

CITY OF GUYTON, GEORGIA
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2020

City of Guyton, Georgia
Audit of Financial Statements
For the Year Ended June 30, 2020

TABLE OF CONTENTS

Financial Section	Page
Independent Auditors' Report	3
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	6
Statement of Activities	7
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	8
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	9
Statement of Revenues, Expenditures and Changes in Fund Balances	10
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	11
Proprietary Funds:	
Statement of Net Position	12
Statement of Revenues, Expenses, and Changes in Net Position	13
Statement of Cash Flows	14
Notes to the Basic Financial Statements	16
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	40
Notes to the Required Supplementary Information - Budget to Actual Comparisons	41
Defined Benefit Plan -	
Schedule of Changes in the Net Pension Liability and Related Ratios	42
Schedule of Contributions	44
Other Supplementary Information	
Individual Fund Statements and Schedules:	
Governmental Funds (Major funds)	
General Fund:	
Comparative Balance Sheet	45
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	46
SPLOST Capital Projects Fund	
Comparative Balance Sheet	47
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	48

City of Guyton, Georgia
Audit of Financial Statements
For the Year Ended June 30, 2020

TABLE OF CONTENTS

	<u>Page</u>
Governmental Funds (Non-major funds)	
Combining Non-major Governmental Funds:	
Combining Balance Sheet	49
Combining Statement of Revenues, Expenses and Changes in Fund Balances	50
Non-major special revenue fund:	
Fire Fund	
Comparative Balance Sheet	51
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Fire Fund	52
Non-major capital projects funds:	
Construction Trust Fund	
Comparative Balance Sheet	53
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance	54
Non-major debt service funds:	
Debt Service Trust Fund	
Comparative Balance Sheet	55
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance	56
Proprietary Funds	
Water and Sewer Fund (major)	
Comparative Statement of Net Position	57
Comparative Statement of Revenues, Expenses and Changes in Net Position	58
Other Schedules	
Schedule of Projects Paid with Special Purpose Local Option	
Sales Tax Proceeds	59
Government Auditing Standards Section	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	60

LANIER, DEAL & PROCTOR

CERTIFIED PUBLIC ACCOUNTANTS
201 SOUTH ZETTEROWER AVENUE
P.O. BOX 505
STATESBORO, GEORGIA 30459
PHONE (912) 489-8756
FAX (912) 489-1243

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

GEORGIA SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

WILLIAM RUSSELL LANIER, CPA
RICHARD N. DEAL, CPA, CGMA
KAY S. PROCTOR, CPA, CFE, CGMA
WILLIAM BLAKE BLOSER, CPA
TIFFANY D. JENKINS, CPA, CGMA
RICHARD N. DEAL II, CPA

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Guyton, Georgia

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 Guyton, Georgia, as of and for the year ended June 30, 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; 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, each major fund, and the aggregate remaining fund information of the City of Guyton, Georgia, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 40 and 41, and the Schedule of Changes in the Net Pension Liability and Related Ratios and the Schedule of Contributions on pages 42 and 44 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.

Management has omitted the management's discussion and analysis that 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 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. Our opinion on the basic financial statements is not affected by the missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Guyton, Georgia's basic financial statements. The combining and individual fund statements and schedules and schedule of projects paid with special purpose local option sales tax proceeds are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules and schedule of projects paid with special purpose local option sales tax proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules and schedule of projects paid with special purpose local option sales tax proceeds 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 March 22, 2021 on our consideration of the City of Guyton, 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 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 City of Guyton, Georgia's internal control over financial reporting and compliance.

Janier, Deal + Proctor

Statesboro, Georgia
March 22, 2021

City of Guyton, Georgia
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 967,023	\$ 1,221,545	\$ 2,188,568
Receivables:			
Accounts	24,530	130,066	154,596
Taxes	61,560		61,560
Intergovernmental	52,262		52,262
Interfund	230,314	(230,314)	
Prepaid items	19,706	4,190	23,896
Restricted assets:			
Cash and cash equivalents	1,796,631		1,796,631
Capital assets:			
Nondepreciable capital assets	199,901	2,127,513	2,327,414
Depreciable capital assets, net	1,717,000	10,515,912	12,232,912
Other assets:			
Net pension asset	101,473		101,473
Total assets	<u>5,170,400</u>	<u>13,768,912</u>	<u>18,939,312</u>
Deferred outflows of resources			
Pension:			
Contributions after measurement date	2,076		2,076
Changes in assumptions	14,220		14,220
Deferred charge on refunding of bonds		381,927	381,927
Total deferred outflows of resources	<u>16,296</u>	<u>381,927</u>	<u>398,223</u>
Liabilities			
Current liabilities:			
Accounts payable	138,260	43,523	181,783
Accrued salaries and wages	8,149	319	8,468
Accrued interest payable	5,126	107,399	112,525
Unearned revenue	25,907		25,907
Compensated absences payable	14,710	107	14,817
Bonds payable		90,000	90,000
Capital leases payable	36,366		36,366
Long-term liabilities:			
Bonds payable (net of current portion)		8,545,000	8,545,000
Premium on notes payable (net of amortization)		442,920	442,920
Capital leases payable (net of current portion)	110,729		110,729
Total liabilities	<u>339,247</u>	<u>9,229,268</u>	<u>9,568,515</u>
Deferred inflows of resources			
Pension:			
Difference between projected and actual earnings on plan investments	4,137		4,137
Difference between expected and actual experience	42,786		42,786
Changes of assumptions	829		829
Total deferred inflows of resources	<u>47,752</u>	<u>0</u>	<u>47,752</u>
Net Position			
Net investment in capital assets	1,769,806	4,440,676	6,210,482
Restricted for:			
Capital projects	1,441,908		1,441,908
Debt service	142,090		142,090
Public safety	205,541		205,541
Unrestricted	1,240,352	480,895	1,721,247
Total net position	<u>\$ 4,799,697</u>	<u>\$ 4,921,571</u>	<u>\$ 9,721,268</u>

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

City of Guyton, Georgia
Statement of Activities
For the Year Ended June 30, 2020

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Primary Government Governmental Activities	Business-Type Activities	Total
Primary government							
Governmental activities							
General government							
Administration	\$ 477,829	\$ 100,320			\$ (377,509)		\$ (377,509)
Other governmental services	91,385				(91,385)		(91,385)
Public safety							
Police	230,476	7,448		\$ 6,107	(216,921)		(216,921)
Fire	102,329	94,346			(7,983)		(7,983)
Public works							
Streets and lanes	252,020		\$ 21,463	119,081	(111,476)		(111,476)
Sanitation	203,699	221,982			18,283		18,283
Water and sewer				122,134	122,134		122,134
Parks and recreation	37,071		21,462	58,013	42,404		42,404
Interest	7,153				(7,153)		(7,153)
Total governmental activities	1,401,962	424,096	42,925	305,335	(629,606)	\$ 0	(629,606)
Business-type activities:							
Water and sewer	1,225,966	1,588,822				362,856	362,856
Total - primary government	\$ 2,627,928	\$ 2,012,918	\$ 42,925	\$ 305,335	(629,606)	362,856	(266,750)
General revenues							
Property taxes					227,337		227,337
Local option sales tax					286,982		286,982
Franchise taxes					108,567		108,567
Motor vehicle and title ad valorem tax					76,686		76,686
Real estate transfer tax					576		576
Intangible tax					4,193		4,193
Alcohol taxes					52,550		52,550
Insurance premium taxes					128,363		128,363
Excise tax					10,697		10,697
Investment earnings					1,491	11	1,502
Gain on sale of capital assets					1,903	314	2,217
Miscellaneous					8,047		8,047
Total general revenues					907,392	325	907,717
Transfers					(1,365)	1,365	0
Total general revenues and transfers					906,027	1,690	907,717
Change in net position					276,421	364,546	640,967
Net position beginning of year					4,523,276	4,557,025	9,080,301
Net position end of year					\$ 4,799,697	\$ 4,921,571	\$ 9,721,268

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

City of Guyton, Georgia
Balance Sheet
Governmental Funds
June 30, 2020

	General	Capital Projects Funds - SPLOST	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents				
Unrestricted	\$ 967,023			\$ 967,023
Restricted		\$ 972,700	\$ 823,931	1,796,631
Receivables				
Accounts	24,530			24,530
Taxes	61,560			61,560
Intergovernmental		52,262		52,262
Interfund balances	271,605	29,391	6,463	307,459
Prepaid items	16,789		2,917	19,706
Total assets	\$ 1,341,507	\$ 1,054,353	\$ 833,311	\$ 3,229,171
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 110,817		\$ 27,443	\$ 138,260
Accrued salaries and wages	8,149			8,149
Interfund balances	6,463	\$ 44,696	25,986	77,145
Unearned revenues	25,907			25,907
Total liabilities	151,336	44,696	53,429	249,461
Deferred inflows of resources - property taxes	11,291			11,291
Total liabilities and deferred inflows of resources	162,627	44,696	53,429	260,752
Fund balances				
Nonspendable - prepaid items	16,789		2,917	19,706
Restricted for:				
Capital projects		1,009,657	432,251	1,441,908
Debt service			142,090	142,090
Public safety			202,624	202,624
Unassigned	1,162,091			1,162,091
Total fund balances	1,178,880	1,009,657	779,882	2,968,419
Total liabilities, deferred inflows of resources and fund balances	\$ 1,341,507	\$ 1,054,353	\$ 833,311	\$ 3,229,171

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

City of Guyton, Georgia
Reconciliation of the Governmental Funds Balance
Sheet to the Statement of Net Position
June 30, 2020

Total governmental fund balances		\$ 2,968,419
 Amounts reported for governmental activities in the statement of net position are different because:		
Property tax revenues are deferred in the governmental funds because they are not available but they are reported as revenue in the statement of activities.		11,291
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. However, in the statement of net position the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense.		
Cost of capital assets	\$ 4,330,675	
Less accumulated depreciation	<u>(2,413,774)</u>	1,916,901
The deferred outflows of resources below are not current assets or financial resources and the deferred inflows resources are not due and payable in the current period and therefore are not reported in the governmental funds. Balances at June 30, 2020, are:		
Deferred outflows		16,296
Deferred inflows		<u>(47,752)</u>
Accrued interest on long-term debt is not reported at the fund financial reporting level, but is reported at the government-wide reporting level.		(5,126)
Liabilities, including notes payable and compensated absences, are not due and payable in the current period and therefore are not reported in the fund financial reporting level, however are reported at the government-wide reporting level:		
Capital leases payable	\$ (147,095)	
Compensated absences	(14,710)	
Net pension asset	<u>101,473</u>	<u>(60,332)</u>
Net position of governmental activities		\$ <u><u>4,799,697</u></u>

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

City of Guyton, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	<u>General</u>	<u>Capital Projects Funds - SPLOST</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ 893,293			\$ 893,293
Licenses and permits	100,320			100,320
Intergovernmental	42,925	\$ 305,944		348,869
Charges for services	221,982		\$ 94,346	316,328
Fines and forfeitures	7,448			7,448
Investment income	1,450		41	1,491
Miscellaneous	8,047			8,047
Total revenues	<u>1,275,465</u>	<u>305,944</u>	<u>94,387</u>	<u>1,675,796</u>
Expenditures				
Current:				
General government				
Administration	458,445			458,445
Other governmental services	113,553			113,553
Public safety				
Police	212,168			212,168
Fire			59,121	59,121
Public works				
Streets and lanes	241,670			241,670
Sanitation	203,699			203,699
Parks and recreation				
Leisure services	12,290			12,290
Historic preservation	1,512			1,512
Capital Outlays		262,517		262,517
Debt service:				
Principal	15,309		19,519	34,828
Interest and fiscal charges	2,955		5,350	8,305
Total expenditures	<u>1,261,601</u>	<u>262,517</u>	<u>83,990</u>	<u>1,608,108</u>
Excess of revenues to expenditures	<u>13,864</u>	<u>43,427</u>	<u>10,397</u>	<u>67,688</u>
Other financing sources (uses) -				
Proceeds from sale of capital assets	1,903			1,903
Interfund transfers		(766)	(599)	(1,365)
Total other financing sources (uses)	<u>1,903</u>	<u>(766)</u>	<u>(599)</u>	<u>538</u>
Net change in fund balances	15,767	42,661	9,798	68,226
Fund balances beginning of year	<u>1,163,113</u>	<u>966,996</u>	<u>770,084</u>	<u>2,900,193</u>
Fund balances end of year	<u>\$ 1,178,880</u>	<u>\$ 1,009,657</u>	<u>\$ 779,882</u>	<u>\$ 2,968,419</u>

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

City of Guyton, Georgia
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2020

Net change in fund balances - total governmental funds \$ 68,226

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

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 as depreciation expense. This is the amount by which capitalized capital outlays exceeded depreciation expense in the current period.

Depreciation expense	\$ (175,783)	
Capital outlay	<u>335,915</u>	160,132

Property taxes in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Deferred at 06/30/2020	\$ 11,291	
Deferred at 06/30/2019	<u>(8,633)</u>	2,658

Intergovernmental revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Deferred at 06/30/2020	\$ 0	
Deferred at 06/30/2019	<u>(609)</u>	(609)

Interest expense on long-term debt reported in the statement of activities does not require the use of current financial resources and therefore is not reported as expenditures in governmental funds.

Liability at 06/30/2020	\$ (5,126)	
Liability at 06/30/2019	<u>6,278</u>	1,152

Repayment of debt principal is an expenditure in the governmental funds but the repayment reduces liabilities in the statement of net position. 34,828

Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated absences at 06/30/2020	\$ (14,710)	
Compensated absences at 06/30/2019	<u>2,576</u>	<u>(12,134)</u>

Net pension asset reported in the statement of activities does not provide/require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Net pension asset		
Asset balance at 06/30/2020	\$ 101,473	
Asset balance at 06/30/2019	(137,589)	
Deferred inflows/outflows of resources from pensions		
Balance at 06/30/2020	(31,456)	
Balance at 06/30/2019	<u>89,740</u>	<u>22,168</u>

Change in net position of governmental activities **\$ 276,421**

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

City of Guyton, Georgia
Statement of Net Position
Proprietary Funds
June 30, 2020

	Water and Sewer
Assets	
Current assets:	
Cash and cash equivalents	\$ 1,221,545
Receivables - Accounts	130,066
Prepaid expenses	4,190
Total current assets	1,355,801
Noncurrent assets:	
Capital assets:	
Nondepreciable capital assets	2,127,513
Depreciable capital assets, net	10,515,912
Total noncurrent assets	12,643,425
Total assets	13,999,226
Deferred outflows of resources	
Deferred charge on refunding of bonds	381,927
Liabilities	
Current Liabilities	
Accounts payable	43,523
Accrued salaries and wages	319
Accrued interest payable	107,399
Interfund balances	230,314
Compensated absences	107
Bonds payable	90,000
Total current liabilities	471,662
Long-term liabilities:	
Bonds payable (net of current portion)	8,545,000
Premium on bonds payable (net of amortization)	442,920
Total long-term liabilities	8,987,920
Total liabilities	9,459,582
Net Position	
Net investment in capital assets	4,440,676
Unrestricted	480,895
Total net position	\$ 4,921,571

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

City of Guyton, Georgia
Statement of Revenues,
Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Water and Sewer
Operating revenues	
Charges for services	\$ 1,132,623
Connection fees	365,300
Miscellaneous	90,899
Total operating revenues	1,588,822
Operating expenses	
Salaries	100,662
Payroll taxes	8,241
Professional fees	217,763
Utilities	62,047
Maintenance - repairs	40,121
Supplies	31,434
Postage	5,467
Chlorine	4,975
Insurance	22,551
Bad debts	49,183
Miscellaneous	29,076
Depreciation	339,219
Total operating expenses	910,739
Operating income	678,083
Non-operating revenues (expenses)	
Gain on sale of capital assets	314
Investment earnings	11
Interest expense and fiscal fees	(315,227)
Total non-operating revenues (expenses)	(314,902)
Income before transfers	363,181
Interfund transfers	
Transfer from SPLOST fund	766
Transfer to debt service trust fund	(419,951)
Transfer from debt service trust fund	420,550
Total interfund transfers	1,365
Change in net position	364,546
Net position beginning of year	4,557,025
Net position end of year	\$ 4,921,571

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

City of Guyton, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	<u>Water and Sewer</u>
Increase (Decrease) in Cash and Cash Equivalents	
Cash flows from operating activities	
Cash received from customers	\$ 1,500,130
Cash payments to employees for personal services	(109,828)
Cash payments for goods and services	<u>(398,647)</u>
Net cash provided by operating activities	<u>991,655</u>
Cash flows from noncapital financing activities	
Interfund balances	<u>(167,805)</u>
Cash flows from capital and related financing activities	
Interfund transfers for capital asset projects	
From SPLOST Capital Projects Fund	766
To Debt Service Trust	(419,951)
From Debt Service Trust	420,550
Proceeds from sale of capital assets	314
Principal paid on bonds	(90,000)
Interest and fiscal fees paid on debt	(330,551)
Payments for capital acquisitions	<u>(48,760)</u>
Net cash used for capital and related financing activities	<u>(467,632)</u>
Cash flows from investing activities	
Investment earnings	<u>11</u>
Net increase in cash and cash equivalents	356,229
Cash and cash equivalents beginning of year	<u>865,316</u>
Cash and cash equivalents end of year	<u><u>\$ 1,221,545</u></u>

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

City of Guyton, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

(continued)

**Water and
Sewer**

Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 678,083
Adjustments:	
Depreciation and amortization	339,219
Increase (decrease) in assets	
Accounts receivable	(88,692)
Other receivable	46,560
Prepaid expense	3,626
Increase (decrease) in liabilities:	
Accounts payable	13,784
Accrued salaries and wages	(956)
Compensated absences payable	31
	<hr style="width: 100%;"/>
Net cash provided by operating activities	\$ <u>991,655</u>

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

City of Guyton, Georgia
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

Note 1 - Summary of Significant Accounting Policies

The City of Guyton, Georgia (the City) was incorporated under the provisions of Georgia law in 1887. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), streets and lanes, sanitation, planning and zoning, water and sewer, and various administrative services.

The City's financial statements are prepared in accordance with generally accepted accounting principles applicable to governments (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

Reporting Entity

The reporting entity is comprised of the primary government and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City.

The City has no component units and there are no organizations which have been excluded from the reporting entity.

Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements - The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole. The primary government is presented separately within these financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and the City's general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of net position presents the financial position of the governmental and business-type activities of the City at year end.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each identifiable activity of the business-type activities of the City. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The City does not allocate indirect expenses to functions in the statement of activities.

City of Guyton, Georgia
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the City's services; and (2) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which function the revenues are restricted.

Other revenue sources not properly included with program revenues are reported as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general

Fund Financial Statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Fund financial statements are provided for governmental and proprietary funds.

Major individual governmental and enterprise funds are reported in separate columns on the fund statements.

Fund Accounting - The City uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses two categories of funds: governmental and proprietary.

Governmental Funds - Government funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance. The following are the City's major governmental funds:

The General Fund – The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund's fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Georgia.

The SPLOST Capital Projects Fund – This fund is used to account for financial resources to be used for the acquisition or construction of capital projects under the Special Local Option Sales Tax referendum.

City of Guyton, Georgia
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The proprietary funds are classified as enterprise funds. The following is the City's major enterprise fund:

Water and Sewer Fund – This fund is used to account for the construction of facilities and operation of activities involved in providing water and sewer services to City residents.

Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net position. The statement of activities reports revenues and expenses.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statements of net position. The statements of changes in fund net position present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows and inflows of resources, and in the presentation of expenses versus expenditures.

(The remainder of this page is intentionally left blank.)

City of Guyton, Georgia
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

Revenues – Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the phrase “available for exchange transactions” means expected to be received within 60 days of year-end.

Revenues - Non-exchange Transactions - Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, interest and federal and state grants.

Unearned Revenue - Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On both the government-fund financial statements and the government-wide financial statements, revenues are deferred for grants and entitlements received before the eligibility requirements are met (e.g., cash advances).

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

Assets, Liabilities and Fund Equity

Cash, Cash Equivalents - Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

(The remainder of this page is intentionally left blank.)

City of Guyton, Georgia
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

Investments - Investments are stated at fair value based on quoted market prices.

Georgia law authorizes the City to invest in the following type of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the United States Government or Government agency
- Obligations of any corporation of the United States Government
- Prime bankers' acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

Receivables - All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable. Unbilled water and sewer charges are accrued as receivables and revenue at June 30, 2020. The general fund and water and sewer enterprise fund reported an allowance of \$13,785 and \$64,017, respectively, at June 30, 2020.

Interfund Balances - On the fund financial statements, receivables and payables resulting from short term interfund loans are classified as "interfund receivables/interfund payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

Prepaid Items - Payments made to vendors for services that will benefit periods beyond June 30, 2020, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

Capital Assets - General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the governmental fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the enterprise funds' statement of net position.

At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments. In the enterprise fund statements and in the government-wide statements, assets purchased with capital leases are capitalized as capital assets and depreciated over their estimated useful lives.

City of Guyton, Georgia
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of one thousand dollars. The City's infrastructure consists of roads, bridges, water lines and sewer lines. Improvements to capital assets are capitalized. The City has capitalized only those infrastructure costs incurred in the years subsequent to June 30, 2003. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Asset Class	Estimated Useful Lives	
	Governmental Activities	Business-type Activities
Buildings and improvements	30-50 Years	
Machinery and equipment	5-10 years	7-10 Years
Furniture and fixtures	5 years	
Office equipment	5 years	
Vehicles	5-8 years	5 Years
Infrastructure	3-10 years	
Water System		50 Years
Sewer collection system		50 Years

Compensated Absences - Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. The proprietary fund reports total compensated absence liability at the fund level, if applicable. Governmental funds report compensated absence liability at the fund reporting level only "when due."

(The remainder of this page is intentionally left blank.)

City of Guyton, Georgia
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

Accrued Liabilities and Long-term Obligations - All payables, accrued liabilities and long-term obligations are reported in the government-wide 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 these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are “due for payment” during the current year. Capital leases are recognized as a liability in the governmental fund financial statements when due.

Debt Premiums, Discounts and Issuance Costs - On the government-wide statement of net position and the proprietary fund type statement of net position, bond premiums and discounts are netted against bonds payable. On the government-wide and proprietary fund type statement of activities, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

Bond issuance costs are recognized as an outflow of resources in the reporting period in which they are

At the governmental fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as expenditures.

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 current assets and current liabilities. In the fund financial statements, governmental funds report fund 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 balance - amounts that are not in spendable form (such as prepaid items) or are required to be maintained intact.

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions, or by enabling legislation.

Committed fund balance - amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e. the City Council). To be reported as committed, amounts cannot be used for any other purposes unless the City takes the same highest level action to remove or change the constraint.

City of Guyton, Georgia
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

Assigned fund balance - amounts the City intends to use for a specific purpose. Intent can be expressed by the City or by an official or body to which the City Council delegates the authority.

Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Fund Balance Flow Assumptions - It is the City's policy to consider restricted fund balance to have been used before any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, it is the City's policy to use fund balance in the following order: committed, assigned and then unassigned.

Net Position - Net position represents the difference between assets and liabilities. The net position component, "net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its 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. The balance of net position is reported as unrestricted.

Net Position Flow Assumptions - In order to report net position as a restricted - net position and an unrestricted - net position in the government-wide and proprietary fund financial statements, the City has established a flow assumption policy. It is the City's policy to use restricted - net position first before using unrestricted - net position.

Operating Revenues and Expenses - Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water and sewer. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Contributions of Capital - Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

Interfund Activity - Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

City of Guyton, Georgia
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business type activities column are eliminated.

Estimates - The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Comparative Data - Comparative total data for the prior year has been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

Note 2 – Stewardship, Compliance and Accountability

Budgetary Information

The City adopts an annual operating budget for the general fund, capital projects fund and the special revenue fund. The budget resolution reflects the total of each department's appropriation in each fund.

The general, capital projects and special revenue fund's budgets are adopted on a basis consistent with GAAP.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund. Any change in total to a fund or departmental appropriation within a fund requires approval of the City Council.

Transfer of budget amounts can occur within departments. All unexpended annual appropriations lapse at year-end.

Excess of Expenditures Over Appropriations

Expenditures exceeded appropriations for the year ended June 30, 2020, in the following departments for the general fund:

Administration	134,857
Other governmental services	16,119
Sanitation	25,590
Leisure services	5,381

City of Guyton, Georgia
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

Note 2 – Stewardship, Compliance and Accountability (continued)

Expenditures exceeded appropriations for the year ended June 30, 2020, in the following areas for the fire fund:

Debt service:	
Principal	19,519
Interest	5,240

The overexpenditures in these areas were funded by underexpenditures in other areas and excess revenues over amounts budgeted.

Note 3 - Cash and Cash Equivalents

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk; however, as of June 30, 2020, the government is not exposed to custodial credit risk.

Note 4 - Receivables

Receivables at June 30, 2020, consisted of taxes, intergovernmental, and accounts (billings for user charges).

Receivables and payables are recorded on the City’s financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectibility.

Note 5 - Property Taxes

The City Council levies property taxes on or about July 15th of each year. Property taxes attach as an enforceable lien on property as of January 1. Property taxes are usually billed on or about September 15th of each year and are payable within sixty days. The Effingham County Tax Commissioner bills and collects the City's property taxes and City property tax revenues at the fund reporting level are recognized when levied to the extent that they result in current receivables (i.e., collectible in 60 days). For 2019, property taxes were levied on August 20, 2019. Property tax bills were mailed on September 23, 2019, and were due November 25, 2019. The lien date was January 1, 2020.

(The remainder of this page is intentionally left blank.)

City of Guyton, Georgia
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

Note 6 - Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2020, was as follows:

	<u>Balance</u> <u>6/30/2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2020</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 199,901			\$ 199,901
Depreciable capital assets:				
Buildings	799,938	\$ 35,845		835,783
Machinery and equipment	545,763	200,197	\$ 3,300	742,660
Vehicles	591,692			591,692
Furniture & fixtures	29,409			29,409
Office equipment	100,247			100,247
Infrastructure	<u>1,731,110</u>	<u>99,873</u>		<u>1,830,983</u>
Total depreciable capital assets	<u>3,798,159</u>	<u>335,915</u>	<u>3,300</u>	<u>4,130,774</u>
Total capital assets	<u>3,998,060</u>	<u>335,915</u>	<u>3,300</u>	<u>4,330,675</u>
Accumulated depreciation:				
Buildings	346,313	20,038		366,351
Machinery and equipment	485,237	52,899	3,300	534,836
Vehicles	533,416	16,580		549,996
Furniture & fixtures	25,982	2,240		28,222
Office equipment	27,105	14,347		41,452
Infrastructure	<u>823,238</u>	<u>69,679</u>		<u>892,917</u>
Total accumulated depreciation	<u>2,241,291</u>	<u>175,783</u>	<u>3,300</u>	<u>2,413,774</u>
Governmental activities capital assets, net	<u>\$ 1,756,769</u>	<u>\$ 160,132</u>	<u>\$ 0</u>	<u>\$ 1,916,901</u>
Governmental activities depreciation expense:				
General government		\$ 22,773		
Public safety - police		12,780		
Public safety - fire		43,208		
Public works - streets		74,408		
Parks and recreation		<u>22,614</u>		
Total governmental activities depreciation expense		<u>\$ 175,783</u>		

City of Guyton, Georgia
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

Note 6 - Capital Assets (continued)

Capital asset activity for business-type activities for the year ended June 30, 2020, was as follows:

	<u>Balance</u> <u>6/30/2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2020</u>
Business-type activities:				
Capital assets not being depreciated:				
Land and rights	\$ 2,127,513			\$ 2,127,513
Depreciable capital assets:				
Improvements - not building	13,309,643			13,309,643
Machinery and equipment	643,693	\$ 48,760		692,453
Office equipment	4,486			4,486
Total depreciable capital assets	<u>13,957,822</u>	<u>48,760</u>	<u>\$ 0</u>	<u>14,006,582</u>
Total capital assets	<u>16,085,335</u>	<u>48,760</u>	<u>0</u>	<u>16,134,095</u>
Accumulated depreciation:				
Improvements - not building	2,737,125	293,640		3,030,765
Machinery and equipment	411,227	44,681		455,908
Office equipment	3,099	898		3,997
Total accumulated depreciation	<u>3,151,451</u>	<u>339,219</u>	<u>0</u>	<u>3,490,670</u>
Water and sewer capital assets, net	<u>\$ 12,933,884</u>	<u>\$ (290,459)</u>	<u>\$ 0</u>	<u>\$ 12,643,425</u>

The remainder of this page is intentionally left blank.

City of Guyton, Georgia
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

Note 7 - Interfund Balances and Transfers

Interfund balances at June 30, 2020, consisted of the following:

General fund receivable from SPLOST capital projects fund for general fund deposits erroneously deposited in SPLOST capital projects fund.	\$ 44,696
General fund receivable from water and sewer fund for various expenses paid by general fund	\$ 226,909
Fire fund receivable from general fund for revenues received into the general fund but not remitted to the fire fund before year end.	\$ 6,463
SPLOST fund receivable from fire fund for SPLOST funds revenue erroneously deposited into the Fire fund	\$ 25,986
SPLOST fund receivable from water and sewer fund for water and sewer capital asset expenditures paid for by SPLOST fund	\$ 3,405

Interfund transfers for the year ended June 30, 2020, consisted of the following.

Transfer from SPLOST Fund to the Water and Sewer Fund for qualified water and sewer capital additions paid for by the SPLOST Fund.	\$ 766
Transfer from the Water and Sewer Fund to the Debt Service Trust Fund to provide funds to meet debt service requirements.	\$ 419,951
Transfer from the Debt Service Trust Fund to the Water and Sewer Fund to make debt service payments due in current year.	\$ 420,550

The remainder of this page is intentionally left blank.

City of Guyton, Georgia
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

Note 8 - Deferred Inflows and Deferred Outflows of Resources

In addition to assets, the financial statements of the City will sometimes report a separate section for deferred outflows of resources. This separate element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources in the form of expenditures until that time. Deferred charges on the refunding of bonds are reported in this category in the proprietary fund statement of net position and the government-wide statement of net position. Additionally, the differences between expected and actual experience and changes in assumptions related to pensions and the contributions made to the pension plan after the measurement date qualify for reporting in this category in the government wide statement of net position.

In addition to liabilities, the financial statements of the City will sometimes report a separate section for deferred inflows of resources. This separate element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources in the form of revenue until that time. The portion of property taxes that are not available for use (not received within 60 days subsequent to year end) are reported as deferred inflows of resources in the governmental funds balance sheet. This element is not present in the government-wide statement of net position. The changes in assumptions, the net difference between projected and actual earnings on investments and the difference between expected and actual experience related to pensions are the only items the City has that qualify for reporting in this category in the government-wide statement of net position for governmental activities.

Note 9 - Long-Term Liabilities

Governmental Activities

General Obligation Debt

General obligation debt at June 30, 2020, is comprised of the following.

Capital Leases - The City has entered into capital leases for various pieces of property and equipment. These leases meet the criteria of a capital lease since they transfer benefits and risks of ownership to the lessee at the end of the lease term. Capital lease payments are reflected as debt service expenditures at the governmental fund reporting level. Assets recorded under capital leases are capitalized and depreciated over the estimated useful life of the asset. This depreciation is included in depreciation expense recorded in the enterprise funds and in the government wide statement of activity.

Capital lease payable to Branch Banking and Trust Company, Inc., in equal annual payments of approximately \$12,619 through July, 2022 including interest at 3.17%. This lease was used to purchase a vehicle for the fire department with a cost of \$108,000. The equipment acquired by the lease is included in the governmental activities general capital assets in the amount of \$-0- (cost of \$108,000 less accumulated depreciation of \$108,000). The outstanding balance of the corresponding liabilities is included in the governmental activities general long-term debt. Annual debt service requirements to amortize this capital lease as of June 30, 2020, follow:

City of Guyton, Georgia
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

Note 9 - Long-Term Liabilities (continued)

Year	Principal	Interest	Total
2021	\$ 11,267	\$ 1,352	\$ 12,619
2022	11,700	919	12,619
2023	12,151	468	12,619
Total	<u>\$ 35,118</u>	<u>\$ 2,739</u>	<u>\$ 37,857</u>

Capital lease payable to Branch Banking and Trust Company, Inc., in equal annual payments of approximately \$12,144 through September, 2025 including interest at 4.06%. This lease was used to purchase a vehicle for the fire department with a cost of \$159,382. The equipment acquired by the lease is included in the governmental activities general capital assets in the amount of \$7,971 (cost of \$159,382 less accumulated depreciation of \$151,411). The outstanding balance of the corresponding liabilities is included in the governmental activities general long-term debt. Annual debt service requirements to amortize this capital lease as of June 30, 2020, follow:

Year	Principal	Interest	Total
2021	\$ 9,098	\$ 3,046	\$ 12,144
2022	9,547	2,597	12,144
2023	10,017	2,127	12,144
2024	10,511	1,633	12,144
2025	11,029	1,115	12,144
2026	11,573	571	12,144
Total	<u>\$ 61,775</u>	<u>\$ 11,089</u>	<u>\$ 72,864</u>

Capital lease payable to Georgia Municipal Association in equal annual payments of approximately \$18,265 through November 2023 including interest at 3.71%. The purpose of the lease is the purchase of city-wide financial reporting software and pre-pay the related maintenance contract. The asset acquired by the lease is included in the governmental activities general capital assets in the amount of \$45,705 (cost of \$63,595 less accumulated depreciation of \$17,890). The outstanding balance of the corresponding liabilities is included in the governmental activities general long-term debt. Annual debt service requirements to amortize this capital lease as of June 30, 2020, follow:

Year	Principal	Interest	Total
2021	\$ 16,001	\$ 2,264	\$ 18,265
2022	16,723	1,542	18,265
2023	17,478	789	18,267
Total	<u>\$ 50,202</u>	<u>\$ 4,595</u>	<u>\$ 54,797</u>

The remainder of this page is intentionally left blank.

City of Guyton, Georgia
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

Note 9 - Long-Term Liabilities (continued)

Business Type Activities

Water & Sewer Refunding and Improvement Revenue Bonds, "Series 2011 Bonds"

Issued on August 25, 2011, in the amount of \$9,565,000 for the refunding of all outstanding water and sewer related bonds and the construction of a waste water treatment facility. The bonds have maturity dates ranging from March 1, 2012, to March 1, 2041, in varying amounts. Interest is payable at varying rates ranging from 2.0% to 4.8% based on bond maturity. The bonds are secured by direct revenues of the water/sewer system.

Bond refunding - All of the Series 2011 Bonds were advance refunded on February 23, 2017, with Series 2017 bonds because of the decrease in interest rates.

Water and Sewer Refunding Revenue Bonds, Series 2017

Issued on February 23, 2017, in the amount of \$8,845,000 for the advance refunding of the remaining Series 2011 bonds. See Note 9 for further information of the refunding of bonds. The bonds have maturity dates ranging from March 1, 2016, through March 1, 2041, in varying amounts. Interest is payable at varying rates ranging from 2.0% to 4.0% based on bond maturity. The bonds were issued at a premium of \$596,870 which, net of accumulated amortization of \$153,950, is reported in the statement of net position at a value of \$442,920. The bonds are secured by direct revenues of the water/sewer system.

As of June 30, 2020, debt service requirement to maturity are as follows.

Year	Principal	Interest	Total
2021	\$ 90,000	\$ 328,750	\$ 418,750
2022	140,000	326,950	466,950
2023	165,000	324,150	489,150
2024	230,000	320,850	550,850
2025	255,000	315,675	570,675
2026-2030	1,890,000	1,386,375	3,276,375
2031-2035	2,360,000	967,975	3,327,975
2036-2040	2,865,000	457,175	3,322,175
2041	640,000	23,200	663,200
Total	<u>\$ 8,635,000</u>	<u>\$ 4,451,100</u>	<u>\$ 13,086,100</u>

The remainder of this page is intentionally left blank.

City of Guyton, Georgia
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

Note 9 - Long-Term Liabilities (continued)

Changes in Long-term Debt - Changes in the City's long-term obligations consisted of the following for the year ended June 30, 2020:

	<u>Outstanding 6/30/2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 6/30/2020</u>	<u>Amounts due in one year</u>
Governmental activities					
Capital leases payable					
Branch Banking and Trust	\$ 45,967		\$ 10,849	\$ 35,118	\$ 11,267
Branch Banking and Trust	70,446		8,671	61,775	9,098
Georgia Municipal Assoc.	65,510		15,308	50,202	16,001
Compensated absences	<u>2,576</u>	<u>\$ 16,965</u>	<u>4,831</u>	<u>14,710</u>	<u>14,710</u>
Total governmental activities	<u>\$ 184,499</u>	<u>\$ 16,965</u>	<u>\$ 39,659</u>	<u>\$ 161,805</u>	<u>\$ 51,076</u>
	<u>Outstanding 6/30/2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 6/30/2020</u>	<u>Amounts due in one year</u>
Business-type activities					
Water & Sewer Refunding & Improvement Bonds - "Series 2017 Bonds"	\$ 8,725,000		\$ 90,000	\$ 8,635,000	\$ 90,000
Compensated absences	<u>76</u>	<u>\$ 894</u>	<u>863</u>	<u>107</u>	<u>107</u>
Total business-type activities	<u>\$ 8,725,076</u>	<u>\$ 894</u>	<u>\$ 90,863</u>	<u>\$ 8,635,107</u>	<u>\$ 90,107</u>

The governmental activities notes payable are being financed through future general fund and fire special revenue expendable available financial sources as they become due. Principal and interest payments related to the City's water and sewer bonds fund are financed from income derived from the operation of the water and sewer system.

The compensated absences liability will be paid from the fund from which the employee's salaries are paid. Generally, the compensated absences liability has been liquidated by the general fund and the water and sewer fund in the prior year.

The remainder of this page is intentionally left blank.

City of Guyton, Georgia
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

Note 9 - Long-Term Liabilities (continued)

Total interest incurred (all of which was charged to operations) in the government-wide financial statements amounted to \$7,153 for governmental activities and \$315,227 for business-type activities.

Note 10 - Refunding of Bonds

On February 23, 2017, the City issued City of Guyton Water and Sewer Refunding Revenue Bonds, Series 2017, in the amount of \$8,845,000, with interest rates ranging between 2.00% and 4.00%. The City used the bonds to advance refund the Series 2011 bonds, with interest rates varying from 2.0% to 4.80%. The City deposited the net proceeds in an irrevocable trust to purchase U.S. government securities to provide for all future debt service on the aforementioned bond series. As a result, the refunded bonds are considered defeased, and the City has removed the liability from its accounts. The outstanding principal of the defeased bonds is \$8,990,000 at June 30, 2020.

Note 11 - Pension

General Information About the Pension Plan

Plan Description - All full-time city employees are eligible to participate in the Georgia Municipal Employees Benefit System (GMEBS) which is an agent multiple employer defined benefit plan administered by the Georgia Municipal Association which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the plan are established by state statute and an adoption agreement executed by City Council. The Georgia Municipal Association issues a publicly available annual report that includes financial statements and required supplementary information for the Georgia Municipal Employees Benefit System Retirement Trust. That report may be obtained by writing to Georgia Municipal Association, 201 Pryor Street, SW, Atlanta, Georgia, 30303.

Benefits Provided - GMEBS provides retirement, disability benefits and death benefits to plan members and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with 5 years of total service are eligible to retire at age 65 and with ten years of total service are eligible to retire at age 55 with full benefits.

Employees Covered - At June 30, 2020, the following employees were covered by the benefit terms for the plan:

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	4
Active employees	7
Total	15

City of Guyton, Georgia
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

Note 11 - Pension (continued)

Contributions - The City's employee's participation is noncontributory. The City is subject to minimum standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). Policy set by the City for contributing the annual pension expense exceeds the minimum requirements. Employer contribution rates are determined on an annual basis by the actuary and shall be effective on the July 1 following the notice of a change in the rate.

The annual minimum contribution is the sum of 1) the normal cost (including administrative expenses), 2) the closed level dollar amortization of the unfunded actuarial accrued liability over a period that ranges from 10 to 30 years based on the funding policy adopted by the GMEBS Board of Trustees, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). The City's contributions to the plan were \$3,085 for the year ended June 30, 2020.

Net Pension Liability

The City's net pension liability (NPL) for the plan is measured as the total pension liability (TPL), less the pension plan's fiduciary net position (FNP). The net pension liability of the plan is measured as of September 30, 2019, using an annual actuarial valuation as of January 1, 2020. a summary of principal assumptions and methods used to determine the net pension liability is shown below.

Valuation date	January 1, 2020
Measurement date	September 30, 2019
Actuarial cost method	Entry age normal
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 ten years.
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Discount rate	7.375%
Inflation rate	2.25%
Net investment rate of return	7.375%
Projected salary increase	2.25% plus service based merit increases
Cost of living adjustments	Not applicable
Postretirement benefit increase	Not applicable

The underlying mortality assumptions and all other actuarial assumptions used in the January 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2019. Further details of the experience study can be obtained by contacting the Georgia Municipal Association.

City of Guyton, Georgia
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

Note 11 - Pension (continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.375%. The discount rate remained unchanged since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 September 30, 2019 (see the discussion of the pension plan's investment policy) are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	45%	6.41%
International equity	20%	6.96%
Domestic fixed income	20%	1.96%
Real estate	10%	4.76%
Global fixed income	5%	3.06%
Cash	0%	
Total	<u>100%</u>	

Changes in Net Pension Liability

The changes in the Net Pension Liability for the plan are as follows:

	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability/ (Asset)</u>
Balances as of September 30, 2018	\$ 497,795	\$ 635,384	\$ (137,589)
Changes for the year:			
Service cost	9,549		9,549
Interest	36,646		36,646
Differences between expected and actual experience	(3,835)		(3,835)

City of Guyton, Georgia
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

Note 11 - Pension (continued)

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/ (Asset)
Contributions - employer		5,480	(5,480)
Net investment income		17,498	(17,498)
Benefit payments	(37,462)	(37,462)	0
Administrative expense		(3,305)	3,305
Changes of assumptions	13,429		13,429
Net changes	<u>18,327</u>	<u>(17,789)</u>	<u>36,116</u>
Balances as of September 30, 2019	\$ <u>516,122</u>	\$ <u>617,595</u>	\$ <u>(101,473)</u>

Sensitivity of the Net Pension Liability (Asset) to changes in the discount rate is as follows:

	Discount Rate	
1% Decrease (6.375%)	(7.375%)	1% Increase (8.375%)
\$ (49,459)	\$ (101,473)	\$ (145,847)

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2020, the City recognized negative pension expense of \$16,688. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$ (42,786)
Pension contributions subsequent to measurement date	\$ 2,076	
Changes of assumptions	14,220	(829)
Net difference between projected and actual earnings on pension plan investments		(4,137)
Total	<u>\$ 16,296</u>	<u>\$ (47,752)</u>

The remainder of this page is intentionally left blank.

City of Guyton, Georgia
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

Note 11 - Pension (continued)

\$2,076 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ended June 30, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30:	
2021	\$ (28,456)
2022	(10,834)
2023	(9)
2024	<u>5,767</u>
	<u>\$ (33,532)</u>

Note 12 - Net Investment in Capital Assets

Net investment in capital assets on the government-wide statement of net position as of June 30, 2020, are as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Cost of capital assets	\$ 4,330,675	\$ 16,134,095
Less accumulated depreciation	<u>2,413,774</u>	<u>3,490,670</u>
Book value	<u>1,916,901</u>	<u>12,643,425</u>
Less capital related debt		
Total debt	147,095	8,635,000
Less bond proceeds held in escrow for sewer system expansion		(432,251)
	<u>147,095</u>	<u>8,202,749</u>
Net investment in capital assets	<u>\$ 1,769,806</u>	<u>\$ 4,440,676</u>

The remainder of this page is intentionally left blank.

City of Guyton, Georgia
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

Note 13 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and errors or omissions; and workers compensation for which the City carries the following insurance coverages.

The City joined the Georgia Interlocal Risk Management Agency (GIRMA). Insurance coverage and deductible options for property, casualty and crime under the policy are selected by the City's management based on the anticipated needs. The City is required to pay all premiums, applicable deductibles and assessments billed by GIRMA, as well as following loss reduction and prevention procedures established by GIRMA. GIRMA's responsibility includes paying claims, and representing the city in defense and settlement of claims. GIRMA's basis for estimating the liabilities for unpaid claims is "IBNR" established by an actuary. The City has not compiled a record of claims paid up to the applicable deductible for the prior year or the current fiscal year. The City is unaware of any claims for which the City is liable (up to the applicable deductible) which were outstanding and unpaid at June 30, 2020. No provisions have been made in the financial statements for the year ended June 30, 2020, for any estimate of potential unpaid claims.

The City has elected to be a member of the Georgia Municipal Association Workers' Compensation Self-Insurance Fund (the Fund). As a participant in the Fund, the City has no legal obligation to pay its own workers' compensation claims. The City is required to make an annual contribution to the Fund 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. However, the enabling statute creating the Fund permits the Fund to levy an assessment upon its members to make up any deficiency the Fund may have in surplus or reserves. No amount has been recorded in the financial statements for this contingency as management believes the likelihood for assessment is remote.

Note 14 - Commitments and Contingencies

Operating leases - The following is a schedule by years of future minimum rental payments under an operating lease which has noncancelable lease terms as of June 30, 2020.

For the year ended June 30,		
2021	\$	1,246
2022		806
2023		806
2024		672
	\$	<u>3,530</u>

Lease expense relating to operating leases was \$2,775 for 2020.

City of Guyton, Georgia
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

Note 14 - Commitments and Contingencies (continued)

Federal Grant Audits - The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the City believes such disallowances, if any, will be immaterial.

Note 15 - Joint Ventures

Under Georgia law, the City, in conjunction with other cities and counties in the coastal Georgia area, is a member of the Coastal Regional Commission of Georgia (CRC) and is required to pay annual dues thereto. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the CRC in Georgia. The CRC board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a CRC. Separate financial statements may be obtained from Coastal Regional Commission of Georgia, 1181 Coastal Drive SW, Darien, GA 31305.

Note 16 - Subsequent Events

Subsequent events have been evaluated by management through March 22, 2021, which is the date the financial statements were available to be issued. The COVID-19 outbreak in the United States has caused business disruptions through mandated and voluntary closings. The related impact on the City and duration cannot be reasonably estimated at this time.

Required Supplementary Information

City of Guyton, Georgia
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2020

	Original and Final		Variance Positive
	Budget	Actual	(Negative)
Revenues			
Taxes	\$ 764,908	\$ 893,293	\$ 128,385
Licenses and permits	63,529	100,320	36,791
Intergovernmental	106,435	42,925	(63,510)
Charges for services	200,961	221,982	21,021
Fines and forfeitures	30,793	7,448	(23,345)
Investment earnings		1,450	1,450
Miscellaneous	10,509	8,047	(2,462)
Total revenues	<u>1,177,135</u>	<u>1,275,465</u>	<u>98,330</u>
Expenditures			
Current:			
General government			
Administration	341,852	476,709	(134,857)
Other governmental services	97,434	113,553	(16,119)
Public Safety - police	237,852	212,168	25,684
Public works			
Streets and lanes	319,804	241,670	78,134
Sanitation	178,109	203,699	(25,590)
Parks and recreation			
Leisure services	6,909	12,290	(5,381)
Historic preservation	2,175	1,512	663
Total expenditures	<u>1,184,135</u>	<u>1,261,601</u>	<u>(77,466)</u>
Excess (deficit) of revenues to expenditures	(7,000)	13,864	20,864
Other financing sources (uses)			
Proceeds from sale of capital assets	<u>7,000</u>	<u>1,903</u>	<u>(5,097)</u>
Net change in fund balances	\$ <u>0</u>	15,767	\$ <u>15,767</u>
Fund balance beginning of year		<u>1,163,113</u>	
Fund balance end of year		<u>\$ 1,178,880</u>	

See the accompanying notes to the required supplementary information.

City of Guyton, Georgia
Notes to the Required Supplementary Information
Budget to Actual Comparisons
For the Year Ended June 30, 2020

Note 1 - Budgetary Information

The City adopts an annual operating budget for the general fund, each special revenue fund, and each capital projects fund.

All budgets are adopted on a basis consistent with GAAP.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund.

The City Manager may approve budget transfers within departments. Any changes to a fund total or departmental appropriation within a fund requires approval of the City Council. During the year, the City Council did not approve any such budget revisions.

All unexpended annual appropriations lapse at year-end.

	<u>Financial Statement</u>	<u>Budgetary Adjustment</u>	<u>Budget</u>
General fund			
General government - Administration	\$ 458,445	\$ 18,264	\$ 476,709
Debt service			
Principal	15,309	(15,309)	0
Interest and fiscal charges	<u>2,955</u>	<u>(2,955)</u>	<u>0</u>
	<u>\$ 476,709</u>	<u>\$ 0</u>	<u>\$ 476,709</u>

City of Guyton, Georgia
Schedule of Changes in the Net Pension Liability and Related Ratios
Defined Benefit Pension Plan
For the Year Ended June 30, 2020

	2020	2019	2018	2017	2016	2015
Total pension liability						
Service cost	\$ 9,549	\$ 11,861	\$ 13,551	\$ 17,751	\$ 14,276	\$ 14,706
Interest	36,646	36,788	36,222	35,225	38,030	35,985
Difference between expected and actual experience	(3,835)	(15,664)	(21,062)	(19,089)	(72,387)	(10,856)
Changes in assumptions	13,429		8,297			(5,805)
Benefit payments, including refunds of employee contributions	(37,462)	(27,659)	(23,829)	(18,225)	(13,994)	(1,302)
Net change in total pension liability	18,327	5,326	13,179	15,662	(34,075)	32,728
Total pension liability - beginning	497,795	492,469	479,290	463,628	497,703	464,975
Total pension liability - ending	<u>\$ 516,122</u>	<u>\$ 497,795</u>	<u>\$ 492,469</u>	<u>\$ 479,290</u>	<u>\$ 463,628</u>	<u>\$ 497,703</u>
Plan fiduciary net position						
Contributions - employer	\$ 5,480	\$ 14,943	\$ 21,054	\$ 24,327	\$ 31,224	\$ 25,814
Net investment income	17,498	58,450	78,366	52,094	4,677	43,717
Benefit payments, including of employee contributions	(37,462)	(27,659)	(23,829)	(18,225)	(13,994)	(1,302)
Administrative expense	(3,305)	(3,512)	(3,835)	(1,937)	(2,004)	(1,618)
Net change in fiduciary net position	(17,789)	42,222	71,756	56,259	19,903	66,611
Plan fiduciary net position - beginning	635,384	593,162	521,406	465,147	445,244	378,633
Plan fiduciary net position - ending	<u>\$ 617,595</u>	<u>\$ 635,384</u>	<u>\$ 593,162</u>	<u>\$ 521,406</u>	<u>\$ 465,147</u>	<u>\$ 445,244</u>
Net pension (asset) liability- ending	<u>\$ (101,473)</u>	<u>\$ (137,589)</u>	<u>\$ (100,693)</u>	<u>\$ (42,116)</u>	<u>\$ (1,519)</u>	<u>\$ 52,459</u>
Plan fiduciary net position as a percentage of total pension liability	119.66%	127.64%	120.45%	108.79%	100.33%	89.46%
Covered employee payroll	239,552	264,482	239,257	259,344	307,296	301,617
Net position asset as a percentage of covered-employee payroll	-42.36%	-52.02%	-42.09%	-16.24%	-0.49%	17.39%

Changes in assumptions

Amounts reported for the fiscal year ending in 2020 and later reflect the following changes based on an actuarial study conducted in November and December of 2019:

The mortality table for healthy retirees and beneficiaries was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year for females to the sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.

The mortality table for disabled participants was changed from the sex-distinct RP-2000 Disabled Retiree Mortality Table to the sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.

The mortality table for active participants, terminated vested participants, and deferred beneficiaries was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year for females to the sex-distinct Pri-2012 head-count weighted Employee Mortality Table.

Future mortality improvement is based on projecting generationally from 2012 using 60% of the sex-distinct Scale SSA2019. Previously future mortality improvements were not explicitly projected.

The prior retirement assumption was based on the Plan's normal retirement eligibility. If normal retirement eligibility was only available on or after age 65, the prior assumption was 60% at ages 65 to 69 and 100% at age 70 and older. If normal retirement eligibility was available prior to age 65, the rates were 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70 and older as long as a participant was at least eligible for early retirement.

The new assumption relates to when a given participant is eligible for normal retirement (either regular normal retirement or alternative normal retirement). Retirement rates do not apply if a participant is not eligible for either early or normal retirement. The retirement rates where normal retirement is available on or after age 65 are 5% at ages 55 to 59, 7% at ages 60 and 61, 20% at age 62, 10% at ages 63 and 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older.

City of Guyton, Georgia
Schedule of Changes in the Net Pension Liability and Related Ratios
Defined Benefit Pension Plan
For the Year Ended June 30, 2020

Changes in assumptions (continued)

Where normal retirement is available to a given participant at age 62, 63, or 64, the new retirement rates are 3% when first eligible for early retirement through age 60, 10% at ages 61 to 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 30%.

Where normal retirement is available at age 60 or 61, the new retirement rates are 3% when first eligible for early retirement through age 59, 10% at ages 60 to 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 20%.

Where normal retirement is available prior to age 60, the new retirement rates are 3% when first eligible for early retirement through the year prior to normal retirement eligibility, 10% from normal retirement eligibility through age 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 10%.

The turnover rates were changed from the greater of age-based rates and select rates for the first five years of service followed by age-based rates thereafter to service-based rates only.

The disability rates were changed to 50% of the rates in the prior age-based table.

The inflation assumption was decreased from 2.75% to 2.25%

The salary increase assumption was changed from a service-based salary scale starting at 8.25% for the first two years of service with an ultimate rate of 3.25% at ten years of service to a service-based scale starting at 8.50% for the first two years of service with an ultimate rate of 3.00% at 15 years of service.

The investment return assumption was decreased from 7.5% to 7.375%

Benefit changes

There were no changes in benefit provisions in the last two fiscal years.

The City implemented GASB 68 for the fiscal year ended June 30, 2015. In time, this schedule will present the required ten years of data.

Other Supplementary Information

City of Guyton, Georgia
General Fund
Comparative Balance Sheet
June 30, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	\$ 967,023	\$ 758,014
Receivables:		
Accounts	24,530	10,625
Taxes	61,560	58,897
Intergovernmental		34,025
Interfund balances	271,605	405,135
Prepaid items	16,789	36,187
Total assets	\$ 1,341,507	\$ 1,302,883
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities		
Accounts payable	\$ 110,817	\$ 95,539
Accrued salaries and wages	8,149	2,703
Unearned revenues	25,907	25,908
Interfund balances	6,463	6,987
Total liabilities	151,336	131,137
Deferred inflows of resources - property taxes	11,291	8,633
Total liabilities and deferred inflows of resources	162,627	139,770
Fund balances		
Nonspendable - prepaid items	16,789	36,187
Restricted for capital projects		72,410
Unassigned	1,162,091	1,054,516
Total fund balances	1,178,880	1,163,113
Total liabilities and fund balances	\$ 1,341,507	\$ 1,302,883

City of Guyton, Georgia
General Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenues		
Taxes	\$ 893,293	\$ 739,055
Licenses and permits	100,320	63,633
Intergovernmental	42,925	41,123
Charges for services	221,982	197,102
Fines and forfeitures	7,448	49,280
Investment income	1,450	1,467
Miscellaneous	8,047	38,018
Total revenues	<u>1,275,465</u>	<u>1,129,678</u>
Expenditures		
Current:		
General government		
Administration	458,445	338,492
Other governmental services	113,553	180,792
Public safety - police	212,168	203,413
Public works		
Streets and lanes	241,670	177,807
Sanitation	203,699	171,239
Parks and recreation		
Leisure services	12,290	22,261
Historic preservation	1,512	78
Debt service:		
Principal	15,309	14,731
Interest	2,955	3,534
Total expenditures	<u>1,261,601</u>	<u>1,112,347</u>
Excess of revenues to expenditures	13,864	17,331
Other financing sources		
Proceeds from sale of capital assets	<u>1,903</u>	
Net change in fund balances	15,767	17,331
Fund balances beginning of year	<u>1,163,113</u>	<u>1,145,782</u>
Fund balances end of year	<u>\$ 1,178,880</u>	<u>\$ 1,163,113</u>

City of Guyton, Georgia
SPLOST Capital Projects Fund
Comparative Balance Sheet
June 30, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	\$ 972,700	\$ 901,986
Receivables - intergovernmental - county	52,262	72,635
Interfund balances	29,391	
Total assets	\$ 1,054,353	\$ 974,621
Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities		
Interfund balances	\$ 44,696	\$ 7,016
Deferred Inflows of Resources		
Intergovernmental - county		609
Total liabilities and deferred inflows of resources	44,696	7,625
Fund Balance		
Restricted for capital projects	1,009,657	966,996
Total liabilities, deferred inflows of resources and fund balance	\$ 1,054,353	\$ 974,621

City of Guyton, Georgia
SPLOST Capital Projects Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
For the years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenues		
Intergovernmental - County	\$ <u>305,944</u>	\$ <u>293,269</u>
Expenditures		
Capital Outlays:		
General government - administration		1,800
Public safety - police		9,543
Public works - streets	226,017	12,720
Parks and recreation - leisure services	<u>36,500</u>	<u>14,778</u>
Total expenditures	<u>262,517</u>	<u>38,841</u>
Excess of revenues over expenditures	43,427	254,428
Other financing uses		
Interfund transfers	<u>(766)</u>	<u>(82,088)</u>
Net change in fund balance	42,661	172,340
Fund balance beginning of year	<u>966,996</u>	<u>794,656</u>
Fund balance end of year	<u>\$ <u>1,009,657</u></u>	<u>\$ <u>966,996</u></u>

City of Guyton Georgia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	<u>Fire</u>	<u>Construction Trust</u>	<u>Debt Service Trust</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 249,590	\$ 432,251	\$ 142,090	\$ 823,931
Interfund balances	6,463			6,463
Prepaid expenses	2,917			2,917
Total assets	<u>\$ 258,970</u>	<u>\$ 432,251</u>	<u>\$ 142,090</u>	<u>\$ 833,311</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 27,443			\$ 27,443
Interfund balances	25,986			25,986
Total liabilities	<u>53,429</u>	<u>0</u>	<u>0</u>	<u>53,429</u>
Fund Balances				
Nonspendable - prepaid items	2,917			2,917
Restricted for public safety	202,624			202,624
Restricted for capital projects		\$ 432,251		432,251
Restricted for debt service			\$ 142,090	142,090
Total fund balances	<u>205,541</u>	<u>432,251</u>	<u>142,090</u>	<u>779,882</u>
Total liabilities and fund balances	<u>\$ 258,970</u>	<u>\$ 432,251</u>	<u>\$ 142,090</u>	<u>\$ 833,311</u>

City of Guyton, Georgia
Combining Statement of Revenues, Expenses and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	<u>Fire</u>	<u>Construction Trust</u>	<u>Debt Service Trust</u>	<u>Total</u>
Revenues				
Charges for service	\$ 94,346			\$ 94,346
Investment income		\$ 29	\$ 12	41
Total revenues	<u>94,346</u>	<u>29</u>	<u>12</u>	<u>94,387</u>
Expenditures				
Current:				
Public Safety	59,121			59,121
Debt service:				
Principal	19,519			19,519
Interest	5,240	110		5,350
Total expenditures	<u>83,880</u>	<u>110</u>	<u>0</u>	<u>83,990</u>
Excess (deficit) of revenues to expenditures	<u>10,466</u>	<u>(81)</u>	<u>12</u>	<u>10,397</u>
Other financing sources (uses)				
Interfund transfer to water and sewer fund			(599)	(599)
Net change in fund balances	10,466	(81)	(587)	9,798
Fund balances beginning of year	<u>195,075</u>	<u>432,332</u>	<u>142,677</u>	<u>770,084</u>
Fund balances end of year	<u>\$ 205,541</u>	<u>\$ 432,251</u>	<u>\$ 142,090</u>	<u>\$ 779,882</u>

City of Guyton, Georgia
Fire Fund
Comparative Balance Sheet
June 30, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	\$ 249,590	\$ 183,572
Receivables:		
Interfund	6,463	6,987
Prepaid expenses	2,917	6,520
Total assets	\$ 258,970	\$ 197,079
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities:		
Accounts payable	\$ 27,443	\$ 1,412
Accrued salaries and wages		592
Interfund balances	25,986	
Total liabilities	53,429	2,004
Total liabilities and deferred inflows of resources	53,429	2,004
Fund balances		
Nonspendable - prepaid items	2,917	6,520
Restricted for public safety	202,624	188,555
Total fund balances	205,541	195,075
Total liabilities, deferred inflows of resources and fund balances	\$ 258,970	\$ 197,079

City of Guyton, Georgia
Fire Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020
(With comparative Actual Amounts for the Year Ended June 30, 2019)

	Original and Final Budget	Actual	Variance Positive (Negative)	2019
Revenues				
Taxes	\$ 63,000		\$ (63,000)	
Intergovernmental revenues				\$ 66,266
Charges for service	88,580	\$ 94,346	5,766	86,744
Miscellaneous	3,500		(3,500)	376
Total revenues	<u>155,080</u>	<u>94,346</u>	<u>(60,734)</u>	<u>153,386</u>
Expenditures				
Current:				
Public Safety	155,080	59,121	95,959	86,972
Debt service:				
Principal		19,519	(19,519)	8,453
Interest		5,240	(5,240)	3,693
Total expenditures	<u>155,080</u>	<u>83,880</u>	<u>71,200</u>	<u>99,118</u>
Excess of revenues to expenditures	\$ 0	10,466	\$ 10,466	54,268
Fund balances beginning of year		<u>195,075</u>		<u>140,807</u>
Fund balances end of year		<u>\$ 205,541</u>		<u>\$ 195,075</u>

City of Guyton, Georgia
Construction Trust Capital Projects Fund
Comparative Balance Sheet
June 30, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	\$ <u>432,251</u>	\$ <u>432,332</u>
Fund Balance		
Fund Balance		
Restricted for capital projects	\$ <u>432,251</u>	\$ <u>432,332</u>
Total liabilities and fund balance	\$ <u>432,251</u>	\$ <u>432,332</u>

City of Guyton, Georgia
Construction Trust Capital Projects Fund
Comparative Schedule of Revenues, Expenditures and
Changes in Fund Balance
For the years ended June 30, 2020 and 2019

	2020	2019
Revenues		
Investment income	\$ <u>29</u>	\$ <u>40</u>
Expenditures		
Debt Service		
Interest and fiscal charges	<u>110</u>	<u>60</u>
Deficit of revenues to expenditures	(81)	(20)
Other financing uses		
Interfund transfer to Water and Sewer Fund	<u></u>	<u>(26,759)</u>
Net change in fund balance	(81)	(26,779)
Fund balance beginning of year	<u>432,332</u>	<u>459,111</u>
Fund balance end of year	<u>\$ 432,251</u>	<u>\$ 432,332</u>

City of Guyton, Georgia
Debt Service Trust Fund
Comparative Balance Sheet
June 30, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	\$ <u>142,090</u>	\$ <u>142,677</u>
Liabilities and Fund Balance		
Fund Balance		
Restricted for debt service	\$ <u>142,090</u>	\$ <u>142,677</u>

City of Guyton, Georgia
Debt Service Trust Fund
Comparative Schedule of Revenues, Expenditures and
Changes in Fund Balance
For the years ended June 30, 2020 and 2019

	2020	2019
Revenues		
Investment income	\$ 12	\$ 12
Expenditures	0	0
Excess of revenues to expenditures	12	12
Other financing sources (uses)		
Transfers from other funds to fund debt service when due		
From water and sewer fund	419,951	405,750
Transfer to water and sewer fund to fund debt service payments	(420,550)	(396,850)
Total other financing sources	(599)	8,900
Net change in fund balance	(587)	8,912
Fund balance beginning of year	142,677	133,765
Fund balance end of year	\$ 142,090	\$ 142,677

City of Guyton, Georgia
Water and Sewer Fund
Comparative Statement of Net Position
June 30, 2020 and 2019

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents - unrestricted	\$ 1,221,545	\$ 865,316
Receivables:		
Accounts	130,066	41,374
Other		46,560
Prepaid expenses	4,190	7,816
Total current assets	1,355,801	961,066
Noncurrent assets:		
Capital assets:		
Nondepreciable capital assets	2,127,513	2,127,513
Depreciable capital assets, net	10,515,912	10,806,371
Total noncurrent assets	12,643,425	12,933,884
Total assets	13,999,226	13,894,950
Deferred outflows of resources		
Deferred charge on refunding of bonds	381,927	407,136
Liabilities		
Current Liabilities:		
Accounts payable	43,523	29,739
Accrued salaries and wages	319	1,275
Accrued interest payable	107,399	108,518
Interfund balances	230,314	398,119
Compensated absences	107	76
Notes payable	90,000	90,000
Total current liabilities	471,662	627,727
Long-term liabilities:		
Notes payable (net of current portion)	8,545,000	8,635,000
Premium on notes payable (net of amortization)	442,920	482,334
Total long-term liabilities	8,987,920	9,117,334
Total liabilities	9,459,582	9,745,061
Net Position		
Invested in capital assets, net of related debt	4,440,676	4,641,216
Unrestricted	480,895	(84,191)
Total net position	\$ 4,921,571	\$ 4,557,025

City of Guyton, Georgia
Water and Sewer Fund
Comparative Statement of Revenues,
Expenses and Changes in Net Position
For the years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating revenues		
Charges for services	\$ 1,132,623	\$ 774,456
Connection fees	365,300	173,375
Miscellaneous	90,899	85,480
Total operating revenues	<u>1,588,822</u>	<u>1,033,311</u>
Operating expenses		
Salaries	100,662	133,643
Payroll taxes	8,241	12,002
Professional fees	217,763	150,535
Utilities	62,047	55,097
Maintenance - repairs	40,121	40,335
Supplies	31,434	33,071
Postage	5,467	6,942
Chlorine	4,975	1,865
Insurance	22,551	19,142
Bad debts	49,183	14,834
Other	29,076	24,296
Depreciation	339,219	342,363
Total operating expenses	<u>910,739</u>	<u>834,125</u>
Operating income	<u>678,083</u>	<u>199,186</u>
Non-operating revenues (expenses)		
Gain on sale of timber		56,413
Gain on sale of capital assets	314	
Investment earnings	11	16
Interest expense	(315,227)	(317,876)
Total non-operating revenues (expenses)	<u>(314,902)</u>	<u>(261,447)</u>
Income (loss) before transfers	<u>363,181</u>	<u>(62,261)</u>
Interfund transfers		
Transfer from SPLOST fund	766	82,088
Transfer from 2015 CDBG fund		25
Transfer from construction trust fund		26,759
Transfer to debt service fund (to provide debt service funding)	(419,951)	(405,750)
Transfer from debt service fund (debt service payments)	420,550	396,850
Total interfund transfers	<u>1,365</u>	<u>99,972</u>
Change in net position	364,546	37,711
Net position beginning of year	<u>4,557,025</u>	<u>4,519,314</u>
Net position end of year	<u>\$ 4,921,571</u>	<u>\$ 4,557,025</u>

City of Guyton, Georgia
Schedule of Projects Paid with
Special Purpose Local Option Sales Tax Proceeds
For the Year Ended June 30, 2020

	Original Estimated Cost	Revised Estimated Cost	Prior Years	Current Year	Total	Percentage Complete
2006 Effingham County SPLOST						
Streets	\$ 488,000	\$ 385,804	\$ 350,728	\$ 35,076	\$ 385,804	100.00%
Recreation	244,000	125,947	89,447	36,500	125,947	100.00%
Water and sewerage	488,000	500,758	500,758		500,758	100.00%
Total	<u>\$ 1,220,000</u>	<u>\$ 1,012,509</u>	<u>\$ 940,933</u>	<u>\$ 71,576</u>	<u>\$ 1,012,509</u>	
Funds remaining at June 30, 2020					<u>\$ 0</u>	
2012 Effingham County SPLOST						
Roads, streets and bridges	\$ 513,864	\$ 513,864		\$ 190,941	\$ 190,941	37.16%
Public safety	26,352	26,352	\$ 19,994		19,994	75.87%
Recreation	250,344	250,344				0.00%
Water and sewer	527,040	527,040	403,731	766	404,497	76.75%
Total	<u>\$ 1,317,600</u>	<u>\$ 1,317,600</u>	<u>\$ 423,725</u>	<u>\$ 191,707</u>	<u>\$ 615,432</u>	
Funds remaining at June 30, 2020					<u>\$ 112,956</u>	
2017 Effingham County SPLOST						
Streets and lanes	\$ 676,800	\$ 676,800				0.00%
Public safety	676,800	676,800				0.00%
Recreation	112,800	112,800				0.00%
Technology	112,800	112,800	\$ 10,837		\$ 10,837	9.61%
Water and sewer	676,800	676,800				0.00%
Total	<u>\$ 2,256,000</u>	<u>\$ 2,256,000</u>	<u>\$ 10,837</u>	<u>\$ 0</u>	<u>\$ 10,837</u>	
Funds remaining at June 30, 2020					<u>\$ 896,701</u>	

LANIER, DEAL & PROCTOR

WILLIAM RUSSELL LANIER, CPA
RICHARD N. DEAL, CPA, CGMA
KAY S. PROCTOR, CPA, CFE, CGMA
WILLIAM BLAKE BLOSER, CPA
TIFFANY D. JENKINS, CPA, CGMA
RICHARD N. DEAL II, CPA

CERTIFIED PUBLIC ACCOUNTANTS
201 SOUTH ZETTEROWER AVENUE
P.O. BOX 505
STATESBORO, GEORGIA 30459
PHONE (912) 489-8756
FAX (912) 489-1243

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
GEORGIA SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

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 City Council
City of Guyton, 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, each major fund, and the aggregate remaining fund information of the City of Guyton, Georgia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise City of Guyton, Georgia's basic financial statements, and have issued our report thereon dated March 22, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Guyton, 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 Guyton, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Guyton, Georgia's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Guyton, 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*.

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.

Janier, Deal + Proctor

Statesboro, Georgia
March 22, 2021