTS
DECEMBER 31, 2015
(CONTINUED)

Page

SUPPLEMENTARY INFORMATION

Combining and Individual Fund Statements and Schedules:

Combining Balance Sheet – Nonmajor Governmental Funds 58

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds 59

Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual: Special Revenue Funds 60-61

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual: Debt Service Fund 62

Statement of Changes in Assets and Liability – Agency Fund 63

Schedule of Projects Constructed with Special Sales Tax Proceeds 64

Component Unit – Development Authority
Balance Sheet 65
Statement of Revenues, Expenditures, and Changes in Fund Balances 66

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* 67-68

Schedule of Findings and Responses 69-74

INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of 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, 2015, 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.

1503 Bass Road
P.O. Box 6315 Macon, Georgia 31208-6315
Phone 478-742-3313 ▪ Fax 478-742-0316

Member of
American Institute of
Certified Public Accountants
www.clhp.com

468 South Houston Lake Road
Warner Robins, Georgia 31088
Phone 478-953-0125 ▪ Fax 478-953-0983

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, 2015, 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.

Matter of Emphasis

As discussed in Note 16 to the financial statements, in 2015, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68,* as of January 1, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, the schedule of changes in the net pension liability and related ratios on page 54, the schedule of contributions on page 55, and the notes to the required supplementary information on pages 56 and 57 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 December 28, 2016, 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
December 28, 2016

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, 2015.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources as of December 31, 2015, by $19,450,752.
- The government's total net position decreased by $34,897 for the year ended December 31, 2015
- As of December 31, 2015, total net position consisted of $15,587,579 net investment in capital assets, $1,683,262 restricted, and $2,179,911 unrestricted.
- As of December 31, 2015, the City's governmental funds reported an ending fund balance of $4,345,740, a decrease of $14,430 in comparison with the prior year.
- For the year ended December 31, 2015, unrestricted fund balance (the total of the assigned, and unassigned components of fund balance) for the General Fund was $2,253,054 or approximately 47% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

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

Governmental Funds

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

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

The City maintains nine individual governmental funds: the General Fund, Hotel/Motel Tax Fund, Law Enforcement Confiscation Fund, SPLOST 2004 Fund, SPLOST 2008 Fund, SPLOST 2012 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 $19,450,752, at the close of the most recent year.

The largest portion of the City's net position (80%) 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 (9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of $2,179,911 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

For the year ended December 31, 2015, capital assets decreased $526,404. Long-term liabilities increased $111,018 as of December 31, 2015, compared to 2014. The increase is the result of a new GEFA loan and the net pension liability.

	Governmental Activities		Business-type Activities		Total Net Position	
	2015	2014 Restated	2015	2014 Restated	2015	2014 Restated
Assets						
Current and other assets	$ 4,964,655	$ 4,676,784	$ 2,984,924	$ 2,984,924	$ 7,949,579	$ 7,661,708
Capital assets	10,987,095	11,165,030	10,145,886	10,145,886	21,132,981	21,310,916
Total Assets	15,951,750	15,841,814	13,130,810	13,130,810	29,082,560	28,972,624
Deferred Outflows of Resources	522,545	543,369	92,214	95,889	614,759	639,258
Liabilities						
Current and other liabilities	469,271	126,498	402,384	963,340	871,655	1,089,838
Long-term liabilities	6,000,473	6,396,859	2,518,163	2,410,974	8,518,636	8,807,833
Total Liabilities	6,469,744	6,523,357	2,920,547	3,374,314	9,390,291	9,897,671
Deferred Outflows of Resources	158,465	194,278	27,964	34,284	186,429	228,562
Net Position						
Net investment in capital assets	7,015,822	6,967,965	8,571,757	8,892,387	15,587,579	15,860,352
Restricted	1,662,089	1,270,612	21,173	21,165	1,683,262	1,291,777
Unrestricted	1,168,175	1,428,971	1,011,736	904,549	2,179,911	2,333,520
Total net position	$ 9,846,086	$ 9,667,548	$ 9,604,666	$ 9,818,101	$ 19,450,752	$ 19,485,649

	Governmental Activities		Business-type Activities		Total	
	2015	2014 Restated	2015	2014 Restated	2015	2014 Restated
Revenues						
Program revenues						
Charges for services	$1,125,896	$ 829,694	$2,522,023	$2,261,895	$ 3,647,919	$ 3,091,589
Operating grants and contributions	155,908	295,707	-	-	155,908	295,707
Capital grants and contributions	514,574	371,043	44,646	291,872	559,220	662,915
General revenues						
Property tax	1,839,206	1,596,009	-	-	1,839,206	1,596,009
Sales tax	279,890	299,965	-	-	279,890	299,965
Other taxes	1,342,991	1,278,345	-	-	1,342,991	1,278,345
Investment earnings	1,236	1,039	15,416	11,392	16,652	12,431
Other	61,155	33,875	-	-	61,155	33,875
Total Revenues	5,320,856	4,705,677	2,582,085	2,565,159	7,902,941	7,270,836
Expenses						
General government	1,242,902	3,237,212	-	-	1,242,902	3,237,212
Judicial	308,206	-	-	-	308,206	-
Public safety	2,868,154	2,779,579	-	-	2,868,154	2,779,579
Public works	796,027	1,402,218	-	-	796,027	1,402,218
Housing and development	110,934	-	-	-	110,934	-
Economic development	10,139	10,182	-	-	10,139	10,182
Interest on long-term debt	168,672	174,976	-	-	168,672	174,976
Water and sewer	-	-	1,794,275	2,938,174	1,794,275	2,938,174
Natural Gas	-	-	365,643	355,228	365,643	355,228
Solid Waste	-	-	272,886	264,377	272,886	264,377
Total Expenses	5,505,034	7,604,167	2,432,804	3,557,779	7,937,838	11,161,946
Excess (deficiency) before transfers	(184,178)	(2,898,490)	149,281	(992,620)	(34,897)	(3,891,110)
Transfers	362,716	364,353	(362,716)	(364,353)	-	-
Change in net position	178,538	(2,534,137)	(213,435)	(1,356,973)	(34,897)	(3,891,110)
Net position - beginning of year	9,667,548	12,201,685	9,818,101	11,175,074	19,485,649	23,376,759
Net position - end of year	$9,846,086	$9,667,548	$9,604,666	$9,818,101	$19,450,752	$19,485,649

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, 2015, the City's governmental funds reported combined fund balances of $4,345,740, a decrease of $14,430 in comparison with the prior year. Approximately 49% of this amount ($2,144,188) 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 ($1,662,089), or 4) assigned for particular purposes ($539,463).

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:

- Executive Department budgeted expenditures increased $104,925 for legal services.
- Police Department budgeted expenditures increased $252,435 for salaries and equipment and vehicles purchased.

A detailed comparison of the general fund budget to actual amounts can be found on pages 18 through 20 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, 2015, amounts to $20,784,512, 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 $526,404. The net change is the result of capital acquisitions of $583,818, net disposals of $29,861 and depreciation expense of $1,080,361.

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	$ 646,092	$ 646,092	$ 156,769	$ 156,769	$ 802,861	$ 802,861
Construction in process	70,700	16,100	201,745	437,323	272,445	453,423
Infrastructure	5,288,844	5,413,721	-	-	5,288,844	5,413,721
Building	4,344,507	4,612,310	-	-	4,344,507	4,612,310
Distribution system	-	-	8,849,444	9,312,722	8,849,444	9,312,722
Machinery and equipment	340,461	130,556	589,459	239,072	929,920	369,628
Vehicles	296,491	346,251	-	-	296,491	346,251
Total	$ 10,987,095	$ 11,165,030	$ 9,797,417	$ 10,145,886	$ 20,784,512	$ 21,310,916

Additional information on the City's capital assets can be found in Note 8 on pages 41-42 of this report.

Long-Term Debt

As of December 31, 2015, the governmental activities reflect $3,950,000 in bonds payable and $2,243,221 in net pension liability as long-term debt. The Water and Sewerage Fund reflects GEFA loans, revenue bonds and a net pension liability as long-term debt as of December 31, 2015. GEFA loans equal $2,180,409, including $74,899 due within one year. Bonds payable equal $30,000, including $14,000 due within one year. The net pension liability equals $395,863.

Additional information on the City's long-term debt can be found in Note 9 on pages 43-47 of this report.

Accomplishments/Growth for 2015

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 was to be completed in 2015, however the City of Byron is currently still awaiting the release of these funds which could possibly be released in 2017.

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. This project is still in progress.

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. The city continues to make improvements to the longevity of the cemetery by renovating the Old City Hall Building. Cultural Funds from the 2008 SPLOST along with a Capital Contribution will be used to complete the job. The City of Byron approved up to $15,000.00 of Reserve Funds for the remaining funds needed to complete the project.

The City of Byron Police Department won the special category for Impaired Driving which resulted in winning a 2015 Dodge Charger from the Governor's Office of Highway Safety and $6,000 to be used to buy equipment and aid with travel expenses to and from training. The Police Department also won a 2016 Ford Interceptor as a result in placing first nationally in their category with the International Association of Chiefs of Police.

At the end of 2014, the City of Byron completed a Wage/Scale Implementation. This makes the budgeting process much easier as well as being able to justify merit increases and raises for employees. Along with this implementation, the city created and updates its job descriptions for each employee and department head.

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.

BASIC FINANCIAL STATEMENTS

CITY OF BYRON, GEORGIA

STATEMENT OF NET POSITION
DECEMBER 31, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Development Authority
ASSETS				
Cash and cash equivalents	$ 4,306,293	$ 1,125,512	$ 5,431,805	$ 24,610
Certificates of deposit	117,171	145,036	262,207	-
Receivables, net of allowance				
Taxes	370,059	-	370,059	-
Accounts	295,265	124,715	419,980	-
Due from Jointly Owned Natural Gas	-	45,577	45,577	-
Due from other government	128,239	738,543	866,782	-
Internal balances	(252,372)	252,372	-	-
Restricted assets	-	21,173	21,173	-
Investment in Jointly Owned Natural Gas	-	210,618	210,618	-
Capital assets				
Nondepreciable	716,792	358,514	1,075,306	2,172,169
Depreciable	10,270,303	9,438,903	19,709,206	-
Total Assets	15,951,750	12,460,963	28,412,713	2,196,779
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	522,545	92,214	614,759	-
Total Deferred Outflows of Resources	522,545	92,214	614,759	-

The accompanying notes are an integral part of the statements.

CITY OF BYRON, GEORGIA

STATEMENT OF NET POSITION
DECEMBER 31, 2015
(CONTINUED)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Development Authority
LIABILITIES				
Accounts payable	135,687	105,644	241,331	9,813
Accrued interest	26,745	6,567	33,312	-
Customer deposits	-	196,797	196,797	-
Noncurrent liabilities				
Due within one year				
Accrued absences	78,895	4,477	83,372	-
Capital lease	19,845	-	19,845	-
Notes payable	-	74,899	74,899	-
Bonds payable	208,099	14,000	222,099	-
Due in more than one year				
Accrued absences	13,923	790	14,713	-
Capital lease	22,344	-	22,344	-
Notes payable	-	16,000	16,000	200,000
Bonds payable	3,720,985	2,105,510	5,826,495	-
Net pension liability	2,243,221	395,863	2,639,084	-
Total Liabilities	6,469,744	2,920,547	9,390,291	209,813
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	158,465	27,964	186,429	-
Total Deferred Inflows of Resources	158,465	27,964	186,429	-
NET POSITION				
Net investment in capital assets	7,015,822	8,571,757	15,587,579	2,172,169
Restricted for				
Capital outlay	1,598,533	-	1,598,533	-
Law enforcement	30,264	-	30,264	-
Other restrictions	33,292	21,173	54,465	-
Unrestricted (Deficit)	1,168,175	1,011,736	2,179,911	(185,203)
Total Net Position	$ 9,846,086	$ 9,604,666	$ 19,450,752	$ 1,986,966

The accompanying notes are an integral part of the statements.

CITY OF BYRON, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

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	$ 1,242,902	$ 129,692	$ 155,908	$ -	$ (957,302)	$ -	$ (957,302)	$ -
Judicial	308,206	-	-	-	(308,206)	-	(308,206)	-
Public safety	2,868,154	996,204	-	-	(1,871,950)	-	(1,871,950)	-
Public works	796,027	-	-	514,574	(281,453)	-	(281,453)	-
Housing and development	110,934	-	-	-	(110,934)	-	(110,934)	-
Economic development	10,139	-	-	-	(10,139)	-	(10,139)	-
Interest on long-term debt	168,672	-	-	-	(168,672)	-	(168,672)	-
Total governmental activities	5,505,034	1,125,896	155,908	514,574	(3,708,656)	-	(3,708,656)	-
Business-type Activities								
Water and sewerage	1,794,275	1,774,961	-	44,646	-	25,332	25,332	-
Natural gas	365,643	436,642	-	-	-	70,999	70,999	-
Solid Waste	272,886	310,420	-	-	-	37,534	37,534	-
Total Business-type Activities	2,432,804	2,522,023	-	44,646	-	133,865	133,865	-
Total Primary Government	$ 7,937,838	$ 3,647,919	$ 155,908	$ 559,220	(3,708,656)	133,865	(3,574,791)	-
Development Authority	$ 36,981	$ -	$ -	$ -				(36,981)
Total Component Units	$ 36,981	$ -	$ -	$ -				(36,981)
General Revenues								
Property tax					1,839,206	-	1,839,206	-
Sales tax					279,890	-	279,890	-
Insurance premium					260,041	-	260,041	-
Franchise taxes					403,340	-	403,340	-
Beer and wine					132,142	-	132,142	-
Other taxes					547,468	-	547,468	-
Grants and contributions not restricted to specific programs					-	-	-	24,139
Investment earnings					1,236	15,416	16,652	44
Miscellaneous					28,082	-	28,082	-
Gain on sale of capital assets					33,073	-	33,073	-
Total General Revenues					3,524,478	15,416	3,539,894	24,183
Transfers					362,716	(362,716)	-	-
Total General Revenues and Transfers					3,887,194	(347,300)	3,539,894	24,183
Change in Net Position					178,538	(213,435)	(34,897)	(12,798)
Net Position - Beginning of year, restated					9,667,548	9,818,101	19,485,649	1,999,764
Net Position - End of year					$ 9,846,086	$ 9,604,666	$19,450,752	$ 1,986,966

The accompanying notes are an integral part of the statements.

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF BYRON, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	General Fund	SPLOST 2008	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 2,067,466	$ 1,063,482	$ 1,175,345	$ 4,306,293
Certificates of deposit	-	-	117,171	117,171
Receivables, net of allowance				
Taxes	319,853	-	50,206	370,059
Accounts	295,265	-	-	295,265
Due from other governments	26,727	-	101,512	128,239
Due from other funds	898,220	-	412,256	1,310,476
Total Assets	$ 3,607,531	$ 1,063,482	$ 1,856,490	$ 6,527,503
LIABILITIES				
Accounts payable	$ 95,506	$ -	$ 40,181	$ 135,687
Due to other funds	749,134	619,975	193,739	1,562,848
Total Liabilities	844,640	619,975	233,920	1,698,535
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	250,121	-	-	250,121
Unavailable revenue - other	226,436	-	6,671	233,107
Total Deferred Inflows of Resources	476,557	-	6,671	483,228
FUND BALANCES				
Restricted	33,280	443,507	1,185,302	1,662,089
Assigned	108,866	-	430,597	539,463
Unassigned	2,144,188	-	-	2,144,188
Total Fund Balances	2,286,334	443,507	1,615,899	4,345,740
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 3,607,531	$ 1,063,482	$ 1,856,490	$ 6,527,503

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, 2015

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

Total fund balances - governmental funds	$	4,345,740
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		716,792
Cost of the assets		15,484,296
Accumulated depreciation		(5,213,993)
Deferred outflows of resources		
Pension contributions		522,545
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		483,228
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		(42,189)
Compensated absences		(92,818)
Bonds payable		(3,950,000)
Bonds discount		20,916
Net pension liability		(2,243,221)
Accrued interest payable		(26,745)
Deferred inflows of resources		
Net difference between projected and actual investment earnings on pension plan investments		(158,465)
Total Net Position of Governmental Activities	$	9,846,086

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, 2015

	General Fund	SPLOST 2008	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes				
Property tax	$ 1,574,090	$ -	$ -	$ 1,574,090
Sales tax	279,890	-	-	279,890
Insurance premium	260,041	-	-	260,041
Franchise taxes	403,340	-	-	403,340
Beer and wine	132,142	-	-	132,142
Other taxes	279,555	-	267,913	547,468
License and permits	100,831	-	-	100,831
Intergovernmental	155,908	-	513,131	669,039
Charges for services	28,861	-	-	28,861
Fines	996,204	-	-	996,204
Investment earnings	400	892	1,387	2,679
Other revenues	28,082	-	-	28,082
Total Revenues	4,239,344	892	782,431	5,022,667
EXPENDITURES				
Current				
General government	845,582	-	107,165	952,747
Judicial	308,206	-	-	308,206
Public safety	2,889,864	-	30,708	2,920,572
Public works	598,797	-	75,066	673,863
Housing and development	110,934	-	-	110,934
Economic development	10,139	-	-	10,139
Debt Service				
Principal	22,693	-	205,000	227,693
Interest	1,947	-	167,976	169,923
Capital Outlay	-	80,449	-	80,449
Total Expenditures	4,788,162	80,449	585,915	5,454,526
Excess (Deficiency) of Revenues	(548,818)	(79,557)	196,516	(431,859)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	54,713	-	-	54,713
Transfers from other funds	698,464	-	372,976	1,071,440
Transfers to other funds	(372,976)	-	(335,748)	(708,724)
Total other financing sources (uses)	380,201	-	37,228	417,429
Net change in fund balances	(168,617)	(79,557)	233,744	(14,430)
Fund Balance - Beginning of year	2,454,951	523,064	1,382,155	4,360,170
Fund Balance - End of year	$ 2,286,334	$ 443,507	$ 1,615,899	$ 4,345,740

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, 2015

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

Net changes in fund balances - total governmental funds	$	(14,430)
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		479,408
Total depreciation		(635,703)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, donations, annexing) is to increase (decrease) net position		(21,640)
Deferred outflows of resources related to pensions is not available during the current period and therefore is not reported in the funds.		
Change in deferred outflows of resources related to pensions.		(20,824)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		265,116
Deferred inflows of resources related to pensions is not incurred during the current period and therefore is not reported in the funds.		
Change in deferred inflows of resources related to pensions.		35,813
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.		227,693
Net pension liability		(121,770)
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.		(14,475)
Accrued interest on debt		1,251
Amortization of discount		(1,901)
Change in Net Position of Governmental Activities	$	178,538

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, 2015

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
Taxes				
General property taxes	$ 1,550,719	$ 1,550,719	$ 1,574,090	$ 23,371
Local option sales tax	295,890	295,890	279,890	(16,000)
Other taxes				
Beer and wine	145,814	145,814	132,142	(13,672)
Insurance premium	232,747	232,747	260,041	27,294
Recording intangible	17,632	17,632	12,560	(5,072)
Real estate transfer	4,599	4,599	3,812	(787)
Franchise tax	321,417	321,417	403,340	81,923
Auto and mobile home	184,707	184,707	168,312	(16,395)
Business and occupation taxes	69,321	69,321	65,318	(4,003)
Public utility taxes	34,536	34,536	13,842	(20,694)
Financial institutions	18,879	18,879	15,004	(3,875)
Other	652	652	707	55
Total Taxes	2,876,913	2,876,913	2,929,058	52,145
Licenses and Permits				
Building permits	236,629	236,629	65,604	(171,025)
Business license	11,980	11,980	12,277	297
Alcohol beverage licenses	20,250	20,250	22,950	2,700
Total Licenses and Permits	268,859	268,859	100,831	(168,028)
Fines and Forfeitures				
Fines	709,165	709,165	988,247	279,082
Other police revenue	11,158	11,158	7,957	(3,201)
Total Fines and Forfeitures	720,323	720,323	996,204	275,881

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, 2015
(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	113,655	113,655	109,919	(3,736)
Georgia Department of Transportation	328,000	328,000	-	(328,000)
Governor's Office of Highway Safety	43,430	43,430	43,430	-
Other grants	18,570	18,570	2,559	(16,011)
Total Intergovernmental Revenues	505,720	505,720	155,908	(349,812)
Charges for Services				
Rents	10,606	10,606	10,156	(450)
Administrative fees	3,722	3,722	2,180	(1,542)
Cemetery fees	24,000	24,000	16,500	(7,500)
Animal control fees	200	200	25	(175)
Total Charges for Services	38,528	38,528	28,861	(9,667)
Miscellaneous				
Interest earnings	562	562	400	(162)
Insurance proceeds	15,000	15,000	5,219	(9,781)
Miscellaneous	14,133	14,133	22,863	8,730
Total Miscellaneous	29,695	29,695	28,482	(1,213)
Total Revenues	4,440,038	4,440,038	4,239,344	(200,694)

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, 2015
(CONTINUED)

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
Current				
General Government				
Administrative	563,354	514,986	514,986	-
Executive	225,671	330,596	330,596	-
Judicial				
Municipal Court	290,775	308,206	308,206	-
Public Safety				
Police department	1,592,018	1,844,453	1,844,453	-
Fire department	871,340	875,850	875,850	-
Marshal	178,655	169,561	169,561	-
Public Works				
Street	638,100	392,219	310,568	81,651
Stormwater	64,500	52,007	52,007	-
Public works administration	286,188	236,222	236,222	-
Housing and Development				
Planning and zoning	127,433	110,934	110,934	-
Economic Development				
Byron Development Authority	15,000	15,000	10,139	4,861
Debt Service				
Principal	24,399	24,399	22,693	1,706
Interest	1,947	1,947	1,947	-
Total expenditures	4,879,380	4,876,380	4,788,162	88,218
Excess (Deficiency) of Revenues Over (Under) Expenditures	(439,342)	(436,342)	(548,818)	(112,476)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	79,039	79,039	54,713	(24,326)
Transfer from:				
Hotel motel tax fund	126,000	126,000	160,748	34,748
Capital improvements fund	175,000	175,000	175,000	-
Natural gas fund	60,000	60,000	-	(60,000)
Water and sewerage fund	360,752	360,752	362,716	1,964
Transfers to:				
Debt service fund	(369,976)	(372,976)	(372,976)	-
Total Other Financing Sources (Uses)	430,815	427,815	380,201	(47,614)
Net change in fund balances	(8,527)	(8,527)	(168,617)	(160,090)
Fund Balance - Beginning of year	2,454,951	2,454,951	2,454,951	-
Fund Balance - End of year	$ 2,446,424	$ 2,446,424	$ 2,286,334	$ (160,090)

The accompanying notes are an integral part of the statements.

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF BYRON, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds			
			Nonmajor	
	Water and Sewerage Fund	Natural Gas Fund	Solid Waste Fund	Total
ASSETS				
Current Assets				
Cash and cash equivalents	$ 810,005	$ 302,959	$ 12,548	$ 1,125,512
Certificates of deposit	145,036	-	-	145,036
Restricted cash and cash equivalents				
Revenue bond covenant accounts	21,173	-	-	21,173
Accounts receivable				
(Net of allowance for uncollectible)	105,802	-	18,913	124,715
Due from Jointly Owned Natural Gas	-	45,577	-	45,577
Due from other governments	738,543	-	-	738,543
Due from other funds	-	323,796	86,214	410,010
Total current assets	1,820,559	672,332	117,675	2,610,566
Noncurrent Assets				
Investment in Jointly Owned Natural Gas	-	210,618	-	210,618
Capital assets				
Nondepreciable	358,514	-	-	358,514
Depreciable	9,438,903	-	-	9,438,903
Total noncurrent assets	9,797,417	210,618	-	10,008,035
Total Assets	11,617,976	882,950	117,675	12,618,601
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	92,214	-	-	92,214
Total Deferred Outflows of Resources	92,214	-	-	92,214

The accompanying notes are an integral part of the statements.

CITY OF BYRON, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2015
(CONTINUED)

	Business-type Activities - Enterprise Funds			
			Nonmajor	
	Water and Sewerage Fund	Natural Gas Fund	Solid Waste Fund	Total
LIABILITIES				
Current Liabilities				
Accounts payable	47,569	35,627	22,448	105,644
Accrued interest payable	6,567	-	-	6,567
Due to other funds	157,638	-	-	157,638
Customer deposits	196,797	-	-	196,797
Accrued absences - current	4,477	-	-	4,477
Notes payable - current	74,899	-	-	74,899
Revenue bonds payable - current	14,000	-	-	14,000
Total current liabilities	501,947	35,627	22,448	560,022
Noncurrent Liabilities				
Accrued absences	790	-	-	790
Revenue bonds payable	16,000	-	-	16,000
Notes payable	2,105,510	-	-	2,105,510
Net pension liability	395,863	-	-	395,863
Total noncurrent liabilities	2,518,163	-	-	2,518,163
Total Liabilities	3,020,110	35,627	22,448	3,078,185
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	27,964	-	-	27,964
Total noncurrent liabilities	27,964	-	-	27,964
NET POSITION				
Net investment in capital assets	8,571,757	-	-	8,571,757
Restricted for debt retirement	21,173	-	-	21,173
Unrestricted	69,186	847,323	95,227	1,011,736
Total Net Position	$ 8,662,116	$ 847,323	$ 95,227	$ 9,604,666

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, 2015

	Business-type Activities - Enterprise Funds			
	Water and Sewerage Fund	Natural Gas Fund	Nonmajor Solid Waste Fund	Total
Operating Revenues				
Charges and fees	$ 1,734,823	$ 424,768	$ 310,420	$ 2,470,011
Penalties	40,138	-	-	40,138
Other	-	11,874	-	11,874
Total Operating Revenues	1,774,961	436,642	310,420	2,522,023
Operating Expenses				
Salaries and benefits	377,550	-	-	377,550
Utilities	181,169	365,643	-	546,812
Maintenance and repairs	71,641	-	134	71,775
Operating materials	77,258	-	330	77,588
Contractual charges	355,736	-	272,362	628,098
Oxidation pond closure	12,140	-	-	12,140
Other operating expenses	176,131	-	60	176,191
Depreciation	444,658	-	-	444,658
Total Operating Expenses	1,696,283	365,643	272,886	2,334,812
Operating Income (Loss)	78,678	70,999	37,534	187,211
Nonoperating Revenues (Expenses)				
Interest revenue	301	40	-	341
Gain (loss) on disposition	(8,221)	-	-	(8,221)
Net income from joint venture	-	15,075	-	15,075
Interest expense	(89,771)	-	-	(89,771)
Total Nonoperating Revenues (Expenses)	(97,691)	15,115	-	(82,576)

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, 2015
(CONTINUED)

	Business-type Activities - Enterprise Funds			
	Water and Sewerage Fund	Natural Gas Fund	Nonmajor Solid Waste Fund	Total
Income (loss) before transfers	(19,013)	86,114	37,534	104,635
Capital contributions	44,646	-	-	44,646
Transfers (out)	(362,716)	-	-	(362,716)
Change in net position	(337,083)	86,114	37,534	(213,435)
Net Position - Beginning of Year, restated	8,999,199	761,209	57,693	9,818,101
Net Position - End of Year	$ 8,662,116	$ 847,323	$ 95,227	$ 9,604,666

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, 2015

	Business-type Activities - Enterprise Funds			
			Nonmajor	
	Water and Sewerage Fund	Natural Gas Fund	Solid Waste Fund	Total
Cash Flows from Operating Activities				
Cash received from customers	$ 1,876,582	$ 424,308	$ 359,340	$ 2,660,230
Cash paid to suppliers	(1,113,737)	(689,230)	(359,400)	(2,162,367)
Cash paid to employees	(377,974)	-	-	(377,974)
Net Cash Provided by (Used for) Operating Activities	384,871	(264,922)	(60)	119,889
Cash Flows from Noncapital Financing Activities				
Proceeds from note	207,339	-	-	207,339
Transfer to other funds	(362,716)	-	-	(362,716)
Net Cash Provided by (Used for) Noncapital Financing Activities	(155,377)	-	-	(155,377)
Cash Flows from Capital and Related Financing Activities				
Principal paid on notes	(71,891)	-	-	(71,891)
Interest paid on notes	(88,213)	-	-	(88,213)
Acquisition and construction of capital assets	(104,410)	-	-	(104,410)
Principal paid on revenue bonds	(14,000)	-	-	(14,000)
Capital contributions	44,646	-	-	44,646
Proceeds from note	58,052	-	-	58,052
Net Cash Provided by (Used for) Capital and Related Financing Activities	(175,816)	-	-	(175,816)

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, 2015
(CONTINUED)

	Business-type Activities - Enterprise Funds			
	Water and Sewerage Fund	Natural Gas Fund	Nonmajor Solid Waste Fund	Total
Cash Flows from Investing Activities				
Purchase of investments	$ (290)	$ -	$ -	$ (290)
Net income from JONG	-	15,075	-	15,075
Interest earnings	301	40	-	341
Net Cash Provided by (Used for) Investing Activities	11	15,115	-	15,126
Net Increase (Decrease) in Cash and Cash Equivalents	53,689	(249,807)	(60)	(196,178)
Cash and Cash Equivalents at Beginning of Year	777,489	552,766	12,608	1,342,863
Cash and Cash Equivalents at End of Year	$ 831,178	$ 302,959	$ 12,548	$ 1,146,685
Classified as:				
Current assets	$ 810,005	$ 302,959	$ 12,548	$ 1,125,512
Restricted assets	21,173	-	-	21,173
Total Cash and Cash Equivalents	$ 831,178	$ 302,959	$ 12,548	$ 1,146,685

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, 2015
(CONTINUED)

	Business-type Activities - Enterprise Funds			
	Water and Sewerage Fund	Natural Gas Fund	Nonmajor Solid Waste Fund	Total
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities				
Net operating income	$ 78,678	$ 70,999	$ 37,534	$ 187,211
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities				
Depreciation	444,658	-	-	444,658
Changes in Assets and Liabilities				
(Increase) decrease in accounts receivable	(55,901)	2,741	48,920	(4,240)
(Increase) decrease in due from other governments	157,522	-	-	157,522
(Increase) decrease in due from other funds	240,099	(323,796)	(86,660)	(170,357)
(Increase) decrease in investment in JONG	-	(15,075)	-	(15,075)
(Increase) decrease in deferred outflows	3,675	-	-	3,675
Increase (decrease) in accounts payable	(544,193)	209	146	(543,838)
Increase (decrease) in retainage payable	(112,050)	-	-	(112,050)
Increase (decrease) in accrued vacation absences	(424)	-	-	(424)
Increase (decrease) in due to other funds	157,638	-	-	157,638
Increase (decrease) in net pension liability	21,489	-	-	21,489
Increase (decrease) in deferred inflows	(6,320)	-	-	(6,320)
Total Adjustments	306,193	(335,921)	(37,594)	(67,322)
Net Cash Provided by (Used for) Operating Activities	$ 384,871	$ (264,922)	$ (60)	$ 119,889
Noncash Investing, Capital, Financing Activities				
Contributions of capital assets from government	$ 44,646	$ -	$ -	$ 44,646
Total Noncash Investing, Capital, Financing Activities	$ 44,646	$ -	$ -	$ 44,646

The accompanying notes are an integral part of the statements.

CITY OF BYRON, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITY
FIDUCIARY FUND
DECEMBER 31, 2015

	Agency Fund
ASSETS	
Cash	$ 91,854
Total assets	$ 91,854
LIABILITY	
Payable from Assets	
Confiscated assets pending disposition	$ 91,854

The accompanying notes are an integral part of the statements.

THIS PAGE INTENTIONALLY LEFT BLANK

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 Board (GASB) No. 61 "The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and 34", 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, 2015.

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, 2015, 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 Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category. The item is the deferred outflow of resources relative to the pension plans change in assumptions. This amount is deferred and will be recognized as a reduction of the net pension liability in future years.

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 two types of items, which arises under a modified accrual basis of accounting that qualifies for reporting in this category. This first 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. The second item is the deferred inflow of resources relative to the differences between expected and actual experience and the net difference between projected and actual earnings on the pension plan investments. This amount is deferred and will be recognized as a reduction of the net pension liability in future years.

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, 2015:

	General Fund	SPLOST 2008	Nonmajor Governmental	Total
Fund Balances				
Restricted for:				
Capital outlay	$ -	$ 443,507	$ 1,155,026	$ 1,598,533
Debt service	-	-	12	12
Law enforcement	-	-	30,264	30,264
Donations-utility payments	33,280	-	-	33,280
Assigned:				
Fund balance appropriations	50,000	-	-	50,000
Capital outlay	-	-	430,597	430,597
Municipal Court	34,370	-	-	34,370
Law enforcement	23,205	-	-	23,205
Fire department	1,291	-	-	1,291
Unassigned	2,144,188	-	-	2,144,188
Total fund balances	$ 2,286,334	$ 443,507	$ 1,615,899	$ 4,345,740

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, 2015, 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

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 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.

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, 2015 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, 2015, the City's only investments were in certificates of deposit.

At December 31, 2015, the City's investments in certificates of deposit were as follows:

Investment	Maturity	Amount
Certificates of deposit - Water and Sewerage Fund	156 days	$ 145,036
Certificate of deposit - Nonmajor Governmental Fund	236 days	117,171
		$ 262,207

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	October 26	January 1
Due date and collection date	December 28	Staggered

B. Hotel/Motel Excise Tax

A summary of the hotel/motel excise tax expenditures and receipts for the year ended December 31, 2015, are as follows:

Expenditures by Purpose	Amount	Hotel/Motel Tax Receipts	Percentage
Convention & Visitors Bureau	$ 107,165	$ 267,913	40%
General Fund	160,748	267,913	60%

NOTE 5 – OTHER RECEIVABLES

Receivables have been reduced to their estimated net realizable value, based upon historical experience rates. Receivables at December 31, 2015, consist of the following:

	General Fund	Water Sewerage	Natural Gas	Nonmajor Enterprise Fund	Nonmajor Governmental Funds	Total
Receivables						
Taxes	$ 430,278	$ -	$ -	$ -	$ 50,206	$ 480,484
Accounts	295,265	206,612	22,123	37,826	-	561,826
Gross Receivables	725,543	206,612	22,123	37,826	50,206	1,042,310
Less: Allowance for uncollectibles	(110,425)	(100,810)	(22,123)	(18,913)	-	(252,271)
Net Total Receivables	$ 615,118	$ 105,802	$ -	$ 18,913	$ 50,206	$ 790,039

NOTE 6 – DUE FROM OTHER GOVERNMENTS

The General Fund reflects $26,727 in Due from Other Governments, which represents local option sales tax of $24,751 due from the Georgia Department of Revenue and grant reimbursements of $1,976 from the Governor's Office of Highway Safety.

The SPLOST 2012 Fund reflects $101,512 in Due from Other Governments, which represents special purpose local option sales tax due from Peach County, Georgia.

The Water and Sewerage Fund reflects $738,543 in Due from Other Governments, which represents grant funds due from the Georgia Environmental Finance Authority (GEFA).

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The interfund receivables and payables at December 31, 2015, were as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	$ 193,739
General	SPLOST 2008	619,975
General	Water and Sewerage	84,506
Natural Gas	General	323,796
Nonmajor Enterprise	General	13,082
Nonmajor Enterprise	Water and Sewerage	73,132
Nonmajor Governmental	General	412,256
Total		$ 1,720,486

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

A reconciliation of transfers is as follows:

	Transfer In:		
Transfer out:	General Fund	Nonmajor Governmental	Total
General Fund	$ -	$ 372,976	$ 372,976
Water and Sewerage	362,716	-	362,716
Nonmajor Governmental	335,748	-	335,748
Total	$ 698,464	$ 372,976	$ 1,071,440

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, 2015, was as follows:

Primary Government

	Balance January 1, 2015	Increases	Decreases	Reclassifications	Balance December 31, 2015
Governmental Activities					
Capital assets, not being depreciated					
Land	$ 646,092	$ -	$ -	$ -	$ 646,092
Construction in progress	16,100	54,600	-	-	70,700
Total capital assets not being depreciated	662,192	54,600	-	-	716,792
Capital assets, being depreciated					
Infrastructure	6,872,639	105,600	-	-	6,978,239
Buildings and improvements	6,763,725	-	(15,001)	(68,436)	6,680,288
Vehicles	1,318,971	78,160	(592,118)	-	805,013
Intangible	84,262	-	-	-	84,262
Machinery and equipment	941,169	241,048	(314,159)	68,436	936,494
Total capital assets being depreciated	15,980,766	424,808	(921,278)	-	15,484,296
Less: accumulated depreciation					
Infrastructure	(1,458,918)	(231,052)	575	-	(1,689,395)
Buildings and improvements	(2,151,415)	(199,367)	15,001	-	(2,335,781)
Vehicles	(972,720)	(112,669)	576,867	-	(508,522)
Intangible	(84,262)	-	-	-	(84,262)
Machinery and equipment	(810,613)	(92,615)	307,195	-	(596,033)
Total accumulated depreciation	(5,477,928)	(635,703)	899,638	-	(5,213,993)
Total capital assets being depreciated, net	10,502,838	(210,895)	(21,640)	-	10,270,303
Governmental activities capital assets, net	$ 11,165,030	$ (156,295)	$ (21,640)	$ -	10,987,095
Less related long term debt outstanding					(3,971,273)
Net investment in capital assets					$ 7,015,822

The following is a summary of proprietary fund-type capital assets at December 31, 2015:

	Balance January 1, 2015	Increases	Decreases	Reclassifications	Balance December 31, 2015
Business-Type Activities					
Capital assets, not being depreciated					
Land	$ 156,769	$ -	$ -	$ -	$ 156,769
Construction in progress	437,323	104,410	(3,477)	(336,511)	201,745
Total capital assets not being depreciated	594,092	104,410	(3,477)	(336,511)	358,514
Capital assets, being depreciated					
Distribution system	13,613,421	-	(1,078,853)	402,259	12,936,827
Equipment and vehicles	1,009,551	-	(265,497)	(65,748)	678,306
Total capital assets being depreciated	14,622,972	-	(1,344,350)	336,511	13,615,133
Less: accumulated depreciation					
Distribution system	(4,300,699)	(28,271)	241,587	-	(4,087,383)
Equipment and vehicles	(770,479)	(416,387)	1,098,019	-	(88,847)
Total accumulated depreciation	(5,071,178)	(444,658)	1,339,606	-	(4,176,230)
Total capital assets being depreciated, net	9,551,794	(444,658)	(4,744)	336,511	9,438,903
Business-type activities capital assets, net	$ 10,145,886	$ (340,248)	$ (8,221)	$ -	$ 9,797,417
Less related long term debt outstanding					(1,225,660)
Net investment in capital assets					$ 8,571,757

The calculation of net investment in capital assets does not include $984,749 of GEFA non-capital related debt.

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

Governmental activities:

General government	$ 209,589
Public safety	194,698
Public works	231,415
Total	$ 635,703

Business-type activities:

Water and sewerage	$ 444,658

Discretely presented component unit

Activity for the Development Authority for the year ended December 31, 2015, was as follows:

	Balance January 1, 2015	Increases	Decreases	Reclassifications	Balance December 31, 2015
Capital Assets, Not Being Depreciated					
Land	$ 1,007,284	$ -	$ -	$ -	$ 1,007,284
Land improvements	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, 2015	$ 30,000
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
2016	$ 14,000	$ 1,500
2017	16,000	800
Total	$ 30,000	$ 2,300

Notes Payable

On February 27, 2001, the City entered into a contract with the Georgia Environmental Finance 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 Finance 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 Finance 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 Finance 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, 2015, $1,201,963 has been drawn down. $1,042,801 is the loan portion and is payable to Georgia Environmental Finance Authority. Interest is at 2.31%. Principal payments will begin after the final draw has been made.

On October 1, 2015, the City entered into a contract with the Georgia Environmental Finance Authority for a Clean Water State Revolving Loan Fund grant/loan to provide financing for the rehabilitation of the city's sewerage collection system. The City may draw down funds up to $4,000,000, of which 10% is forgivable. As of December 31, 2015, no funds have been drawn down.

The annual requirements to amortize the notes at December 31, 2015, are as follows:

	2001 GEFA Loan		2007 GEFA Loan		2009 GEFA Loan		Estimated 2014 GEFA Loan	
	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
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	15,873	27,709
2018	8,422	31,558	9,266	20,331	16,985	29,426	23,002	42,370
2019	6,765	33,214	8,395	21,202	16,090	30,321	22,013	43,360
2020	5,022	34,958	7,487	22,109	15,167	31,244	21,000	44,372
2021-2025	4,441	75,519	22,399	125,584	60,990	171,064	88,971	237,891
2026-2030	-	-	1,292	40,633	33,343	198,711	59,875	266,987
2031-2035	-	-	-	-	4,964	118,798	27,220	299,642
2036-2037	-	-	-	-	-	-	1,245	80,470
Total	$ 46,139	$233,720	$ 69,840	$268,051	$184,088	$635,837	$259,199	$1,042,801

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, $12,976 was included in depreciation expense. Total interest paid for 2015 was $1,947. The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2015 were as follows:

Year Ending	Governmental Activities	
December 31st	Principal	Interest
2016	$ 19,845	$ 1,126
2017	22,344	401
Total	$ 42,189	$ 1,527

Revenue bond debt service requirements to maturity are as follows:

	Principal	Interest
2016	$ 210,000	$ 160,472
2017	220,000	152,598
2018	230,000	144,193
2019	240,000	135,339
2020	250,000	125,979
2021-2025	1,415,000	471,028
2026-2029	1,385,000	149,568
Total	$ 3,950,000	$ 1,339,177

Changes in Long-Term Obligations

The following is a summary of long-term debt transactions of the City for the year ended December 31, 2015:

	Beginning Balance, Restated	Additions	Deductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Long-Term Debt					
Compensated absences	$ 78,343	$ 94,126	$ (79,651)	$ 92,818	$ 78,895
Capital lease	64,882	-	(22,693)	42,189	19,845
Net pension liability	2,121,451	121,770	-	2,243,221	-
Redevelopment Authority					
Bonds payable	4,155,000	-	(205,000)	3,950,000	210,000
Less: discount on bonds	(22,817)	-	1,901	(20,916)	(1,901)
Total Long-term debt	$ 6,396,859	$ 215,896	$ (305,443)	$ 6,307,312	$ 306,839

For the governmental activities, compensated absences and net pension liability are generally liquidated by the General Fund.

	Beginning Balance, Restated	Additions	Deductions	Ending Balance	Amounts Due Within One Year
Business-type Activities					
Long-term debt					
Revenue bonds	$ 44,000	$ -	$ (14,000)	$ 30,000	$ 14,000
GEFA loan 2001	260,786	-	(27,066)	233,720	28,488
GEFA loan 2007	285,979	-	(17,928)	268,051	18,696
GEFA loan 2009	662,734	-	(26,897)	635,837	27,715
GEFA loan 2014	777,410	265,391	-	1,042,801	-
Net pension liability	374,374	21,489	-	395,863	-
Compensated absences	5,691	11,177	(11,601)	5,267	4,477
Total Long-term debt	$ 2,410,974	$ 298,057	$ (97,492)	$ 2,611,539	$ 93,376

For business-type activities, compensated absences and net pension liability are liquidated by the proprietary funds.

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	$ 21,173

NOTE 11 – PENSION PLAN

Georgia Municipal Employees Benefit System

Plan Description

The City contributes to the Georgia Municipal Employees Benefit System (the system), an agent multiple-employer public employee retirement system administered by the Georgia Municipal Association. The City of Byron Retirement Plan is a defined benefit plan that provides retirement and disability benefits and death benefits to plan members and beneficiaries. The Public Retirement Systems Standard Law (Georgia Code Section 47-20-10) assigned the authority to establish and amend the plan to the City of Byron, Georgia. The Georgia Municipal Employees Benefit System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Georgia Municipal Employees Benefit System, 201 Pryor Street S.W., Atlanta, Georgia 30303.

Plan Membership

At July 1, 2015, the date of the most recent actuarial valuation, there were 99 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	25
Terminated vested participants	16
Active vested employees	33
Active nonvested employees	25
Total	99

Benefits Provided

The GMEBS Plan provides retirement, disability and death benefits to plan members and beneficiaries.

Contributions

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 21.93% of annual covered payroll. The contribution requirements of the City are established and may be amended by the GMEBS Board of Trustees.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2015, the City reported a net pension liability. The net pension liability was measured as of March 31, 2015. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of July 1, 2015. An expected total pension liability as of December 31, 2014 was determined using standard roll-forward techniques.

For the year ended December 31, 2015, the City recognized pension expense relative to GMEBS in the amount of $379,830. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to the Pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 313,435	$ -
Changes of assumptions	-	89,485
Net difference between projected and actual earnings on pension plan investments	-	96,944
Employer contributions subsequent to the measurement date	301,324	-
	$ 614,759	$ 186,429

City contributions subsequent to the measurement date of $301,324 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2016	$	20,554
2017		20,554
2018		20,554
2019		20,554
2020		44,790

Actuarial Assumptions: The total pension liability as of December 31, 2015 was determined by an actuarial valuation as of July 1, 2015 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increase	3.25% plus service based merit increases
Cost of living adjustments	3.25% for participants hired prior to 4/1/92 3.00% for participants hired on or after 4/1/92
Investment rate of return	7.75%, On-going basis, based on long-term expected rate of return of pension plan investments

Mortality rates were based on the RP-2000 Combined Mortality Table with sex-distinct rates, set forward two years for males and one year for females, and the RP-2000 Disabled Mortality Table with sex-distinct rates.

The mortality and economic actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 to June 30, 2014.

Net Pension Liability:

Changes in the Net Pension Liability	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2014	$ 8,788,167	$ 6,292,342	$ 2,495,825
Changes for the year:			
Service cost	168,382	-	168,382
Interest	660,062	-	660,062
Differences between expected and actual experience	376,122	-	376,122
Contributions - employer	-	363,577	(363,577)
Net investment income	-	601,475	(601,475)
Benefit payments	(542,470)	(542,470)	-
Administrative expense	-	(11,125)	11,125
Other	(107,380)	-	(107,380)
Net changes	554,716	411,457	143,259
Balances at December 31, 2015	$ 9,342,883	$ 6,703,799	$ 2,639,084

The City's net pension liability is recorded in the Government-Wide, Statement of Net Position and in the Water and Sewerage Fund, Statement of Net Position in the amounts of $2,243,221 and $395,863, respectively.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Nominal Real Rate of Return
Domestic equity	50%	5.95%	9.20%
International equity	15%	6.45%	9.70%
Fixed income	25%	1.55%	4.80%
Real estate	10%	3.75%	7.00%
Cash	0%		
Total	100%		

Discount Rate: The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount rate: The following presents the City's net pension liability calculated using the discount rate of 7.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Sensitivity of the Net Pension Liability to Changes in the Discount Rate	$ 3,850,824	$ 2,639,084	$ 1,637,314

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued GMEBS financial report which is publically available at www.gmanet.com.

NOTE 12 – SPECIAL FUNDING DEFINED BENEFIT PENSION PLAN

A. Georgia Firefighters' Pension Fund

The City's Volunteer Firemen are eligible to participate in the Georgia Firefighters' Pension Fund, a voluntary pension system. The City makes no contributions to this plan. Contributions are made through monthly dues by eligible firefighters electing to participate in the plan and non-employer contributions which consist of insurance premium taxes collected and remitted by insurers directly to the pension fund in accordance with the law. The plan is administered by the Georgia Firefighters' Pension Fund located at 2171 Eastview Parkway NE in Conyers, Georgia where separate financial statements may be obtained. This plan is considered immaterial to the City of Byron, Georgia's financial statements.

B. Peace Officers' Annuity and Benefit Fund of Georgia

The City's Deputies are covered by the State of Georgia Peace Officers' Annuity and Benefit Fund. The City makes no contribution to this plan. Contributions are collected by the City as the agent for this fund through its court systems. This plan is administered through the Peace Officers' Annuity and Benefit Fund of Georgia located at 1210 Greenbelt Parkway in Griffin, Georgia where separate financial statements may be obtained. This plan is considered immaterial to the City of Byron, Georgia's financial statements.

NOTE 13 – POST-EMPLOYMENT BENEFITS

In accordance with City resolution, the City provides life insurance in the amount of $7,500 to retired employees. Currently, 12 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 2015, the cost of retirees' life insurance benefits was $2,693. 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 14 – CONTINGENT LIABILITIES

Litigation

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

Grants

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

NOTE 15 – EVALUATION OF SUBSEQUENT EVENTS

The City has evaluated subsequent events through December 28, 2016, the date which the financial statements were available to be issued.

NOTE 16 – RESTATEMENT OF EQUITY BALANCES

Implementation of New Accounting Standards

During 2015, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68,* as of January 1, 2015.

The effects of these adjustments are as follows:

	Governmental Activities	Business-type Activities	Total
Net Position December 31, 2014, as previously stated	$ 11,439,908	$ 10,130,870	$21,570,778
Implementation of GASB 68/71 for pensions:			
Record net pension liability	(1,772,360)	(312,769)	(2,085,129)
Net Position December 31, 2014, restated	$ 9,667,548	$ 9,818,101	$19,485,649

	Water & Sewerage Fund
Net Position December 31, 2014, as previously stated	$ 9,311,968
Implementation of GASB 68/71 for pensions:	
Record net pension liability	(312,769)
Net Position December 31, 2014, restated	$ 8,999,199

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BYRON, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM
FOR THE YEAR ENDED DECEMBER 31, 2015

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	2015
Total Pension Liability	
Service cost	$ 168,382
Interest	660,062
Differences between expected and actual experience	376,122
Changes in benefit terms	-
Changes in assumptions	(107,380)
Benefit payments, including refunds of employee contributions	(542,470)
Net change in total pension liability	554,716
Total pension liability - beginning	8,788,167
Total pension liability - ending	$ 9,342,883
Plan Fiduciary Net Position	
Contributions - employer	$ 363,577
Contributions - employee	-
Net investment income	601,475
Benefit payments, including refunds of employee contributions	(542,470)
Administrative expense	(11,125)
Other	-
Net change in fiduciary net position	411,457
Plan fiduciary net position - beginning	6,292,342
Plan fiduciary net position - ending	$ 6,703,799
Net Pension Liability	
Net pension liability - ending	$ 2,639,084
Plan's fiduciary net position as a percentage of the total pension liability	71.75%
Covered-employee payroll	$ 2,085,487
Net pension liability as a percentage of covered-employee payroll	126.55%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

CITY OF BYRON, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM
FOR THE YEAR ENDED DECEMBER 31, 2015

SCHEDULE OF CONTRIBUTIONS

	2015
Actuarially determined contribution	$ 401,765
Contributions in relation to the actuarially determined contribution	401,765
Contribution deficiency (excess)	$ -
City's covered-employee payroll	$ 2,085,487
Contributions as a percentage of covered-employee payroll	19.26%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

Georgia Municipal Employee Benefit System

Changes of assumptions:

As a result of the plan change to provide immediate participation for employees, for the fiscal year ending 2016, the eligibility assumption has been changed from one year to immediate. The increase in the Plan's NPL is minimal and has been included in the differences between expected and actuarial experience.

Amounts reported for the fiscal year ending in 2016, and later reflect the following assumption changes based on the results of an actuarial experience study covering the period January 1, 2010 to June 30, 2014:

- The mortality table for disabled participants was changed to remove the two-year set forward for males and the one-year set forward for females.
- The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 15% and to assume no turnover on and after age 55. The select period rates were further constrained to not be less than the ultimate rates.
- The retirement rates where normal retirement is only available on or after age 65 were changed from the prior assumption of 100% at age 65 to the new assumption of 60% at age 65 to 69 and 100% at age 70. Where normal retirement is available prior to age 65, the rates were changed from the prior assumption of 100% at earliest unreduced age, but not below age 60, to the new assumption of 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70.
- The inflation assumption was decreased from 3.50% to 3.25%.
- The cost-of-living adjustment assumption for Class 1 was decreased from 3.50% to 3.25%.
- The salary increase assumption was changed from select period rates during the first five years of service, followed by age-related rates to an assumption based on new service-related rates. Under the prior assumption, the salary increases ranged from 4.00% to 11.00% and included an inflation assumption of 3.50%. Under the new assumption, the salary increases range from 3.75% to 8.00% and include an inflation assumption of 3.25%.

Benefit Changes

There have been no changes in benefit provisions since GASB 67/68 implementation.

Valuation date	The actuarially determined contribution rate was determined as of July 1, 2015, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the year ending December 31, 2016.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Closed level dollar for the remaining unfunded liability
Remaining amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years.
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow 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:	
Net Investment Rate of Return	7.75%
Projected Salary Increases	3.25% plus service based merit increases
Cost of Living Adjustments	3.25% for participants hired prior to 4/1/92 (Class 1) 3.00% for participants hired on or after 4/1/92 (Class 2 and 3)
Retirement Age	Class 1: Ages 55-59 rate of 10%, age 60 rate of 20%, age 61 rate of 25%, age 62 rate of 35%, age 63 rate of 40%, age 64 rate of 45%, ages 65-69 rate of 50% and age 70 and over rate of 100% Class 2 and 3: Ages 65-69 rate of 60%, age 70 and over rate of 100%
Mortality	RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

THIS PAGE INTENTIONALLY LEFT BLANK

SUPPLEMENTARY INFORMATION

THIS PAGE INTENTIONALLY LEFT BLANK

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) 2004 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) 2012 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, 2015

	Special Revenue Funds			Capital Projects Funds				Total Nonmajor Governmental Funds
	Law Enforcement Confiscation	Hotel/Motel Tax Fund	Debt Service Fund	SPLOST 2004	SPLOST 2012	LMIG	Capital Improvements	
ASSETS								
Cash and cash equivalents	$ 29,627	$ -	$ 12	$ 656,730	$ -	$ -	$ 488,976	$ 1,175,345
Certificates of deposit	-	-	-	-	-	-	117,171	117,171
Receivables, net of allowance								
Taxes	-	50,206	-	-	-	-	-	50,206
Due from other governments	-	-	-	-	101,512	-	-	101,512
Due from other funds	637	-	-	-	351,188	60,431	-	412,256
Total Assets	$ 30,264	$ 50,206	$ 12	$ 656,730	$ 452,700	$ 60,431	$ 606,147	$ 1,856,490
LIABILITIES								
Accounts payable	$ -	$ 33,191	$ -	$ 6,990	$ -	$ -	$ -	$ 40,181
Due to other funds	-	10,344	-	7,845	-	-	175,550	193,739
Total Liabilities	-	43,535	-	14,835	-	-	175,550	233,920
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - other	-	6,671	-	-	-	-	-	6,671
Total Deferred Inflows of Resources	-	6,671	-	-	-	-	-	6,671
Fund Balances:								
Restricted	30,264	-	12	641,895	452,700	60,431	-	1,185,302
Assigned	-	-	-	-	-	-	430,597	430,597
Total Fund Balances	30,264	-	12	641,895	452,700	60,431	430,597	1,615,899
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 30,264	$ 50,206	$ 12	$ 656,730	$ 452,700	$ 60,431	$ 606,147	$ 1,856,490

CITY OF BYRON, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Special Revenue Funds			Capital Projects Funds				Total
	Law Enforcement Confiscation	Hotel/Motel Tax Fund	Debt Service Fund	SPLOST 2004	SPLOST 2012	LMIG	Capital Improvements	Nonmajor Governmental Funds
REVENUES								
Taxes								
Other taxes	$ -	$ 267,913	$ -	$ -	$ -	$ -	$ -	$ 267,913
Intergovernmental	-	-	-	-	452,700	60,431	-	513,131
Investment earnings	78	-	-	551	-	-	758	1,387
Total Revenues	78	267,913	-	551	452,700	60,431	758	782,431
EXPENDITURES								
Current								
General government	-	107,165	-	-	-	-	-	107,165
Public safety	30,158	-	-	-	-	-	550	30,708
Public works	-	-	-	14,835	-	60,231	-	75,066
Debt Service								
Principal	-	-	205,000	-	-	-	-	205,000
Interest	-	-	167,976	-	-	-	-	167,976
Total Expenditures	30,158	107,165	372,976	14,835	-	60,231	550	585,915
Excess (Deficiency) of Revenues Over (Under) Expenditures	(30,080)	160,748	(372,976)	(14,284)	452,700	200	208	196,516
OTHER FINANCING SOURCES (USES)								
Transfers from other funds	-	-	372,976	-	-	-	-	372,976
Transfers to other funds	-	(160,748)	-	-	-	-	(175,000)	(335,748)
Total other financing sources (uses)	-	(160,748)	372,976	-	-	-	(175,000)	37,228
Net change in fund balances	(30,080)	-	-	(14,284)	452,700	200	(174,792)	233,744
Fund Balance - beginning of year	60,344	-	12	656,179	-	60,231	605,389	1,382,155
Fund Balance - end of year	$ 30,264	$ -	$ 12	$ 641,895	$ 452,700	$ 60,431	$ 430,597	$ 1,615,899

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, 2015

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Interest income	$ -	$ 78	$ 78
Total Revenues	-	78	78
EXPENDITURES			
Current			
Public safety	30,158	30,158	-
Total Expenditures	30,158	30,158	-
Net change in fund balances	(30,158)	(30,080)	78
Fund Balance - Beginning of year	60,344	60,344	-
Fund Balance - End of year	$ 30,186	$ 30,264	$ 78

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, 2015

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Hotel Motel Tax	$ 286,748	$ 267,913	$ (18,835)
Total Revenues	286,748	267,913	(18,835)
EXPENDITURES			
Current			
Convention and Visitors Bureau	126,000	107,165	18,835
Total Expenditures	126,000	107,165	18,835
Excess of Revenues Over (Under) Expenditures	160,748	160,748	-
OTHER FINANCING SOURCES (USES)			
Transfers to General Fund	(160,748)	(160,748)	-
Total Other Financing Sources (Uses)	(160,748)	(160,748)	-
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, 2015

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Interest income	$ -	$ -	$ -
Total Revenues	-	-	-
EXPENDITURES			
Debt Service			
Principal	205,000	205,000	-
Interest	167,976	167,976	-
Total Expenditures	372,976	372,976	-
Excess (deficiency) of revenues over (under) expenditures	(372,976)	(372,976)	-
OTHER FINANCING SOURCES (USES)			
Transfers from General Fund	372,976	372,976	-
Total Other Financing Sources (Uses)	372,976	372,976	-
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, 2015

	12/31/14	Additions	Deletions	12/31/15
Police Pre-Confiscated Assets Fund				
ASSETS				
Cash	$ 49,733	$ 42,121	$ -	$ 91,854
Total assets	$ 49,733	$ 42,121	$ -	$ 91,854
LIABILITY				
Payable from assets				
Confiscated assets pending disposition	$ 49,733	$ 42,121	$ -	$ 91,854

CITY OF BYRON, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
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	183,981	14,835	198,816
Total Expenditures	$1,250,000	$1,250,000	$ 703,471	$14,835	$ 718,306
Special Local Option Sales Tax 2008					
Roads, Streets and Bridges	$1,566,000	$1,566,000	$1,145,211	$47,369	$1,192,580
Cultural, Historical and Recreational Facilities	75,000	75,000	21,205	-	21,205
Sewer and Water System	1,044,000	1,044,000	937,319	33,080	970,399
Bond Interest and Costs of Issuance	390,000	390,000	-	-	-
Total Expenditures	$3,075,000	$3,075,000	$2,103,735	$80,449	$2,184,184
Special Local Option Sales Tax 2012					
Roads, Streets, Bridges, Drainage	$2,815,575	$2,815,575	$ -	$ -	$ -
Government Buildings and Solid Waste Facilities and Equipment	32,550	32,550	-	-	-
Water and Sewer	651,000	651,000	-	-	-
Cultural, Historical and Recreation	32,550	32,550	-	-	-
Public Safety Facilities and Equipment	374,325	374,325	-	-	-
Total Expenditures	$3,906,000	$3,906,000	$ -	$ -	$ -

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF BYRON, GEORGIA

BALANCE SHEET
COMPONENT UNIT - DEVELOPMENT AUTHORITY
DECEMBER 31, 2015

ASSETS		
Cash and cash equivalents	$	24,610
Total Assets	$	24,610
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$	9,813
Total Liabilities		9,813
Fund Balances		
Unassigned		14,797
Total Fund Balances		14,797
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 period and, therefore, are not reported in the fund.		(200,000)
Net position of component unit	$	1,986,966

CITY OF BYRON, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
COMPONENT UNIT - DEVELOPMENT AUTHORITY
FOR THE YEAR ENDED DECEMBER 31, 2015

REVENUES		
Intergovernmental	$	24,139
Investment earnings		44
Total Revenues		24,183
EXPENDITURES		
Current		
Repairs and maintenance		14,000
Professional fees		12,577
Miscellaneous		265
Debt Service		
Interest		10,139
Total Expenditures		36,981
Net change in fund balances		(12,798)
Fund Balance - Beginning of year		27,595
Fund Balance - End of year	$	14,797
Net change in fund balances - component unit	$	(12,798)

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	$	(12,798)

THIS PAGE INTENTIONALLY LEFT BLANK

GOVERNMENTAL REPORTS

THIS PAGE INTENTIONALLY LEFT BLANK

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, 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, 2015, 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 December 28, 2016.

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. 2015-001, 2015-002, 2015-003, 2015-004, 2015-005.

1503 Bass Road
P.O. Box 6315 Macon, Georgia 31208-6315
Phone 478-742-3313 ▪ Fax 478-742-0316

Member of
American Institute of
Certified Public Accountants
www.clhp.com

468 South Houston Lake Road
Warner Robins, Georgia 31088
Phone 478-953-0125 ▪ Fax 478-953-0983

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Byron, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2015-006.

City of Byron, Georgia's Response to Findings

City of Byron, Georgia's response to the findings identified in our audit is 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
December 28, 2016

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*:

2015-001 Fund Balance/Net Position

CRITERIA
Timely and accurate financial reports are essential in order to perform analysis of the financial condition of the City, review data for accuracy and completeness, monitor compliance with budget appropriations, and to prepare annual financial statements.

CONDITION
Beginning fund balance/net position did not agree to the prior year audit report in the General Fund, Hotel/Motel Tax Fund, Water and Sewerage Fund, Natural Gas Fund and Solid Waste Fund.

CONTEXT
Audit procedures identified adjustments that were necessary to correct beginning balances as follows:

- Material adjustment of $83,357 to correct beginning fund balance in the General Fund.
- Material adjustment of $24,470 to correct beginning fund balance in the Hotel/Motel Tax Fund.
- Material adjustment of $520,581 to correct beginning net position in the Water and Sewerage Fund.
- Material adjustment of $23,566 to correct beginning net position in the Natural Gas Fund.
- Material adjustment of $22,329 to correct beginning net position in the Solid Waste Fund.

EFFECT
Material audit adjustments were needed to fairly report financial information for the year ended December 31, 2015.

CAUSE
The City does not have adequate accounting procedures in place to insure audit adjustments are properly recorded and reversal entries are recorded if necessary.

RECOMMENDATION
We recommend that the City redesign the internal control system to insure the proper reconciling procedures are performed at year-end to balance and reconcile general ledger accounts.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
The City agrees with the finding. Journal entries for Accounts Receivable and Accounts Payable items were incorrectly entered. This ties in directly with findings 2015-002 and 2015-003. More attention to detail will be exercised to avoid this problem in the future.

2015-002 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 $40,987 to correct property taxes receivable and $31,514 to correct unavailable revenue in the General Fund.
- Material adjustments in the General Fund to reverse prior year grants receivable of $81,457.
- Material adjustment in the General Fund to record current year franchise tax receivable of $57,361.
- Material adjustment in the SPLOST 2012 Fund to record current year receivable of $101,512.
- Material adjustments in the Water and Sewerage Fund to reverse prior year grants receivable of $224,435 and to record current year grants receivable of $66,913.
- Net material adjustments of $57,336 in the Water and Sewerage Fund and $73,132 in the Solid Waste Fund to allocate accounts receivable and allowance to the correct funds.
- Material adjustments in the Natural Gas Fund to record current year receivables of $45,577.

EFFECT
The City produced financial reports, which contained material errors. The audit procedures for 2015 identified the need for a large number of material adjustments to correct accounting records and financial reports.

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

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

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
The City agrees with the finding. Journal entries for Accounts Receivable items were incorrectly entered. More attention to detail will be exercised to avoid the problem in the future.

2015-003 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 adjustments to reverse prior year accounts payables of $14,917 and to record current year accounts payable of $26,504 in the General Fund.
- Material adjustment to reverse prior year accounts payable of $581,673 and reverse prior year retainage payable of $112,050 in the Water and Sewerage Fund.
- Material adjustment to reverse prior year 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, 2015.

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

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

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
The City agrees with the finding. Journal entries for Accounts Payable items were incorrectly entered. More attention to detail will be exercised to avoid the problem in the future.

2015-004 Capital Assets – Water and Sewerage Fund

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 Water and Sewerage Fund general ledger did not agree to the capital asset subsidiary records.

CONTEXT
Net material adjustments were necessary in the Water and Sewerage Fund to correct capital assets in the amount of $721,762.

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. Documents were provided to auditor detailing general corrections made to the fixed asset files, which included reclassification of capital asset additions, removal of obsolete capital assets and correction of depreciation expense. This should no longer be necessary and a better continual accounting of capital assets is now in place.

2015-005 Debt Service Fund

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

CONDITION
During 2015, the accounting system did not reflect the transactions of the debt service fund.

CONTEXT
Adjustments were necessary to record debt service payments of $372,976 and transfers from the General Fund of $372,976.

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. Miscommunication caused this error. Two journal entries were not made to show a transfer from General Fund to Debt Service Fund, which caused the appearance of a direct expense to the General Fund regarding two bond payments. The Accounting Specialist has been made aware and will make the appropriate entries when each payment is made in the future.

COMPLIANCE FINDINGS

2015-006 Violation of Georgia Law - SPLOST Funds

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

CONDITION
A separate bank account was not opened for the SPLOST 2012 Funds.

CONTEXT
SPLOST 2012 funds were deposited into the General Fund checking account during 2015. The SPLOST 2012 Fund reflects an interfund balance of $351,188 due from the General Fund.

EFFECT
The City is in violation of OCGA Section 48-8-121(a)(1).

CAUSE
The City did not have adequate internal controls in place to ensure that SPLOST Funds were not commingled with other funds.

RECOMMENDATION
The City should open a separate bank account for the SPLOST 2012 Fund. Additionally, the General Fund should repay the SPLOST 2012 Fund.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
The City agrees with this finding. In the change from one City Clerk to another, it had inadvertently been missed. There was a three year span between the SPLOST being approved and the collection of the funds. The City, upon realizing the issue, immediately opened the new account whereby the funds were placed.