

***CITY OF GUYTON, GEORGIA***  
***AUDITED FINANCIAL STATEMENTS***  
***FOR THE YEAR ENDED***  
***JUNE 30, 2021***

**City of Guyton, Georgia**  
**Audit of Financial Statements**  
**For the Year Ended June 30, 2021**

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## INDEPENDENT AUDITOR'S REPORT

To the 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 the City of Guyton, Georgia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Guyton, Georgia, as of June 30, 2021, 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 38 and 39, and the Schedule of Changes in the Net Pension Liability and Related Ratios and the Schedule of Contributions on pages 41 and 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Guyton, Georgia's basic financial statements. The combining nonmajor fund financial statements, schedule of projects paid with special purpose local option

sales tax proceeds, and schedule of projects paid with transportation special purpose local option sales tax proceeds are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements, schedule of projects paid with special purpose local option sales tax proceeds, and schedule of projects paid with transportation special purpose local option sales tax proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, schedule of projects paid with special purpose local option sales tax proceeds, and schedule of projects paid with transportation special purpose local option sales tax proceeds are fairly stated in all material respects in relation to the basic financial statements as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2022 on our consideration of the City of Guyton, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Guyton's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Guyton, Georgia's internal control over financial reporting and compliance.

*Janis, Deal + Proctor*

Statesboro, Georgia  
June 28, 2022

**City of Guyton, Georgia**  
**Statement of Net Position**  
**June 30, 2021**

		<b>Primary Government</b>		
		<b>Governmental</b>	<b>Business-type</b>	<b>Total</b>
<b>Assets</b>		<b>Activities</b>	<b>Activities</b>	<b>Total</b>
<b>Current assets:</b>				
Cash and cash equivalents	\$	1,102,054	\$ 1,995,624	\$ 3,097,678
Receivables:				
Accounts		29,920	151,000	180,920
Taxes		76,320		76,320
Intergovernmental		87,435		87,435
Internal balances		577,412	(577,412)	
Prepaid items		49,970	11,865	61,835
<b>Restricted assets:</b>				
Cash and cash equivalents		1,612,397		1,612,397
<b>Capital assets:</b>				
Nondepreciable capital assets		199,901	2,127,513	2,327,414
Depreciable capital assets, net		1,882,939	10,256,225	12,139,164
<b>Other assets:</b>				
Net pension asset		112,303		112,303
<b>Total assets</b>		5,730,651	13,964,815	19,695,466
<b>Deferred outflows of resources</b>				
Pension:				
Differences between expected and actual experience		2,931		2,931
Contributions after measurement date		2,688		2,688
Changes in assumptions		9,480		9,480
Deferred charge on refunding of bonds			357,685	357,685
<b>Total deferred outflows of resources</b>		15,099	357,685	372,784
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable		237,222	85,682	322,904
Accrued salaries and wages		5,372	1,077	6,449
Accrued interest payable			106,279	106,279
Unearned revenue		25,907		25,907
Compensated absences payable		15,882	338	16,220
Bonds payable			140,000	140,000
<b>Long-term liabilities:</b>				
Bonds payable (net of current portion)			8,405,000	8,405,000
Premium on notes payable (net of amortization)			402,499	402,499
<b>Total liabilities</b>		284,383	9,140,875	9,425,258
<b>Deferred inflows of resources</b>				
Pension:				
Difference between projected and actual earnings on plan investments		6,790		6,790
Difference between expected and actual experience		18,386		18,386
<b>Total deferred inflows of resources</b>		25,176	0	25,176
<b>Net Position</b>				
Net investment in capital assets		2,082,840	4,257,941	6,340,781
Restricted for:				
Capital projects		1,561,254		1,561,254
Debt service		142,104		142,104
Unrestricted		1,649,993	923,684	2,573,677
<b>Total net position</b>	\$	5,436,191	\$ 5,181,625	\$ 10,617,816

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

City of Guyton, Georgia  
Statement of Activities  
For the Year Ended June 30, 2021

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Business-Type Activities	Total
<b>Primary government</b>							
<b>Governmental activities</b>							
General government							
City Council	\$ 30,122				\$ (30,122)		\$ (30,122)
Administration	344,774	\$ 148,895			(195,879)		(195,879)
Other governmental services	101,759				(101,759)		(101,759)
Public safety							
Police	453,747	45,291	\$ 121,423	\$ 7,241	(279,792)		(279,792)
Fire	121,787	96,893			(24,894)		(24,894)
Public works							
Streets and lanes	350,254		2,047	251,184	(97,023)		(97,023)
Sanitation	198,980	221,618			22,638		22,638
Water and sewer				144,820	144,820		144,820
Parks and recreation	39,623			68,789	29,166		29,166
Interest	1,677				(1,677)		(1,677)
<b>Total governmental activities</b>	<u>1,642,723</u>	<u>512,697</u>	<u>123,470</u>	<u>472,034</u>	<u>(534,522)</u>	<u>\$ 0</u>	<u>(534,522)</u>
<b>Business-type activities:</b>							
Water and sewer	<u>1,466,141</u>	<u>1,726,193</u>				<u>260,052</u>	<u>260,052</u>
<b>Total - primary government</b>	<u>\$ 3,108,864</u>	<u>\$ 2,238,890</u>	<u>\$ 123,470</u>	<u>\$ 472,034</u>	<u>(534,522)</u>	<u>260,052</u>	<u>(274,470)</u>
<b>General revenues</b>							
					190,669		190,669
					338,895		338,895
					112,579		112,579
					122,179		122,179
					1,324		1,324
					11,015		11,015
					55,763		55,763
					134,602		134,602
					10,976		10,976
					1,070	2	1,072
					176,622		176,622
					15,322		15,322
					<u>1,171,016</u>	<u>2</u>	<u>1,171,018</u>
					636,494	260,054	896,548
					<u>4,799,697</u>	<u>4,921,571</u>	<u>9,721,268</u>
					<u>\$ 5,436,191</u>	<u>\$ 5,181,625</u>	<u>\$ 10,617,816</u>

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

**City of Guyton, Georgia**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

	<b>General</b>	<b>Capital Projects Funds - SPLOST</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>				
Cash and cash equivalents				
Unrestricted	\$ 1,102,054			\$ 1,102,054
Restricted	10	\$ 1,001,522	\$ 610,865	1,612,397
Receivables				
Accounts	29,920			29,920
Taxes	76,320			76,320
Intergovernmental		60,705	26,730	87,435
Interfund balances	577,412	12,239	12,969	602,620
Prepaid items	49,970			49,970
<b>Total assets</b>	<b>\$ 1,835,686</b>	<b>\$ 1,074,466</b>	<b>\$ 650,564</b>	<b>\$ 3,560,716</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 215,550	\$ 21,672		\$ 237,222
Accrued salaries and wages	5,372			5,372
Interfund balances	25,208			25,208
Unearned revenues	25,907			25,907
<b>Total liabilities</b>	<b>272,037</b>	<b>21,672</b>	<b>\$ 0</b>	<b>293,709</b>
<b>Deferred inflows of resources - property taxes</b>	<b>13,017</b>			<b>13,017</b>
<b>Total liabilities and deferred     inflows of resources</b>	<b>285,054</b>	<b>21,672</b>	<b>0</b>	<b>306,726</b>
<b>Fund balances</b>				
Nonspendable - prepaid items	49,970			49,970
Restricted for:				
Capital projects		1,052,794	508,460	1,561,254
Debt service			142,104	142,104
Emergency response	10			10
Unassigned	1,500,652			1,500,652
<b>Total fund balances</b>	<b>1,550,632</b>	<b>1,052,794</b>	<b>650,564</b>	<b>3,253,990</b>
<b>Total liabilities, deferred inflows of     resources and fund balances</b>	<b>\$ 1,835,686</b>	<b>\$ 1,074,466</b>	<b>\$ 650,564</b>	<b>\$ 3,560,716</b>

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, 2021**

<b>Total governmental fund balances</b>		<b>\$ 3,253,990</b>
 <b>Amounts reported for governmental activities in the statement of net position are different because:</b>		
Property tax revenues are deferred in the governmental funds because they are not available but they are reported as revenue in the statement of activities.		13,017
Capital assets used in governmental activities are not financial resources and are 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	\$ 4,148,524	
Less accumulated depreciation	<u>(2,065,684)</u>	2,082,840
Net pension asset in governmental activities is not an available financial resource and is therefore not reported in the funds. However, it is recognized as an asset in the statement of net position.		112,303
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, 2021, are:		
Deferred outflows		15,099
Deferred inflows		<u>(25,176)</u>
Compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the fund financial reporting level; however, compensated absences are reported at the government- wide reporting level.		<u>(15,882)</u>
<b>Net position of governmental activities</b>		<b>\$ <u>5,436,191</u></b>

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, 2021**

	<u>General</u>	<u>Special Revenue Fund - Fire</u>	<u>Capital Projects Fund - SPLOST</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
Taxes	\$ 976,276				\$ 976,276
Licenses and permits	148,895				148,895
Intergovernmental	157,125		\$ 362,049	\$ 76,330	595,504
Charges for services	221,618	\$ 96,893			318,511
Fines and forfeitures	45,291				45,291
Investment income	1,015			55	1,070
Miscellaneous	15,322				15,322
<b>Total revenues</b>	<u>1,565,542</u>	<u>96,893</u>	<u>362,049</u>	<u>76,385</u>	<u>2,100,869</u>
<b>Expenditures</b>					
<b>Current:</b>					
General government					
City Council	30,122				30,122
Administration	333,900				333,900
Other governmental services	133,968				133,968
Public safety					
Police	413,717				413,717
Fire		105,789			105,789
Public works					
Streets and lanes	280,233			42	280,275
Sanitation	198,980				198,980
Parks and recreation	25,799				25,799
<b>Capital Outlays</b>			318,912		318,912
<b>Debt service:</b>					
Principal	50,200	96,895			147,095
Interest and fiscal charges	1,994	4,689		120	6,803
<b>Total expenditures</b>	<u>1,468,913</u>	<u>207,373</u>	<u>318,912</u>	<u>162</u>	<u>1,995,360</u>
<b>Excess (deficit) of revenues to expenditures</b>	<u>96,629</u>	<u>(110,480)</u>	<u>43,137</u>	<u>76,223</u>	<u>105,509</u>
<b>Other financing sources (uses) -</b>					
Proceeds from sale of capital assets		180,062			180,062
Interfund transfers	275,123	(275,123)			
<b>Total other financing sources (uses)</b>	<u>275,123</u>	<u>(95,061)</u>	<u>0</u>	<u>0</u>	<u>180,062</u>
<b>Net change in fund balances</b>	371,752	(205,541)	43,137	76,223	285,571
<b>Fund balances beginning of year</b>	<u>1,178,880</u>	<u>205,541</u>	<u>1,009,657</u>	<u>574,341</u>	<u>2,968,419</u>
<b>Fund balances end of year</b>	<u>\$ 1,550,632</u>	<u>\$ 0</u>	<u>\$ 1,052,794</u>	<u>\$ 650,564</u>	<u>\$ 3,253,990</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, 2021**

<b>Net change in fund balances - total governmental funds</b>	\$	285,571
 <b>Amounts reported for governmental activities in the statement of activities are different because:</b>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlays exceeded depreciation expense in the current period.</p>		
Depreciation expense	\$ (175,532)	
Capital outlay	<u>344,911</u>	169,379
<p>Governmental funds report the entire proceeds from the sale of capital assets as increase in financial resources. However, in the statement of activities, the gain on the sale of capital assets is reported. The change in net position in the statement of activities differs from the change in fund balance in the governmental funds by the net book value of the assets sold.</p>		
Accumulated depreciation	\$ 523,622	
Less: cost of capital assets sold	<u>(527,062)</u>	(3,440)
<p>Property taxes in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Deferred at 06/30/2021	\$ 13,017	
Deferred at 06/30/2020	<u>(11,291)</u>	1,726
<p>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.</p>		
Liability at 06/30/2021	\$ 0	
Liability at 06/30/2020	<u>5,126</u>	5,126
<p>Repayment of debt principal is an expenditure in the governmental funds but the repayment reduces liabilities in the statement of net position.</p>		
		147,095
<p>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.</p>		
Compensated absences at 06/30/2021	\$ (15,882)	
Compensated absences at 06/30/2020	<u>14,710</u>	(1,172)
<p>Net pension asset reported in the statement of activities does not provide/require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Net pension asset		
Asset balance at 06/30/2021	\$ 112,303	
Asset balance at 06/30/2020	(101,473)	
Deferred inflows/outflows of resources from pensions		
Balance at 06/30/2021	(10,077)	
Balance at 06/30/2020	<u>31,456</u>	<u>32,209</u>
<b>Change in net position of governmental activities</b>	\$	<u><u>636,494</u></u>

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

**City of Guyton, Georgia**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2021**

	<u>Water and Sewer</u>
<b>Assets</b>	
<b>Current assets:</b>	
Cash and cash equivalents	\$ 1,995,624
Receivables - accounts	151,000
Prepaid expenses	11,865
<b>Total current assets</b>	<u>2,158,489</u>
<b>Noncurrent assets:</b>	
<b>Capital assets:</b>	
Nondepreciable capital assets	2,127,513
Depreciable capital assets, net	10,256,225
<b>Total noncurrent assets</b>	<u>12,383,738</u>
<b>Total assets</b>	<u>14,542,227</u>
<b>Deferred outflows of resources</b>	
Deferred charge on refunding of bonds	<u>357,685</u>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts payable	85,682
Accrued salaries and wages	1,077
Accrued interest payable	106,279
Interfund balances	577,412
Compensated absences	338
Bonds payable	140,000
<b>Total current liabilities</b>	<u>910,788</u>
<b>Long-term liabilities:</b>	
Bonds payable (net of current portion)	8,405,000
Premium on bonds payable (net of amortization)	402,499
<b>Total long-term liabilities</b>	<u>8,807,499</u>
<b>Total liabilities</b>	<u>9,718,287</u>
<b>Net Position</b>	
Net investment in capital assets	4,257,941
Unrestricted	923,684
<b>Total net position</b>	<u>\$ 5,181,625</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, 2021**

	<b>Water and Sewer</b>
<b>Operating revenues</b>	
Charges for services	\$ 1,081,553
Connection fees	562,500
Miscellaneous	82,140
<b>Total operating revenues</b>	<b>1,726,193</b>
<b>Operating expenses</b>	
Salaries	38,348
Payroll taxes	2,234
Professional fees	511,969
Utilities	64,185
Repairs and maintenance	75,963
Supplies	42,786
Postage	2,706
Chlorine	2,361
Insurance	25,750
Bad debts	15,936
Miscellaneous	34,877
Depreciation	337,574
<b>Total operating expenses</b>	<b>1,154,689</b>
<b>Operating income</b>	<b>571,504</b>
<b>Non-operating revenues (expenses)</b>	
Investment earnings	2
Interest expense and fiscal fees	(311,452)
<b>Total non-operating revenues (expenses)</b>	<b>(311,450)</b>
<b>Change in net position</b>	<b>260,054</b>
<b>Net position beginning of year</b>	<b>4,921,571</b>
<b>Net position end of year</b>	<b>\$ 5,181,625</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, 2021**

	<u><b>Water and Sewer</b></u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 1,705,259
Cash payments to employees for personal services	(39,593)
Cash payments for goods and services	<u>(761,650)</u>
<b>Net cash provided by operating activities</b>	<u>904,016</u>
<b>Cash flows from noncapital financing activities</b>	
Interfund balances	<u>347,098</u>
<b>Cash flows from capital and related financing activities</b>	
Principal paid on bonds	(90,000)
Interest and fiscal fees paid on debt	(328,750)
Payments for capital acquisitions	<u>(58,287)</u>
<b>Net cash used for capital and related financing activities</b>	<u>(477,037)</u>
<b>Cash flows from investing activities</b>	
Investment earnings	<u>2</u>
<b>Net increase in cash and cash equivalents</b>	774,079
<b>Cash and cash equivalents beginning of year</b>	<u>1,221,545</u>
<b>Cash and cash equivalents end of year</b>	<u><u>\$ 1,995,624</u></u>

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

**City of Guyton, Georgia**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

(continued)

**Water and  
Sewer**

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

<b>Operating income</b>	\$ 571,504
<b>Adjustments:</b>	
Depreciation and amortization	337,574
<b>(Increase) decrease in assets</b>	
Accounts receivable	(20,934)
Prepaid expense	(7,675)
<b>Increase (decrease) in liabilities:</b>	
Accounts payable	22,558
Accrued salaries and wages	758
Compensated absences payable	231
	904,016
<b>Net cash provided by operating activities</b>	<b>\$ <u>904,016</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, 2021***

***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, 2021**

**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 the operation of activities involved in providing fire services to City residents. See Note 3 regarding the closing of the fire fund.

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

**City of Guyton, Georgia**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2021**

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

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

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

**Measurement Focus**

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

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

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

**Basis of Accounting**

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

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**City of Guyton, Georgia**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2021**

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

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

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

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

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

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

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

**Assets, Liabilities and Fund Equity**

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

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**City of Guyton, Georgia**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2021**

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

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

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

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

**Receivables** - All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable. Unbilled water, sewer and garbage collection charges are accrued as receivables and revenue at June 30, 2021. The general fund and water and sewer enterprise fund reported an allowance of \$15,692 and \$79,953, respectively, at June 30, 2021.

**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, 2021, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

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

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

**City of Guyton, Georgia**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2021**

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

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

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

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

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

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

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

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**City of Guyton, Georgia**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2021**

**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, 2021**

**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, 2021**

***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.

***Note 2 – Stewardship, Compliance and Accountability***

**Budgetary Information**

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

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

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

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

**Excess of Expenditures Over Appropriations**

Expenditures exceeded appropriations for the year ended June 30, 2021, in the following areas for the fire fund:

Public safety	99,893
Interfund transfer to general fund	130,107

***Note 3 - Closeout of Fire Special Revenue Fund***

During the current year, the City entered into an agreement with Effingham County, whereby the County will provide fire services to the City. The City has sold most of its remaining fire equipment, transferred the remaining available assets to the County, and closed the Fire fund.



**City of Guyton, Georgia**  
***Notes to Basic Financial Statements***  
***For the Year Ended June 30, 2021***

***Note 4 - 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, 2021, the government is not exposed to custodial credit risk.

***Note 5 - Receivables***

Receivables at June 30, 2021, consisted of taxes, intergovernmental, and accounts (billings for user charges).

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

***Note 6 - 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 2021, property taxes were levied on August 25, 2020. Property tax bills were mailed on September 20, 2020, and were due November 30, 2020. The lien date was January 1, 2021.

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**City of Guyton, Georgia**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2021**

**Note 7 - Capital Assets**

Capital asset activity for governmental activities for the year ended June 30, 2021, was as follows:

	<u>Balance</u> <u>6/30/2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2021</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 199,901			\$ 199,901
Depreciable capital assets:				
Buildings	835,783	\$ 96,962		932,745
Machinery and equipment	742,660	26,108	\$ 377,035	391,733
Vehicles	591,692	77,932	138,000	531,624
Furniture & fixtures	29,409			29,409
Office equipment	100,247	9,836	12,027	98,056
Infrastructure	<u>1,830,983</u>	<u>134,073</u>		<u>1,965,056</u>
Total depreciable capital assets	<u>4,130,774</u>	<u>344,911</u>	<u>527,062</u>	<u>3,948,623</u>
Total capital assets	<u>4,330,675</u>	<u>344,911</u>	<u>527,062</u>	<u>4,148,524</u>
Accumulated depreciation:				
Buildings	366,351	19,288		385,639
Machinery and equipment	534,836	36,028	373,595	197,269
Vehicles	549,996	25,524	138,000	437,520
Furniture & fixtures	28,222	1,186		29,408
Office equipment	41,452	14,824	12,027	44,249
Infrastructure	<u>892,917</u>	<u>78,682</u>		<u>971,599</u>
Total accumulated depreciation	<u>2,413,774</u>	<u>175,532</u>	<u>523,622</u>	<u>2,065,684</u>
Governmental activities capital assets, net	<u>\$ 1,916,901</u>	<u>\$ 169,379</u>	<u>\$ 3,440</u>	<u>\$ 2,082,840</u>
Governmental activities depreciation expense:				
General government		\$ 21,723		
Public safety - police		21,939		
Public safety - fire		15,998		
Public works - streets		93,087		
Parks and recreation		<u>22,785</u>		
Total governmental activities depreciation expense		<u>\$ 175,532</u>		

**City of Guyton, Georgia**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2021**

**Note 7 - Capital Assets (continued)**

Capital asset activity for business-type activities for the year ended June 30, 2021, was as follows:

	<u>Balance</u> <u>6/30/2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2021</u>
Business-type activities:				
Capital assets not being depreciated:				
Land and rights	\$ 2,127,513			\$ 2,127,513
Depreciable capital assets:				
Improvements - not building	13,309,643			13,309,643
Machinery and equipment	692,453	\$ 74,023	\$ 46,445	720,031
Office equipment	4,486	3,864		8,350
Total depreciable capital assets	<u>14,006,582</u>	<u>77,887</u>	<u>46,445</u>	<u>14,038,024</u>
Total capital assets	<u>16,134,095</u>	<u>77,887</u>	<u>46,445</u>	<u>16,165,537</u>
Accumulated depreciation:				
Improvements - not building	3,030,765	293,786		3,324,551
Machinery and equipment	455,908	43,268	46,445	452,731
Office equipment	3,997	520		4,517
Total accumulated depreciation	<u>3,490,670</u>	<u>337,574</u>	<u>46,445</u>	<u>3,781,799</u>
Water and sewer capital assets, net	<u>\$ 12,643,425</u>	<u>\$ (259,687)</u>	<u>\$ 0</u>	<u>\$ 12,383,738</u>

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**City of Guyton, Georgia**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2021**

**Note 8 - Interfund Balances and Transfers**

Interfund balances at June 30, 2021, consisted of the following:

General fund receivable from water and sewer fund for various expenses paid by general fund	\$ 577,412
SPLOST fund receivable from general fund for local match portion of grant project inadvertently paid out of SPLOST fund	\$ 12,239
Construction trust fund receivable from general fund for amounts transferred to general fund in anticipation of expenditures for the construction trust fund to be paid out of the general fund that did not occur	\$ 12,969

Interfund transfers for the year ended June 30, 2021, consisted of the following.

Transfer from fire fund to the general fund upon winding down of the fire fund	\$ 275,123
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**Note 9 - Deferred Inflows and Deferred Outflows of Resources**

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

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

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**City of Guyton, Georgia**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2021**

**Note 10 - Long-Term Liabilities**

**Governmental Activities**

**General Obligation Debt**

General obligation debt at June 30, 2021, is comprised of the following.

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

Capital lease payable to Branch Banking and Trust Company, Inc., in equal annual payments of approximately \$12,619, including interest at 3.17%. This lease was used to purchase a vehicle for the fire department with a cost of \$108,000. This vehicle was sold during the year. At the time of disposition, the equipment acquired by the lease was included in the governmental activities general capital assets in the amount of \$-0- (cost of \$108,000 less accumulated depreciation of \$108,000). This capital lease was paid off during the year.

Capital lease payable to Branch Banking and Trust Company, Inc., in equal annual payments of approximately \$12,144, including interest at 4.06%. This lease was used to purchase equipment for the fire department with a cost of \$159,382. This equipment was sold during the year. At the time of disposition, the equipment acquired by the lease was included in the governmental activities general capital assets in the amount of \$-0- (cost of \$159,382 less accumulated depreciation of \$159,382). This capital lease was also paid off during the year.

Capital lease payable to Georgia Municipal Association in equal annual payments of approximately \$18,265, including interest at 3.71%. The purpose of the lease was the purchase of city-wide financial reporting software and pre-pay the related maintenance contract. The asset acquired by the lease is included in the governmental activities general capital assets in the amount of \$36,620 (cost of \$63,595 less accumulated depreciation of \$26,975). This capital lease was paid off during the year.

**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.

**City of Guyton, Georgia**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2021**

**Note 10 - Long-Term Liabilities (continued)**

**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 11 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 \$194,371, is reported in the statement of net position at a value of \$402,499. The bonds are secured by direct revenues of the water/sewer system.

As of June 30, 2021, debt service requirement to maturity are as follows.

Year	Principal	Interest	Total
2022	\$ 140,000	\$ 326,950	\$ 466,950
2023	165,000	324,150	489,150
2024	230,000	320,850	550,850
2025	255,000	315,675	570,675
2026	310,000	305,475	615,475
2027-2031	2,015,000	1,310,775	3,325,775
2032-2036	2,455,000	873,575	3,328,575
2037-2041	2,975,000	344,900	3,319,900
Total	<u>\$ 8,545,000</u>	<u>\$ 4,122,350</u>	<u>\$ 12,667,350</u>

**Changes in Long-term Debt** - Changes in the City's long-term obligations consisted of the following for the year ended June 30, 2021:

	Outstanding 6/30/2020	Additions	Reductions	Outstanding 6/30/2021	Amounts due in one year
Governmental activities					
Capital leases payable					
Branch Banking and Trust	\$ 35,118		\$ 35,118	\$ 0	
Branch Banking and Trust	61,775		61,775	0	
Georgia Municipal Assoc.	50,202		50,202	0	
Compensated absences	14,710	\$ 25,974	24,802	15,882	\$ 15,882
Total governmental activities	<u>\$ 161,805</u>	<u>\$ 25,974</u>	<u>\$ 171,897</u>	<u>\$ 15,882</u>	<u>\$ 15,882</u>

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**City of Guyton, Georgia**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2021**

**Note 10 - Long-Term Liabilities (continued)**

	<u>Outstanding 6/30/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 6/30/2021</u>	<u>Amounts due in one year</u>
Business-type activities					
Water & Sewer Refunding & Improvement Bonds - "Series 2017 Bonds"	\$ 8,635,000		\$ 90,000	\$ 8,545,000	\$ 140,000
Compensated absences	<u>107</u>	\$ <u>2,314</u>	<u>2,083</u>	<u>338</u>	<u>338</u>
Total business-type activities	<u>\$ 8,635,107</u>	<u>\$ 2,314</u>	<u>\$ 92,083</u>	<u>\$ 8,545,338</u>	<u>\$ 140,338</u>

Principal and interest payments related to the City's water and sewer bonds 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.

Total interest incurred (all of which was charged to operations) in the government-wide financial statements amounted to \$1,677 for governmental activities and \$311,452 for business-type activities.

**Note 11 - Refunding of Bonds**

On February 23, 2017, the City issued City of Guyton Water and Sewer Refunding Revenue Bonds, Series 2017, in the amount of \$8,845,000, with interest rates ranging between 2.00% and 4.00%. The City used the bonds to advance refund the Series 2011 bonds, with interest rates varying from 2.0% to 4.80%. The City deposited the net proceeds in an irrevocable trust to purchase U.S. government securities to provide for all future debt service on the aforementioned bond series. As a result, the refunded bonds are considered defeased, and the City has removed the liability from its accounts. The outstanding principal of the defeased bonds is \$8,930,000 at June 30, 2021.

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**City of Guyton, Georgia**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2021**

**Note 12 - Pension**

**General Information About the Pension Plan**

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

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

**Employees Covered** - At June 30, 2021, the following employees were covered by the benefit terms for the plan:

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	4
Active employees	9
Total	17

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

The annual minimum contribution is the sum of 1) the normal cost (including administrative expenses), 2) the closed level dollar amortization of the unfunded actuarial accrued liability over a period that ranges from 10 to 30 years based on the funding policy adopted by the GMEBS Board of Trustees, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). The City's contributions to the plan were \$3,584 for the year ended June 30, 2021.

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**City of Guyton, Georgia**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2021**

**Note 12 - 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, 2020, using an annual actuarial valuation as of January 1, 2021. a summary of principal assumptions and methods used to determine the net pension liability is shown below.

Valuation date	January 1, 2021
Measurement date	September 30, 2020
Actuarial cost method	Projected Unit Credit
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of ten years.
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Discount rate	7.375%
Inflation rate	2.25%
Net investment rate of return	7.375%
Projected salary increase	2.25% plus service based merit increases
Cost of living adjustments	Not applicable
Postretirement benefit increase	Not applicable

The underlying mortality assumptions and all other actuarial assumptions used in the January 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2019. Further details of the experience study can be obtained by contacting the Georgia Municipal Association.

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

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**City of Guyton, Georgia**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2021**

**Note 12 - 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, 2020 (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%	6.40%
International equity	20%	7.05%
Domestic fixed income	20%	1.15%
Real estate	10%	4.50%
Global fixed income	5%	1.25%
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, 2019	\$ 516,122	\$ 617,595	\$ (101,473)
Changes for the year:			
Service cost	5,763		5,763
Interest	37,108		37,108
Differences between expected and actual experience	3,906		3,906
Contributions - employer		3,565	(3,565)
Net investment income		57,445	(57,445)
Benefit payments	(37,462)	(37,462)	0
Administrative expense		(3,403)	3,403
Net changes	<u>9,315</u>	<u>20,145</u>	<u>(10,830)</u>
Balances as of September 30, 2020	<u>\$ 525,437</u>	<u>\$ 637,740</u>	<u>\$ (112,303)</u>

**City of Guyton, Georgia**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2021**

**Note 12 - Pension (continued)**

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

1% Decrease (6.375%)	Discount Rate (7.375%)	1% Increase (8.375%)
\$ (61,568)	\$ (112,303)	\$ (155,909)

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

For the year ended June 30, 2021, the City recognized negative pension expense of \$28,644. At June 30, 2021, 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	\$ 2,931	\$ (18,386)
Pension contributions subsequent to measurement date	2,688	
Changes of assumptions	9,480	
Net difference between projected and actual earnings on pension plan investments		(6,790)
Total	\$ 15,099	\$ (25,176)

\$2,688 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, 2022. 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:	
2022	\$ (12,512)
2023	(1,687)
2024	4,089
2025	(2,655)
	\$ (12,765)

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**City of Guyton, Georgia**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2021**

**Note 13 - Net Investment in Capital Assets**

Net investment in capital assets on the government-wide statement of net position as of June 30, 2021, are as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Cost of capital assets	\$ 4,148,524	\$ 16,165,537
Less accumulated depreciation	<u>2,065,684</u>	<u>3,781,799</u>
Book value	<u>2,082,840</u>	<u>12,383,738</u>
Less capital related debt		
Total debt		8,545,000
Less bond proceeds held in escrow for sewer system expansion		<u>(419,203)</u>
	<u>0</u>	<u>8,125,797</u>
Net investment in capital assets	<u>\$ 2,082,840</u>	<u>\$ 4,257,941</u>

**Note 14 - Risk Management**

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

The City joined the Georgia Interlocal Risk Management Agency (GIRMA). Insurance coverage and deductible options for property, casualty and crime under the policy are selected by the City’s management based on the anticipated needs. The City is required to pay all premiums, applicable deductibles and assessments billed by GIRMA, as well as following loss reduction and prevention procedures established by GIRMA. GIRMA’s responsibility includes paying claims, and representing the city in defense and settlement of claims. GIRMA’s basis for estimating the liabilities for unpaid claims is “IBNR” established by an actuary. The City has not compiled a record of claims paid up to the applicable deductible for the prior year or the current fiscal year. The City is unaware of any claims for which the City is liable (up to the applicable deductible) which were outstanding and unpaid at June 30, 2021. No provisions have been made in the financial statements for the year ended June 30, 2021, for any estimate of potential unpaid claims.

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**City of Guyton, Georgia**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2021**

**Note 14 - Risk Management (continued)**

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 15 - 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, 2021.

For the year ended June 30,		
2022	\$	806
2023		806
2024		<u>672</u>
	\$	<u><u>2,284</u></u>

Lease expense relating to operating leases was \$1,686 for 2021.

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

**Note 16 - Joint Ventures**

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

**City of Guyton, Georgia**  
***Notes to Basic Financial Statements***  
***For the Year Ended June 30, 2021***

***Note 17 - Subsequent Events***

Subsequent events have been evaluated by management through June 28, 2022, which is the date the financial statements were available to be issued.

In April 2021, the City entered into an intergovernmental agreement with Effingham County, Georgia (the "County"). In accordance with this agreement, the County will loan the City approximately \$1.3 million as general obligation debt of the City with an interest rate of 0.793%. This loan will be repaid with future TSPLOST revenues. The proceeds from this debt will be used for the construction of TSPLOST projects and are expected to be received and recognized in the year ended June 30, 2022.

***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, 2021**

	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Variance</b>
	<b>Budget</b>	<b>Budget</b>		<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Taxes	\$ 721,448	\$ 968,563	\$ 976,276	\$ 7,713
Licenses and permits	104,619	148,895	148,895	0
Intergovernmental	30,425	150,181	157,125	6,944
Charges for services	200,000	313,160	221,618	(91,542)
Fines and forfeitures	30,000	45,291	45,291	0
Investment earnings		71	1,015	944
Miscellaneous	6,604	32,651	15,322	(17,329)
<b>Total revenues</b>	<b>1,093,096</b>	<b>1,658,812</b>	<b>1,565,542</b>	<b>(93,270)</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government				
City Council	30,669	72,976	30,122	42,854
Administration	284,613	591,712	333,900	257,812
Other governmental services	60,500	158,152	133,968	24,184
Public Safety - police	305,612	699,204	413,717	285,487
Public works				
Streets and lanes	206,702	369,929	280,233	89,696
Sanitation	200,000	251,530	198,980	52,550
Parks and recreation - leisure services	5,000	25,102	25,799	(697)
Debt service				
Principal		49,239	50,200	(961)
Interest and fiscal charges		2,955	1,994	961
<b>Total expenditures</b>	<b>1,093,096</b>	<b>2,220,799</b>	<b>1,468,913</b>	<b>751,886</b>
<b>Excess (deficit) of revenues to expenditures</b>	0	(561,987)	96,629	658,616
<b>Other financing sources</b>				
Interfund transfers	0	561,987	275,123	(286,864)
<b>Net change in fund balances</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>371,752</b>	<b>\$ 371,752</b>
<b>Fund balance beginning of year</b>			<b>1,178,880</b>	
<b>Fund balance end of year</b>			<b>\$ 1,550,632</b>	

See the accompanying notes to the required supplementary information.



**City of Guyton, Georgia**  
**Fire Fund**  
*Schedule of Revenues, Expenditures and*  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2021**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>				
Charges for service	\$ <u>0</u>	\$ <u>3,717</u>	\$ <u>96,893</u>	\$ <u>93,176</u>
<b>Expenditures</b>				
<b>Current:</b>				
Public Safety		5,896	105,789	(99,893)
<b>Debt service:</b>				
Principal		96,895	96,895	0
Interest		4,689	4,689	0
<b>Total expenditures</b>	<u>0</u>	<u>107,480</u>	<u>207,373</u>	<u>(99,893)</u>
<b>Deficit of revenues to expenditures</b>	<u>0</u>	<u>(103,763)</u>	<u>(110,480)</u>	<u>(6,717)</u>
<b>Other financing sources (uses)</b>				
Proceeds from sale of assets		43,238	180,062	136,824
Interfund transfer to general fund		(145,016)	(275,123)	(130,107)
<b>Total other financing sources (uses)</b>	<u>0</u>	<u>(101,778)</u>	<u>(95,061)</u>	<u>6,717</u>
<b>Net change in fund balance</b>	<u>\$ 0</u>	<u>\$ (205,541)</u>	<u>(205,541)</u>	<u>\$ 0</u>
<b>Fund balances beginning of year</b>			<u>205,541</u>	
<b>Fund balances end of year</b>			<u>\$ 0</u>	

**City of Guyton, Georgia**  
***Notes to the Required Supplementary Information***  
***Budget to Actual Comparisons***  
***For the Year Ended June 30, 2021***

***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 one budget revision which affected governmental funds.

All unexpended annual appropriations lapse at year-end.

**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, 2021**

	2021	2020	2019	2018	2017	2016	2015
<b>Total pension liability</b>							
Service cost	\$ 5,763	\$ 9,549	\$ 11,861	\$ 13,551	\$ 17,751	\$ 14,276	\$ 14,706
Interest	37,108	36,646	36,788	36,222	35,225	38,030	35,985
Difference between expected and actual experience	3,906	(3,835)	(15,664)	(21,062)	(19,089)	(72,387)	(10,856)
Changes in assumptions		13,429		8,297			(5,805)
Benefit payments, including refunds of employee contributions	(37,462)	(37,462)	(27,659)	(23,829)	(18,225)	(13,994)	(1,302)
Net change in total pension liability	9,315	18,327	5,326	13,179	15,662	(34,075)	32,728
Total pension liability - beginning	516,122	497,795	492,469	479,290	463,628	497,703	464,975
Total pension liability - ending	<u>\$ 525,437</u>	<u>\$ 516,122</u>	<u>\$ 497,795</u>	<u>\$ 492,469</u>	<u>\$ 479,290</u>	<u>\$ 463,628</u>	<u>\$ 497,703</u>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 3,565	\$ 5,480	\$ 14,943	\$ 21,054	\$ 24,327	\$ 31,224	\$ 25,814
Net investment income	57,445	17,498	58,450	78,366	52,094	4,677	43,717
Benefit payments, including of employee contributions	(37,462)	(37,462)	(27,659)	(23,829)	(18,225)	(13,994)	(1,302)
Administrative expense	(3,403)	(3,305)	(3,512)	(3,835)	(1,937)	(2,004)	(1,618)
Net change in fiduciary net position	20,145	(17,789)	42,222	71,756	56,259	19,903	66,611
Plan fiduciary net position - beginning	617,595	635,384	593,162	521,406	465,147	445,244	378,633
Plan fiduciary net position - ending	<u>\$ 637,740</u>	<u>\$ 617,595</u>	<u>\$ 635,384</u>	<u>\$ 593,162</u>	<u>\$ 521,406</u>	<u>\$ 465,147</u>	<u>\$ 445,244</u>
<b>Net pension (asset) liability- ending</b>	<u>\$ (112,303)</u>	<u>\$ (101,473)</u>	<u>\$ (137,589)</u>	<u>\$ (100,693)</u>	<u>\$ (42,116)</u>	<u>\$ (1,519)</u>	<u>\$ 52,459</u>
Plan fiduciary net position as a percentage of total pension liability	121.37%	119.66%	127.64%	120.45%	108.79%	100.33%	89.46%
Covered employee payroll	373,327	239,552	264,482	239,257	259,344	307,296	301,617
Net position asset as a percentage of covered-employee payroll	-30.08%	-42.36%	-52.02%	-42.09%	-16.24%	-0.49%	17.39%

**Changes in assumptions**

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

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

**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, 2021***

**Changes in assumptions (continued)**

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

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

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

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

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

**Benefit changes**

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

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

**City of Guyton, Georgia**  
**Schedule of Contributions**  
**Defined Benefit Pension Plan**  
**For the Year Ended June 30, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	*	\$ 3,559	\$ 6,121	\$ 17,884	\$ 22,110	\$ 25,067	\$ 30,233
Contributions in relation to actuarially determined contribution	*	3,559 **	6,121 **	17,884 **	22,110 **	25,066 **	32,515 **
Contribution deficiency (excess)	*	0	0	0	0	1	(2,282)
Covered-employee payroll	*	239,552	264,482	239,257	259,344	307,296	301,617
Contributions as a percentage of covered-employee payroll	*	1.49%	2.31%	7.47%	8.53%	8.16%	10.78%

**Notes to Schedule of Contributions**

\* 2021 information will be determined after fiscal year end and will be included in 2022 reporting.

\*\* Contributions are recorded based on date of receipt into the GMEBS trust. Minor timing issues in receipt of monthly payments are not indicative of non-compliance with GMEBS funding policy. A plan is in compliance with the GMEBS funding policy if it pays either the dollar amount or the percentage of employee-covered payroll of the actuarially determined contributions.

\*\*\* 2020 covered payroll is based on data collected as of September 30, 2019, for the 2020 actuarial valuation.

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**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2021**

	<b>TSPLOST</b>	<b>Construction Trust</b>	<b>Debt Service Trust</b>	<b>Total</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 49,558	\$ 419,203	\$ 142,104	\$ 610,865
Receivables - intergovernmental - county	26,730			26,730
Interfund balances		12,969		12,969
<b>Total assets</b>	<b>\$ 76,288</b>	<b>\$ 432,172</b>	<b>\$ 142,104</b>	<b>\$ 650,564</b>
<b>Fund Balances</b>				
Restricted for capital projects	\$ 76,288	\$ 432,172		\$ 508,460
Restricted for debt service			\$ 142,104	142,104
<b>Total fund balances</b>	<b>\$ 76,288</b>	<b>\$ 432,172</b>	<b>\$ 142,104</b>	<b>\$ 650,564</b>



**City of Guyton, Georgia**  
**Combining Schedule of Revenues, Expenses and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2021**

	<u>TSPLOST</u>	<u>Construction Trust</u>	<u>Debt Service Trust</u>	<u>Total</u>
<b>Revenues</b>				
Intergovernmental	\$ 76,330			\$ 76,330
Investment income		\$ 41	\$ 14	55
<b>Total revenues</b>	<u>76,330</u>	<u>41</u>	<u>14</u>	<u>76,385</u>
<b>Expenditures</b>				
<b>Current:</b>				
Public Works	42			42
<b>Debt service:</b>				
Interest		120		120
<b>Total expenditures</b>	<u>42</u>	<u>120</u>	<u>0</u>	<u>162</u>
<b>Excess (deficit) of revenues to expenditures</b>	76,288	(79)	14	76,223
<b>Fund balances beginning of year</b>	<u>0</u>	<u>432,251</u>	<u>142,090</u>	<u>574,341</u>
<b>Fund balances end of year</b>	<u>\$ 76,288</u>	<u>\$ 432,172</u>	<u>\$ 142,104</u>	<u>\$ 650,564</u>

**City of Guyton, Georgia**  
**Schedule of Projects Paid with**  
**Special Purpose Local Option Sales Tax Proceeds**  
**For the Year Ended June 30, 2021**

	Original Estimated Cost	Revised Estimated Cost	Prior Years	Current Year	Total	Percentage Complete
<b>2012 Effingham County SPLOST</b>						
Roads, streets and bridges	\$ 513,864	\$ 513,864	\$ 190,941	\$ 126,361	\$ 317,302	61.75%
Public safety	26,352	26,352	19,994	6,358	26,352	100.00%
Recreation	250,344	250,344		102,508	102,508	40.95%
Water and sewer	527,040	527,040	404,497		404,497	76.75%
Total	<u>\$ 1,317,600</u>	<u>\$ 1,317,600</u>	<u>\$ 615,432</u>	<u>\$ 235,227</u>	<u>\$ 850,659</u>	
Funds remaining at June 30, 2021					<u>\$ 69,436</u>	
<b>2017 Effingham County SPLOST</b>						
Streets and lanes	\$ 676,800	\$ 676,800				0.00%
Public safety	676,800	676,800		\$ 83,685	\$ 83,685	12.36%
Recreation	112,800	112,800				0.00%
Technology	112,800	112,800	\$ 10,837		10,837	9.61%
Water and sewer	676,800	676,800				0.00%
Total	<u>\$ 2,256,000</u>	<u>\$ 2,256,000</u>	<u>\$ 10,837</u>	<u>\$ 83,685</u>	<u>\$ 94,522</u>	
Funds remaining at June 30, 2021					<u>\$ 983,358</u>	

*City of Guyton, Georgia*  
*Schedule of Projects Paid with*  
*Transportation Special Purpose Local Option Sales Tax Proceeds*  
*For the Year Ended June 30, 2021*

	Original Estimated Cost*	Prior Years	Current Year	Total	Percentage Complete
Glenmore Drive	\$ 43,000				0.00%
Exit to Guyton Elementary	40,000				0.00%
W Central Blvd. (119 to Halfway Rd.)	217,550				0.00%
Powell Rd. (4th Street to Brogdon)	50,000				0.00%
Central Blvd. (PO to Lynn Bonds)	70,000				0.00%
Del A Rae Circle	182,500				0.00%
Brogdon Rd. (Mabnolia to City Limits)	135,000				0.00%
Lynn Bonds (17 to Church)	57,905				0.00%
Reese Ln.	15,000				0.00%
Dilmus Jackson Ln.	75,000				0.00%
Cherry St. (Samual Smalls to Brogdon)	45,000				0.00%
Crossgate Subdivision	200,000				0.00%
Drainage Improvements	25,000				0.00%
Contingency 10%	93,096				0.00%
Surveying/Engineering/Testing	99,924		\$ 42	\$ 42	0.04%
Total	<u>\$ 1,348,975</u>	<u>\$ 0</u>	<u>\$ 42</u>	<u>\$ 42</u>	
Funds remaining at June 30, 2021				<u>\$ 76,288</u>	

\* There have been no changes in original estimated costs.

# LANIER, DEAL & PROCTOR

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

To the City Council  
City of Guyton, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Guyton, Georgia, as of and for the year ended June 30, 2021, 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 June 28, 2022.

### Internal Control Over Financial Reporting

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

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

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

not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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



Statesboro, Georgia  
June 28, 2022