CITY OF BYRON, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

CITY OF BYRON, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

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FINANCIAL SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Byron, Georgia ("the City")** as of and for the year ended December 31, 2019, 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 ("GAAP"); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Byron, Georgia as of December 31, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with GAAP.

Other Matters

Required Supplementary Information

GAAP requires the Schedule of Changes in the City's Net Pension Liability and Related Ratios (on page 47), and the Schedule of City Contributions (on page 48) 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 ("GASB"), 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.

Management has omitted the Management's Discussion and Analysis ("MD&A") that GAAP requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statement in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Byron, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of special purpose local option sales tax proceeds are presented for purposes of additional analysis as required by the Official Code of Georgia Annotated ("O.C.G.A.") § 48-8-121, and are also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the schedules of expenditures of special purpose local option sales tax proceeds (the "supplementary information") 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2020, on our consideration of the City'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 solely 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 effectiveness of the City's 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's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
September 29, 2020

BASIC FINANCIAL STATEMENTS

CITY OF BYRON, GEORGIA

STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 7,263,239	$ 621,080	$ 7,884,319
Investments	-	145,808	145,808
Taxes receivable	774,087	-	774,087
Accounts receivable, net of allowances	28,138	218,439	246,577
Due from other governments	40,289	91,496	131,785
Internal balances	(1,132,201)	1,132,201	-
Prepaid expenses	39,011	-	39,011
Investment in joint venture	-	237,065	237,065
Capital assets, nondepreciable	1,230,421	561,481	1,791,902
Capital assets, depreciable, net of accumulated depreciation	8,595,599	10,060,211	18,655,810
Total assets	16,838,583	13,067,781	29,906,364
DEFERRED OUTFLOWS OF RESOURCES			
Pension	790,907	158,427	949,334
Total deferred outflows of resources	790,907	158,427	949,334
LIABILITIES			
Accounts payable	150,115	186,635	336,750
Accrued interest expense	20,996	7,249	28,245
Other accrued expenses	80,559	5,389	85,948
Customer deposits	-	230,715	230,715
Financed purchases due within one year	74,719	40,751	115,470
Financed purchases due in more than one year	47,771	20,052	67,823
Compensated absences due within one year	82,125	9,014	91,139
Compensated absences due in more than one year	20,531	2,254	22,785
Bonds payable due within one year	250,000	-	250,000
Bonds payable due in more than one year	2,786,688	-	2,786,688
Notes payable due within one year	-	193,660	193,660
Notes payable due in more than one year	-	3,027,678	3,027,678
Net pension liability	2,739,930	548,839	3,288,769
Total liabilities	6,253,434	4,272,236	10,525,670
DEFERRED INFLOWS OF RESOURCES			
Pension	82,413	16,508	98,921
Total deferred inflows of resources	82,413	16,508	98,921
NET POSITION			
Net investment in capital assets	6,666,842	7,339,551	14,006,393
Restricted for capital projects	3,257,826	-	3,257,826
Restricted for debt service	12	-	12
Restricted for public safety	56,922	-	56,922
Unrestricted	1,312,041	1,597,913	2,909,954
Total net position	$ 11,293,643	$ 8,937,464	$ 20,231,107

The accompanying notes are an integral part of these financial statements.

Component Units	
Byron Development Authority	Convention & Visitors Bureau
$ 2,692	$ 15,467
-	-
-	26,564
-	-
-	-
-	-
-	-
-	-
2,366,729	74,092
-	124,567
2,369,421	240,690
-	-
-	-
-	625
-	517
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
172,000	7,087
-	149,489
-	-
172,000	157,718
-	-
-	-
2,194,729	41,566
-	-
-	-
-	-
2,692	41,406
$ 2,197,421	$ 82,972

CITY OF BYRON, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	$ 824,184	$ 1,110,958	$ 4,266	$ -
Judicial	285,914	-	-	-
Public safety	3,114,564	903,557	17,774	-
Public works	1,210,215	-	-	947,953
Housing and development	299,217	-	-	-
Interest on long-term debt	142,714	-	-	-
Total governmental activities	5,876,808	2,014,515	22,040	947,953
Business-type activities:				
Water and sewer	2,570,002	2,431,623	-	26,298
Solid waste	360,187	357,332	-	-
Natural gas	728,016	716,260	-	-
Total business-type activities	3,658,205	3,505,215	-	26,298
Total primary government	$ 9,535,013	$ 5,519,730	$ 22,040	$ 974,251
Component Units				
Byron Development Authority	$ 8,229	$ -	$ -	$ -
Convention and Visitors Bureau	166,638	-	-	-
Total Component Units	$ 174,867	$ -	$ -	$ -
General revenues:				
Property taxes				
Sales taxes				
Hotel/Motel taxes				
Other taxes				
Investment earnings				
Contributions				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

The accompanying notes are an integral part of these financial statements.

Net (Expenses) Revenues and Changes in Net Position					
Governmental Activities	Business-type Activities	Total	Byron Development Authority	Convention & Visitors Bureau	
$ 291,040	$ -	$ 291,040	$ -	$ -	
(285,914)	-	(285,914)	-	-	
(2,193,233)	-	(2,193,233)	-	-	
(262,262)	-	(262,262)	-	-	
(299,217)	-	(299,217)	-	-	
(142,714)	-	(142,714)	-	-	
(2,892,300)	-	(2,892,300)	-	-	
-	(112,081)	(112,081)	-	-	
-	(2,855)	(2,855)	-	-	
-	(11,756)	(11,756)	-	-	
-	(126,692)	(126,692)	-	-	
$ (2,892,300)	$ (126,692)	$ (3,018,992)	$ -	$ -	
$ -	$ -	$ -	$ (8,229)	$ -	
-	-	-	-	(166,638)	
-	-	-	(8,229)	(166,638)	
2,290,719	-	2,290,719	-	-	
396,268	-	396,268	-	-	
356,310	-	356,310	-	178,155	
1,014,512	-	1,014,512	-	166	
1,000	497	1,497	7	-	
-	-	-	7,979	-	
1,202,022	(1,202,022)	-	-	-	
5,260,831	(1,201,525)	4,059,306	7,986	178,321	
2,368,531	(1,328,217)	1,040,314	(243)	11,683	
8,925,112	10,265,681	19,190,793	2,197,664	71,289	
$ 11,293,643	$ 8,937,464	$ 20,231,107	$ 2,197,421	$ 82,972	

CITY OF BYRON, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	General Fund	SPLOST 2012 Fund	Nonmajor Governmental Funds	Totals Governmental Funds
ASSETS				
Cash and cash equivalents	$ 3,840,652	$ 2,891,051	$ 531,536	$ 7,263,239
Taxes receivable	607,007	139,688	27,392	774,087
Accounts receivable	8,138	-	20,000	28,138
Due from other governments	40,289	-	-	40,289
Due from other funds	296,342	-	-	296,342
Prepaid expenditures	39,011	-	-	39,011
Total assets	$ 4,831,439	$ 3,030,739	$ 578,928	$ 8,441,106
LIABILITIES				
Accounts payable	$ 105,085	$ 18,398	$ 26,632	$ 150,115
Accrued liabilities	80,559	-	-	80,559
Due to other funds	1,178,666	199,980	49,897	1,428,543
Total liabilities	1,364,310	218,378	76,529	1,659,217
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	196,484	-	-	196,484
Total deferred inflows of resources	196,484	-	-	196,484
FUND BALANCES				
Fund balances:				
Nonspendable:				
Prepaids	39,011	-	-	39,011
Restricted for:				
Capital projects	-	2,812,361	445,465	3,257,826
Debt service	-	-	12	12
Public safety	-	-	56,922	56,922
Assigned for:				
Utility payments	32,929	-	-	32,929
Fire department	4,327	-	-	4,327
Municipal court	147,490	-	-	147,490
Law enforcement	148,696	-	-	148,696
Unassigned	2,898,192	-	-	2,898,192
Total fund balances	3,270,645	2,812,361	502,399	6,585,405
Total liabilities, deferred inflows of resources and fund balances	$ 4,831,439	$ 3,030,739	$ 578,928	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				9,826,020
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.				196,484
The net pension liability and related deferred outflows and inflows of resources are not financial resources and, therefore, are not reported in the governmental funds.				(2,031,436)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.				(3,282,830)
Net position of governmental activities				$ 11,293,643

The accompanying notes are an integral part of these financial statements.

CITY OF BYRON, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

	General Fund	SPLOST 2012 Fund	Nonmajor Governmental Funds	Totals Governmental Funds
Revenues				
Taxes	$ 3,743,519	$ -	$ 356,310	$ 4,099,829
Licenses and permits	174,220	-	-	174,220
Intergovernmental	120,831	848,952	-	969,783
Fines and forfeitures	861,303	-	42,254	903,557
Charges for services	870,835	-	-	870,835
Interest income	595	205	410	1,210
Other revenues	65,903	-	-	65,903
Total revenues	5,837,206	849,157	398,974	7,085,337
Expenditures				
Current:				
General government	861,199	-	-	861,199
Judicial	275,343	-	-	275,343
Public safety	2,977,785	-	26,646	3,004,431
Public works and parks	648,388	-	-	648,388
Housing and development	121,062	-	178,155	299,217
Capital outlay:				
Public safety	-	149,342	83,940	233,282
Public works	-	269,404	42,151	311,555
Debt service:				
Principal	142,129	-	240,000	382,129
Interest	7,043	-	135,339	142,382
Total expenditures	5,032,949	418,746	706,231	6,157,926
Excess (deficiency) of revenues over (under) expenditures	804,257	430,411	(307,257)	927,411
Other financing sources (uses)				
Capital leases	103,858	-	-	103,858
Proceeds from sale of assets	23,751	-	-	23,751
Transfers in	1,380,177	-	375,339	1,755,516
Transfers out	(375,339)	-	(178,155)	(553,494)
Total other financing sources (uses)	1,132,447	-	197,184	1,329,631
Net change in fund balances	1,936,704	430,411	(110,073)	2,257,042
Fund balances, beginning of year	1,333,941	2,381,950	612,472	4,328,363
Fund balances, end of year	$ 3,270,645	$ 2,812,361	$ 502,399	$ 6,585,405

The accompanying notes are an integral part of these financial 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 FISCAL YEAR ENDED DECEMBER 31, 2019

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

Net change in fund balances - total governmental funds	$	2,257,042
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.		(77,967)
The net effect of sales of capital assets is to decrease net position.		(24,236)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(42,020)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		278,271
Some expenses 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.		(22,559)
Changes in net position - governmental activities	$	2,368,531

The accompanying notes are an integral part of these financial statements.

CITY OF BYRON, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Property taxes	$ 2,028,106	$ 2,028,106	$ 2,332,739	$ 304,633
Sales taxes	347,349	347,349	396,268	48,919
Other taxes	961,555	961,555	1,014,512	52,957
Licenses and permits	132,314	132,314	174,220	41,906
Intergovernmental	127,577	127,577	120,831	(6,746)
Fines and forfeitures	1,180,237	1,180,237	861,303	(318,934)
Charges for services	705,959	705,959	870,835	164,876
Interest income	38	38	595	557
Other revenues	59,964	59,964	65,903	5,939
Total revenues	5,543,099	5,543,099	5,837,206	294,107
Expenditures				
Current				
General government:				
Mayor and council	641,695	602,976	269,750	333,226
Clerk of council	409,045	409,045	288,134	120,911
City manager	259,924	298,643	298,643	-
Elections	13,666	13,666	4,672	8,994
Total general government	1,324,330	1,324,330	861,199	463,131
Judicial:				
Municipal court	320,615	320,615	275,343	45,272
Public safety:				
Police	2,535,271	2,435,823	2,263,833	171,990
Fire	845,681	795,957	713,952	82,005
Total public safety	3,380,952	3,231,780	2,977,785	253,995
Public works:				
Public works administration	255,477	255,477	250,999	4,478
Streets	359,263	359,263	312,708	46,555
Stormwater	181,631	181,631	84,681	96,950
Total public works	796,371	796,371	648,388	147,983
Housing and development:				
Planning and zoning	42,712	42,712	36,958	5,754
Economic development	95,070	95,070	84,104	10,966
Total housing and development	137,782	137,782	121,062	16,720
Debt service:				
Principal	-	142,129	142,129	-
Interest	-	7,043	7,043	-
Total debt service	-	149,172	149,172	-
Total expenditures	5,960,050	5,960,050	5,032,949	927,101
Excess (deficiency) of revenues over (under) expenditures	(416,951)	(416,951)	804,257	1,221,208
Other financing sources (uses):				
Capital leases	75,450	75,450	103,858	28,408
Proceeds from sale of assets	25,000	25,000	23,751	(1,249)
Transfers in	316,501	316,501	1,380,177	1,063,676
Transfers out	-	-	(375,339)	(375,339)
Total other financing sources (uses)	416,951	416,951	1,132,447	715,496
Net change in fund balances	-	-	1,936,704	1,936,704
Fund balances, beginning of year	1,333,941	1,333,941	1,333,941	-
Fund balances, end of year	$ 1,333,941	$ 1,333,941	$ 3,270,645	$ 1,936,704

The accompanying notes are an integral part of these financial statements.

CITY OF BYRON, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2019

	Water and Sewer Fund	Natural Gas Fund	Nonmajor Solid Waste Fund	Totals
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 424,822	$ 195,649	$ 609	$ 621,080
Investments	145,808	-	-	145,808
Accounts receivable, net of allowances	204,400	-	14,039	218,439
Due from other governments	-	91,496	-	91,496
Due from other funds	657,717	520,949	181,719	1,360,385
Total current assets	1,432,747	808,094	196,367	2,437,208
NONCURRENT ASSETS				
Investment in joint venture	-	237,065	-	237,065
Capital assets, non-depreciable	561,481	-	-	561,481
Capital assets, depreciable, net of accumulated depreciation	10,060,211	-	-	10,060,211
Total noncurrent assets	10,621,692	237,065	-	10,858,757
Total assets	12,054,439	1,045,159	196,367	13,295,965
DEFERRED OUTFLOWS OF RESOURCES				
Pension	158,427	-	-	158,427
Total deferred outflows of resources	158,427	-	-	158,427
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	75,810	84,871	25,954	186,635
Accrued liabilities	5,389	-	-	5,389
Notes payable, current portion	193,660	-	-	193,660
Financed purchases, current portion	40,751	-	-	40,751
Due to other funds	181,719	-	46,465	228,184
Compensated absences due within one year	9,014	-	-	9,014
Customer deposits	230,715	-	-	230,715
Accrued interest	7,249	-	-	7,249
Total current liabilities	744,307	84,871	72,419	901,597
NONCURRENT LIABILITIES				
Compensated absences due in more than one year	2,254	-	-	2,254
Net pension liability	548,839	-	-	548,839
Notes payable, long-term portion	3,027,678	-	-	3,027,678
Financed purchases, net of current portion	20,052	-	-	20,052
Total noncurrent liabilities	3,598,823	-	-	3,598,823
Total liabilities	4,343,130	84,871	72,419	4,500,420
DEFERRED INFLOWS OF RESOURCES				
Pension	16,508	-	-	16,508
Total deferred inflows of resources	16,508	-	-	16,508
NET POSITION				
Net investment in capital assets	7,339,551	-	-	7,339,551
Unrestricted	513,677	960,288	123,948	1,597,913
Total net position	$ 7,853,228	$ 960,288	$ 123,948	$ 8,937,464

The accompanying notes are an integral part of these financial statements.

CITY OF BYRON, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

	Water and Sewer Fund	Natural Gas Fund	Nonmajor Solid Waste Fund	Totals
OPERATING REVENUES				
Charges for services:				
Water sales	$ 1,519,544	$ -	$ -	$ 1,519,544
Sewer sales	863,519	-	-	863,519
Natural gas sales	-	700,461	-	700,461
Sanitation charges	-	-	357,130	357,130
Other fees and charges	48,560	15,799	202	64,561
Total operating revenues	2,431,623	716,260	357,332	3,505,215
OPERATING EXPENSES				
Personal services and employee benefits	874,455	-	-	874,455
Contracted services	213,898	713,027	360,142	1,287,067
Supplies	842,202	-	45	842,247
Depreciation	539,370	-	-	539,370
Total operating expenses	2,469,925	713,027	360,187	3,543,139
Operating income (loss)	(38,302)	3,233	(2,855)	(37,924)
NON-OPERATING REVENUES (EXPENSES)				
Intergovernmental revenue	26,298	-	-	26,298
Gain on disposal of assets	12,500	-	-	12,500
Net loss from joint venture	-	(14,989)	-	(14,989)
Interest income	473	24	-	497
Interest expense	(112,577)	-	-	(112,577)
Total non-operating revenue (expenses), net	(73,306)	(14,965)	-	(88,271)
Loss before transfers	(111,608)	(11,732)	(2,855)	(126,195)
TRANSFERS OUT	(1,202,022)	-	-	(1,202,022)
Change in net position	(1,313,630)	(11,732)	(2,855)	(1,328,217)
NET POSITION, beginning of year	9,166,858	972,020	126,803	10,265,681
NET POSITION, end of year	$ 7,853,228	$ 960,288	$ 123,948	$ 8,937,464

The accompanying notes are an integral part of these financial statements.

CITY OF BYRON, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

	Water and Sewer Fund	Natural Gas Fund	Nonmajor Solid Waste Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 2,399,942	$ 195,311	$ 354,663	$ 2,949,916
Payments to suppliers and service providers	(929,346)	(703,604)	(354,703)	(1,987,653)
Payments to employees	(808,143)	-	-	(808,143)
Net cash provided by (used in) operating activities	662,453	(508,293)	(40)	154,120
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers to other funds	(1,202,022)	-	-	(1,202,022)
Net cash used in non-capital financing activities	(1,202,022)	-	-	(1,202,022)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of property and equipment	(260,758)	-	-	(260,758)
Proceeds from sale of property and equipment	12,500	-	-	12,500
Proceeds from notes payable	131,488	-	-	131,488
Intergovernmental revenue	26,298	-	-	26,298
Principal payments on capital lease	(39,312)	-	-	(39,312)
Principal payments on notes payable	(214,041)	-	-	(214,041)
Interest paid	(113,199)	-	-	(113,199)
Net cash used in capital and related financing activities	(457,024)	-	-	(457,024)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	182	24	-	206
Net cash provided by investing activities	182	24	-	206
Decrease in cash and cash equivalents	(996,411)	(508,269)	(40)	(1,504,720)
Cash and cash equivalents:				
Beginning of year	1,421,233	703,918	649	2,125,800
End of year	$ 424,822	$ 195,649	$ 609	$ 621,080

(Continued)

CITY OF BYRON, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

	Water and Sewer Fund	Natural Gas Fund	Nonmajor Solid Waste Fund	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	$ (38,302)	$ 3,233	$ (2,855)	$ (37,924)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	539,370	-	-	539,370
Increase in accounts receivable	(42,861)	-	(2,669)	(45,530)
Decrease in due from other governments	-	15,510	-	15,510
Increase in due from other funds	(457,717)	(520,949)	(30,696)	(1,009,362)
Decrease in advances to other funds	657,717	-	-	657,717
Decrease in deferred outflows of resources - pension	11,056	-	-	11,056
Increase in customer deposits payable	11,180	-	-	11,180
Increase in accrued liabilities	4,888	-	-	4,888
Increase (decrease) in accounts payable	(73,246)	(6,087)	1,490	(77,843)
Decrease in deferred inflows of resources - pension	(50,425)	-	-	(50,425)
Increase in net pension liability	70,097	-	-	70,097
Increase in due to other funds	30,696	-	34,690	65,386
Net cash provided by (used in) operating activities	$ 662,453	$ (508,293)	$ (40)	$ 154,120
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Net loss from joint venture	$ -	$ (14,989)	$ -	$ (14,989)
Total non-cash capital and related financing activities	$ -	$ (14,989)	$ -	$ (14,989)

The accompanying notes are an integral part of these financial statements.

CITY OF BYRON, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
DECEMBER 31, 2019

	Agency Fund
ASSETS	
Cash	$ 117,836
LIABILITIES	
Due to others - confiscated assets pending disposition	$ 117,836

The accompanying notes are an integral part of these financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Byron, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A Reporting Entity

The City 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.

In 2013, the City adopted the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment to GASB No.'s 14 and 34*, which defines the reporting entity for determining which potential component units should be included in the primary government's financial statements. Inclusion is based on financial accountability or the fact that exclusion would make the financial statements misleading or incomplete. The criteria for determining financial accountability includes appointing a voting majority of an organization's governing body; and: 1) the ability of the City to impose its will on that organization; or 2) the potential for the organization to provide specific financial benefits or to impose specific financial burdens on the City. In addition to the above criteria, GASB 61 added that if the primary government is expected to repay substantially all of the component unit's debt, then the component unit should be blended.

Blended Component Units – Blended component units, although legally separate entities, are, in substance, part of the government's operations.

The City of Byron Redevelopment Authority (the "Authority") was formed on 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. 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 Authority does not issue separate financial statements.

Discretely Presented Component Units – Discretely Presented Component Units are presented separately from normal government operations.

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. The governing board of the Authority is appointed by City Council for a four-year term. The Authority is audited along with the primary government financial statements and separate financial statements are not prepared.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

The Byron Convention and Visitors Bureau Authority (the "CVB") was formed on April 4, 1997, to promote tourism, trade, and conventions for the City. The governing board consist of ten members, nine of which are regular board members and one of which is an ex officio member, with the ex officio member being the President of the Byron Historical Society. The current members of the Byron Downtown Development Authority make up seven of the nine regular board members. The terms of office of each member coincides with his or her term of office as a member of the Byron Downtown Development Authority or Byron Historical Society. The CVB is audited along with the primary government financial statements and separate financial statements are not prepared.

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 non-fiduciary activities of the government. 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 those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

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. For this purpose, the City 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.

Intergovernmental grants, investment income, property taxes, sales taxes, franchise taxes, and licenses 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 City.

The format of the fund financial statements has been modified by GASB Statement No. 34. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 also requires, as required supplementary information, Management's Discussion and Analysis, which includes an analytical overview of the City's financial activity. The City has elected not to present the Management's Discussion and Analysis for the year ended December 31, 2019.

The City reports the following major governmental funds:

The ***General Fund*** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The ***Special Purpose Local Option Sales ("SPLOST") 2012 Fund*** accounts for capital expenditures. Funding is provided by special purpose sales taxes, which are collected by the County and remitted to the City through an intergovernmental agreement.

The City reports the following major proprietary funds:

The ***Water and Sewer Fund*** accounts for the operation of the water and sewerage system including all revenues from sources applicable to these operations and all expenses of the operation.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Additionally, the City reports the following fund type:

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's utility function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functioned concerned.

Amounts reported as program revenues include: 1) charges to customer or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally designed 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 *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City. For purposes of the statement of cash flows, the enterprise funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

The City's investments consist of certificates of deposit with a maturity date greater than three months from the date of purchase. For reporting purposes, all investments are recorded at fair value.

F Inventories

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

G Prepaid Expenditures/Expenses

Prepaid items are accounted for using the consumption method. A prepaid item is recognized when a cash expenditure/expense is made for goods or services that were purchased for consumption, but not consumed as of December 31, 2019.

H. Restricted Assets

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

I. Deferred Outflows/Inflows

In addition to assets, the statement of net position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. These three items relate to the City's defined benefit pension plan. The pension experience differences, investment differences, and the contributions made subsequent to the measurement date are deferred and recognized as pension expense in future years.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Deferred Outflows/Inflows (Continued)

In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of fund balance/net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. The first item, unavailable revenue, arises only under the modified accrual basis of accounting, and is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue for property taxes, and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The other item relates to the City's defined benefit pension plan and is reported in the government-wide statement of net position. The pension assumption changes represent future acquisitions of net position and, accordingly, is reported as a deferred inflow of resources.

J. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Byron Retirement Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

K. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in respective funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets (Continued)

Capital assets purchased or acquired with an original cost of $5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of assets constructed. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Asset	Years
Building and improvements	5 – 30
Infrastructure	30
Equipment, vehicles, intangibles	5 – 10
Distribution system	10 – 50

The City only reports infrastructure assets purchased subsequent to December 31, 2003.

L. Compensated Absences

The City's vacation hours accrue but are not allowed to be carried over after employee's hire anniversary, vacation hours start over each year, but upon termination the City will pay any unused vacation hours to employees. Therefore, vacation is short-term in nature. The sick pay accrues and is carried over each year up to 920 hours, and will vest after ten years of employment. The City pays 25% of the total vested sick pay upon retirement or termination if employee is vested. The City only pays the Medicare portion.

M. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent that they are due for payment during the current year. Long-term loans are recognized as a liability on the governmental fund financial statements when due.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Interfund Activity

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”.

O. Budgets and Budgetary Accounting

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 a 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.

Governmental fund type budgets are adopted on a basis consistent with GAAP at the legal level of budgetary control which is the department level. Expenditures may not exceed the appropriations within a fund. Budgets, as reported in the financial statements, are as amended in December 2019. All annual appropriations lapse at year-end.

P. Revenues

Substantially all governmental fund revenues are accrued. In applying GASB No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenues when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and unearned revenue by the recipient.

Q. Expenditures

Expenditures are recognized when the related fund liability is incurred.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Fund Balance – Generally, fund balance represents the difference between the assets and deferred outflows, and liabilities and deferred inflows under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- ***Nonspendable*** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either: a) not in spendable form (i.e., items that are not expected to be converted to cash) or b) legally or contractually required to be maintained intact.

- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. The action to commit funds must occur prior to fiscal year-end, to report such commitments in the balance sheet of the respective period, even though the amount may be determined subsequent to fiscal year-end. Only the City Council may modify or remove the commitment.

- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City Clerk and her designee to assign fund balances. Assignments may occur subsequent to fiscal year-end.

- ***Unassigned*** – Fund balances are reported as unassigned when the balances do not meet any of the above criterion.

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: 1) committed; 2) assigned; and 3) unassigned.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Fund Equity (Continued)

Net Position – Net position represents the difference between assets and deferred outflows, and liabilities and deferred inflows in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds." The details of this difference are as follows:

Accrued interest payable	$ (20,996)
Compensated absences payable	(102,656)
Bonds payable	(3,036,688)
Financed purchases from direct borrowings	(122,490)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ (3,282,830)

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this difference are as follows:

Capital outlay	$ 587,433
Depreciation expense	(665,400)
Net adjustment to decrease *net changes in fund balance - total governmental funds* to arrive at *changes in net position of governmental activities*	$ (77,967)

Another element of that reconciliation states that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position." The details of this difference are as follows:

Financed purchases from direct borrowings	$ (103,858)
Principal payments: financed purchases	142,129
Principal payments: bonds payable	240,000
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ 278,271

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation states that "Some expenses 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." The details of this difference are as follows:

Compensated absences	$	(7,677)
Net pension liability		(14,550)
Amortization of bond discount		(1,901)
Accrued interest		1,569
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at changes in net position of governmental activities	$	(22,559)

NOTE 3. CASH AND INVESTMENTS

Credit Risk. State statutes authorize the City to invest in: obligations of the United States, the State of Georgia, and other political subdivisions of the State of Georgia, and other states; prime bankers' acceptances; repurchase agreements; and the Georgia local government investment pool (Georgia Fund 1).

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.

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of December 31, 2019, all of the deposits for the City were fully collateralized in accordance with the state statutes.

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements. The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. At December 31, 2019, the City had no investments requiring disclosure within the fair value hierarchy, as the City's certificates of deposit are nonnegotiable and, therefore, are not subject to fair value hierarchy.

Investments. The City's financial policies authorize investment in any securities approved by the State of Georgia for local governments. Authorized investments include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia, pooled investment programs of the State of Georgia, and no-load mutual funds of direct obligations of the United States.

At December 31, 2019, the City had the following investments:

Investment	Maturities	Fair Value
Certificate of Deposit	June 4, 2021	$ 33,871
Certificate of Deposit	June 4, 2021	111,937
		$ 145,808

NOTE 4. TAX REVENUES

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 competed 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 mandated 40% of fair market value. The Commissioner has the option to withhold certain state funding if the mandated 40% level is not reached.

NOTE 4. TAX REVENUES (CONTINUED)

Property Taxes (Continued)

The property tax calendar is as follows:

	Real/Personal Property (Excluding Vehicles)	Motor Vehicles
Assessment Date	January 1	January 1
Levy Date	August 12	January 1
Due date and collection date	December 26	December 26

Hotel/Motel Excise Tax

A summary of the Hotel/Motel excise tax expenditures and receipts for the year ended December 31, 2019, are as follows:

Expenditures by Purpose	Amount	Hotel/Motel Tax Receipts	Percentage
Convention and Visitors Bureau	$ 178,155	$ 356,310	50%
General Fund	178,155	356,310	50%

NOTE 5. OTHER RECEIVABLES

Receivables at December 31, 2019 for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

Governmental Funds

	General	SPLOST 2012	Nonmajor Governmental Funds	Total
Receivables:				
Intergovernmental	$ 40,289	$ -	$ -	$ 40,289
Accounts	8,138	-	20,000	28,138
Taxes	666,341	139,688	27,392	833,421
Gross receivables	714,768	139,688	47,392	901,848
Less allowance for uncollectibles	(59,334)	-	-	(59,334)
Net total receivables	$ 655,434	$ 139,688	$ 47,392	$ 842,514

NOTE 5. OTHER RECEIVABLES

Proprietary Funds

	Water and Sewer	Natural Gas	Nonmajor Enterprise Funds	Total
Receivables:				
Intergovernmental	$ -	$ 91,496	$ -	$ 91,496
Accounts	364,878	22,123	28,078	415,079
Gross receivables	364,878	113,619	28,078	506,575
Less allowance for uncollectibles	(160,478)	(22,123)	(14,039)	(196,640)
Net total receivables	$ 204,400	$ 91,496	$ 14,039	$ 309,935

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2019, is as follows:

	Payable Fund					
Receivable Fund	General Fund	SPLOST 2012 Fund	Nonmajor Governmental Funds	Water and Sewer Fund	Nonmajor Enterprise Funds	Total
General Fund	$ -	$ 199,980	$ 49,897	$ -	$ 46,465	$ 296,342
Water and Sewer Fund	657,717	-	-	-	-	657,717
Natural Gas Fund	520,949	-	-	-	-	520,949
Nonmajor Enterprise Funds	-	-	-	181,719	-	181,719
Total	$ 1,178,666	$ 199,980	$ 49,897	$ 181,719	$ 46,465	$ 1,656,727

These amounts represent short-term receivables and payables. The balances resulted 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.

Interfund transfers for the year ended December 31, 2019, is as follows:

	Transfers Out			
Transfers In	General Fund	Nonmajor Governmental Funds	Water and Sewer Fund	Total
General Fund	$ -	$ 178,155	$ 1,202,022	$ 1,380,177
Nonmajor Governmental Funds	375,339	-	-	375,339
Total	$ 375,339	$ 178,155	$ 1,202,022	$ 1,755,516

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

Transfers are used to: 1) move revenues from the fund that the statute or budget requires to collect them to the fund that the statute or budget requires to expend them, 2) close out funds no longer used by the City, and 3) use unrestrictive revenues collected in the General Fund and enterprise funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended December 31, 2019, is as follows:

	Beginning Balance	Increases	Decreases	Reclassifications and Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Land	$ 1,029,434	$ 200,987	$ -	$ -	$ 1,230,421
Total	1,029,434	200,987	-	-	1,230,421
Capital assets, being depreciated:					
Buildings and improvements	6,786,641	-	-	-	6,786,641
Infrastructure	7,075,433	-	-	-	7,075,433
Machinery and equipment	1,101,289	103,691	-	-	1,204,980
Vehicles	1,010,500	243,375	(69,402)	-	1,184,473
Intangible	84,262	39,380	-	-	123,642
Total	16,058,125	386,446	(69,402)	-	16,375,169
Less accumulated depreciation for:					
Buildings and improvements	(2,973,833)	(201,447)	-	-	(3,175,280)
Infrastructure	(2,448,302)	(234,126)	-	-	(2,682,428)
Machinery and equipment	(872,278)	(105,157)	-	-	(977,435)
Vehicles	(780,661)	(121,388)	45,166	-	(856,883)
Intangible	(84,262)	(3,282)	-	-	(87,544)
Total	(7,159,336)	(665,400)	45,166	-	(7,779,570)
Total assets, being depreciated, net	8,898,789	(278,954)	(24,236)	-	8,595,599
Governmental activities capital assets, net	$ 9,928,223	$ (77,967)	$ (24,236)	$ -	$ 9,826,020

NOTE 7. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Reclassifications and Transfers	Ending Balance
Business-type activities					
Capital assets, not being depreciated:					
Land	$ 156,769	$ -	$ -	$ -	$ 156,769
Construction in progress	220,759	183,953	-	-	404,712
Total	377,528	183,953	-	-	561,481
Capital assets, being depreciated:					
Infrastructure	15,210,900	58,745	-	-	15,269,645
Equipment and vehicles	867,309	-	-	-	867,309
Intangibles	-	18,060	-	-	18,060
Total	16,078,209	76,805	-	-	16,155,014
Less accumulated depreciation for:					
Infrastructure	(5,046,383)	(480,955)	-	-	(5,527,338)
Equipment and vehicles	(509,050)	(56,208)	-	-	(565,258)
Intangibles	-	(2,207)	-	-	(2,207)
Total	(5,555,433)	(539,370)	-	-	(6,094,803)
Total assets, being depreciated, net	10,522,776	(462,565)	-	-	10,060,211
Business-type activities capital assets, net	$ 10,900,304	$ (278,612)	$ -	$ -	$ 10,621,692

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

Governmental activities:	
General government	$ 218,900
Public safety	195,401
Public works	251,099
Total depreciation expense - governmental activities	$ 665,400
Business-type activities:	
Water and sewer	$ 539,370

NOTE 7. CAPITAL ASSETS (CONTINUED)

Discretely Presented Component Units

Activity for the Byron Development Authority for the year ended December 31, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Byron Development Authority				
Capital assets, not being depreciated:				
Land	$ 886,862	$ -	$ -	$ 886,862
Construction in Progress	1,479,867	-	-	1,479,867
Total	$ 2,366,729	$ -	$ -	$ 2,366,729

Activity for the Convention and Visitor's Bureau for the year ended December 31, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Convention and Visitor's Bureau				
Capital assets, not being depreciated:				
Land	$ -	$ 74,092	$ -	$ 74,092
Total	-	74,092	-	74,092
Capital assets, being depreciated:				
Buildings	-	126,144	-	126,144
Total	-	126,144	-	126,144
Less accumulated depreciation for:				
Buildings	-	(1,577)	-	(1,577)
Total	-	(1,577)	-	(1,577)
Total assets, being depreciated, net	-	124,567	-	124,567
Total	$ -	$ 198,659	$ -	$ 198,659

NOTE 8. LONG-TERM DEBT

Changes in Long-Term Debt

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended December 31, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Revenue bond	$ 3,290,000	$ -	$ (240,000)	$ 3,050,000	$ 250,000
Less: discount on bonds	(15,213)	-	1,901	(13,312)	-
Revenue bonds, net	3,274,787	-	(238,099)	3,036,688	250,000
Financed purchases	160,761	103,858	(142,129)	122,490	74,719
Compensated absences	94,979	75,627	(67,950)	102,656	82,125
Net pension liability	2,566,693	915,847	(742,610)	2,739,930	-
Total Governmental-Type Activity Long-Term Debt	$ 6,097,220	$ 1,095,332	$ (1,190,788)	$ 6,001,764	$ 406,844
Business-type activities					
Financed purchases	100,115	-	(39,312)	60,803	40,751
GEFA notes payable	3,303,891	131,488	(214,041)	3,221,338	193,660
Compensated absences	8,291	27,456	(24,479)	11,268	9,014
Net pension liability	478,742	195,217	(125,120)	548,839	-
Total Business-Type Activity Long-Term Debt	$ 3,891,039	$ 354,161	$ (402,952)	$ 3,842,248	$ 243,425

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

For business type activities, compensated absences and net pension liability are liquidated by the Water and Sewer Fund.

NOTE 8. LONG-TERM DEBT (CONTINUED)

Revenue Bonds – Governmental

The City has one series of Revenue Bonds issued in the amount of $5,070,000 at an interest rate ranging from 3.95% to 4.25%. The bonds were issued to provide funds to pay the costs of acquiring, constructing, and equipping a new city hall for the City of Byron and to pay the necessary costs of issuing the bonds. The bonds are secured by the full faith and credit of the City. The activity is recorded in the Debt Service Fund.

The debt service requirements to maturity are as follows:

	Interest	Principal	Principal
2020	$ 125,979	$ 250,000	$ 375,979
2021	116,104	260,000	376,104
2022	105,704	270,000	375,704
2023	94,769	280,000	374,769
2024	83,289	295,000	378,289
2025 – 2029	220,732	1,695,000	1,915,732
Total	$ 746,577	$ 3,050,000	$ 3,796,577

Notes Payable – Business-type

On February 27, 2001, the City entered into a contract with the Georgia Environmental Finance Authority (“GEFA”) to provide financing for the improvement of its sewer treatment facilities. The total proceeds for the loan were $497,333. The loan is to be paid over a 20-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 GEFA 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 20-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 GEFA 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 20-year period starting September 1, 2013, on a monthly basis. Interest is at 3.0%.

NOTE 8. LONG-TERM DEBT (CONTINUED)

Notes Payable – Business-type (Continued)

On November 17, 2014, the City entered into a contract with the GEFA 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 total proceeds for the loan were $2,419,020. The loan is to be paid over a 20-year period starting December 1, 2017, on a monthly basis. Interest is at 2.31%.

On October 1, 2015, the City entered into a contract with the GEFA for a Clean Water State Revolving Loan Fund grant/loan to provide financing for the rehabilitation of the City's sewer collection system. The total proceeds for the loan were $92,963. The loan is to be paid over a 20-year period starting May 1, 2017, on a monthly basis. Interest is at 1.03%.

On November 19, 2018, the City entered into a contract with the GEFA for a Clean Water State Revolving Loan Fund grant/loan to provide financing for the rehabilitation of the City's sewer collection system. The City may draw down funds up to $2,500,000, of which 20% is forgivable. As of December 31, 2019, $131,488 has been drawn down. The loan portion is $105,191 and is payable to Georgia Environmental Finance Authority. Interest is at 1.25%. Repayment will be determined when construction is complete and all draws have been made.

The annual requirements to amortize the notes at December 31, 2019, are as follows:

	Notes Payable		
	Interest	Principal	Total
2020	$ 78,619	$ 193,660	$ 272,279
2021	72,483	199,799	272,282
2022	66,126	206,155	272,281
2023	60,317	171,984	232,301
2024	55,630	176,672	232,302
2025 – 2029	207,046	877,999	1,085,045
2030 – 2034	99,549	852,094	951,643
2035 – 2037	26,809	437,784	464,593
Total	$ 666,579	$ 3,116,147	$ 3,782,726

NOTE 8. LONG-TERM DEBT (CONTINUED)

Financed Purchases from Direct Borrowings – Governmental

During 2017, the City enter into an agreement for $114,110 to finance the purchase of in-car camera system equipment for the police department. The equipment has a five-year estimated useful life. This year, $24,152 was included in depreciation expense. The purchase is to be paid over a three-year period starting July 21, 2017. Interest is at 3.46%.

During 2017, the City entered into an agreement for $80,569 to finance the purchase of two vehicles. The vehicles have a five-year estimated useful life. This year, $8,277 was included in depreciation expense. The purchase is to be paid over a three-year period starting May 20, 2017. Interest is at 3.39%.

During 2017, the City entered into an agreement for $141,545 to finance the purchase of three vehicles with equipment. The vehicles have a five-year estimated useful life. This year, $20,968 was included in depreciation expense. The purchase is to be paid over a three-year period starting November 26, 2017. Interest is at 4.88%.

During 2019, the City entered into an agreement for $103,858 to finance the purchase of three vehicles with equipment. The vehicles have a five-year estimated useful life. This year, $19,333 was included in depreciation expense. The purchase is to be paid over a three-year period starting April 11, 2019. Interest is at 4.19%.

The debt service requirements to maturity are as follows:

	Financed Purchases		
	Interest	Principal	Total
2020	$ 3,276	$ 74,719	$ 77,995
2021	1,324	35,578	36,902
2022	107	12,193	12,300
Total	$ 4,707	$ 122,490	$ 127,197

Financed Purchases from Direct Borrowings – Business-type

During 2018, the City entered into an agreement for $49,952 to finance the purchase of a vehicle. The vehicle has a five-year estimated useful life. This year, $9,990 was included in depreciation expense. The purchase is to be paid over a three-year period starting April 1, 2018. Interest is at 3.50%.

NOTE 8. LONG-TERM DEBT (CONTINUED)

Financed Purchases from Direct Borrowings – Business-type (Continued)

During 2018, the City entered into an agreement for $69,883 to finance the purchase of equipment. The equipment has a five-year estimated useful life. This year, $13,977 was included in depreciation expense. The purchase is to be paid over a three-year period starting August 1, 2018. Interest is at 3.67%.

The debt service requirements to maturity are as follows:

	Financed Purchases		
	Interest	Principal	Total
2020	$ 1,525	$ 40,751	$ 42,276
2021	217	20,052	20,269
Total	$ 1,742	$ 60,803	$ 62,545

Discretely Presented Component Units

In 2013, the Byron 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%. The loan was last renewed on January 15, 2019. The balance of the loan as of December 31, 2019, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Note payable	$ 172,000	$ -	$ -	$ 172,000

NOTE 8. LONG-TERM DEBT (CONTINUED)

Discretely Presented Component Units (Continued)

In 2019, the Convention and Visitor's Bureau obtained a loan with Sunmark Bank to finance the purchase of land and a building for operations. The total proceeds for the loan were $158,950. The loan is to be paid over a 5-year period starting September 13, 2019, on a monthly basis. Interest is at 5.5%. The balance of the loan as of December 31, 2019, and the debt service requirements to maturity are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note payable	$ -	$ 158,950	$ (2,374)	$ 156,576	$ 7,087

	Interest	Principal	Total
2020	$ 8,581	$ 7,087	$ 15,668
2021	8,151	7,517	15,668
2022	7,721	7,947	15,668
2023	7,266	8,401	15,667
2024	4,690	125,624	130,314
Total	$ 36,409	$ 156,576	$ 192,985

NOTE 9. RELATED ORGANIZATIONS

The Housing Authority of the City, 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. The City 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 is a related organization.

The City joined Jointly Owned Natural Gas ("JONG") in November 2008. 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 JONG.

NOTE 9. RELATED ORGANIZATIONS (CONTINUED)

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, 2019, the City has an approximate 5% equity interest in JONG. This equity interest is recorded in the proprietary funds statement of net position.

NOTE 10. DEFINED BENEFIT PENSION PLAN

Plan Description

The City's pension plan is administered through the Georgia Municipal Employee Benefit System ("GMEBS"), an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The City Council, in its role as the Plan sponsor, has the governing authority to establish and amend from time to time, the benefits provided and the contribution rates of the City and its employees. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained at www.gmanet.com or by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

Plan Membership

As of July 1, 2019, the date of the most recent actuarial valuation, there were 114 participants consisting of the following:

Inactive plan members or beneficiaries currently receiving benefits	34
Inactive plan members entitled to but not receiving benefits	25
Active plan members	55
	114

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan, as adopted by the City Council, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members, as determined by the City Council. For the year ended December 31, 2019, the City's contribution rate was 25.4% of annual payroll. City contributions to the Plan were $530,301 for the year ended December 31, 2019.

Net Pension Liability of the City

The City's net pension liability was measured as of March 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 with update procedures performed by the actuary to roll forward to the total pension liability measured as of March 31, 2019.

Actuarial Assumptions. The total pension liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	2.75% plus service based merit increases
Cost of living adjustments	2.75% for all participants
Investment rate of return	7.50% On-going basis, based on long-term expected rate of return of pension plan investments

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

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – June 30, 2014.

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

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 weighting 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, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-term expected real rate of return*
Domestic equity	45 %	6.40 %
International equity	20	7.40
Real estate	10	5.10
Global fixed income	5	3.03
Domestic fixed income	20	1.75
Total	100 %	

* Rates shown are net of the 2.75% assumed rate of inflation.

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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 of the projected benefit payments to determine the total pension liability.

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in the Net Pension Liability of the City

The changes in the components of the net pension liability of the City for the year ended December 31, 2019, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2018	$ 10,910,890	$ 7,865,455	$ 3,045,435
Changes for the year:			
Service cost	173,428	-	173,428
Interest	804,946	-	804,946
Differences between expected and actual experience	81,577	-	81,577
Assumption changes	-	-	-
Contributions - employer	-	553,040	(553,040)
Contributions - employee	-	-	-
Net investment income	-	281,093	(281,093)
Benefit payments, including refunds of employee contributions	(703,411)	(703,411)	-
Administrative expense	-	(17,516)	17,516
Other	-	-	-
Net changes	356,540	113,206	243,334
Balances at December 31, 2019	$ 11,267,430	$ 7,978,661	$ 3,288,769

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multi-year trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.50%, 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 (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's net pension liability	$ 4,712,064	$ 3,288,769	$ 2,108,077

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of March 31, 2019, and the current sharing pattern of costs between employer and employee.

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

For the year ended December 31, 2019, the City recognized pension expense of $575,579. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 541,636	$ -
Changes in assumptions	-	(98,921)
Net difference between projected and actual earnings on pension plan investments	9,972	-
City contributions subsequent to the measurement date	397,726	-
Total	$ 949,334	$ (98,921)

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

City contributions subsequent to the measurement date of $397,726 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. 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 ending December 31,		
2020	$	187,536
2021		43,828
2022		101,522
2023		119,801
Total	$	452,687

NOTE 11. JOINT VENTURE

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 ("O.C.G.A.") §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. O.C.G.A. §50-8-39.1 provides that the member governments are liable for any debts or obligations of a regional commission. For the year ended December 31, 2019, the City paid dues of $6,733. Separate financial statements may be obtained from:

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

NOTE 12. RISK MANAGEMENT

The City of Byron is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City carries commercial insurance in amounts deemed prudent by City management. Commercial insurance is carried for coverage of property, errors and omissions, professional liability and injuries to employees.

There have been no significant reductions of insurance coverage from coverage in the prior year and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 13. COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of any 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.

As of December 31, 2019 the City has commitments relative to various construction projects in the amount of $1,945,453.

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.

NOTE 14. SUBSEQUENT EVENTS

The City has evaluated all subsequent events through September XX, 2020, the date the financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact certain City revenues in 2020. Other financial impact could occur, though such potential impact is unknown at this time.

On May 20, 2020, the City issued bonds in the amount of $3,145,000 to refund the series 2007 bonds. The City will pay 1.14% interest on the 9 year bonds. Principal and interest payments will be payable semi-annually beginning November 1, 2020.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BYRON, GEORGIA

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS FOR THE FISCAL YEAR ENDED DECEMBER 31

	2019	2018	2017	2016	2015
Total pension liability					
Service cost	**$ 173,428**	$ 205,512	$ 184,872	$ 186,196	$ 168,382
Interest on total pension liability	**804,946**	774,843	729,258	702,621	660,062
Differences between expected and actual experience	**81,577**	379,428	299,967	32,255	376,122
Changes of assumptions	**-**	-	-	-	(107,380)
Benefit payments, including refunds of employee contributions	**(703,411)**	(650,673)	(601,139)	(553,600)	(542,470)
Other	**-**	(121,533)	-	-	-
Net change in total pension liability	**356,540**	587,577	612,958	367,472	554,716
Total pension liability - beginning	**10,910,890**	10,323,313	9,710,355	9,342,883	8,788,167
Total pension liability - ending (a)	**$ 11,267,430**	$ 10,910,890	$ 10,323,313	$ 9,710,355	$ 9,342,883
Plan fiduciary net position					
Contributions - employer	**$ 553,040**	$ 423,002	$ 448,951	$ 413,318	$ 363,577
Net investment income	**281,093**	891,341	817,970	19,036	601,475
Benefit payments, including refunds of employee contributions	**(703,411)**	(650,673)	(601,139)	(553,600)	(542,470)
Administrative expenses	**(17,516)**	(16,874)	(17,247)	(12,429)	(11,125)
Net change in plan fiduciary net position	**113,206**	646,796	648,535	(133,675)	411,457
Plan fiduciary net position - beginning	**7,865,455**	7,218,659	6,570,124	6,703,799	6,292,342
Plan fiduciary net position - ending (b)	**$ 7,978,661**	$ 7,865,455	$ 7,218,659	$ 6,570,124	$ 6,703,799
City's net pension liability (a) - (b)	**$ 3,288,769**	$ 3,045,435	$ 3,104,654	$ 3,140,231	$ 2,639,084
Plan fiduciary net position as a percentage of the total pension liability	**70.8%**	72.1%	69.9%	67.7%	71.8%
Covered payroll	**$ 2,111,702**	$ 2,226,407	$ 2,249,854	$ 2,150,136	$ 2,085,487
City's net pension liability as a percentage of covered payroll	**155.74%**	136.79%	137.99%	146.05%	126.55%

Notes to the Schedule

The schedule will present 10 years of information once it is accumulated.

CITY OF BYRON, GEORGIA

SCHEDULE OF CITY CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED DECEMBER 31

	2019	2018	2017	2016	2015
Actuarially determined contribution	**$ 530,301**	$ 504,558	$ 451,879	$ 447,975	$ 401,765
Contributions in relation to the actuarially determined contribution	**530,301**	504,558	451,879	447,975	401,765
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -
Covered payroll	**$ 2,090,801**	$ 2,176,310	$ 2,226,452	$ 2,200,590	$ 2,101,285
Contributions as a percentage of covered payroll	**25.4%**	23.2%	20.3%	20.4%	19.1%

Notes to the Schedule

Valuation date	July 1, 2019
Cost method	Projected unit credit
Actuarial 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 amounts 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.
Assumed rate of return on investments	7.50%
Projected salary increases	2.75% plus service based merit increases
Cost of living adjustments	2.75% (Class 1 and 2)
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years.

The schedule will present 10 years of information once it is accumulated.

NONMAJOR GOVERNMENTAL FUNDS

Capital Projects Funds

SPLOST 2008 Fund – This fund is used to account for capital expenditures paid with the special purpose local option sales tax.

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

Special Revenue Funds

Hotel/Motel Tax Fund – This fund is used to account for hotel/motel taxes collected.

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.

Debt Service Fund

Debt Service Fund – This fund is used to account for the accumulation of resources for the principal payment, interest and related costs of long-term debt.

CITY OF BYRON, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	Capital Projects Funds		Special Revenue Funds	
	SPLOST 2008 Fund	Capital Improvements Fund	Hotel/Motel Tax Fund	Law Enforcement Confiscation Fund
ASSETS				
Cash and cash equivalents	$ 55,952	$ 431,664	$ -	$ 43,908
Accounts receivable	-	-	-	20,000
Taxes receivable	-	-	27,392	-
Due from other funds	-	-	-	-
Total assets	$ 55,952	$ 431,664	$ 27,392	$ 63,908
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ -	$ 26,564	$ 68
Due to other funds	42,151	-	828	6,918
Total liabilities	42,151	-	27,392	6,986
Fund Balances:				
Restricted:				
Public safety	-	-	-	56,922
Capital projects	13,801	431,664	-	-
Debt service	-	-	-	-
Total fund balances	13,801	431,664	-	56,922
Total liabilities and fund balances	$ 55,952	$ 431,664	$ 27,392	$ 63,908

Debt Service Fund	Total Nonmajor Governmental Funds
$ 12	$ 531,536
-	20,000
-	27,392
-	-
$ 12	$ 578,928
$ -	$ 26,632
-	49,897
-	76,529
-	56,922
-	445,465
12	12
12	502,399
$ 12	$ 578,928

CITY OF BYRON, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

	Capital Projects Funds		Special Revenue Funds	
	SPLOST 2008 Fund	Capital Improvements Fund	Hotel/Motel Tax Fund	Law Enforcement Confiscation Fund
Revenues				
Other taxes	$ -	$ -	$ 356,310	$ -
Fines and forfeitures	-	-	-	42,254
Interest income	5	385	-	20
Total revenues	5	385	356,310	42,274
Expenditures				
Current:				
Public safety	-	-	-	26,646
Housing and development	-	-	178,155	-
Capital outlay:				
Public safety	-	-	-	83,940
Public works	42,151	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	42,151	-	178,155	110,586
Excess (deficiency) of revenues over expenditures	(42,146)	385	178,155	(68,312)
Other financing source (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	(178,155)	-
Total other financing sources (uses)	-	-	(178,155)	-
Net change in fund balances	(42,146)	385	-	(68,312)
Fund balances, beginning of year	55,947	431,279	-	125,234
Fund balances, end of year	$ 13,801	$ 431,664	$ -	$ 56,922

Debt Service Fund	Total Nonmajor Governmental Funds
$ -	$ 356,310
-	42,254
-	410
-	398,974
-	26,646
-	178,155
-	83,940
-	42,151
240,000	240,000
135,339	135,339
375,339	706,231
(375,339)	(307,257)
375,339	375,339
-	(178,155)
375,339	197,184
-	(110,073)
12	612,472
$ 12	$ 502,399

CITY OF BYRON, GEORGIA

SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - SPLOST 2008
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

Project	Original Estimated Cost	Current Estimated Cost	Expenditures			Estimated Percent Complete
			Beginning of Year	Current Year	To Date	
Roads, streets, and bridges	$ 1,566,000	$ 1,636,370	$ 1,580,421	$ 42,151	$ 1,622,572	99.16%
Cultural, historical, and recreational facilities	75,000	21,205	21,205	-	21,205	100.00%
Water and sewer improvements	1,044,000	970,399	970,399	-	970,399	100.00%
Bond interest and costs of issuance	390,000	-	-	-	-	0.00%
Totals	$ 3,075,000	$ 2,627,974	$ 2,572,025	$ 42,151	$ 2,614,176	99.47%

CITY OF BYRON, GEORGIA

SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - SPLOST 2012
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

Project	Original Estimated Cost	Current Estimated Cost	Expenditures			Estimated Percent Complete
			Beginning of Year	Current Year	To Date	
Roads, streets, bridges, and drainage	$ 2,815,575	$ 2,815,575	$ -	$ 265,403	$ 265,403	9.43%
Government buildings and solid waste facilities and equipment	32,550	32,550	-	-	-	0.00%
Water and sewer improvements	651,000	651,000	31,869	4,001	35,870	5.51%
Cultural, historical, and recreation	32,550	32,550	-	-	-	0.00%
Public safety facilities and equipment	374,325	374,325	-	149,342	149,342	39.90%
Totals	$ 3,906,000	$ 3,906,000	$ 31,869	$ 418,746	$ 450,615	11.54%

COMPLIANCE SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

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

To the Honorable Mayor and Members
of the City Council
Byron, Georgia

We have audited, in accordance with the 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 aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Byron, Georgia (the "City") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Byron, Georgia's basic financial statements and have issued our report thereon dated September 29, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2019-001 through 2019-005 that we consider to be material weaknesses.

Compliance and Other Matters

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

The City of Byron, Georgia's Responses to Findings

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

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 City'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.

Mauldin & Jenkins, LLC

Macon, Georgia
September 29, 2020

CITY OF BYRON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	X Yes ____ No
Significant deficiencies identified not considered to be material weaknesses?	___ Yes X None Reported
Noncompliance material to financial statements noted?	___ Yes X None Reported

Federal Awards

There was not an audit of major federal award programs as of December 31, 2019 due to the total amount expended being less than $750,000.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2019 - 001. Management of Receivable Accounts (Repeat Finding)

Criteria: Generally accepted accounting principles ("GAAP") require revenues to be recognized in the accounting period in which they are earned. As a part of these processes, the City should review all revenue transactions to determine reporting in the proper period.

Condition: The City did not properly adjust receivables in the General Fund, Water and Sewer Fund, and Solid Waste Fund as of December 31, 2019.

Context: See above condition.

Effect: Adjustments to the various funds of the City were required to properly state receivables and related revenues. These adjustments were as follows:

- General Fund: Adjustments to increase accounts receivable by $14,495, decrease the allowance for doubtful accounts by $91,428, decrease revenues by $74,078, increase unavailable revenue by $189,109, and increase due to other funds by $9,107;
- Water and Sewer Fund: Adjustments to increase accounts receivable by $26,061, increase the allowance for doubtful accounts by $26,531, decrease revenues by $40,272, and increase due to other funds by $39,802;
- Solid Waste Fund: Adjustments to decrease accounts receivable by $28,026, increase the allowance for doubtful accounts by $2,669, and increase due from other funds by $30,696.

Cause: The City did not review all revenue transactions after year-end to determine reporting in the proper period.

Recommendation: We recommend that the City establish procedures to review all revenue transactions after year-end to determine reporting in the proper period.

Views of Responsible Official and Planned Corrective Action: We concur. We will establish procedures to review all revenue transactions after year-end to determine reporting in the proper period.

2019 - 002. Management of Capital Asset Accounts (Repeat Finding)

Criteria: Generally accepted accounting principles require the reporting of all capital assets at their historical cost, which is written off periodically, or depreciated, in a systematic and rational manner. Assets donated by outside parties should also be reported, but at the acquisition value on the date of the donation.

Condition: The City did not properly record capital assets in the Water and Sewer Fund during the year ended December 31, 2019.

Context: See above condition.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2019 - 002. Management of Capital Asset Accounts (Repeat Finding) (Continued)

Cause: See above condition.

Effect: Adjustments to the Water and Sewer Fund were required to properly record capital assets. These adjustments included an increase to capital assets of $242,698, a decrease to expenses of $246,301, and an increase to accumulated depreciation of $3,602.

Recommendation: We recommend the City review all capital asset activity and verify that all assets are being properly recorded.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will review all capital asset activity, including depreciation and capital contributions, to determine proper accounting treatment.

2019 - 003. Management of Due To/From and Transfer (Internal) Accounts (Repeat Finding)

Criteria: GAAP require consideration of the collectability of receivables of all kinds, whether external or internal to the City.

Condition: During fiscal year 2019, the City did not properly account for and use due to/from accounts and transfers in the General Fund, Water and Sewer Fund, and Hotel/Motel Fund in conjunction with the operations of the City as appropriate.

Context: We addressed the matter with the City and management was able to determine the appropriate adjustments so as to properly state the balance of due to/from accounts at December 31, 2019.

Effect: Adjustments to the various funds of the City were required to properly record internal accounts. These adjustments were as follows:

- General Fund: An adjustment to decrease due to other funds by $1,220,168, decrease accounts receivable by $7, and increase transfers in by $1,220,161;
- Hotel/Motel Fund: An adjustment to increase transfers out and increase due to other funds by $18,139;
- Water & Sewer Fund: An adjustment to decrease due from other funds and increase transfers out by $1,202,022.

Cause: Due to/from and transfer (internal) accounts are not being properly utilized and recorded.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2019 - 003. Management of Due To/From and Transfer (Internal) Accounts (Repeat Finding) (Continued)

Recommendation: We recommend that all interfund activity be properly recorded through the due to/from and transfer accounts as appropriate.

Views of Responsible Officials and Planned Corrective Action: We concur. We will strengthen procedures to ensure internal accounts are properly recorded and reconciled.

2019 - 004. Accounting and Reporting of Expenses and Accrued Liabilities (Repeat Finding)

Criteria: GAAP require timely reporting of all current liabilities when goods have been received or services have been performed, regardless of the timing of related cash flows.

Condition: During fiscal year 2019, the City did not properly adjust accrued liabilities in the General Fund and Water and Sewer Fund as of December 31, 2019.

Context: We addressed this matter with City officials, who were able to ultimately determine the propriety of all respective details and reconciliations as of and for the year ended December 31, 2019.

Effect: Adjustments to the various funds of the City were required to properly record liabilities and related expenses. These adjustments were as follows:

- General Fund: An adjustment to increase accrued liabilities and decrease revenues by $23,400;
- Water and Sewer Fund: An adjustment to increase liabilities and expenses by $2,977.

Cause: Internal controls over cut-off of accrued liabilities were not in place to ensure all expenses/expenditures were reported in the proper period.

Recommendation: We recommend that the City reconcile all accrued expenditures in a timely manner to ensure all transactions are being properly recognized during the correct period.

Views of Responsible Officials and Planned Corrective Action: We concur. We will strengthen procedures to ensure liabilities are properly recorded.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2019 - 005. Long-Term Debt (Repeat Finding)

Criteria: Generally accepted accounting principles requires reporting of all long-term liabilities in a timely manner.

Condition: The City failed to properly record activity on two financed purchases in the General Fund and Water and Sewer Fund as required.

Context: We addressed the matter with the City and management was able to determine the appropriate adjustments so as to properly state the balance of long-term debt accounts at December 31, 2019.

Effect: Adjustments to the General Fund and the Water and Sewer Fund of the City were required to properly record liabilities and related expenses.

- General Fund: An adjustment to increase revenues and increase expenditures by $20,045;
- Water and Sewer Fund: An adjustment to increase long-term debt and decrease revenues by $105,191.

Cause: The City had all necessary information to record the activity, but did not do so timely.

Recommendation: We recommend that the City make appropriate adjustments as part of its year-end closeout procedures to ensure long-term debt activity is properly posted.

Views of Responsible Officials and Planned Corrective Action: We concur. We will strengthen internal controls to ensure liabilities are properly recorded.

SECTION III
FEDERAL AWARDS FINDINGS AND RESPONSES

Not applicable.

CITY OF BYRON, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

2018 - 001. Management of Receivable Accounts (Repeat Finding)

Criteria: GAAP requires revenues to be recognized in the accounting period in which they are earned. As a part of these processes, the City should review all revenue transactions to determine reporting in the proper period.

Condition: The City did not properly adjust receivables in the General Fund, SPLOST 2012 Fund, Water and Sewer Fund, Hotel/Motel Fund, and Solid Waste Fund as of December 31, 2018.

Auditee Response/Status: Unresolved – See current year financial audit finding 2019 – 001.

2018 - 002. Management of Capital Asset Accounts

Criteria: GAAP requires the reporting of all capital assets at their historical cost, which is written off periodically, or depreciated, in a systematic and rational manner. Assets donated by outside parties should also be reported, but at the acquisition value on the date of the donation.

Condition: The City did not properly record capital assets in the Water and Sewer Fund during the year ended December 31, 2018.

Auditee Response/Status: Unresolved – See current year financial audit finding 2019 – 002.

2018 - 003. Management of Due To/From and Transfer (Internal) Accounts (Repeat Finding)

Criteria: GAAP requires consideration of the collectability of receivables of all kinds, whether external or internal to the City.

Condition: During fiscal year 2018, the City did not properly account for and use due to/from accounts and transfers in the General Fund, Water and Sewer, Hotel/Motel Fund, and Confiscation Fund in conjunction with the operations of the City as appropriate.

Auditee Response/Status: Unresolved – See current year financial audit finding 2019 – 003.

2018 - 004. Accounting and Reporting of Expenditures, Expenses, Accounts Payable, and Accrued Expenses (Repeat Finding)

Criteria: In accordance with GAAP, 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 ensure that expenses are recorded and properly classified when a liability is incurred.

Auditee Response/Status: Partially resolved – See current year financial audit finding 2019 – 004.

CITY OF BYRON, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

2018 - 005. Long-Term Debt (Repeat Finding)

Criteria: GAAP requires reporting of all long-term liabilities in a timely manner.

Condition: The City failed to properly record activity on three capital leases in the General Fund and Water and Sewer Fund as required.

Auditee Response/Status: Unresolved – See current year financial audit finding 2019 – 005.

2018 - 006. Investment in Joint Venture (Repeat Finding)

Criteria: Investments in joint venture should be reported at the participant's share in the equity of the joint venture.

Condition: The City did not adjust the value of its investment in the Jointly Owned Natural Gas Transmission Line as of year-end.

Auditee Response/Status: Resolved.