CITY OF BLYTHE, GEORGIA

FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council
City of Blythe, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blythe, Georgia, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit, We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blythe, Georgia, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information on pages 24 through 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The City of Blythe, Georgia has not presented management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financials statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The City of Blythe, Georgia's basic financial statements. The schedule of projects constructed with special sales tax proceeds and the other schedules included in other supplementary information as described in the accompanying table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The schedule of projects constructed with special sales tax proceeds and the other schedules included in other supplementary information as described in the accompanying table of contents are the responsibility of management and were derived from and relate 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated June 17, 2019 on our consideration of the City of Blythe, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The City of Blythe, Georgia's internal control over financial reporting and compliance.

Wright & Wright, P.C.

Sandersville, Georgia
June 17, 2019

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the Governmental Accounting Standards Board ("GASB"). The sets of statements include:

- Government-wide financial statements
- Fund financial statements:
  - Governmental funds
  - Proprietary (enterprise) funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF BLYTHE, GEORGIA

STATEMENT OF NET POSITION

DECEMBER 31, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	$ 2,840,378	$ 341,017	$ 3,181,395
Accounts receivable, net	-	8,656	8,656
Receivable from other governments	16,534	-	16,534
Internal balances	-	-	-
Total current assets	2,856,912	349,673	3,206,585
Noncurrent assets:			
Nondepreciable	152,475	-	152,475
Depreciable capital assets, net of accumulated depreciation	1,012,900	993,676	2,006,576
Total assets	4,022,287	1,343,349	5,365,636
LIABILITIES:			
Current liabilities:			
Accounts payable	33,459	1,526	34,985
Accrued wages and benefits	6,228	-	6,228
Accrued interest payable	-	1,245	1,245
Total current liabilities	39,687	2,771	42,458
Noncurrent liabilities:			
Long-term debt, net of current portion	-	-	-
Total noncurrent liabilities	-	-	-
Total liabilities	39,687	2,771	42,458
NET POSITION:			
Investment in capital assets	1,165,375	993,676	2,159,051
Restricted for:			
Capital projects	2,091,809	-	2,091,809
Transportation improvements	38,456	-	38,456
Unrestricted	686,960	346,902	1,033,862
	$ 3,982,600	$ 1,340,578	$ 5,323,178

See accompanying notes to the basic financial statements

CITY OF BLYTHE, GEORGIA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2018

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	$ 156,259	$ 9,437	$ -	$ -	$ (146,822)	$ -	$ (146,822)
Public safety	234,174	181,482	-	-	(52,692)	-	(52,692)
Public works	95,330	-	30,370	7,976	(56,984)	-	(56,984)
Health and welfare	4,645	-	-	-	(4,645)	-	(4,645)
Culture and recreation	32,180	-	577	-	(31,603)	-	(31,603)
Interest on long-term debt	-	-	-	-	-	-	-
Total governmental activities	522,588	190,919	30,947	7,976	(292,746)	-	(292,746)
Business-type activities:							
Water and sewer	126,415	124,153	-	-	-	(2,262)	(2,262)
Total business-type activities	126,415	124,153	-	-	-	(2,262)	(2,262)
Total primary government	$ 649,003	$ 315,072	$ 30,947	$ 7,976	(292,746)	(2,262)	(295,008)
General revenues:							
Taxes:							
General sales and use tax					152,906	-	152,906
Other taxes					104,609	-	104,609
Grants and contributions					-	-	-
Interest income					2,531	1,324	3,855
Miscellaneous					14,353	-	14,353
Transfers					18,482	(18,482)	-
Total general revenues and transfers					292,881	(17,158)	275,723
Change in net position					135	(19,420)	(19,285)
Net position, beginning					3,982,465	1,359,998	5,342,463
Net position, ending					$ 3,982,600	$ 1,340,578	$ 5,323,178

See accompanying notes to the basic financial statements

CITY OF BLYTHE, GEORGIA

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2018

	General Fund	Capital Projects Fund VI	Capital Projects Fund VII	TSPLOST Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:						
Cash and cash equivalents	$ 689,166	$ 623,142	$ 1,468,667	$ 42,805	$ 16,598	$ 2,840,378
Accounts receivable, net	-	-	-	-	-	-
Receivables from other funds	-	-	-	-	-	-
Receivables from other governments	14,719	-	-	1,815	-	16,534
Total assets	$ 703,885	$ 623,142	$ 1,468,667	$ 44,620	$ 16,598	$ 2,856,912
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE:						
Accounts payable	$ 27,295	$ -	$ -	$ 6,164	$ -	$ 33,459
Accrued payroll deductions	2,486	-	-	-	-	2,486
Payable to other funds	-	-	-	-	-	-
Total liabilities	29,781	-	-	6,164	-	35,945
DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-
FUND BALANCES:						
Non-spendable fund balance	-	-	-	-	-	-
Restricted fund balance:						
Capital projects	-	623,142	1,468,667	-	-	2,091,809
Transportation improvements	-	-	-	38,456	-	38,456
Committed fund balance	-	-	-	-	-	-
Assigned fund balance:						
Library	-	-	-	-	15,442	15,442
Veteran's Memorial	-	-	-	-	1,156	1,156
Unassigned fund balance	674,104	-	-	-	-	674,104
Total fund balances	674,104	623,142	1,468,667	38,456	16,598	2,820,967
Total liabilities, deferred inflows of resources and fund balance	$ 703,885	$ 623,142	$ 1,468,667	$ 44,620	$ 16,598	

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, net of accumulated depreciation of $484,181	1,165,375
Compensated absences are not reported in the governmental funds	(3,742)
Net position of governmental activities	$ 3,982,600

See accompanying notes the basic financial statements

CITY OF BLYTHE, GEORGIA

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2018

	General Fund	Capital Projects Fund VI	Capital Projects Fund VII	TSPLOST Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes	$ 257,515	$ -	$ -	$ -	$ -	$ 257,515
Licenses and permits	8,415	-	-	-	-	8,415
Intergovernmental	-	-	-	30,068	-	30,068
Fees and fines	181,482	-	-	-	-	181,482
Charges for services	1,022	-	-	-	-	1,022
Other	16,884	2,548	5,428	302	577	25,739
Total revenues	465,318	2,548	5,428	30,370	577	504,241
EXPENDITURES:						
Current operating:						
General government	146,436	-	-	-	-	146,436
Public safety	217,282	-	-	-	-	217,282
Public works	28,031	-	775	62,539	-	91,345
Judicial	4,645	-	-	-	-	4,645
Culture and recreation	11,370	-	-	-	200	11,570
Debt service:						
Principal	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Capital outlays	-	14,496	81,315	-	-	95,811
Total expenditures	407,764	14,496	82,090	62,539	200	567,089
Excess (deficiency) of revenues over (under) expenditures	57,554	(11,948)	(76,662)	(32,169)	377	(62,848)
OTHER FINANCING SOURCES (USES):						
Loan proceeds	-	-	-	-	-	-
Transfers in (out)	19,682	-	-	-	-	19,682
Total other financing sources and uses	19,682	-	-	-	-	19,682
Net change in fund balance	77,236	(11,948)	(76,662)	(32,169)	377	(43,166)
FUND BALANCE, beginning	596,868	635,090	1,545,329	70,625	16,221	2,864,133
FUND BALANCE, ending	$ 674,104	$ 623,142	$ 1,468,667	$ 38,456	$ 16,598	$ 2,820,967

(Continued)

See accompanying notes to the basic financial statements

CITY OF BLYTHE, GEORGIA

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2018

Net change in fund balances - total governmental funds	$ (43,166)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital outlays	103,877
Depreciation	(61,702)
	42,175
The effect of various capital asset disposals and sales, net of accumulated depreciation	(10,500)
Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The adjustment for these items are as follows:	
Compensated absences	11,626
	$ 135

See accompanying notes to the basic financial statements

CITY OF BLYTHE, GEORGIA

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

DECEMBER 31, 2018

	Water Fund
ASSETS	
CURRENT ASSETS:	
Cash in bank	$ 341,017
Accounts receivable, net of allowance of $2,972	8,656
Total current assets	349,673
NONCURRENT ASSETS:	
Capital Assets:	
Land and improvements	4,759
Vehicles and equipment	103,848
Water distribution system	1,409,325
	1,517,932
Less accumulated depreciation	(524,256)
Total capital assets	993,676
Total assets	1,343,349
LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable	1,526
Payroll tax liabilities	1,245
Total current liabilities	2,771
NONCURRENT LIABILITIES	-
Total liabilities	2,771
NET POSITION	
INVESTMENT IN CAPITAL ASSETS	993,676
UNRESTRICTED	346,902
Total net position	$ 1,340,578

See accompanying notes to the basic financial statements

CITY OF BLYTHE, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Water Fund
OPERATING REVENUES:	
Water charges	$ 118,266
Tap fees	2,385
Late penalties and other	3,502
Total operating revenues	124,153
OPERATING EXPENSES:	
Salaries	33,596
Employee benefits	4,588
Insurance	7,329
Legal and professional	2,000
Repairs and maintenance	7,207
Supplies	16,521
Utilities and communications	10,370
Water testing	4,890
Depreciation	38,080
Other operating	1,834
Total operating expenses	126,415
OPERATING INCOME (LOSS)	(2,262)
NON-OPERATING REVENUES (EXPENSES):	
Interest income	1,324
Other	-
Total non-operating revenues (expenses)	1,324
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(938)
CAPITAL CONTRIBUTIONS	1,200
NET INCOME (LOSS) BEFORE TRANSFERS	262
TRANSFERS IN (OUT)	(19,682)
CHANGE IN NET POSITION	(19,420)
NET POSITION, beginning of year	1,359,998
NET POSITION, end of year	$ 1,340,578

See accompanying notes to the basic financial statements

CITY OF BLYTHE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	$ 124,960
Payments to suppliers	(50,802)
Payments to employees	(38,869)
Net cash provided by operating activities	35,289
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Operating subsidies and transfers to other funds	(19,682)
Net cash used in noncapital financing activities	(19,682)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase for capital assets	-
Net cash used in capital and related financing activities	-
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest earned	1,324
Net cash provided by investing activities	1,324
NET INCREASE (DECREASE) IN CASH	16,931
BALANCES, beginning of year	324,086
BALANCES, end of year	$ 341,017
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income (loss)	$ (2,262)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:	
Cash flows reported in other categories:	
Depreciation expense	38,080
Changes in assets and liabilities:	
Receivables, net	807
Accounts payable	(240)
Payroll taxes payable	(1,096)
Net cash provided by operating activities	$ 35,289

NONCASH CAPITAL FINANCING ACTIVITIES:

Capital purchases of $1,200 were paid from the Capital Projects Funds

See accompanying notes to the basic financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of City of Blythe (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the City.

Currently, the City has no blended component units or discretely presented component units.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the City (the primary government) and its component units. 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. The City has elected not to allocate indirect costs among the programs, functions and segments. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions 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 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 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including accrued interest on general long-term debt, is recognized when due, and certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

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 Capital Projects Fund VI accounts for capital expenditures paid with special purpose local option sales tax.
>
> The Capital Projects Fund VII accounts for capital expenditures paid with a 2015 special purpose local option sales tax referendum. The City received 50% or $950,000 of the projected proceeds of this referendum in 2016 and the remaining $950,000 in 2017.
>
> The Transportation Special Revenue Fund accounts for capital outlay and other transportation improvements related to the additional one-percent local option sales tax in effect for the period January 1, 2014 to December 31, 2022.

The City reports the following major proprietary fund:

> The Water Fund is used to account for the provision of water and sewer services to businesses and residents of the City. All activities necessary to provide such services are accounted for in the fund, including but not limited to, administration, operation, financing and related debt services, and billing and collections.

The City complies with Governmental Accounting Standards Board ("GASB") Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting. This Statement requires the City to apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB's). As permitted by GASB No. 20, the City has elected not to comply with the FASB Statements and Interpretations issued after November 30, 1989.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services; operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts.

D. 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.

Investments, if any, are stated at fair market value with unrealized holding gains and losses reported as the "Change in fair market value of investments" in the Statement of Revenues, Expenses and Changes in Net Position.

E. Inventory

Inventory is valued at cost, which approximates market, using the first-in/first-out ("FIFO") method. The cost of governmental fund-type inventory is recorded as an expenditure when consumed rather than when purchased.

F. Prepaid Items

Prepaid balances, if any, are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year, and a reserve for prepaid items is recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

G. Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, sidewalks, distribution systems and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of two years and an original cost of $5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Prior to October 1, 2003, governmental funds' infrastructure assets were not capitalized. Infrastructure assets totaling $0 were completed during the year ended December 31, 2018. At December 31, 2018, $0 of construction-in-progress was related to infrastructure assets.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings	30-40 years
Depreciable land improvements	8 - 20 years
Machinery and equipment	5 - 25 years
Infrastructure and utility systems	40 – 50 years

H. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

I. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method.

Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charged and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Equity Classifications

The City has implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This new standard changed the overall definitions and classifications of governmental fund balances.

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 liabilities 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 through the adoption of a resolution. Only the City Council may modify or rescind 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 is authorized to assign fund balance.

Unassigned – Fund balances are reported as unassigned when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund. Negative unassigned balances may be reported in all funds.

The City uses restricted amounts to be spent first when both restricted and unrestricted fund balances are available, unless there are legal documents/contracts that prohibit the use of restricted fund balances, such as grant agreements that require a dollar match. Additionally, the City would then use committed, assigned and lastly unassigned amounts from the unrestricted fund balance when expending funds.

The City does not have a formal minimum fund balance policy; however, the City Council addresses various target reserve positions which are reviewed periodically.

Net Position

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net assets that do not meet the definition of "restricted" or "net investment in capital assets."

K. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly chargeable to another fund, are recorded as expenditures/ expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Basis

GAAP is the budgetary basis used in the preparation of these statements.

Budget Requirements, Accounting and Reporting

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to year end the Mayor submits to the Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

2. The Council holds a public hearing on the budget, giving notice thereof at least ten days in advance by publication in the official organ of City of Blythe.

3. The budget is then revised and adopted or amended by the Council at a regular meeting early in the year to which it applies.

4. The budget so adopted may be revised during the year only by formal action of the Council in a regular meeting and no increase shall be made therein without provision also being made for financing same.

5. The legal level of budgetary control is the department level within the General Fund. Increases in the total appropriations of a department, whether accomplished through an increase in estimated revenues or through a transfer of appropriations among departments, require the approval of the Mayor and Council.

6. Formal budgetary integration is employed as a management control device during the year for the General Fund and the Special Revenue Funds. The budgets for the General Fund, Special Revenue Fund and Capital Project Funds are adopted on a basis consistent with GAAP.

7. Budgeted amounts are as originally adopted, or as amended by the Council. Individual amendments were not material in relation to the original appropriations which were amended.

Excesses of Expenditures over Appropriations in Individual Funds

For the year ended December 31, 2018, no funds or departments within funds had expenditures in excess of appropriations.

3. DEPOSITS AND INVESTMENTS

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of December 31, 2018, none of the City's $3,181,395 was exposed to custodial credit risk.

Investments - There were no investments at December 31, 2018.

4. ACCOUNTS RECEIVABLE

At December 31, 2018, accounts receivable consisted of the following:

	Governmental Activities	Business-type Activities	Total
General Fund:			
Local option sales tax	$ 14,719	$ -	$ 14,719
TSPLOST Fund:			
Special local option sales tax	1,815	-	1,815
Water and Sewer Fund:			
Water and sewer fees	-	11,628	11,628
	16,534	11,628	28,162
Allowance for doubtful accounts	-	(2,972)	(2,972)
	$ 16,534	$ 8,656	$ 25,190

5. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Not being depreciated:				
Land	$ 152,475	$ -	$ -	$ 152,475
Construction-in-progress	-	-	-	-
Subtotal	152,475	-	-	152,475
Other capital assets:				
Land improvements	238,149	2,300	-	240,449
Buildings & improvements	869,453	34,416	-	903,869
Vehicles & equipment	379,040	68,361	(94,638)	352,763
Subtotal	1,639,117	105,077	(94,638)	1,649,556
Accumulated depreciation:				
Land improvements	31,822	7,877	-	39,699
Buildings & improvements	270,530	26,089	-	296,619
Vehicles & equipment	203,065	27,736	(82,938)	147,863
Subtotal	505,417	61,702	(82,938)	484,181
Net capital assets	$ 1,133,700	$ 43,375	$ (11,700)	$ 1,165,375
Business-type activities:				
Not being depreciated:				
Land	$ -	$ -	$ -	$ -
Construction-in-progress	-	-	-	-
Subtotal	-	-	-	-
Other capital assets:				
Vehicles & equipment	103,848	-	-	103,848
Land improvements	4,759	-	-	4,759
Water system	1,408,125	1,200	-	1,409,325
Subtotal	1,516,732	1,200	-	1,517,932
Accumulated depreciation:				
Vehicles & equipment	69,019	7,093	-	76,112
Land improvements	4,309	317	-	4,626
Water system	412,848	30,670	-	443,518
Subtotal	486,176	38,080	-	524,256
Net capital assets	$ 1,030,556	$ (36,880)	$ -	$ 993,676

Depreciation was charged to functions as follows:

Governmental activities:	
General government	$ 17,950
Public safety	19,157
Public works	3,985
Culture and recreation	20,610
	$ 61,702

6. LONG-TERM DEBT

Following is a summary of changes in long-term debt for the year ended December31, 2018:

	Balance January 1, 2018	Additions	Reductions	Balance December 31, 2018	Amount Due in One Year
Governmental type activities:					
Compensated absences	$ 15,368	$ -	$ 11,626	$ 3,742	$ 3,742

For the governmental activities, compensated absences are generally liquidated by the general fund.

7. FUND EQUITY

Fund Deficits

No fund had a deficit fund balance at December 31, 2018.

8. INTERFUND TRANSACTIONS AND BALANCES

Transfers to/from Other Funds:

There were no transfers between funds for the year ended December 31, 2018.

9. COMMITMENTS AND CONTINGENCIES

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

Litigation

According to the City's attorney, there are no contingent liabilities or other litigation in progress for which the City may be liable as of December 31, 2018.

10. DEFINED CONTRIBUTION PLAN

The City has a defined contribution retirement plan for the city clerk, director of water works, and the chief of police. These employees are eligible to participate in the plan immediately upon employment. Covered employees may contribute up to 25% of their base salary. The City makes an annual plan year end non-matching contribution of 3% of the annual gross salary of covered employees. Employee contributions to the plan were $0 and the City contributed $2,901 for the current fiscal year.

The City's defined contribution plan, City of Blythe Defined Contribution Plan, was authorized by the City Council by passage of an ordinance on June 2, 2006 and is administered by the City. The City Council originally established the contribution requirements, and it has the authority to amend contribution requirements if it deems appropriate.

11. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors of omissions, job related illnesses or injuries to employees; natural disaster; and unemployment compensation.

There were no significant reductions of insurance coverage in the prior year. Management believes that the coverage is adequate to preclude any significant uninsured risk exposure to the City. Settled claims have not exceeded the commercial excess coverage in any of the past three fiscal years.

Risk Pool

The City has elected to be a member of the Georgia Municipal Association Workers' Compensation Self-Insurance Fund (GMAWCSIF) and Georgia Interlocal Risk Management Agency (GIRMA), risk management agencies created under Georgia law. As a participant in the GMAWCSIF and GIRMA, the City has no legal obligation to pay its own workers' compensation claims or general liability claims. The City is required to make an annual contribution to the funds in an amount that is determined on the basis of actuarial projections of losses. With payment of the City's annual contribution, the City has effectively transferred the risk and responsibility for payment of its workers' compensation claims and general liability claims. However, the enabling statute creating the GMAWCSIF and GIRMA permits the funds to levy an assessment upon its members to make up any deficiency the fund may have in surplus or reserves. Since excess insurance is purchased by the GMASCSIF and GIRMA to protect the funds from catastrophic losses, no amount has been recorded in the financial statements for this contingency as management believes the likelihood for assessment is remote.

Self Insurance

The City is self-insured with regard to unemployment compensation claims. The City accounts for claims with expenditures and liabilities being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. The City has not experienced any claims related to unemployment compensation in the past three years.

12. JOINT VENTURE

Under Georgia law, the City in conjunction with other cities and counties in the Central Savannah River Area, is a member of the Central Savannah River Area Regional Commission and is required to pay annual dues thereto. During its year ended December 31, 2018, the City paid $807 in such dues. Membership in a Regional Commission is required by the OCGA Section 50-8-34 which provides for the organizational structure of the Regional Commission in Georgia. The Regional Commission Board membership includes the chief elected official of each City and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a Regional Commission. Separate financial statements may be obtained from:

CSRA Regional Commission
3023 River Watch Parkway Suite A
Augusta, Georgia 30907

13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 17, 2019, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedules – General Fund and TSPLOST Special Revenue Fund

CITY OF BLYTHE, GEORGIA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET (GAAP) BASIS AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes:				
Local option sales tax	$ 130,000	$ 152,000	$ 152,906	$ 906
Insurance premium tax	38,000	45,000	54,017	9,017
Title ad valorem tax	6,000	6,000	8,158	2,158
Franchise tax	32,000	32,000	33,364	1,364
Beer and wine tax	8,000	8,000	9,070	1,070
Real estate transfer tax	-	-	-	-
Other taxes	-	-	-	-
	214,000	243,000	257,515	14,515
Licenses and Permits:				
Business licenses and permits	5,550	5,550	8,415	2,865
	5,550	5,550	8,415	2,865
Intergovernmental:				
State government grants	-	-	-	-
Federal grants	-	-	-	-
	-	-	-	-
Charges for services:				
Miscellaneous charges	-	-	1,022	1,022
	-	-	1,022	1,022
Fees and fines:				
Fines and forfeitures	135,000	148,900	181,482	32,582
	135,000	148,900	181,482	32,582
Miscellaneous:				
Interest income	1,200	1,200	2,531	1,331
Rent	1,500	1,500	2,525	1,025
Other	-	270	11,828	11,558
	2,700	2,970	16,884	13,914
Total revenues	357,250	400,420	465,318	64,898

CITY OF BLYTHE, GEORGIA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET (GAAP) BASIS AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES:				
Current Operating:				
General government	$ 131,560	$ 142,108	$ 142,001	$ 107
Public safety	202,450	212,572	212,451	121
Public works	12,100	28,100	28,031	69
Judicial	5,800	5,800	4,645	1,155
Culture and recreation	10,000	11,500	11,370	130
Total operating expenditures	361,910	400,080	398,498	1,582
Capital Outlays:				
General government	4,500	4,500	4,435	65
Public safety	4,514	9,514	4,831	4,683
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Total capital expenditures	9,014	14,014	9,266	4,748
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total debt service	-	-	-	-
Total expenditures	370,924	414,094	407,764	6,330
Excess (deficiency) of revenues over expenditures	(13,674)	(13,674)	57,554	71,228
OTHER FINANCING SOURCES (USES):				
Loan proceeds	-	-	-	-
Transfers in (out)	13,674	13,674	19,682	6,008
	13,674	13,674	19,682	6,008
Excess (deficiency) of revenues over expenditures and other financing sources	-	-	77,236	77,236
FUND BALANCE, beginning of year	596,868	596,868	596,868	-
FUND BALANCE, end of year	$ 596,868	$ 596,868	$ 674,104	$ 77,236

CITY OF BLYTHE, GEORGIA

TSPLOST SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP) BASIS AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	$ 30,000	$ 30,000	$ 30,068	$ 68
Other income	300	300	302	2
Total revenue	30,300	30,300	30,370	70
EXPENDITURES:				
Current operating	63,000	63,000	62,539	461
Capital outlays	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	63,000	63,000	62,539	461
Excess revenues over (under) expenditures	(32,700)	(32,700)	(32,169)	531
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(13,674)	(13,674)	-	13,674
Excess revenues and other financing sources (uses) over (under) expenditures	(46,374)	(46,374)	(32,169)	14,205
FUND BALANCE, beginning of year	70,625	70,625	70,625	-
FUND BALANCE, end of year	$ 24,251	$ 24,251	$ 38,456	$ 14,205

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor are a part of the basic financial statements, but are presented for purposes of additional analysis. Such information includes:

- Combining Statements – Nonmajor governmental funds
- Library Special Revenue Fund Statement of Expenditures (Final Budget to Actual)
- Veteran's Memorial Special Revenue Fund Statement of Expenditures (Final Budget to Actual)
- Schedule of Projects Constructed with Special Sales Tax Proceeds
- Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

CITY OF BLYTHE, GEORGIA

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2018

	Special Revenue Fund		Total Nonmajor Governmental Funds
	Library Fund	Veteran's Memorial	
ASSETS:			
Cash and cash equivalents	$ 15,442	$ 1,156	$ 16,598
Other assets	-	-	-
Total assets	$ 15,442	$ 1,156	$ 16,598
LIABILITIES:			
Accounts payable	$ -	$ -	$ -
Other liabilities	-	-	-
Total liabilities	-	-	-
FUND BALANCES:			
Non-spendable fund balance	-	-	-
Restricted fund balance	-	-	-
Committed fund balance	-	-	-
Assigned fund balance:			
Library	15,442	-	15,442
Veteran's Memorial	-	1,156	1,156
Unassigned fund balance	-	-	-
Total fund balances	15,442	1,156	16,598
Total liabilities and fund balances	$ 15,442	$ 1,156	$ 16,598

CITY OF BLYTHE, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENT FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2018

	Special Revenue Fund		Total Nonmajor Governmental Funds
	Library Fund	Veteran's Memorial	
REVENUES:			
Intergovernmental	$ -	$ -	$ -
Other	576	1	577
Total revenues	576	1	577
EXPENDITURES:			
Current operating:			
Culture and recreation	200	-	200
Capital outlays	-	-	-
Debt service	-	-	-
Total expenditures	200	-	200
Excess (deficiency) of revenues over expenditures	376	1	377
OTHER FINANCING SOURCES (USES):			
Transfers in (out)	-	-	-
Total other financing sources and uses	-	-	-
Net change in fund balance	376	1	377
FUND BALANCE, beginning	15,066	1,155	16,221
FUND BALANCE, ending	$ 15,442	$ 1,156	$ 16,598

CITY OF BLYTHE, GEORGIA

LIBRARY SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP) BASIS AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	$ -	$ -	$ -	$ -
Other	1,000	1,000	576	(424)
	1,000	1,000	576	(424)
EXPENDITURES:				
Current operating:				
Supplies	200	200	-	200
Repairs and maintenance	800	800	200	600
Utilities	-	-	-	-
Miscellaneous	-	-	-	-
Capital outlays	-	-	-	-
Total expenditures	1,000	1,000	200	800
Excess revenues over (under) expenditures	-	-	376	376
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	376	376
FUND BALANCE, beginning of year	15,066	15,066	15,066	-
FUND BALANCE, end of year	$ 15,066	$ 15,066	$ 15,442	$ 376

CITY OF BLYTHE, GEORGIA

VETERAN'S MEMORIAL SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP) BASIS AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	$ -	$ -	$ -	$ -
Other	2,000	2,000	1	(1,999)
	2,000	2,000	1	(1,999)
EXPENDITURES:				
Current operating:				
Supplies	500	500	-	500
Repairs and maintenance	1,500	1,500	-	1,500
Miscellaneous	-	-	-	-
Capital outlays	-	-	-	-
Total expenditures	2,000	2,000	-	2,000
Excess revenues over (under) expenditures	-	-	1	1
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	1	1
FUND BALANCE, beginning of year	1,155	1,155	1,155	-
FUND BALANCE, end of year	$ 1,155	$ 1,155	$ 1,156	$ 1

CITY OF BLYTHE, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL SALES TAX PROCEEDS
For the Year Ended December 31, 2018

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
SPLOST VI:						
Water system upgrades & improvements	500,000	500,000	212,698	$ -	212,698	43%
Surface water drainage improvements/Sidewalks	300,000	300,000	-	-	-	0%
Development of Veteran's Memorial Park	200,000	200,000	192,116	-	192,116	96%
Public safety buildings & equipment	175,000	175,000	143,774	14,496	158,270	90%
Major equipment	125,000	125,000	100,922	-	100,922	81%
Additional water system upgrades/improvements	50,000	50,000	-	-	-	0%
General government land	-	25,000	24,436	-	24,436	98%

CITY OF BLYTHE, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL SALES TAX PROCEEDS
For the Year Ended December 31, 2018

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
SPLOST VII:						
Water system upgrades & improvements	$ 300,000	$ 300,000	$ -	$ 1,200	$ 1,200	0%
Surface water drainage improvements/Sidewalks	200,000	200,000	17,914	775	18,689	9%
Public safety buildings & equipment	165,000	165,000	11,650	10,485	22,135	13%
Major equipment	100,000	100,000	-	-	-	0%
General government buildings and equipment	85,000	85,000	4,904	9,466	14,370	17%
Paving roads	350,000	350,000	-	-	-	0%
Additional water system upgrades/improvements	50,000	50,000	-	-	-	0%
Recreation and library equipment and facilities	650,000	650,000	325,015	60,164	385,179	59%

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

To the Mayor and Council
City of Blythe, Georgia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Blythe, Georgia as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Blythe's basic financial statements and have issued our report thereon dated June 17, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Blythe, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Blythe, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Blythe's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that were considered to be material weaknesses.

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We did identify certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies noted as items 18-1 through 18-2.

Compliance and Other Matters

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

City of Blythe, Georgia's Response to Findings

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

Purpose of this Report

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

Wright & Wright, P.C.

Sandersville, Georgia
June 17, 2019

CITY OF BLYTHE, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2018

SIGNIFICANT DEFICIENCIES

18-1 Segregation of Duties

Condition

Due to the small size of the City's staff, controls are not practical to provide adequate segregation of duties in the cash receipts and disbursements functions.

Effect

Because of the failure to separate control over cash, errors or fraud that might avoid detection are possible.

Recommendation

The City Council should implement other internal controls in areas where segregation of duties is not practical.

Views of Responsible Officials

We concur and will continue to require dual signatures on checks and council approval for non recurring expenditures.

18-2 Controls Over Financial Statement Presentation

Condition

City personnel do not currently possess the professional skills necessary to prepare the year end financial statements in sufficient detail to detect material misstatements in the financial statements and related footnotes.

Effect

The deficiency identified above could result in a material misstatement to the City's financial statements that would not be prevented or detected on a timely basis.

Recommendation

The City should consider additional training that would provide accounting personnel with the skills to detect and correct misstatements in the financial statements.

Views of Responsible Officials

We concur. We will evaluate the cost effectiveness of implementing the control and act accordingly.