CITY OF BYRON, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

CITY OF BYRON, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

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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
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, 2020, 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 as of December 31, 2020, 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 accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the City implemented Governmental Accounting Standards Board ("GASB") Statement No. 84, *Fiduciary Activities*, as of January 1, 2020. This standard significantly changed the accounting for the City's Municipal Court Fund. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Schedule of Changes in the City's Net Pension Liability and Related Ratios (on pages 50 and 51), and the Schedule of City Contributions (on pages 52 and 53) be presented to supplement the basic financial statements. Such 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 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 accounting principles generally accepted in the United States of America 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'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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations* (CFR) Part 2, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements of the City.

The combining and individual nonmajor fund financial statements and schedules, the schedules of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, the schedules of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards are 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 August 27, 2021, 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
August 27, 2021

BASIC FINANCIAL STATEMENTS

CITY OF BYRON, GEORGIA

STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 6,971,539	$ 982,397	$ 7,953,936
Investments	-	149,610	149,610
Taxes receivable	676,372	-	676,372
Accounts receivable, net of allowances	17,395	233,188	250,583
Due from other governments	234,585	294,607	529,192
Internal balances	(831,704)	831,704	-
Prepaid expenses	19,905	-	19,905
Investment in joint venture	-	224,414	224,414
Capital assets, nondepreciable	2,837,652	2,441,738	5,279,390
Capital assets, depreciable, net of accumulated depreciation	8,108,017	9,671,416	17,779,433
Total assets	18,033,761	14,829,074	32,862,835
DEFERRED OUTFLOWS OF RESOURCES			
Pension	1,580,101	321,616	1,901,717
Loss on refunding	18,353	-	18,353
Total deferred outflows of resources	1,598,454	321,616	1,920,070
LIABILITIES			
Accounts payable	442,922	292,490	735,412
Retainage payable	43,988	102,895	146,883
Accrued interest expense	5,653	8,204	13,857
Other accrued expenses	42,243	5,663	47,906
Customer deposits	-	244,085	244,085
Financed purchases due within one year	35,578	20,048	55,626
Financed purchases due in more than one year	12,193	-	12,193
Compensated absences due within one year	94,870	12,476	107,346
Compensated absences due in more than one year	23,718	3,119	26,837
Bonds payable due within one year	215,000	-	215,000
Bonds payable due in more than one year	2,760,000	-	2,760,000
Notes payable due within one year	-	196,707	196,707
Notes payable due in more than one year	-	4,482,050	4,482,050
Net pension liability	3,575,686	727,800	4,303,486
Total liabilities	7,251,851	6,095,537	13,347,388
DEFERRED INFLOWS OF RESOURCES			
Pension	291,500	59,332	350,832
Total deferred inflows of resources	291,500	59,332	350,832
NET POSITION			
Net investment in capital assets	7,878,910	7,311,454	15,190,364
Restricted for capital projects	2,612,979	-	2,612,979
Restricted for debt service	12	-	12
Restricted for public safety	38,421	-	38,421
Unrestricted	1,558,542	1,684,367	3,242,909
Total net position	$ 12,088,864	$ 8,995,821	$ 21,084,685

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

Component Units	
Byron Development Authority	Convention & Visitors Bureau
$ 2,699	$ 29,387
-	-
-	19,801
-	-
-	-
-	-
-	-
-	-
1,936,201	74,092
-	120,362
1,938,900	243,642
-	-
-	-
-	-
-	718
-	-
-	452
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
84,100	7,517
-	142,089
-	-
84,100	150,776
-	-
-	-
1,852,101	44,396
-	-
-	-
-	-
2,699	48,470
$ 1,854,800	$ 92,866

CITY OF BYRON, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

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	$ 1,300,074	$ 1,142,135	$ 273,569	$ -
Judicial	324,009	-	-	-
Public safety	3,354,581	687,046	8,963	-
Public works	998,861	-	-	1,825,195
Culture and recreation	7,715	-	-	-
Housing and development	908,443	-	-	-
Interest on long-term debt	146,114	-	-	-
Total governmental activities	7,039,797	1,829,181	282,532	1,825,195
Business-type activities:				
Water and sewer	2,792,837	2,402,961	-	388,377
Solid waste	380,538	383,202	-	-
Natural gas	926,937	941,443	-	-
Total business-type activities	4,100,312	3,727,606	-	388,377
Total primary government	$ 11,140,109	$ 5,556,787	$ 282,532	$ 2,213,572
Component Units				
Byron Development Authority	$ 348,852	$ -	$ -	$ -
Convention and Visitors Bureau	117,534	3,312	-	-
Total Component Units	$ 466,386	$ 3,312	$ -	$ -
General revenues:				
Property taxes				
Sales taxes				
Hotel/Motel taxes				
Other taxes				
Gain on disposal of capital assets				
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	
$ 115,630	$ -	$ 115,630	$ -	$ -	
(324,009)	-	(324,009)	-	-	
(2,658,572)	-	(2,658,572)	-	-	
826,334	-	826,334	-	-	
(7,715)	-	(7,715)	-	(7,715)	
(908,443)	-	(908,443)	-	-	
(146,114)	-	(146,114)	-	-	
(3,102,889)	-	(3,102,889)	-	(7,715)	
-	(1,499)	(1,499)	-	-	
-	2,664	2,664	-	-	
-	14,506	14,506	-	-	
-	15,671	15,671	-	-	
(3,102,889)	15,671	(3,087,218)	$ -	$ (7,715)	
-	-	-	$ (348,852)	$ -	
-	-	-	-	(114,222)	
-	-	-	(348,852)	(114,222)	
2,176,065	-	2,176,065	-	-	
415,167	-	415,167	-	-	
248,232	-	248,232	-	124,116	
1,058,567	-	1,058,567	-	-	
13,905	1,041	14,946	-	-	
19,284	8,535	27,819	7	-	
-	-	-	6,224	-	
(33,110)	33,110	-	-	-	
3,898,110	42,686	3,940,796	6,231	124,116	
795,221	58,357	853,578	(342,621)	9,894	
11,293,643	8,937,464	20,231,107	2,197,421	82,972	
$ 12,088,864	$ 8,995,821	$ 21,084,685	$ 1,854,800	$ 92,866	

CITY OF BYRON, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	General Fund	SPLOST 2012 Fund	Debt Service Fund	Nonmajor Governmental Funds	Totals Governmental Funds
ASSETS					
Cash and cash equivalents	$ 4,223,233	$ 2,182,981	$ 12	$ 565,313	$ 6,971,539
Taxes receivable	657,104	-	-	19,268	676,372
Accounts receivable	9,270	-	-	8,125	17,395
Due from other governments	1,800	232,785	-	-	234,585
Due from other funds	234,694	-	-	533	235,227
Prepaid expenditures	19,905	-	-	-	19,905
Total assets	$ 5,146,006	$ 2,415,766	$ 12	$ 593,239	$ 8,155,023
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 156,120	$ 265,872	$ -	$ 20,930	$ 442,922
Retainage payable	-	43,988	-	-	43,988
Accrued liabilities	42,243	-	-	-	42,243
Due to other funds	1,040,116	4,445	-	22,370	1,066,931
Total liabilities	1,238,479	314,305	-	43,300	1,596,084
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	163,486	-	-	-	163,486
Unavailable revenue - grant revenue	-	-	-	8,125	8,125
Total deferred inflows of resources	163,486	-	-	8,125	171,611
FUND BALANCES					
Fund balances:					
Nonspendable:					
Prepaids	19,905	-	-	-	19,905
Restricted for:					
Capital projects	-	2,101,461	-	511,518	2,612,979
Debt service	-	-	12	-	12
Public safety	-	-	-	38,421	38,421
Assigned for:					
Utility payments	39,449	-	-	-	39,449
Fire department	6,163	-	-	-	6,163
Municipal court	158,648	-	-	-	158,648
Law enforcement	179,578	-	-	-	179,578
Unassigned	3,340,298	-	-	(8,125)	3,332,173
Total fund balances	3,744,041	2,101,461	12	541,814	6,387,328
Total liabilities, deferred inflows of resources and fund balances	$ 5,146,006	$ 2,415,766	$ 12	$ 593,239	

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.	10,945,669
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	171,611
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.	(2,287,085)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(3,128,659)
Net position of governmental activities	$ 12,088,864

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, 2020

	General Fund	SPLOST 2012 Fund	Debt Service Fund	Nonmajor Governmental Funds	Totals Governmental Funds
Revenues					
Taxes	$ 3,682,797	$ -	$ -	$ 248,232	$ 3,931,029
Licenses and permits	255,620	-	-	-	255,620
Intergovernmental	369,257	985,761	-	711,642	2,066,660
Fines and forfeitures	687,046	-	-	-	687,046
Charges for services	868,241	-	-	-	868,241
Interest income	13,989	32,894	-	5,343	52,226
Other revenues	18,274	-	-	-	18,274
Total revenues	5,895,224	1,018,655	-	965,217	7,879,096
Expenditures					
Current:					
General government	1,075,159	-	-	-	1,075,159
Judicial	308,339	-	-	-	308,339
Public safety	2,943,256	-	-	18,549	2,961,805
Public works and parks	777,318	-	-	-	777,318
Housing and development	139,560	-	-	768,883	908,443
Capital outlay:					
Public safety	-	164,688	-	-	164,688
Public works	-	1,557,152	-	14,242	1,571,394
Culture and recreation	-	7,715	-	-	7,715
Debt service:					
Principal	74,719	-	170,000	-	244,719
Interest	3,276	-	79,023	-	82,299
Bond issuance costs	-	-	77,550	-	77,550
Total expenditures	5,321,627	1,729,555	326,573	801,674	8,179,429
Excess (deficiency) of revenues over (under) expenditures	573,597	(710,900)	(326,573)	163,543	(300,333)
Other financing sources (uses)					
Proceeds from sale of assets	13,905	-	-	-	13,905
Issuance of refunding bonds	-	-	3,145,000	-	3,145,000
Payment to refunded bond escrow agent	-	-	(3,056,649)	-	(3,056,649)
Transfers in	124,116	-	238,222	-	362,338
Transfers out	(238,222)	-	-	(124,116)	(362,338)
Total other financing sources (uses)	(100,201)	-	326,573	(124,116)	102,256
Net change in fund balances	473,396	(710,900)	-	39,427	(198,077)
Fund balances, beginning of year	3,270,645	2,812,361	12	502,387	6,585,405
Fund balances, end of year	$ 3,744,041	$ 2,101,461	$ 12	$ 541,814	$ 6,387,328

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, 2020

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

Net change in fund balances - total governmental funds	$	(198,077)
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 capital outlay exceeded depreciation expense in the current period.		1,152,759
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(33,110)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(24,873)
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.		156,368
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.		(257,846)
Changes in net position - governmental activities	$	795,221

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, 2020

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Property taxes	$ 2,201,753	$ 2,201,753	$ 2,209,063	$ 7,310
Sales taxes	390,000	390,000	415,167	25,167
Other taxes	1,003,343	1,003,343	1,058,567	55,224
Licenses and permits	178,376	178,376	255,620	77,244
Intergovernmental	438,291	438,291	369,257	(69,034)
Fines and forfeitures	958,493	958,493	687,046	(271,447)
Charges for services	694,777	694,777	868,241	173,464
Interest income	12,000	12,000	13,989	1,989
Other revenues	30,812	30,812	18,274	(12,538)
Total revenues	5,907,845	5,907,845	5,895,224	(12,621)
Expenditures				
Current				
General government:				
Mayor and council	695,397	616,418	312,652	303,766
Clerk of council	483,951	353,855	347,714	6,141
City manager	297,659	414,226	414,226	-
Elections	-	567	567	-
Total general government	1,477,007	1,385,066	1,075,159	309,907
Judicial:				
Municipal court	319,870	319,870	308,339	11,531
Public safety:				
Police	2,421,599	2,421,599	2,231,130	190,469
Fire	768,419	768,419	712,126	56,293
Total public safety	3,190,018	3,190,018	2,943,256	246,762
Public works:				
Public works administration	261,696	261,953	261,953	-
Streets	364,675	364,418	321,659	42,759
Stormwater	209,172	209,172	193,706	15,466
Total public works	835,543	835,543	777,318	58,225
Housing and development:				
Planning and zoning	37,800	51,746	51,746	-
Economic development	407,760	407,760	87,814	319,946
Total housing and development	445,560	459,506	139,560	319,946
Debt service:				
Principal	-	74,719	74,719	-
Interest	-	3,276	3,276	-
Total debt service	-	77,995	77,995	-
Total expenditures	6,267,998	6,267,998	5,321,627	946,371
Excess (deficiency) of revenues over (under) expenditures	(360,153)	(360,153)	573,597	933,750
Other financing sources (uses)				
Proceeds from sale of assets	25,000	25,000	13,905	(11,095)
Transfers in	335,153	335,153	124,116	(211,037)
Transfers out	-	-	(238,222)	(238,222)
Total other financing sources (uses)	360,153	360,153	(100,201)	(460,354)
Net change in fund balances	-	-	473,396	473,396
Fund balances, beginning of year	3,270,645	3,270,645	3,270,645	-
Fund balances, end of year	$ 3,270,645	$ 3,270,645	$ 3,744,041	$ 473,396

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

CITY OF BYRON, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2020

	Water and Sewer Fund	Natural Gas Fund	Nonmajor Solid Waste Fund	Totals
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 840,236	$ 6,797	$ 135,364	$ 982,397
Investments	149,610	-	-	149,610
Accounts receivable, net of allowances	217,737	-	15,451	233,188
Due from other governments	175,654	118,953	-	294,607
Due from other funds	306,948	732,635	211,955	1,251,538
Total current assets	1,690,185	858,385	362,770	2,911,340
NON-CURRENT ASSETS				
Investment in joint venture	-	224,414	-	224,414
Capital assets, non-depreciable	2,441,738	-	-	2,441,738
Capital assets, depreciable, net of accumulated depreciation	9,671,416	-	-	9,671,416
Total non-current assets	12,113,154	224,414	-	12,337,568
Total assets	13,803,339	1,082,799	362,770	15,248,908
DEFERRED OUTFLOWS OF RESOURCES				
Pension	321,616	-	-	321,616
Total deferred outflows of resources	321,616	-	-	321,616
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	157,937	106,276	28,277	292,490
Retainage payable	102,895	-	-	102,895
Accrued liabilities	5,663	-	-	5,663
Notes payable, current portion	196,707	-	-	196,707
Financed purchases, current portion	20,048	-	-	20,048
Due to other funds	211,955	-	207,879	419,834
Compensated absences due within one year	12,476	-	-	12,476
Customer deposits	244,085	-	-	244,085
Accrued interest	8,204	-	-	8,204
Total current liabilities	959,970	106,276	236,156	1,302,402
NON-CURRENT LIABILITIES				
Compensated absences due in more than one year	3,119	-	-	3,119
Net pension liability	727,800	-	-	727,800
Notes payable, long-term portion	4,482,050	-	-	4,482,050
Total non-current liabilities	5,212,969	-	-	5,212,969
Total liabilities	6,172,939	106,276	236,156	6,515,371
DEFERRED INFLOWS OF RESOURCES				
Pension	59,332	-	-	59,332
Total deferred inflows of resources	59,332	-	-	59,332
NET POSITION				
Net investment in capital assets	7,311,454	-	-	7,311,454
Unrestricted	581,230	976,523	126,614	1,684,367
Total net position	$ 7,892,684	$ 976,523	$ 126,614	$ 8,995,821

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, 2020

	Water and Sewer Fund	Natural Gas Fund	Nonmajor Solid Waste Fund	Totals
OPERATING REVENUES				
Charges for services:				
Water sales	$ 1,505,639	$ -	$ -	$ 1,505,639
Sewer sales	853,709	-	-	853,709
Natural gas sales	-	923,857	-	923,857
Sanitation charges	-	-	383,202	383,202
Other fees and charges	43,613	17,586	-	61,199
Total operating revenues	2,402,961	941,443	383,202	3,727,606
OPERATING EXPENSES				
Personal services and employee benefits	895,479	-	-	895,479
Contracted services	303,562	914,286	380,483	1,598,331
Supplies	1,001,422	-	55	1,001,477
Depreciation	548,911	-	-	548,911
Total operating expenses	2,749,374	914,286	380,538	4,044,198
Operating income (loss)	(346,413)	27,157	2,664	(316,592)
NON-OPERATING REVENUES (EXPENSES)				
Intergovernmental revenue	388,377	-	-	388,377
Gain on disposal of assets	1,041	-	-	1,041
Net loss from joint venture	-	(12,651)	-	(12,651)
Interest income	6,804	1,729	2	8,535
Interest expense	(43,463)	-	-	(43,463)
Total non-operating revenue (expenses), net	352,759	(10,922)	2	341,839
Income before capital contributions	6,346	16,235	2,666	25,247
CAPITAL CONTRIBUTIONS	33,110	-	-	33,110
Change in net position	39,456	16,235	2,666	58,357
NET POSITION, beginning of year	7,853,228	960,288	123,948	8,937,464
NET POSITION, end of year	$ 7,892,684	$ 976,523	$ 126,614	$ 8,995,821

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, 2020

	Water and Sewer Fund	Natural Gas Fund	Nonmajor Solid Waste Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 2,257,576	$ 729,757	$ 381,790	$ 3,369,123
Payments to suppliers and service providers	(772,170)	(920,338)	(247,037)	(1,939,545)
Payments to employees	(829,305)	-	-	(829,305)
Net cash provided by (used in) operating activities	656,101	(190,581)	134,753	600,273
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of property and equipment	(2,007,263)	-	-	(2,007,263)
Proceeds from sale of property and equipment	1,041	-	-	1,041
Proceeds from notes payable	1,553,509	-	-	1,553,509
Intergovernmental revenue	388,377	-	-	388,377
Principal payments on financed purchases	(40,755)	-	-	(40,755)
Principal payments on notes payable	(96,090)	-	-	(96,090)
Interest paid	(42,508)	-	-	(42,508)
Net cash used in capital and related financing activities	(243,689)	-	-	(243,689)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	3,002	1,729	2	4,733
Net cash provided by investing activities	3,002	1,729	2	4,733
Increase (decrease) in cash and cash equivalents	415,414	(188,852)	134,755	361,317
Cash and cash equivalents:				
Beginning of year	424,822	195,649	609	621,080
End of year	$ 840,236	$ 6,797	$ 135,364	$ 982,397

(Continued)

CITY OF BYRON, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

	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)	$ (346,413)	$ 27,157	$ 2,664	$ (316,592)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	548,911	-	-	548,911
Increase in accounts receivable	(13,337)	-	(1,412)	(14,749)
Increase in due from other governments	(175,654)	(27,457)	-	(203,111)
(Increase) decrease in due from other funds	350,769	(211,686)	(30,236)	108,847
Increase in deferred outflows of resources - pension	(163,189)	-	-	(163,189)
Increase in customer deposits payable	13,370	-	-	13,370
Increase in accrued liabilities	7,578	-	-	7,578
Increase in accounts payable	79,150	21,405	2,323	102,878
Increase in retainage payable	102,895	-	-	102,895
Increase in deferred inflows of resources - pension	42,824	-	-	42,824
Increase in net pension liability	178,961	-	-	178,961
Increase in due to other funds	30,236	-	161,414	191,650
Net cash provided by (used in) operating activities	$ 656,101	$ (190,581)	$ 134,753	$ 600,273
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Net loss from joint venture	$ -	$ (12,651)	$ -	$ (12,651)
Contributions of capital assets from other funds	33,110	-	-	33,110
Total non-cash capital and related financing activities	$ 33,110	$ (12,651)	$ -	$ 20,459

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

CITY OF BYRON, GEORGIA

STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
DECEMBER 31, 2020

	Pre-Confiscation Fund	Municipal Court Fund
ASSETS		
Cash	$ 117,944	$ 51,551
LIABILITIES		
Due to others	$ 117,944	$ 51,551

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

CITY OF BYRON, GEORGIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

	Municipal Court Fund
ADDITIONS	
Fines and fees collected	$ 239,858
DEDUCTIONS	
Fines and fees disbursed	239,858
Change in net position	-
NET POSITION	
Beginning of year	-
End of year	$ -

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 consists 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, 2020.

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 ***Debt Service Fund*** accounts for the accumulation of resources for the principal payment, interest and related costs of long-term debt.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Additionally, the City reports the following fund types:

The ***special revenue funds*** – account for revenue sources that are legally restricted to expenditure for specific purposes.

The ***capital projects funds*** – account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The ***custodial funds*** – account for money collected and disbursed by the City on behalf of other governments and individuals, such as cash bonds, traffic fines, and monies 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2020.

H. Restricted Assets

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 2020. 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.

S. Change in Accounting Principle

During the year ended December 31, 2020, the City adopted GASB Statement No. 84, *Fiduciary Activities*. This statement established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on: 1) whether a government is controlling assets of the fiduciary activity, and 2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Separate criteria are included to identify fiduciary component units and post-employment benefit arrangements that are fiduciary activities. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. The cumulative effect of GASB Statement No. 84 did not result in a restatement of beginning fiduciary net position.

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

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	$ (5,653)
Loss on refunding	18,353
Compensated absences payable	(118,588)
Bonds payable	(2,975,000)
Financed purchases from direct borrowings	(47,771)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ (3,128,659)

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	$ 1,810,805
Depreciation expense	(658,046)
Net adjustment to increase *net changes in fund balance - total governmental funds* to arrive at *changes in net position of governmental activities*	$ 1,152,759

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 "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:

Issuance of refunding bonds	$ (3,145,000)
Principal payments: financed purchases	74,719
Payments to refunded bond escrow agent	3,056,649
Principal payments: bonds payable	170,000
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ 156,368

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	$ (15,932)
Net pension liability	(255,649)
Amortization of loss on refunding	(1,608)
Accrued interest	15,343
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at changes in net position of governmental activities	$ (257,846)

NOTE 3. DEFICIT FUND BALANCE

The CDBG fund reported a deficit fund balance of $8,125, which will be eliminated through recognition of unearned revenue or deferred inflows of resources in future periods.

NOTE 4. 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, 2020, all of the deposits for the City were fully collateralized in accordance with the state statutes.

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, 2020, 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, 2020, the City had the following investments:

Investment	Maturities	Fair Value
Certificate of Deposit	June 4, 2021	$ 34,754
Certificate of Deposit	June 4, 2021	114,856
		$ 149,610

NOTE 5. 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 completed tax digest must be submitted to the State Revenue Commissioner for approval. The State Revenue Commissioner must ascertain that real property on the tax digest has been assessed at the mandated 40% of fair market value. The Commissioner has the option to withhold certain state funding if the mandated 40% level is not reached.

The property tax calendar is as follows:

	Real/Personal Property (Excluding Vehicles)	Motor Vehicles
Assessment Date	January 1	January 1
Levy Date	August 17	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, 2020, are as follows:

Expenditures by Purpose	Amount	Hotel/Motel Tax Receipts	Percentage
Convention and Visitors Bureau	$ 124,116	$ 248,232	50%
General Fund	124,116	248,232	50%

NOTE 6. OTHER RECEIVABLES

Receivables at December 31, 2020 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	$ 1,800	$ 232,785	$ -	$ 234,585
Accounts	9,270	-	8,125	17,395
Taxes	717,881	-	19,268	737,149
Gross receivables	728,951	232,785	27,393	989,129
Less allowance for uncollectibles	(60,777)	-	-	(60,777)
Net total receivables	$ 668,174	$ 232,785	$ 27,393	$ 928,352

Proprietary Funds

	Water and Sewer	Natural Gas	Nonmajor Enterprise Fund	Total
Receivables:				
Intergovernmental	$ 175,654	$ 118,953	$ -	$ 294,607
Accounts	378,044	22,123	30,902	431,069
Gross receivables	553,698	141,076	30,902	725,676
Less allowance for uncollectibles	(160,307)	(22,123)	(15,451)	(197,881)
Net total receivables	$ 393,391	$ 118,953	$ 15,451	$ 527,795

NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2020, are as follows:

	Payable Fund					
Receivable Fund	General Fund	SPLOST 2012 Fund	Nonmajor Governmental Fund	Water and Sewer Fund	Nonmajor Enterprise Funds	Total
General Fund	$ -	$ 4,445	$ 22,370	$ -	$ 207,879	$ 234,694
Nonmajor Governmental Funds	533	-	-	-	-	533
Water and Sewer Fund	306,948	-	-	-	-	306,948
Natural Gas Fund	732,635	-	-	-	-	732,635
Nonmajor Enterprise Fund	-	-	-	211,955	-	211,955
Total	$ 1,040,116	$ 4,445	$ 22,370	$ 211,955	$ 207,879	$ 1,486,765

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, 2020, are as follows:

	Transfers Out		
Transfers In	General Fund	Nonmajor Governmental Funds	Total
General Fund	$ -	$ 124,116	$ 124,116
Debt Service Fund	238,222	-	238,222
Total	$ 238,222	$ 124,116	$ 362,338

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 8. CAPITAL ASSETS

Capital asset activity for the fiscal year ended December 31, 2020, is as follows:

	Beginning Balance	Increases	Decreases	Reclassifications and Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Land	$ 1,230,421	$ -	$ -	$ -	$ 1,230,421
Construction in progress	-	1,607,231	-	-	1,607,231
Total	1,230,421	1,607,231	-	-	2,837,652
Capital assets, being depreciated:					
Buildings and improvements	6,786,641	-	-	-	6,786,641
Infrastructure	7,075,433	33,110	-	(33,110)	7,075,433
Machinery and equipment	1,204,980	22,765	-	-	1,227,745
Vehicles	1,184,473	147,699	(68,711)	-	1,263,461
Intangible	123,642	-	-	-	123,642
Total	16,375,169	203,574	(68,711)	(33,110)	16,476,922
Less accumulated depreciation for:					
Buildings and improvements	(3,175,280)	(200,930)	-	-	(3,376,210)
Infrastructure	(2,682,428)	(233,736)	-	-	(2,916,164)
Machinery and equipment	(977,435)	(90,810)	-	-	(1,068,245)
Vehicles	(856,883)	(124,694)	68,711	-	(912,866)
Intangible	(87,544)	(7,876)	-	-	(95,420)
Total	(7,779,570)	(658,046)	68,711	-	(8,368,905)
Total assets, being depreciated, net	8,595,599	(454,472)	-	(33,110)	8,108,017
Governmental activities capital assets, net	$ 9,826,020	$ 1,152,759	$ -	$ (33,110)	$ 10,945,669

NOTE 8. 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	404,712	1,880,257	-	-	2,284,969
Total	561,481	1,880,257	-	-	2,441,738
Capital assets, being depreciated:					
Infrastructure	15,269,645	-	-	33,110	15,302,755
Equipment and vehicles	867,309	127,006	(22,853)	-	971,462
Intangibles	18,060	-	-	-	18,060
Total	16,155,014	127,006	(22,853)	33,110	16,292,277
Less accumulated depreciation for:					
Infrastructure	(5,527,338)	(483,031)	-	-	(6,010,369)
Equipment and vehicles	(565,258)	(62,268)	22,853	-	(604,673)
Intangibles	(2,207)	(3,612)	-	-	(5,819)
Total	(6,094,803)	(548,911)	22,853	-	(6,620,861)
Total assets, being depreciated, net	10,060,211	(421,905)	-	33,110	9,671,416
Business-type activities capital assets, net	$ 10,621,692	$ 1,458,352	$ -	$ 33,110	$ 12,113,154

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

Governmental activities:	
General government	$ 223,517
Public safety	189,494
Public works	245,035
Total depreciation expense - governmental activities	$ 658,046
Business-type activities:	
Water and sewer	$ 548,911

NOTE 8. CAPITAL ASSETS (CONTINUED)

Discretely Presented Component Units

Activity for the Byron Development Authority for the year ended December 31, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Byron Development Authority				
Capital assets, not being depreciated:				
Land	$ 886,862	$ -	$ (161,328)	$ 725,534
Construction in progress	1,479,867	-	(269,200)	1,210,667
Total	$ 2,366,729	$ -	$ (430,528)	$ 1,936,201

Activity for the Convention and Visitor's Bureau for the year ended December 31, 2020, 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)	(4,205)	-	(5,782)
Total	(1,577)	(4,205)	-	(5,782)
Total assets, being depreciated, net	124,567	(4,205)	-	120,362
Total	$ 198,659	$ (4,205)	$ -	$ 194,454

NOTE 9. 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, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Revenue bond	$ 3,050,000	$ 3,145,000	$ (3,220,000)	$ 2,975,000	$ 215,000
Less: discount on bonds	(13,312)	-	13,312	-	-
Revenue bonds, net	3,036,688	3,145,000	(3,206,688)	2,975,000	215,000
Financed purchases	122,490	-	(74,719)	47,771	35,578
Compensated absences	102,656	106,676	(90,744)	118,588	94,870
Net pension liability	2,739,930	1,618,150	(782,394)	3,575,686	-
Total Governmental-Type Activity Long-Term Debt	$ 6,001,764	$ 4,869,826	$ (4,154,545)	$ 6,717,045	$ 345,448
Business-type activities					
Financed purchases	$ 60,803	$ -	$ (40,755)	$ 20,048	$ 20,048
GEFA notes payable	3,221,338	1,553,509	(96,090)	4,678,757	196,707
Compensated absences	11,268	15,726	(11,399)	15,595	12,476
Net pension liability	548,839	285,556	(106,595)	727,800	-
Total Business-Type Activity Long-Term Debt	$ 3,842,248	$ 1,854,791	$ (254,839)	$ 5,442,200	$ 229,231

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 9. LONG-TERM DEBT (CONTINUED)

Revenue Bonds – Governmental

During the year ended December 31, 2020, the City issued Series 2020 Revenue Refunding Bonds in the amount of $3,145,000. The bond proceeds were used to advance refund the outstanding balance of the 2007 Revenue Bonds and pay the costs to issue the Series 2020 Revenue Refunding Bonds. The refunding transaction resulted in an economic loss of $389,524. The Series 2020 bonds are payable in annual installments of $186,034 to $384,332 including principal and interest on November 1 each year over the term of the bonds.

The debt service requirements to maturity are as follows:

	Interest	Principal	Total
2021	$ 33,915	$ 215,000	$ 248,915
2022	31,464	220,000	251,464
2023	28,956	345,000	373,956
2024	25,023	350,000	375,023
2025	21,033	360,000	381,033
2026 – 2029	42,636	1,485,000	1,527,636
Total	$ 183,027	$ 2,975,000	$ 3,158,027

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 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%.

NOTE 9. LONG-TERM DEBT (CONTINUED)

Notes Payable – Business-type (Continued)

On October 8, 2009, the City entered into a contract with 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%.

On November 17, 2014, the City entered into a contract with 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 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 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, 2020, $2,073,375 has been drawn down. The loan portion is $1,658,700 and is payable to GEFA. 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, 2020, are as follows:

	Notes Payable		
	Interest	Principal	Total
2021	$ 75,578	$ 196,707	$ 272,285
2022	66,126	206,155	272,281
2023	61,687	190,590	252,277
2024	55,630	176,672	232,302
2025	50,806	181,496	232,302
2026 – 2030	187,763	882,357	1,070,120
2031 – 2035	86,468	841,968	928,436
2036 – 2038	30,081	344,112	374,193
Total	$ 614,139	$ 3,020,057	$ 3,634,196

NOTE 9. 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 $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, $21,341 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
2021	$ 1,324	$ 35,578	$ 36,902
2022	107	12,193	12,300
Total	$ 1,431	$ 47,771	$ 49,202

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 9. 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
2021	$ 222	$ 20,048	$ 20,270

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, 2020. The balance of the loan as of December 31, 2020, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Note payable	$ 172,000	$ -	$ (87,900)	$ 84,100

NOTE 9. 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 five-year period starting September 13, 2019, on a monthly basis. Interest is at 5.5%. The balance of the loan as of December 31, 2020, and the debt service requirements to maturity are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note payable	$ 156,576	$ -	$ (6,970)	$ 149,606	$ 7,517

	Interest	Principal	Total
2021	$ 8,151	$ 7,517	$ 15,668
2022	7,721	7,947	15,668
2023	7,266	8,401	15,667
2024	4,574	125,741	130,315
Total	$ 27,712	$ 149,606	$ 177,318

NOTE 10. 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 10. 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 December 31 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, 2020, the City has an approximate 5% equity interest in JONG. This equity interest is recorded in the proprietary funds statement of net position.

NOTE 11. 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, 2020, the date of the most recent actuarial valuation, there were 116 participants consisting of the following:

Inactive plan members or beneficiaries currently receiving benefits	34
Inactive plan members entitled to but not receiving benefits	26
Active plan members	56
	116

NOTE 11. 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, 2020, the City's contribution rate was 22.6% of annual payroll. City contributions to the Plan were $510,141 for the year ended December 31, 2020.

Net Pension Liability of the City

The City's net pension liability was measured as of March 31, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 with updated procedures performed by the actuary to roll forward to the total pension liability measured as of March 31, 2020.

Actuarial Assumptions. The total pension liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	2.25% plus service based merit increases
Cost of living adjustments	2.25% for all participants
Investment rate of return	7.375% Ongoing basis, based on long-term expected rate of return of pension plan investments

Mortality rates were based on the gender-distinct Pri-2012 head-count weighted Employee Mortality Table.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 – June 30, 2019.

NOTE 11. 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, 2020, are summarized in the following table:

Asset Class	Target Allocation	Long-term expected real rate of return*
Domestic equity	45 %	6.41 %
International equity	20	6.96
Real estate	10	4.76
Global fixed income	5	3.06
Domestic fixed income	20	1.96
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 7.375%. 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 11. 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, 2020, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2019	$ 11,267,430	$ 7,978,661	$ 3,288,769
Changes for the year:			
Service cost	153,340	-	153,340
Interest	829,265	-	829,265
Differences between expected and actual experience	362,414	-	362,414
Assumption changes	(362,578)	-	(362,578)
Contributions - employer	-	526,411	(526,411)
Net investment income	-	(538,969)	538,969
Benefit payments, including refunds of employee contributions	(727,797)	(727,797)	-
Administrative expense	-	(19,718)	19,718
Net changes	254,644	(760,073)	1,014,717
Balances at December 31, 2020	$ 11,522,074	$ 7,218,588	$ 4,303,486

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 11. 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 7.375%, 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 (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
City's net pension liability	$ 5,746,208	$ 4,303,486	$ 3,107,964

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, 2020, 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, 2020, the City recognized pension expense of $825,536. At December 31, 2020, 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	$ 633,957	$ -
Changes in assumptions	-	350,832
Net difference between projected and actual earnings on pension plan investments	885,154	-
City contributions subsequent to the measurement date	382,606	-
Total	$ 1,901,717	$ 350,832

NOTE 13. 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 $382,606 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, 2021. 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,		
2021	$	269,610
2022		327,304
2023		345,583
2024		225,782
Total	$	1,168,279

NOTE 14. 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 an 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, 2020, the City paid dues of $6,744. 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, 2020 the City has commitments relative to various construction projects in the amount of $380,186.

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.

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,

	2020	2019	2018
Total pension liability			
Service cost	**$ 153,340**	$ 173,428	$ 205,512
Interest on total pension liability	**829,265**	804,946	774,843
Differences between expected and actual experience	**362,414**	81,577	379,428
Changes of assumptions	**(362,578)**	-	-
Benefit payments, including refunds of employee contributions	**(727,797)**	(703,411)	(650,673)
Other	**-**	-	(121,533)
Net change in total pension liability	**254,644**	356,540	587,577
Total pension liability - beginning	**11,267,430**	10,910,890	10,323,313
Total pension liability - ending (a)	**11,522,074**	11,267,430	10,910,890
Plan fiduciary net position			
Contributions - employer	**526,411**	553,040	423,002
Net investment income	**(538,969)**	281,093	891,341
Benefit payments, including refunds of employee contributions	**(727,797)**	(703,411)	(650,673)
Administrative expenses	**(19,718)**	(17,516)	(16,874)
Net change in plan fiduciary net position	**(760,073)**	113,206	646,796
Plan fiduciary net position - beginning	**7,978,661**	7,865,455	7,218,659
Plan fiduciary net position - ending (b)	**7,218,588**	7,978,661	7,865,455
City's net pension liability (a) - (b)	**$ 4,303,486**	$ 3,288,769	$ 3,045,435
Plan fiduciary net position as a percentage of the total pension liability	**62.7%**	70.8%	72.1%
Covered payroll	**$ 2,222,519**	$ 2,111,702	$ 2,226,407
City's net pension liability as a percentage of covered payroll	**193.63%**	155.74%	136.79%

Notes to the Schedule

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

2017	2016	2015
$ 184,872	$ 186,196	$ 168,382
729,258	702,621	660,062
299,967	32,255	376,122
-	-	(107,380)
(601,139)	(553,600)	(542,470)
-	-	-
612,958	367,472	554,716
9,710,355	9,342,883	8,788,167
10,323,313	9,710,355	9,342,883
448,951	413,318	363,577
817,970	19,036	601,475
(601,139)	(553,600)	(542,470)
(17,247)	(12,429)	(11,125)
648,535	(133,675)	411,457
6,570,124	6,703,799	6,292,342
7,218,659	6,570,124	6,703,799
$ 3,104,654	$ 3,140,231	$ 2,639,084
69.9%	67.7%	71.8%
$ 2,249,854	$ 2,150,136	$ 2,085,487
137.99%	146.05%	126.55%

CITY OF BYRON, GEORGIA

SCHEDULE OF CITY CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED DECEMBER 31,

	2020	2019	2018
Actuarially determined contribution	**$ 510,141**	$ 530,301	$ 504,558
Contributions in relation to the actuarially determined contribution	**510,141**	531,451	504,558
Contribution deficiency (excess)	**$ -**	$ (1,150)	$ -
Covered payroll	**$ 2,257,985**	$ 2,090,801	$ 2,176,310
Contributions as a percentage of covered payroll	**22.6%**	25.4%	23.2%

Notes to the Schedule

Valuation date	July 1, 2020
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 acutarial value is adjusted, if necessary, to be with 20% of market value.
Assumed rate of return on investments	7.375%
Projected salary increases	2.25% plus service based merit increases
Cost of living adjustments	2.25% (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.

2017	2016	2015
$ 451,879	$ 447,975	$ 401,765
451,879	447,975	401,765
$ -	$ -	$ -
$ 2,226,452	$ 2,200,590	$ 2,101,285
20.3%	20.4%	19.1%

NONMAJOR GOVERNMENTAL FUNDS

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.

CDBG Fund – This fund is used to account for proceeds and expenditures of the Community Development Block Grant received from the Georgia Department of Community Affairs.

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.

CITY OF BYRON, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	Special Revenue Funds		
	Hotel/Motel Tax Fund	Law Enforcement Confiscation Fund	CDBG Fund
ASSETS			
Cash and cash equivalents	$ -	$ 53,595	$ 200
Accounts receivable	-	-	8,125
Taxes receivable	19,268	-	-
Due from other funds	533	-	-
Total assets	$ 19,801	$ 53,595	$ 8,325
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 19,801	$ 4	$ 1,125
Due to other funds	-	15,170	7,200
Total liabilities	19,801	15,174	8,325
Deferred Inflows of Resources			
Unavailable revenue - grant revenue	-	-	8,125
Total deferred inflows of resources	-	-	8,125
Fund Balances:			
Restricted:			
Public safety	-	38,421	-
Capital projects	-	-	-
Unassigned	-	-	(8,125)
Total fund balances	-	38,421	(8,125)
Total liabilities and fund balances	$ 19,801	$ 53,595	$ 8,325

Capital Projects Funds		Total
SPLOST 2008 Fund	Capital Improvements Fund	Nonmajor Governmental Funds
$ 75,116	$ 436,402	$ 565,313
-	-	8,125
-	-	19,268
-	-	533
$ 75,116	$ 436,402	$ 593,239
$ -	$ -	$ 20,930
-	-	22,370
-	-	43,300
-	-	8,125
-	-	8,125
-	-	38,421
75,116	436,402	511,518
-	-	(8,125)
75,116	436,402	541,814
$ 75,116	$ 436,402	$ 593,239

CITY OF BYRON, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

	Special Revenue Funds		
	Hotel/Motel Tax Fund	Law Enforcement Confiscation Fund	CDBG Fund
Revenues			
Other taxes	$ 248,232	$ -	$ -
Intergovernmental	-	-	636,642
Interest income	-	48	-
Total revenues	248,232	48	636,642
Expenditures			
Current:			
Public safety	-	18,549	-
Housing and development	124,116	-	644,767
Capital outlay:			
Public works	-	-	-
Total expenditures	124,116	18,549	644,767
Excess (deficiency) of revenues over (under) expenditures	124,116	(18,501)	(8,125)
Other financing uses			
Transfers out	(124,116)	-	-
Total other financing uses	(124,116)	-	-
Net change in fund balances	-	(18,501)	(8,125)
Fund balances, beginning of year	-	56,922	-
Fund balances (deficit), end of year	$ -	$ 38,421	$ (8,125)

Capital Projects Funds		Total
SPLOST 2008 Fund	Capital Improvements Fund	Nonmajor Governmental Funds
$ -	$ -	$ 248,232
75,000	-	711,642
557	4,738	5,343
75,557	4,738	965,217
-	-	18,549
-	-	768,883
14,242	-	14,242
14,242	-	801,674
61,315	4,738	163,543
-	-	(124,116)
-	-	(124,116)
61,315	4,738	39,427
13,801	431,664	502,387
$ 75,116	$ 436,402	$ 541,814

CITY OF BYRON, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - SPLOST 2008 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

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	$ 1,636,814	$ 1,622,572	$ 14,242	$ 1,636,814	100.00%
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	$ 2,628,418	$ 2,614,176	$ 14,242	$ 2,628,418	100.00%

CITY OF BYRON, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - SPLOST 2012 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

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	$ 1,086,523	$ 1,351,926	48.02%
Government buildings and solid waste facilities and equipment	32,550	32,550	-	-	-	0.00%
Water and sewer improvements	651,000	651,000	35,870	470,629	506,499	77.80%
Cultural, historical, and recreation	32,550	32,550	-	7,715	7,715	23.70%
Public safety facilities and equipment	374,325	374,325	149,342	164,688	314,030	83.89%
Totals	$ 3,906,000	$ 3,906,000	$ 450,615	$ 1,729,555	$ 2,180,170	55.82%

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
City of Byron, Georgia
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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 27, 2021. Our report also includes a reference to the change in accounting principle resulting from the implementation of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, as of January 1, 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) as a basis for designing 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.

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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 questioned costs as items 2020-001, 2020-002, and 2020-004 that we consider to be material weaknesses. Additionally, we consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2020-003 to be a significant deficiency.

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 financial statements. 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
August 27, 2021

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the City of Byron, Georgia's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200*, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal* Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each of the Other Major Federal Programs

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program, and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Macon, Georgia
August 27, 2021

CITY OF BYRON, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

Grant Program	CFDA #	Grant I.D.	Expenditures
U.S. Department of Housing and Urban Development			
Passed through the Georgia Department of Community Affairs			
Community Development Block Grant	14.228	20-x-111-2-6114	$ 636,642
Total U.S. Department of Housing and Urban Development			636,642
U.S. Department of Justice			
Direct Awards			
Bulletproof Vest Partnership Program	16.607	2019BUBX19096551	1,800
Total U.S. Department of Justice			1,800
U.S. Department of Transportation			
Passed through Georgia Governor's Office of Highway Safety			
State and Community Highway Safety	20.600	GOHS-2020-009	5,659
Total U.S. Department of Transportation			5,659
U.S. Department of the Treasury			
Passed through Georgia Governor's Office of Planning and Budget			
COVID-19 Coronavirus Relief Fund	21.019	10656-CRF	273,569
Total U.S. Department of the Treasury			273,569
Environmental Protection Agency			
Passed through Georgia Environmental Finance Authority			
Capitalization Grants for Clean Water			
State Revolving Loan Funds Cluster	66.458	CW2016048	1,792,148
Total Environmental Protection Agency			1,792,148
Total Expenditures of Federal Awards			$ 2,709,818

CITY OF BYRON, GEORGIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2020

NOTE 1. BASIS OF PREPARATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Byron, Georgia (the "City"), and is presented on the modified accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2. DE MINIMIS INDIRECT COST RATE

The City chose not to use the 10% de minimis cost rate for the year ended December 31, 2020.

NOTE 3. NON-CASH AWARDS

The City did not receive non-cash federal awards during the year ended December 31, 2020.

NOTE 4. SUBRECIPIENTS

The City did not pass through any funds to subrecipients during the year ended December 31, 2020.

CITY OF BYRON, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

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?	__X__ Yes ____ None Reported
Noncompliance material to financial statements noted?	____ Yes __X__ None Reported

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	____ Yes __X__ No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes __X__ None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	____ Yes __X__ None Reported

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
66.458	Capitalization Grants for Drinking Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	____ Yes __X__ No

CITY OF BYRON, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2020 - 001. 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 at the acquisition value on the date of the donation.

Condition: The City did not properly record capital assets at the government-wide level, in the SPLOST 2012 Fund, and in the Water and Sewer Fund during the year ended December 31, 2020.

Context: See above condition.

Cause: Management oversight.

Effect: Adjustments to the government-wide capital assets, the SPLOST 2012 Fund, and the Water and Sewer Fund were required to properly record capital assets. These adjustments were as follows:

- Government-wide: An adjustment to increase construction in progress by $337,086;
- Byron Development Authority: An adjustment to decrease land by $161,328 and decrease land improvements by $269,200;
- SPLOST 2012 Fund: An adjustment to increase retainage payable and expenditures by $44,988;
- Water and Sewer Fund: An adjustment to increase receivables by $175,654, increase capital assets by $132,755, increase retainage payable by $102,895, increase long-term liabilities by $140,523, increase revenues by $68,241, increase expenses by $644, and decrease accumulated depreciation by $2,606.

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.

2020 - 002. Management of Due To/From (Internal) Accounts (Repeat Finding)

Criteria: Generally accepted accounting principles require consideration of the collectability of receivables of all kinds, whether external or internal to the City.

Condition: During fiscal year 2020, the City did not properly account for and use due to/from accounts in the Water and Sewer 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, 2020.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2020 - 002. Management of Due To/From (Internal) Accounts (Repeat Finding) (Continued)

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

Effect: Adjustments to the Water and Sewer Fund of the City were required to properly record internal accounts. These adjustments were to increase due from other funds and decrease expenses by $44,280.

Recommendation: We recommend that all interfund activity be properly recorded through the due to/from 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.

2020 - 003. Accounting and Reporting of Expenses and Accrued Liabilities (Repeat Finding)

Criteria: Generally accepted accounting principles 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 2020, the City did not properly adjust accrued liabilities in the General Fund as of December 31, 2020.

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, 2020.

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

Effect: Adjustments to the General Fund of the City were required to properly record liabilities and related expenses. These adjustments were to increase accrued liabilities and decrease revenues by $12,734.

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.

CITY OF BYRON, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2020 - 004. 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 bond refunding activity in the Debt Service 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, 2020.

Cause: The City had all necessary information to record the activity, but failed to do so.

Effect: Adjustments to the Debt Service Fund of the City were required to properly record other financing sources and uses, transfers, and related expenditures. These adjustments were to increase proceeds from issuance of refunding bonds by $3,145,000, increase payments to refunded bond escrow agent by $3,056,649, increase expenditures by $77,550, and increase transfers out by $10,801.

Recommendation: We recommend that the City make appropriate adjustments as part of its year-end close-out 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 QUESTIONED COSTS

None reported.

CITY OF BYRON, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

2019 - 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, Water and Sewer Fund, and Solid Waste Fund as of December 31, 2019.

Auditee Response/Status: Resolved.

2019 - 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, 2019.

Auditee Response/Status: Unresolved – See current year financial audit finding 2020 – 001.

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

Auditee Response/Status: Unresolved – See current year financial audit finding 2020 – 002.

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

Criteria: GAAP requires 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.

Auditee Response/Status: Partially resolved – See current year financial audit finding 2020 – 003.

CITY OF BYRON, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

2019 - 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 two financed purchases in the General Fund and Water and Sewer Fund as required.

Auditee Response/Status: Unresolved – See current year financial audit finding 2020 – 004.



The City of Byron

CITY OF BYRON, GEORGIA

MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

2020-001 Management of Capital Asset Accounts

Name of Contact Person Responsible for Corrective Action Plan: Tiffany Sandefur, City Administrator

Corrective Action Plan: The City agrees with the findings. The City Certified Public Accountant will better investigate to make sure assests are known as soon as possible in the proper period.

Anticipated Completion Date: Fiscal year 2021

2020-002 Management of Due To/From (Internal) Accounts

Name of Contact Person Responsible for Corrective Action Plan: Tiffany Sandefur, City Administrator

Corrective Action Plan: The City agrees with the findings. The City was converting software systems where a water/sewer balancing entry needed to be made. The conversion has been completed for that module and should eliminate a future issue.

Anticipated Completion Date: Fiscal year 2021

2020-003 Accounting and Reporting of Expenses and Accrued Liabilities

Name of Contact Person Responsible for Corrective Action Plan: Tiffany Sandefur, City Administrator

Corrective Action Plan: The City agrees with the findings. The city has contracted with the Carl Vinson Institute of Government to assist with financial policies going forward. Better communications in house and with the accountant will happen. The CPA will attend business meetings to ensure items are realized for proper reconciliations along with correct entries in a timely manner.

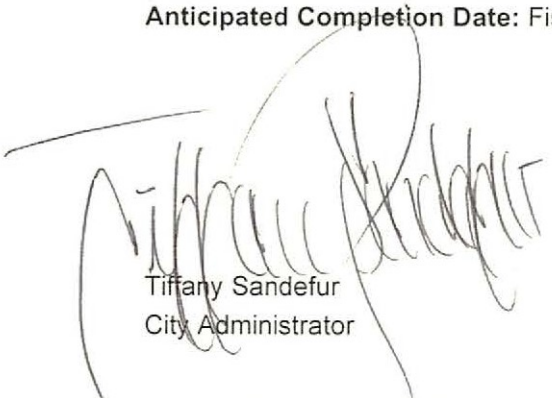
Anticipated Completion Date: Fiscal year 2021

2020-004 Long-Term Debt

Name of Contact Person Responsible for Corrective Action Plan: Tiffany Sandefur, City Administrator

Corrective Action Plan: The City agrees with the findings. The City of Byron will ensure that if bonds are ever purchased in the future and/or renewed, that all measures will be taken for proper recording of proceeds and pay off.

Anticipated Completion Date: Fiscal year 2021



Tiffany Sandefur
City Administrator