

***CITY OF GUYTON, GEORGIA***  
***AUDITED FINANCIAL STATEMENTS***  
***FOR THE YEAR ENDED***  
***JUNE 30, 2018***

**City of Guyton, Georgia  
 Audit of Financial Statements  
 For the Year Ended June 30, 2018**

**TABLE OF CONTENTS**

<b>Financial Section</b>	<b>Page</b>
<b>Independent Auditors' Report</b>	3
<b>Basic Financial Statements</b>	
<b>Government-wide Financial Statements:</b>	
Statement of Net Position	6
Statement of Activities	7
<b>Fund Financial Statements:</b>	
<b>Governmental Funds:</b>	
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
<b>Proprietary Funds:</b>	
Statement of Net Position	12
Statement of Revenues, Expenses, and Changes in Net Position	13
Statement of Cash Flows	14
<b>Notes to the Basic Financial Statements</b>	16
<b>Required Supplementary Information</b>	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	41
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Fire Fund	42
Notes to the Required Supplementary Information - Budget to Actual Comparisons	43
Defined Benefit Plan -	
Schedule of Changes in the Net Pension Liability and Related Ratios	44
Schedule of Contributions	45
<b>Other Supplementary Information</b>	
<b>Individual Fund Statements and Schedules:</b>	
<b>Governmental Funds (Major funds)</b>	
<b>General Fund:</b>	
Comparative Balance Sheet	46
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance	47

**City of Guyton, Georgia  
Audit of Financial Statements  
For the Year Ended June 30, 2018**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>Other Supplementary Information (continued)</b>	
<b>Fire Fund (Special Revenue Fund):</b>	
Comparative Balance Sheet	48
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance	49
<b>SPLOST Capital Projects Fund</b>	
Comparative Balance Sheet	50
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance	51
<b>Construction Trust Capital Projects Fund</b>	
Comparative Balance Sheet	52
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance	53
<b>2015 CDBG Capital Projects Fund</b>	
Comparative Balance Sheet	54
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance	55
 <b>Governmental Funds (Non-major funds)</b>	
<b>Combining Non-major Governmental Funds:</b>	
Combining Balance Sheet	56
Combining Schedule of Revenues, Expenses and Changes in Fund Balance	57
 <b>Non-major debt service funds:</b>	
<b>Debt Service Trust Fund</b>	
Comparative Balance Sheet	58
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance	59
<b>Debt Service Reserve Trust Fund</b>	
Comparative Balance Sheet	60
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance	61
 <b>Proprietary Funds</b>	
<b>Water and Sewer Fund (major)</b>	
Comparative Schedule of Net Position	62
Comparative Schedule of Revenues, Expenses and Changes in Net Position	63
 <b>Other Schedules</b>	
Schedule of Projects Constructed with Special Purpose Local Option Sales Tax Proceeds	64
 <b>Government Auditing Standards Section</b>  	
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>	65
Schedule of Findings and Responses	67



Caines, Hodges & Company, P.C.  
200 E. Saint Julian Street • Suite 603  
Savannah, GA 31401  
Tel: (912) 233-6383  
www.caineshodges.com

Member American Institute of Certified Public Accountants  
And Georgia Society of Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council  
City of Guyton, Georgia

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Guyton, Georgia (the City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' 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 City of Guyton, Georgia, as of June 30, 2018, 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 41 through 43, and the schedule of changes in net pension liability and related ratios, and schedule of contributions on pages 44 and 45 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 presented 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 this missing information.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Guyton, Georgia's basic financial statements. The combining and individual fund financial statements with comparative and budgetary information and other schedules including the Schedule of Projects Constructed with Special Local Option Sales Tax Proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements with comparative and budgetary information, and other schedules, including the Schedule of Projects Constructed with Special 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 financial statements with comparative and budgetary information, and other schedules, including the Schedule of Projects Constructed with Special 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 December 21, 2018, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Guyton, Georgia's internal control over financial reporting and compliance.

*Cainw Hodges & Company, P.C.*

December 21, 2018

City of Guyton, Georgia  
Statement of Net Position  
June 30, 2018

		Primary Government		
		Governmental Activities	Business-type Activities	Total
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents		\$ 775,766	\$ 577,056	\$ 1,352,822
Receivables:				
Accounts			105,111	105,111
Taxes		99,883		99,883
Intergovernmental		76,829	2,948	79,777
Interfund		294,020	(294,020)	0
Prepaid items		29,058	8,163	37,221
<b>Restricted assets:</b>				
Cash and cash equivalents		1,492,471		1,492,471
<b>Capital assets:</b>				
Nondepreciable capital assets		199,901	2,127,513	2,327,414
Depreciable capital assets, net		1,642,229	11,021,724	12,663,953
<b>Other assets:</b>				
Net pension asset		100,693		100,693
<b>Total assets</b>		4,710,850	13,548,495	18,259,345
<b>Deferred outflows of resources</b>				
Pension:				
Contributions after measurement date		13,413		13,413
Changes in assumptions		6,915		6,915
Deferred charge on refunding of bonds			432,567	432,567
<b>Total deferred outflows of resources</b>		20,328	432,567	452,895
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable		35,938	37,824	73,762
Accrued salaries and wages		4,960	906	5,866
Accrued interest payable		280	109,327	109,607
Unearned revenue		25,908		25,908
Compensated absences payable		5,424	2,761	8,185
Bonds payable			65,000	65,000
Capital leases payable		23,445		23,445
<b>Long-term liabilities:</b>				
Bonds payable (net of current portion)			8,725,000	8,725,000
Premium on notes payable (net of amortization)			520,930	520,930
Capital leases payable (net of current portion)		181,662		181,662
<b>Total liabilities</b>		277,617	9,461,748	9,739,365
<b>Deferred inflows of resources</b>				
Pension:				
Difference between projected and actual earnings on plan investments		30,632		30,632
Difference between expected and actual experience		71,126		71,126
Changes of assumptions		2,487		2,487
<b>Total deferred inflows of resources</b>		104,245	0	104,245
<b>Net Position</b>				
Net investment in capital assets		1,637,023	4,818,348	6,455,371
Restricted for:				
Capital projects		1,253,792		1,253,792
Debt service		133,765		133,765
Public safety		140,807		140,807
Unrestricted		1,183,929	(299,034)	884,895
<b>Total net position</b>		\$ 4,349,316	\$ 4,519,314	\$ 8,868,630

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





City of Guyton, Georgia  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2018*

	General	Special Revenue Fund - Fire	Capital Projects Funds			Other Governmental Funds	Total Governmental Funds
			SPLOST	Construction Trust	2015 CDBG		
<b>Assets</b>							
Cash and cash equivalents							
Unrestricted	\$ 775,766						\$ 775,766
Restricted		\$ 141,050	\$ 758,520	\$ 459,111	\$ 25	\$ 133,765	1,492,471
Receivables							
Taxes	99,883						99,883
Intergovernmental	19,288	9,762	47,779				76,829
Interfund balances	307,374						307,374
Prepaid items	22,614	6,444					29,058
<b>Total assets</b>	<u>\$ 1,224,925</u>	<u>\$ 157,256</u>	<u>\$ 806,299</u>	<u>\$ 459,111</u>	<u>\$ 25</u>	<u>\$ 133,765</u>	<u>\$ 2,781,381</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 31,853	\$ 4,085					\$ 35,938
Accrued salaries and wages	4,069	891					4,960
Interfund balances		1,711	\$ 11,643				13,354
Unearned revenues	25,908						25,908
<b>Total liabilities</b>	<u>61,830</u>	<u>6,687</u>	<u>11,643</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>54,252</u>
<b>Deferred inflows of resources</b>							
Property taxes	8,737						8,737
Intergovernmental	8,576	9,762					18,338
<b>Total deferred inflows of resources</b>	<u>17,313</u>	<u>9,762</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>27,075</u>
<b>Total liabilities and deferred inflows of resources</b>	<u>79,143</u>	<u>16,449</u>	<u>11,643</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>107,235</u>
<b>Fund balances</b>							
Nonspendable - prepaid items	22,614	6,444					29,058
Restricted for:							
Capital projects	38,384		794,656	459,111	25		1,292,176
Debt service						133,765	133,765
Public safety		134,363					134,363
Unassigned	1,084,784						1,084,784
<b>Total fund balances</b>	<u>1,145,782</u>	<u>140,807</u>	<u>794,656</u>	<u>459,111</u>	<u>25</u>	<u>133,765</u>	<u>2,674,146</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 1,224,925</u>	<u>\$ 157,256</u>	<u>\$ 806,299</u>	<u>\$ 459,111</u>	<u>\$ 25</u>	<u>\$ 133,765</u>	<u>\$ 2,781,381</u>

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, 2018**

**Total governmental fund balances** \$ 2,674,146

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

Revenues are deferred in the governmental funds because they are not available but they are reported as revenue in the statement of activities:

Property taxes	8,737
Intergovernmental	18,338

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	\$ 4,083,800	
Less accumulated depreciation	<u>(2,241,670)</u>	1,842,130

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, 2018 are:

Deferred outflows	20,328
Deferred inflows	(104,245)

Accrued interest on long-term debt is not reported at the fund financial reporting level, but is reported at the government-wide reporting level.

(280)

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	\$ (205,107)	
Compensated absences	(5,424)	
Net pension asset	<u>100,693</u>	<u>(109,838)</u>

**Net position of governmental activities** \$ 4,349,316

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, 2018**

	General	Special Revenue Fund - Fire	Capital Projects Funds			Other Governmental Funds	Total Governmental Funds
			SPLOST	Construction Trust	2015 CDBG		
<b>Revenues</b>							
Taxes	\$ 719,315						\$ 719,315
Licenses and permits	82,793						82,793
Intergovernmental	84,160	\$ 113,490	\$ 308,325		\$ 363,678		869,653
Charges for services	181,707	48,979					230,686
Fines and forfeitures	49,888						49,888
Investment income	2,629			\$ 74		\$ 10	2,713
Miscellaneous	17,220	735					17,955
<b>Total revenues</b>	<u>1,137,712</u>	<u>163,204</u>	<u>308,325</u>	<u>74</u>	<u>363,678</u>	<u>10</u>	<u>1,973,003</u>
<b>Expenditures</b>							
<b>Current:</b>							
General government							
Administration	359,989						359,989
Other governmental services	224,693						224,693
Public safety							
Police	233,616						233,616
Fire		126,563					126,563
Public works							
Streets and lanes	156,158						156,158
Sanitation	153,846						153,846
Parks and recreation							
Leisure services	25,627						25,627
Historic preservation	47						47
<b>Capital Outlays</b>			24,114				24,114
<b>Debt service:</b>							
Principal		18,832					18,832
Interest and fiscal charges		5,535					5,535
<b>Total expenditures</b>	<u>1,153,976</u>	<u>150,930</u>	<u>24,114</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,329,020</u>
<b>Excess (deficit) of revenues to expenditures</b>	<u>(16,264)</u>	<u>12,274</u>	<u>284,211</u>	<u>74</u>	<u>363,678</u>	<u>10</u>	<u>643,983</u>
<b>Other financing sources (uses)</b>							
Proceeds from capital lease	80,242						80,242
Proceeds from sale of capital asset	58,371						58,371
Interfund transfers			(36,876)	(868,965)	(363,678)	61,057	(1,208,462)
<b>Total other financing sources (uses)</b>	<u>138,613</u>	<u>0</u>	<u>(36,876)</u>	<u>(868,965)</u>	<u>(363,678)</u>	<u>61,057</u>	<u>(1,069,849)</u>
<b>Net change in fund balances</b>	122,349	12,274	247,335	(868,891)	0	61,067	(425,866)
<b>Fund balances beginning of year</b>	<u>1,023,433</u>	<u>128,533</u>	<u>547,321</u>	<u>1,328,002</u>	<u>25</u>	<u>72,698</u>	<u>3,100,012</u>
<b>Fund balances end of year</b>	<u>\$ 1,145,782</u>	<u>\$ 140,807</u>	<u>\$ 794,656</u>	<u>\$ 459,111</u>	<u>\$ 25</u>	<u>\$ 133,765</u>	<u>\$ 2,674,146</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, 2018**

**Net change in fund balances - total governmental funds** \$ (425,866)

**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 outlay exceeded depreciation expense.

Depreciation expense	\$ (172,733)	
Capital outlay	<u>127,870</u>	(44,863)

The proceeds from sales of assets are reported as revenues in the governmental fund. However in the statement of activities, the proceeds are reported net of the carrying value of assets sold.		(46,522)
--	--	----------

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

Deferred at 6/30/2018	\$ 8,737	
Deferred at 6/30/2017	<u>(8,823)</u>	(86)

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

Deferred at 6/30/2018	\$ 18,338	
Deferred at 6/30/2017	<u>0</u>	18,338

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 6/30/2018	\$ (280)	
Liability at 6/30/2017	<u>2,788</u>	2,508

The issuance of long-term debt (e.g. notes payable, capital leases) provides current financial resources to the governmental funds, but the receipt of proceeds from long-term debt increases long-term liabilities in the statement of net assets.		(80,242)
---	--	----------

Repayment of debt principal is an expenditure in the governmental funds but the repayment reduces liabilities in the statement of net position.		18,832
---	--	--------

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 6/30/2018	\$ (5,424)	
Compensated absences at 6/30/2017	<u>3,915</u>	<u>(1,509)</u>

Net pension asset/liability 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/liability		
Asset balance at 6/30/2018	\$ 100,693	
Asset balance at 6/30/2017	(42,116)	
Deferred inflows/outflows of resources from pensions		
Balance at 6/30/2018	(83,917)	
Balance at 6/30/2017	<u>56,957</u>	<u>31,617</u>

**Change in net position of governmental activities** **\$ (527,793)**

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

**City of Guyton, Georgia**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2018**

	<b>Assets</b>	<u>Water and Sewer</u>
<b>Current assets:</b>		
Cash and cash equivalents		\$ 577,056
Receivables - accounts		105,111
Receivables - intergovernmental		2,948
Prepaid expenses		8,163
<b>Total current assets</b>		<u>693,278</u>
<b>Noncurrent assets:</b>		
<b>Capital assets:</b>		
Nondepreciable capital assets		2,127,513
Depreciable capital assets, net		11,021,724
<b>Total noncurrent assets</b>		<u>13,149,237</u>
<b>Total assets</b>		<u>13,842,515</u>
	<b>Deferred outflows of resources</b>	
Deferred charge on refunding of bonds		<u>432,567</u>
	<b>Liabilities</b>	
<b>Current Liabilities</b>		
Accounts payable		37,824
Accrued salaries and wages		906
Accrued interest payable		109,327
Interfund balances		294,020
Compensated absences		2,761
Notes payable		65,000
<b>Total current liabilities</b>		<u>509,838</u>
<b>Long-term liabilities:</b>		
Notes payable (net of current portion)		8,725,000
Premium on notes payable (net of amortization)		520,930
<b>Total long-term liabilities</b>		<u>9,245,930</u>
<b>Total liabilities</b>		<u>9,755,768</u>
	<b>Net Position</b>	
Net investment in capital assets		4,818,348
Unrestricted		(299,034)
<b>Total net position</b>		<u>\$ 4,519,314</u>

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, 2018*

	<u>Water and Sewer</u>
<b>Operating revenues</b>	
Charges for services	\$ 802,609
Connection fees	361,825
Miscellaneous	121,848
<b>Total operating revenues</b>	<u>1,286,282</u>
<b>Operating expenses</b>	
Salaries	124,529
Payroll taxes	10,073
Professional fees	72,091
Utilities	47,786
Sewerage treatment	85,974
Maintenance - repairs	35,930
Supplies	40,024
Postage	7,309
Chlorine	3,415
Insurance	14,396
Miscellaneous	30,949
Depreciation	263,538
<b>Total operating expenses</b>	<u>736,014</u>
<b>Operating income</b>	<u>550,268</u>
<b>Non-operating revenues (expenses)</b>	
Investment earnings	9
Interest expense and fiscal fees	(278,209)
<b>Total non-operating expenses</b>	<u>(278,200)</u>
<b>Income before transfers</b>	<u>272,068</u>
<b>Interfund transfers</b>	
Transfer from SPLOST fund	36,876
Transfer from 2015 CDBG fund	363,678
Transfer from construction trust fund	868,965
Transfer from debt service reserve trust fund	2
Transfer to debt service trust fund	(456,408)
Transfer from debt service trust fund	395,349
<b>Total interfund transfers</b>	<u>1,208,462</u>
<b>Change in net position</b>	1,480,530
<b>Net position beginning of year</b>	<u>3,038,784</u>
<b>Net position end of year</b>	<u>\$ 4,519,314</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, 2018**

	<b>Water and Sewer</b>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 1,281,954
Cash payments to employees for personal services	(134,696)
Cash payments for goods and services	(343,623)
<b>Net cash provided by operating activities</b>	<b>803,635</b>
<b>Cash flows from noncapital financing activities</b>	
Interfund balances	(6,745)
<b>Cash flows from capital and related financing activities</b>	
Interfund transfers for capital asset projects	
From SPLOST Capital Projects Fund	36,876
From 2015 CDBG Fund	363,678
From Construction Trust Fund	868,965
Interfund transfers for financing related activities	
To Debt Service Trust	(456,408)
From Debt Service Trust	395,349
From Debt Service Reserve Trust	2
Principal paid on notes	(55,000)
Interest and fiscal fees paid on debt	(340,348)
Payments for capital acquisitions	(1,359,982)
<b>Net cash used for capital and related financing activities</b>	<b>(546,868)</b>
<b>Cash flows from investing activities</b>	
Investment earnings	9
<b>Net increase in cash and cash equivalents</b>	250,031
<b>Cash and cash equivalents beginning of year</b>	<b>327,025</b>
<b>Cash and cash equivalents end of year</b>	<b>\$ 577,056</b>

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, 2018**

(continued)

**Water and  
Sewer**

---

**Reconciliation of operating income to net cash  
provided by operating activities**

<b>Operating income</b>	\$ 550,268
<b>Adjustments:</b>	
Depreciation and amortization	263,538
<b>(Increase) decrease in assets</b>	
Accounts receivable	(1,380)
Intergovernmental receivable	(2,948)
Prepaid expense	1,845
<b>Increase (decrease) in liabilities:</b>	
Accounts payable	(7,594)
Accrued salaries and wages	(386)
Compensated absences payable	<u>292</u>
<b>Net cash provided by operating activities</b>	<b><u><u>\$ 803,635</u></u></b>

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, 2018***

***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, 2018**

***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 revenues of the City.

***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 Fire Special Revenue Fund*** – This fund is used to account for financial resources to be used for operation of activities involved in providing fire protection services to the residents in the City and areas surrounding the City for which the City is under contract with Effingham County.

**City of Guyton, Georgia**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**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.

**The Construction Trust Capital Projects Fund** – This fund is used to account for financial resources to be used for the acquisition or construction of a new waste water treatment facility.

**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.

**City of Guyton, Georgia**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

***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 and Investments*** - 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.

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

**City of Guyton, Georgia**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

***Note 1 - Summary of Significant Accounting Policies (continued)***

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, 2018.

***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, 2018, 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.

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

**City of Guyton, Georgia**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

**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. Interest incurred during the construction of capital assets utilized by the enterprise funds is capitalized.

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."

**City of Guyton, Georgia**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

**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 incurred.

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, 2018**

**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, 2018**

***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.

On the budgetary basis, debt service expenditures (i.e., \$24,367 for the fire fund) are budgeted within the functions but are reported as a separate character classification on the GAAP basis.

***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, 2018, the government is not exposed to custodial credit risk.

**City of Guyton, Georgia**  
***Notes to Basic Financial Statements***  
***For the Year Ended June 30, 2018***

***Note 4 - Receivables***

Receivables at June 30, 2018, consisted of taxes, interest, 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 2017, property taxes were levied on August 22, 2017. Property tax bills were mailed on October 2, 2017, and were due November 15, 2017. The lien date was December 1, 2017.

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

**City of Guyton, Georgia**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

**Note 6 - Capital Assets**

Capital asset activity for governmental activities for the year ended June 30, 2018, was as follows:

	<u>Balance</u> <u>6/30/2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Reclassify</u>	<u>Balance</u> <u>6/30/2018</u>
<b>Governmental activities:</b>					
Capital assets not being depreciated:					
Land	\$ 199,901				\$ 199,901
Depreciable capital assets:					
Buildings	856,800	\$ 2,400	\$ 59,262		799,938
Machinery and equipment	650,095	9,742			659,837
Vehicles	578,520				578,520
Furniture & fixtures	36,959				36,959
Office equipment	43,067	58,829	9,582		92,314
Infrastructure	1,659,432	56,900			1,716,332
Total depreciable capital assets	<u>3,824,873</u>	<u>127,871</u>	<u>\$ 68,844</u>	<u>0</u>	<u>3,883,900</u>
Total capital assets	<u>4,024,774</u>	<u>127,871</u>	<u>68,844</u>	<u>0</u>	<u>4,083,801</u>
Accumulated depreciation:					
Buildings	314,032	22,914	12,739		324,207
Machinery and equipment	504,544	51,062			555,606
Vehicles	521,021	19,131			540,152
Furniture & fixtures	29,004	2,264			31,268
Office equipment	38,504	1,274	9,582		30,196
Infrastructure	684,154	76,088			760,242
Total accumulated depreciation	<u>2,091,259</u>	<u>172,733</u>	<u>22,321</u>	<u>0</u>	<u>2,241,671</u>
Governmental activities capital assets, net	<u>\$ 1,933,515</u>	<u>\$ (44,862)</u>	<u>\$ 46,523</u>	<u>\$ 0</u>	<u>\$ 1,842,130</u>
Governmental activities depreciation expense:					
General government			\$ 10,312		
Public safety - police			13,846		
Public safety - fire			47,517		
Public works - streets			75,798		
Parks and recreation			25,260		
Total governmental activities depreciation expense			<u>\$ 172,733</u>		

**City of Guyton, Georgia**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

**Note 6 - Capital Assets (continued)**

Capital asset activity for business-type activities for the year ended June 30, 2018, was as follows:

	<u>Balance</u> <u>6/30/2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Reclassify</u>	<u>Balance</u> <u>6/30/2018</u>
<b>Business-type activities:</b>					
Capital assets not being depreciated:					
Land and rights	\$ 2,127,513				\$ 2,127,513
Construction in progress	<u>5,288,925</u>	<u>\$ 1,314,896</u>		<u>\$ (6,603,821)</u>	<u>0</u>
Total capital assets not being depreciated	<u>7,416,438</u>	<u>1,314,896</u>	<u>\$ 0</u>	<u>(6,603,821)</u>	<u>2,127,513</u>
Depreciable capital assets:					
Improvements - not building	6,640,074	41,939		6,603,821	13,285,834
Machinery and equipment	500,094	40,398			540,492
Office equipment	<u>12,070</u>				<u>12,070</u>
Total depreciable capital assets	<u>7,152,238</u>	<u>82,337</u>	<u>0</u>	<u>6,603,821</u>	<u>13,838,396</u>
Total capital assets	<u>14,568,676</u>	<u>1,397,233</u>	<u>0</u>	<u>0</u>	<u>15,965,909</u>
Accumulated depreciation:					
Improvements - not building	2,194,912	236,930			2,431,842
Machinery and equipment	351,470	24,231			375,701
Office equipment	<u>6,752</u>	<u>2,377</u>			<u>9,129</u>
Total accumulated depreciation	<u>2,553,134</u>	<u>263,538</u>	<u>0</u>	<u>0</u>	<u>2,816,672</u>
Water and sewer capital assets, net	<u>\$ 12,015,542</u>	<u>\$ 1,133,695</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 13,149,237</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, 2018**

**Note 7 - Interfund Balances and Transfers**

Interfund balances at June 30, 2018, consisted of the following:

General fund receivable from fire fund for payment of various fire fund expenses paid by general fund	\$ 1,711
General fund receivable from SPLOST capital projects fund for general fund deposits erroneously deposited in SPLOST capital projects fund.	\$ 11,643
General fund receivable from water and sewer fund for various expenses paid by general fund	\$ 294,020

Interfund transfers for the year ended June 30, 2018, 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.	\$ 36,876
Transfer from 2015 CDBG Fund to the Water and Sewer Fund for qualified water and sewer capital additions paid for by the 2015 CDBG Fund.	\$ 363,678
Transfer from Construction Trust Fund to the Water and Sewer Fund for qualified water and sewer capital additions paid for by the Construction Trust Fund	\$ 868,965
Transfer from the Water and Sewer Fund to the Debt Service Trust Fund to provide funds to meet debt service requirements.	\$ 456,408
Transfer from the Debt Service Trust Fund to the Water and Sewer Fund to make debt service payments due in current year.	\$ 395,349
Transfer from the Debt Service Reserve Trust Fund to the Water and Sewer fund to close fund.	\$ 2

*The remainder of this page is intentionally left blank.*

**City of Guyton, Georgia**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

***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 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 earning 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, 2018, 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 \$12,416 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 \$- (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, 2018, follow:

**City of Guyton, Georgia**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

**Note 9 - Long-Term Liabilities**

Year	Principal	Interest	Total
2019	\$ 0	\$ 0	\$ 0
2020	10,961	1,455	12,416
2021	11,307	1,109	12,416
2022	11,665	751	12,416
2023	12,034	382	12,416
Total	<u>\$ 45,967</u>	<u>\$ 3,697</u>	<u>\$ 49,664</u>

Capital lease payable to Branch Banking and Trust Company, Inc., in equal annual payments of approximately \$11,748 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 \$71,723 (cost of \$159,382 less accumulated depreciation of \$87,659). 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, 2018, follow:

Year	Principal	Interest	Total
2019	\$ 8,544	\$ 3,204	\$ 11,748
2020	8,891	2,857	11,748
2021	9,252	2,496	11,748
2022	9,628	2,120	11,748
2023-2026	42,583	4,409	46,992
Total	<u>\$ 78,898</u>	<u>\$ 15,086</u>	<u>\$ 93,984</u>

Capital lease payable to Georgia Municipal Association in equal annual payments of approximately \$17,878 through November 2023 including interest at 3.71%. The purpose of the lease is the purchase of city-wide financial reporting software, part of which was purchased during the year ended June 30, 2018, with additional equipment scheduled to be purchased in the year ended June 30, 2019. The equipment acquired by the lease is included in the governmental activities general capital assets in the amount of \$40,121 (cost of \$40,121 with no depreciation as the software purchased was not placed in service until July 1, 2018). 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, 2018, follow:

Year	Principal	Interest	Total
2019	\$ 14,901	\$ 2,977	\$ 17,878
2020	15,454	2,424	17,878
2021	16,027	1,851	17,878
2022	16,622	1,256	17,878
2023	17,238	640	17,878
Total	<u>\$ 80,242</u>	<u>\$ 9,148</u>	<u>\$ 89,390</u>

**City of Guyton, Georgia**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

***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 \$75,940, is reported in the statement of net position at a value of \$520,930.

As of June 30, 2018 debt service requirement to maturity are as follows.

Year	Principal	Interest	Total
2019	\$ 65,000	\$ 331,850	\$ 396,850
2020	90,000	330,550	420,550
2021	90,000	328,750	418,750
2022	140,000	326,950	466,950
2023	165,000	324,150	489,150
2024-2028	1,550,000	1,513,350	3,063,350
2029-2033	2,185,000	1,146,175	3,331,175
2034-2038	2,650,000	673,375	3,323,375
2040-2041	1,855,000	138,350	1,993,350
Total	<u>\$ 8,790,000</u>	<u>\$ 5,113,500</u>	<u>\$ 13,903,500</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, 2018**

**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, 2018:

	<u>Outstanding 6/30/2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 6/30/2018</u>	<u>Amounts due in one year</u>
<b>Governmental activities</b>					
Capital leases payable					
Branch Banking and Trust	\$ 56,588		\$ 10,621	\$ 45,967	
Branch Banking and Trust	87,109		8,211	78,898	\$ 8,544
Georgia Municipal Assoc.		\$ 80,242		80,242	14,901
Compensated absences	<u>3,915</u>	<u>10,624</u>	<u>9,115</u>	<u>5,424</u>	<u>5,424</u>
Total governmental activities	<u>\$ 147,612</u>	<u>\$ 90,866</u>	<u>\$ 27,947</u>	<u>\$ 210,531</u>	<u>\$ 28,869</u>
	<u>Outstanding 6/30/2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 6/30/2018</u>	<u>Amounts due in one year</u>
<b>Business-type activities</b>					
Water & Sewer Refunding & Improvement Bonds - "Series 2017 Bonds"	\$ 8,845,000		\$ 55,000	8,790,000	\$ 65,000
Compensated absences	<u>2,469</u>	<u>\$ 7,906</u>	<u>7,614</u>	<u>2,761</u>	<u>2,761</u>
Total business-type activities	<u>\$ 8,847,469</u>	<u>\$ 7,906</u>	<u>\$ 62,614</u>	<u>\$ 8,792,761</u>	<u>\$ 67,761</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, 2018**

**Note 9 - Long-Term Liabilities (continued)**

Total interest incurred during the year ended June 30, 2018, is summarized as follows:

	Charged to Operations	Capitalized	Total
Governmental-type activities	\$ 3,027		\$ 3,027
Business-type activities			
Interest incurred	291,427	\$ 37,251	328,678
Amortization of Series 2017 bond premium	(37,853)		(37,853)
Amortization of deferred charges on bond refunding	24,635		24,635
Total interest incurred	\$ 256,601	\$ 37,251	\$ 293,852

**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 4.005%. 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 \$9,080,000 at June 30, 2018.

**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.

**City of Guyton, Georgia**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

**Note 11 - Pension (continued)**

**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, 2018, the following employees were covered by the benefit terms for the plan:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	2
Active employees	4
Total	9

**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 \$17,884 for the year ended June 30, 2018.

*The remainder of this page is intentionally left blank.*

**City of Guyton, Georgia**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

**Note 11 - Pension (continued)**

**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, 2016, using an annual actuarial valuation as of January 1, 2017. a summary of principal assumptions and methods used to determine the net pension liability is shown below.

Valuation date	January 1, 2018
Measurement date	September 30, 2017
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	7.50%
Inflation rate	2.75%
Net investment rate of return	7.50%
Projected salary increase	2.75% 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, 2018, valuation were based on the results of an actuarial experience study for the period January 1, 2010, through June 30, 2014. Further details of the experience study can be obtained by contacting the Georgia Municipal Association.

**Discount Rate** - The discount rate used to measure the total pension liability was 7.5%. The discount rate decreased 0.25% 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 remainder of this page is intentionally left blank.*

**City of Guyton, Georgia**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

**Note 11 - Pension (continued)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2017, (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%	6.71%
International equity	20%	7.71%
Real estate	10%	5.21%
Global fixed income	5%	3.36%
Domestic fixed income	20%	2.11%
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, 2016	\$ 479,290	\$ 521,406	\$ (42,116)
Changes for the year:			
Service cost	13,551		13,551
Interest	36,222		36,222
Differences between expected and actual experience	(21,062)		(21,062)

*The remainder of this page is intentionally left blank.*

**City of Guyton, Georgia**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

**Note 11 - Pension (continued)**

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/ (Asset)
Contributions - employer		21,054	(21,054)
Net investment income		78,366	(78,366)
Benefit payments	(23,829)	(23,829)	0
Administrative expense		(3,835)	3,835
Other	8,297		8,297
Net changes	<u>13,179</u>	<u>71,756</u>	<u>(58,577)</u>
Balances as of September 30, 2017	<u>\$ 492,469</u>	<u>\$ 593,162</u>	<u>\$ (100,693)</u>

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

1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
\$ (50,245)	\$ (100,693)	\$ (144,520)

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

For the year ended June 30, 2018, the City recognized negative pension expense of \$13,733. At June 30, 2018, 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		\$ (71,126)
Pension contributions subsequent to measurement date	\$ 13,413	
Changes of assumptions	6,915	(2,487)
Net difference between projected and actual earnings on pension plan investments		(30,632)
Total	<u>\$ 20,328</u>	<u>\$ (104,245)</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, 2018**

**Note 11 - Pension (continued)**

\$13,413 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, 2018. 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:		
2019	\$	(27,187)
2020		(24,490)
2021		(30,574)
2022		(12,952)
2023		(2,127)
	\$	<u>(97,330)</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, 2018, are as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Cost of capital assets	\$ 4,083,801	\$ 15,965,909
Less accumulated depreciation	<u>2,241,671</u>	<u>2,816,672</u>
Book value	<u>1,842,130</u>	<u>13,149,237</u>
Less capital related debt		
Total debt	205,107	8,790,000
Less bond proceeds held in escrow for sewer system expansion		(459,111)
	<u>205,107</u>	<u>8,330,889</u>
Net investment in capital assets	<u>\$ 1,637,023</u>	<u>\$ 4,818,348</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, 2018**

**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's risk of significant loss from liability, fire, accident and other claims that may arise are covered by commercial insurance purchased from Titon Indemnity Company. Insurance coverage limits are utility system and public officials liability of \$1,000,000; accidents related to vehicles of \$1,000,000; and property and bond liability of \$3,000,000. There were no reductions of insurance coverage compared to the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

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, 2018.

For the year ended June 30,	
2019	\$ 2,640
2020	2,640
2021	440
	<u>\$ 5,720</u>

Lease expense relating to operating leases was \$2,640 for 2018.

**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.



**City of Guyton, Georgia**  
***Notes to Basic Financial Statements***  
***For the Year Ended June 30, 2018***

***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, P. O. Box 2917, Brunswick, Georgia 31521.

***Note 16 - Subsequent Events***

The Effingham County, Georgia, Board of Commissioners has notified the City that they intend to terminate its contract with the City under which the City provides fire services to areas within the County outside the limits of the City. For the year ended June 30, 2018, the City recognized revenues totalling \$113,490 under this contract.

Subsequent events have been evaluated by management through December 21, 2018, which is the date the financial statements were available to be issued.

***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, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>				
Taxes	\$ 608,000	\$ 714,700	\$ 719,315	\$ 4,615
Licenses and permits	76,400	82,550	82,793	243
Intergovernmental		83,000	84,160	1,160
Charges for services		180,000	181,707	1,707
Fines and forfeitures	800	47,800	49,888	2,088
Investment earnings		2,000	2,629	629
Intrafund reimbursements	549,482			
Miscellaneous	23,500	16,500	17,220	720
<b>Total revenues</b>	<u>1,258,182</u>	<u>1,126,550</u>	<u>1,137,712</u>	<u>11,162</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government				
Administration	240,630	408,456	359,989	48,467
Other governmental services	293,450	229,196	224,693	4,503
Public Safety - police	283,177	263,387	233,616	29,771
Public works				
Streets and lanes	245,450	180,652	156,158	24,494
Sanitation	184,500	160,500	153,846	6,654
Parks and recreation				
Leisure services	29,150	27,164	25,627	1,537
Historic preservation	7,325	1,525	47	1,478
<b>Total expenditures</b>	<u>1,283,682</u>	<u>1,270,880</u>	<u>1,153,976</u>	<u>116,904</u>
<b>Deficit of revenues to expenditures</b>	(25,500)	(144,330)	(16,264)	128,066
<b>Other financing sources</b>				
Proceeds from capital lease		80,242	80,242	0
Proceeds from sale of capital assets			58,371	58,371
<b>Total other financing sources</b>	<u>0</u>	<u>80,242</u>	<u>138,613</u>	<u>58,371</u>
<b>Net change in fund balance</b>	<u>\$ (25,500)</u>	<u>\$ (64,088)</u>	122,349	<u>\$ 186,437</u>
<b>Fund balance beginning of year</b>			<u>1,023,433</u>	
<b>Fund balance end of year</b>			<u>\$ 1,145,782</u>	

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

**City of Guyton, Georgia**  
**Fire Fund**  
*Schedule of Revenues, Expenditures and*  
**Changes in Fund Balance - Budget and Actual**  
*For the Year Ended June 30, 2018*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>				
Intergovernmental revenues	\$ 105,000	\$ 105,000	\$ 113,490	\$ 8,490
Charges for service	58,000	58,000	48,979	(9,021)
Investment income	100	100		(100)
Miscellaneous	<u>2,500</u>	<u>2,500</u>	<u>735</u>	<u>(1,765)</u>
<b>Total revenues</b>	<u>165,600</u>	<u>165,600</u>	<u>163,204</u>	<u>(2,396)</u>
<b>Expenditures</b>				
Public Safety	<u>165,600</u>	<u>176,443</u>	<u>150,930</u>	<u>25,513</u>
<b>Excess (deficit) of revenues to expenditures</b>	<u>\$ 0</u>	<u>\$ (10,843)</u>	12,274	<u>\$ 23,117</u>
<b>Fund balance beginning of year</b>			<u>128,533</u>	
<b>Fund balance end of year</b>			<u>\$ 140,807</u>	

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

**City of Guyton, Georgia**  
**Notes to the Required Supplementary Information**  
**Budget to Actual Comparisons**  
**For the Year Ended June 30, 2018**

**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 approved three budget revisions.

All unexpended annual appropriations lapse at year-end.

On the budgetary basis, payments for debt service on long-term debt (i.e. \$24,367 for the fire fund) are budgeted within the functions but are reported as separate character classifications on the GAAP basis. The reconciliation to the Schedule of Revenue, Expenditures, and Changes in Fund Balance is as follows:

	<u>Financial Statement</u>	<u>Budgetary Adjustment</u>	<u>Budget</u>
Fire fund			
Public safety - fire	\$ 126,563	\$ 24,367	\$ 150,930
Debt service			
Principal	18,832	(18,832)	0
Interest and fiscal charges	<u>5,535</u>	<u>(5,535)</u>	<u>0</u>
	<u>\$ 150,930</u>	<u>\$ 0</u>	<u>\$ 150,930</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, 2018**

	2018	2017	2016	2015
<b>Total pension liability</b>				
Service cost	\$ 13,551	\$ 17,751	\$ 14,276	\$ 14,706
Interest	36,222	35,225	38,030	35,985
Difference between expected and actual experience	(21,062)	(19,089)	(72,387)	(10,856)
Changes in assumptions	8,297			(5,805)
Benefit payments, including refunds of employee contributions	<u>(23,829)</u>	<u>(18,225)</u>	<u>(13,994)</u>	<u>(1,302)</u>
Net change in total pension liability	13,179	15,662	(34,075)	32,728
Total pension liability - beginning	479,290	463,628	497,703	464,975
Total pension liability - ending	<u>\$ 492,469</u>	<u>\$ 479,290</u>	<u>\$ 463,628</u>	<u>\$ 497,703</u>
 <b>Plan fiduciary net position</b>				
Contributions - employer	\$ 21,054	\$ 24,327	\$ 31,224	\$ 25,814
Net investment income	78,366	52,094	4,677	43,717
Benefit payments, including of employee contributions	(23,829)	(18,225)	(13,994)	(1,302)
Administrative expense	<u>(3,835)</u>	<u>(1,937)</u>	<u>(2,004)</u>	<u>(1,618)</u>
Net change in fiduciary net position	71,756	56,259	19,903	66,611
Plan fiduciary net position - beginning	<u>521,406</u>	<u>465,147</u>	<u>445,244</u>	<u>378,633</u>
Plan fiduciary net position - ending	<u>\$ 593,162</u>	<u>\$ 521,406</u>	<u>\$ 465,147</u>	<u>\$ 445,244</u>
 <b>Net pension (asset) liability- ending</b>	 <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	 120.45%	 108.79%	 100.33%	 89.46%
Covered employee payroll	239,257	259,344	307,296	301,617
Net position asset as a percentage of covered-employee payroll	-42.09%	-16.24%	-0.49%	17.39%

**Changes in assumptions**

As a result of a new administrative fee structure approved by the Board of Directors, the administrative expense assumption was updated for fiscal years beginning in 2016.

As a result of the plan change to provide immediate participation for Employees, for the fiscal year ended in 2015, the eligibility assumption has been changed from six months to immediate. The increase in the Plan's net pension liability is minimal and has been included in the differences between expected and actuarial experience.

Amounts reported for the fiscal year ending in 2017 and later reflect the following changes based on an actuarial study conducted in September 2017:

The investment return assumption was decreased from 7.75% to 7.5%

The inflation assumption was decreased from 3.25% to 2.75%

**Benefit changes**

Effective January 1, 2015, the Plan was amended to provide immediate participation for employees. This change has no impact on service credited under the Plan and has no impact on benefits.

The schedule will present 10 years of information as it becomes available.

**City of Guyton, Georgia**  
**Schedule of Contributions**  
**Defined Benefit Pension Plan**  
**For the Year Ended June 30, 2018**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution **	*	22,110	25,067	30,233
Contributions in relation to actuarially determined contribution	*	22,110	25,066	32,515
Contribution deficiency (excess)	*	0	1	(2,282)
Covered-employee payroll	*	259,344	307,296	301,617
Contributions as a percentage of covered-employee payroll	*	8.53%	8.16%	10.78%

\* 2018 information will be determined after fiscal year end and will be included in 2019 reporting.

\*\* The actuarially determined contribution rate was determined as of January 1, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate are reported for the subsequent fiscal year.

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, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 775,766	\$ 683,531
Receivables:		
Taxes	99,883	117,249
Intergovernmental	19,288	
Interfund balances	307,374	322,400
Prepaid items	22,614	22,354
<b>Total assets</b>	<b>\$ 1,224,925</b>	<b>\$ 1,145,534</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 31,853	\$ 48,379
Accrued salaries and wages	4,069	3,927
Unearned revenues	25,908	60,972
<b>Total liabilities</b>	<b>61,830</b>	<b>113,278</b>
<b>Deferred inflows of resources</b>		
Property taxes	8,737	8,823
Intergovernmental	8,576	
<b>Total deferred inflows of resources</b>	<b>17,313</b>	<b>8,823</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>79,143</b>	<b>122,101</b>
<b>Fund balances</b>		
Nonspendable - prepaid items	22,614	22,354
Restricted for capital projects	38,384	
Unassigned	1,084,784	1,001,079
<b>Total fund balances</b>	<b>1,145,782</b>	<b>1,023,433</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,224,925</b>	<b>\$ 1,145,534</b>

**City of Guyton, Georgia**  
**General Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balance**  
**For the Years Ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Revenues</b>		
Taxes	\$ 719,315	\$ 620,863
Licenses and permits	82,793	52,717
Intergovernmental	84,160	92,968
Charges for services	181,707	165,392
Fines and forfeitures	49,888	51,015
Investment income	2,629	3,027
Miscellaneous	17,220	18,344
<b>Total revenues</b>	<u>1,137,712</u>	<u>1,004,326</u>
<b>Expenditures</b>		
<b>Current:</b>		
General government		
Administration	359,989	284,614
Other governmental services	224,693	196,429
Public safety - police	233,616	299,238
Public works		
Streets and lanes	156,158	146,278
Sanitation	153,846	141,066
Parks and recreation		
Leisure services	25,627	23,316
Historic preservation	47	4,736
<b>Total expenditures</b>	<u>1,153,976</u>	<u>1,095,677</u>
<b>Deficit of revenues to expenditures</b>	<u>(16,264)</u>	<u>(91,351)</u>
<b>Other financing sources</b>		
Proceeds from capital lease	80,242	
Proceeds from sale of capital assets	58,371	574
<b>Total other financing sources</b>	<u>138,613</u>	<u>574</u>
<b>Net change in fund balance</b>	122,349	(90,777)
<b>Fund balances beginning of year</b>	<u>1,023,433</u>	<u>1,114,210</u>
<b>Fund balances end of year</b>	<u>\$ 1,145,782</u>	<u>\$ 1,023,433</u>

**City of Guyton, Georgia**  
**Fire Fund**  
**Comparative Balance Sheet**  
**June 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 141,050	\$ 108,811
Intergovernmental receivables	9,762	19,403
Prepaid expenses	6,444	7,437
<b>Total assets</b>	<b>\$ 157,256</b>	<b>\$ 135,651</b>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 4,085	
Accrued salaries and wages	891	\$ 556
Interfund balances	1,711	6,562
<b>Total liabilities</b>	6,687	7,118
<b>Deferred inflows of resources - intergovernmental</b>	9,762	
<b>Total liabilities and deferred inflows of resources</b>	16,449	7,118
<b>Fund balances</b>		
Nonspendable - prepaid items	6,444	7,437
Restricted for public safety	134,363	121,096
<b>Total fund balances</b>	140,807	128,533
<b>Total liabilities and fund balance</b>	<b>\$ 157,256</b>	<b>\$ 135,651</b>

**City of Guyton, Georgia**  
**Fire Fund**  
**Comparative Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance**  
**For the Years Ended June 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Revenues</b>		
Intergovernmental revenues	\$ 113,490	\$ 133,824
Charges for service	48,979	50,863
Miscellaneous	735	2,098
<b>Total revenues</b>	<b>163,204</b>	<b>186,785</b>
<b>Expenditures</b>		
<b>Current:</b>		
Public Safety	126,563	127,624
<b>Debt service:</b>		
Principal	18,832	18,187
Interest	5,535	5,977
<b>Total expenditures</b>	<b>150,930</b>	<b>151,788</b>
<b>Excess of revenues to expenditures</b>	12,274	34,997
<b>Fund balance - beginning of year</b>	128,533	93,536
<b>Fund balance - end of year</b>	<b>\$ 140,807</b>	<b>\$ 128,533</b>

**City of Guyton, Georgia**  
**SPLOST Capital Projects Fund**  
**Comparative Balance Sheet**  
**June 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 758,520	\$ 520,202
Receivables - intergovernmental - county	47,779	42,192
<b>Total assets</b>	<b>\$ 806,299</b>	<b>\$ 562,394</b>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Interfund balances	\$ 11,643	\$ 15,073
<b>Fund Balance</b>		
Restricted for capital projects	794,656	547,321
<b>Total liabilities and fund balance</b>	<b>\$ 806,299</b>	<b>\$ 562,394</b>

**City of Guyton, Georgia**  
**SPLOST Capital Projects Fund**  
**Comparative Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance**  
**For the Years Ended June 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Revenues</b>		
Intergovernmental - County	\$ <u>308,325</u>	\$ <u>149,271</u>
<b>Expenditures</b>		
<b>Capital Outlays:</b>		
Public safety - police	2,278	10,100
Public works - streets	<u>21,836</u>	<u>51,217</u>
	<u>24,114</u>	<u>61,317</u>
<b>Excess of revenues over expenditures</b>	284,211	87,954
<b>Other financing uses</b>		
Interfund transfers	<u>(36,876)</u>	<u>(22,362)</u>
<b>Net change in fund balance</b>	247,335	65,592
<b>Fund balance beginning of year</b>	<u>547,321</u>	<u>481,729</u>
<b>Fund balance end of year</b>	\$ <u><u>794,656</u></u>	\$ <u><u>547,321</u></u>

**City of Guyton, Georgia**  
**Construction Trust Capital Projects Fund**  
**Comparative Balance Sheet**  
**June 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Assets</b>		
Cash and cash equivalents	\$ <u>459,111</u>	\$ <u>1,782,599</u>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable		\$ 454,597
<b>Fund Balance</b>		
Restricted for capital projects	\$ <u>459,111</u>	<u>1,328,002</u>
<b>Total liabilities and fund balance</b>	\$ <u>459,111</u>	\$ <u>1,782,599</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, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Revenues</b>		
Investment income	\$ <u>74</u>	\$ <u>296</u>
<b>Other financing uses</b>		
Interfund transfer from Debt Service Reserve Trust fund		300,009
Interfund transfer to Water and Sewer Fund	<u>(868,965)</u>	<u>(3,269,044)</u>
<b>Total other financing uses</b>	<u>(868,965)</u>	<u>(2,969,035)</u>
<b>Net change in fund balance</b>	(868,891)	(2,968,739)
<b>Fund balance beginning of year</b>	<u>1,328,002</u>	<u>4,296,741</u>
<b>Fund balance end of year</b>	<u><u>\$ 459,111</u></u>	<u><u>\$ 1,328,002</u></u>



**City of Guyton, Georgia**  
**2015 CDBG Capital Projects Fund**  
**Comparative Balance Sheet**  
**June 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 25	\$ 25
Receivables - intergovernmental		1,092
<b>Total assets</b>	\$ 25	\$ 1,117
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable		\$ 1,092
<b>Fund Balance</b>		
Restricted for capital projects	\$ 25	25
<b>Total liabilities and fund balance</b>	\$ 25	\$ 1,117

**City of Guyton, Georgia**  
**2015 CDBG Capital Projects Fund**  
**Comparative Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance**  
**For the Years Ended June 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Revenues</b>		
Intergovernmental	\$ 363,678	\$ 19,131
<b>Other financing uses</b>		
Interfund transfer to Water and Sewer Fund	(363,678)	(19,131)
<b>Net change in fund balance</b>	0	0
<b>Fund balance beginning of year</b>	25	25
<b>Fund balance end of year</b>	\$ 25	\$ 25

**City of Guyton Georgia**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2018**

	<b>Debt Service Funds</b>		
	<b>Debt Service Trust</b>	<b>Debt Service Reserve Trust</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 133,765	\$ 0	\$ 133,765
	\$ 133,765	\$ 0	\$ 133,765
<b>Liabilities and fund Balance</b>			
<b>Fund Balance</b>			
Restricted for debt service	\$ 133,765	\$ 0	\$ 133,765
	\$ 133,765	\$ 0	\$ 133,765

**City of Guyton, Georgia**  
**Combining Schedule of Revenues, Expenses and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2018**

	<b>Debt Service Funds</b>		
	<b>Debt Service Trust</b>	<b>Debt Service Reserve Trust</b>	<b>Total</b>
<b>Revenues</b>			
Investment earnings	\$ 10	\$ 0	\$ 10
<b>Total revenues</b>	<u>10</u>	<u>0</u>	<u>10</u>
<b>Expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Excess of revenues to expenditures</b>	<u>10</u>	<u>0</u>	<u>10</u>
<b>Other financing sources (uses)</b>			
Interfund transfers to fund debt service when due			
From water and sewer fund	456,408		456,408
Interfund transfer to water and sewer fund for debt service payments	(395,349)		(395,349)
Other interfund transfers	<u>                    </u>	<u>(2)</u>	<u>(2)</u>
<b>Total other financing sources (uses)</b>	<u>61,059</u>	<u>(2)</u>	<u>61,057</u>
<b>Net change in fund balance</b>	61,069	(2)	61,067
<b>Fund balance beginning of year</b>	<u>72,696</u>	<u>2</u>	<u>72,698</u>
<b>Fund balance end of year</b>	<u>\$ 133,765</u>	<u>\$ 0</u>	<u>\$ 133,765</u>

**City of Guyton, Georgia**  
**Debt Service Trust Fund**  
**Comparative Balance Sheet**  
**June 30, 2018 and 2017**

	2018	2017
<b>Assets</b>		
Cash and cash equivalents	\$ <u>133,765</u>	\$ <u>72,696</u>
<b>Liabilities and Fund Balance</b>		
<b>Fund Balance</b>		
Restricted for debt service	\$ <u>133,765</u>	\$ <u>72,696</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, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Revenues</b>		
Investment income	\$ 10	\$ 12
<b>Expenditures</b>	0	0
<b>Excess of revenues to expenditures</b>	10	12
<b>Other financing sources (uses)</b>		
Transfers from other funds to fund debt service when due		
From water and sewer fund	456,408	311,164
Transfer to water and sewer fund to fund debt service payments	(395,349)	(436,677)
<b>Total other financing sources</b>	61,059	(125,513)
<b>Net change in fund balance</b>	61,069	(125,501)
<b>Fund balance beginning of year</b>	72,696	198,197
<b>Fund balance end of year</b>	\$ 133,765	\$ 72,696

**City of Guyton, Georgia**  
**Debt Service Reserve Trust Fund**  
**Comparative Balance Sheet**  
**June 30, 2018 and 2017**

	2018	2017
<b>Assets</b>		
Cash and cash equivalents	\$ <u>0</u>	\$ <u>2</u>
<b>Liabilities and Fund Balance</b>		
<b>Fund Balance</b>		
Restricted for debt service	\$ <u>0</u>	\$ <u>2</u>

**City of Guyton, Georgia**  
**Debt Service Reserve Trust Fund**  
**Comparative Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance**  
**For the Years Ended June 30, 2018 and 2017**

	2018	2017
<b>Revenues</b>		
Investment income	\$ 0	\$ 42
<b>Expenditures</b>	0	0
<b>Excess of revenues to expenditures</b>	0	42
<b>Other financing uses</b>		
Interfund transfer to Water and Sewer fund	(2)	(391,152)
Interfund transfer to Construction Trust Fund		(300,009)
Interfund transfers	(2)	(691,161)
<b>Net change in fund balance</b>	(2)	(691,119)
<b>Fund balance beginning of year</b>	2	691,121
<b>Fund balance end of year</b>	\$ 0	\$ 2



**City of Guyton, Georgia**  
**Water and Sewer Fund**  
**Comparative Schedule of Net Position**  
**June 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents - unrestricted	\$ 577,056	\$ 327,025
Receivables - accounts	105,111	103,731
Receivables - intergovernmental	2,948	
Prepaid expenses	8,163	10,008
<b>Total current assets</b>	<b>693,278</b>	<b>440,764</b>
<b>Noncurrent assets:</b>		
<b>Capital assets:</b>		
Nondepreciable capital assets	2,127,513	7,416,438
Depreciable capital assets, net	11,021,724	4,599,104
<b>Total noncurrent assets</b>	<b>13,149,237</b>	<b>12,015,542</b>
<b>Total assets</b>	<b>13,842,515</b>	<b>12,456,306</b>
<b>Deferred outflows of resources</b>		
Deferred charge on refunding of bonds	432,567	457,202
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts payable	37,824	45,418
Accrued salaries and wages	906	1,292
Accrued interest payable	109,327	120,997
Interfund balances	294,020	300,765
Compensated absences	2,761	2,469
Notes payable	65,000	55,000
<b>Total current liabilities</b>	<b>509,838</b>	<b>525,941</b>
<b>Long-term liabilities:</b>		
Notes payable (net of current portion)	8,725,000	8,790,000
Premium (discount) on notes payable (net of amortization)	520,930	558,783
<b>Total long-term liabilities</b>	<b>9,245,930</b>	<b>9,348,783</b>
<b>Total liabilities</b>	<b>9,755,768</b>	<b>9,874,724</b>
<b>Net Position</b>		
Invested in capital assets, net of related debt	4,818,348	4,953,141
Unrestricted	(299,034)	(1,914,357)
<b>Total net Position</b>	<b>\$ 4,519,314</b>	<b>\$ 3,038,784</b>

City of Guyton, Georgia  
*Water and Sewer Fund*  
**Comparative Schedule of Revenues,  
Expenses and Changes in Net Position**  
For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Operating revenues</b>		
Charges for services	\$ 802,609	\$ 644,304
Connection fees	361,825	192,700
Miscellaneous	121,848	64,315
<b>Total operating revenues</b>	<u>1,286,282</u>	<u>901,319</u>
<b>Operating expenses</b>		
Salaries	124,529	87,932
Payroll taxes	10,073	6,471
Professional fees	72,091	61,268
Utilities	47,786	24,350
Sewerage treatment	85,974	140,792
Maintenance - repairs	35,930	86,009
Supplies	40,024	13,379
Postage	7,309	6,125
Chlorine	3,415	3,518
Insurance	14,396	19,872
Other	30,949	16,258
Depreciation	263,538	156,804
<b>Total operating expenses</b>	<u>736,014</u>	<u>622,778</u>
<b>Operating income</b>	<u>550,268</u>	<u>278,541</u>
<b>Non-operating revenues (expenses)</b>		
Gain on sale of timber		100,055
Investment earnings	9	402
Interest expense	(278,209)	(215,787)
Bond issuance costs		(312,632)
<b>Total non-operating expenses</b>	<u>(278,200)</u>	<u>(427,962)</u>
<b>Income before transfers</b>	<u>272,068</u>	<u>(149,421)</u>
<b>Interfund transfers</b>		
Transfer from SPLOST fund	36,876	22,362
Transfer from 2015 CDBG fund	363,678	19,131
Transfer from construction trust fund	868,965	3,269,044
Transfer from debt service reserve trust fund	2	391,152
Transfer to debt service fund (to provide debt service funding)	(456,408)	(311,164)
Transfer from debt service fund (debt service payments)	395,349	436,677
<b>Total interfund transfers</b>	<u>1,208,462</u>	<u>3,827,202</u>
<b>Change in net position</b>	1,480,530	3,677,781
<b>Net position beginning of year</b>	<u>3,038,784</u>	<u>(638,997)</u>
<b>Net position end of year</b>	<u>\$ 4,519,314</u>	<u>\$ 3,038,784</u>

*City of Guyton, Georgia*  
*Schedule of Projects Constructed with*  
*Special Purpose Local Option Sales Tax Proceeds*  
*For the Year Ended June 30, 2018*

	Original Estimated Cost	Revised Estimated Cost	Prior Years	Current Year	Total	Percentage Complete
<b>2006 Effingham County SPLOST</b>						
Streets	\$ 488,000	\$ 383,000	\$ 318,632	\$ 21,836	\$ 340,468	88.90%
Recreation	244,000	128,751	74,669		74,669	57.99%
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>\$ 894,059</u>	<u>\$ 21,836</u>	<u>\$ 915,895</u>	
Funds remaining at June 30, 2018					<u>\$ 96,614</u>	
<b>2012 Effingham County SPLOST</b>						
Roads, streets and bridges	\$ 513,864	\$ 513,864				0.00%
Public safety	26,352	26,352	\$ 10,100	\$ 2,278	\$ 12,378	46.97%
Recreation	250,344	250,344				0.00%
Water and sewer	527,040	527,040	289,417 *	36,876	326,293	61.91%
Total	<u>\$ 1,317,600</u>	<u>\$ 1,317,600</u>	<u>\$ 299,517</u>	<u>\$ 39,154</u>	<u>\$ 338,671</u>	
Funds remaining at June 30, 2018					<u>\$ 389,717</u>	
<b>2017 Effingham County SPLOST</b>						
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				0.00%
Water and sewer	676,800	676,800				0.00%
Total	<u>\$ 2,256,000</u>	<u>\$ 2,256,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	
Funds remaining at June 30, 2018					<u>\$ 308,325</u>	

\* - Beginning balance has been restated to correct error in carryforward information from 2016 to 2017 in the amount of \$111,772.

***Government Auditing Standards Section***



Caines, Hodges & Company, P.C.  
200 E. Saint Julian Street • Suite 603  
Savannah, GA 31401  
Tel: (912) 233-6383  
www.caineshodges.com

Member American Institute of Certified Public Accountants  
And Georgia Society of Certified Public Accountants

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

To the Mayor and Council  
City of 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 City of Guyton, Georgia, as of and for the year ended June 30, 2018, 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 December 21, 2018.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and responses at 2018-01 through 2018-03 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and responses at 2018-04 to be a significant deficiency.

#### **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*.

#### **City of Guyton, Georgia's Response to Findings**

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

#### **Purpose of this Report**

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

*Cainw Hodges & Company, P.C.*

December 21, 2018

**City of Guyton, Georgia**  
**Schedule of Findings and Responses**  
**June 30, 2018**  
**Page 1 of 3**

**INTERNAL CONTROL**

**2018-01 Lack of segregation of duties (REPEAT FINDING 2017-01)**

*Condition:* There is a lack of segregation of duties in various areas of duties performed by the utility clerk, city clerk and receptionist.

*Context:* Internal control procedures should be in place to ensure there is a proper segregation of duties surrounding collecting cash, recording receipts and disbursements, authorizing disbursements, authorizing adjustments to accounts and reconciling accounts.

*Effect:* This condition could lead to inappropriate transactions and the risk of potential fraud or theft.

*Cause:* The utility clerk, receptionist, and city clerk each perform conflicting duties, the general descriptions of which are physical access, transaction recording, transaction approval, and reconciliation.

*Recommendation:* Establish procedures to segregate the duties of receiving cash, disbursing cash, recording cash, authorizing cash transactions, reconciling cash, and approving adjustments to customer accounts. Segregate duties in such a way that no one person performs any two of the following functions: 1) collects or has access to cash, (2) records receipts and disbursements, (3) authorizes disbursements, (4) authorizes and records customer account adjustments, and (5) reconciles accounts.

*Management response:* The City will consistently strive to mitigate the effects of a lack of segregation of duties. The City has hired a new City Manager who is establishing procedures and job descriptions to mitigate this finding where possible. We continue to evaluate the cost and benefit of additional personnel.

**2018-02 Bank statement reconciliations (REPEAT FINDING 2017-02)**

*Condition:* The City's bank accounts were not consistently reconciled in a timely manner throughout the year.

*Context:* Bank statements should be reconciled to ensure proper recording.

*Effect:* Incomplete bank reconciliations result in increased risk that financial activity recorded is incomplete and inaccurate and could result in material misstatements in the financial statements.

*Cause:* A lack of time was devoted to bank reconciliation procedures. This appears to be primarily related to additional work added to responsibilities of bank reconciliation personnel in the wake of personnel changes.

*City of Guyton, Georgia*  
*Schedule of Findings and Responses*  
*June 30, 2018*  
*Page 2 of 3*

**2018-02 Bank statement reconciliations (REPEAT FINDING 2017-02) (continued)**

*Recommendation:* Design and implement controls to ensure that all bank statements are consistently reconciled in a timely manner.

*Management response:* Management agrees with this finding. Management has established procedures to more effectively allocate tasks among staff to allow for sufficient time for appropriate bank reconciliation procedures and to require the timely review of bank reconciliations by the Mayor or City Manager and documentation of such review.

**2018-03 Misclassification of transactions**

*Condition:* Prior to audit detection, there were several misclassifications of transactions among various general ledger accounts totaling to a material amount in various funds.

*Context:* Internal control procedures should be sufficiently designed and implemented to ensure that general ledger transactions are classified properly and that misclassifications are detected and corrected in a timely manner.

*Effect:* This condition could lead to a material misstatement of the financial statements and to theft or other fraud.

*Cause:* Incorrect general ledger coding and insufficient management review of general ledger activity.

*Recommendation:* Establish procedures to ensure that transactions are recorded correctly and that management review is conducted in a thorough and timely manner to detect and correct account misclassifications.

*Management response:* Management agrees with finding and will reassess internal control procedures to ensure that transactions are properly recorded and that management performs routine periodic review of the trial balance and general ledger activity to detect and correct account misclassifications.

**2018-04 Reconciling grant revenues to underlying agreement (REPEAT FINDING 2017-07)**

*Condition:* The City does not determine whether the amounts received under grant contracts are correct.

*Context:* All receipts should be examined to ensure that the correct amount was received.



**City of Guyton, Georgia**  
**Schedule of Findings and Responses**  
**June 30, 2018**  
**Page 3 of 3**

**2018-04 Reconciling grant revenues to underlying agreement (REPEAT FINDING 2017-07)  
(continued)**

*Effect:* Potential to receive an amount different than that provided for under the grant contract and misstate the financial statements.

*Cause:* Staff have not taken adequate measures to examine, recalculate, or research the underlying calculations (per the grant agreements) of the amounts received under the agreements.

*Recommendation:* Design and implement controls to ensure that all amounts received pursuant to provisions of grant contracts are in accordance with the underlying contract.

*Management response:* Management agrees with this finding. Procedures have been established to ensure that all amounts received pursuant to provisions of grant contracts are in accordance with the underlying contract.

**NONCOMPLIANCE**

None