CITY OF GUYTON, GEORGIA

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2023

City of Guyton, Georgia
Audit of Financial Statements
For the Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Guyton, Georgia

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the City of Guyton, Georgia's basic financial statements as listed in the table of contents.

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 aggregate remaining fund information of the City of Guyton, Georgia, as of June 30, 2023, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Guyton, Georgia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Guyton, Georgia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Guyton, Georgia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Guyton, Georgia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 36, and the Schedule of Changes in the Net Pension Liability and Related Ratios and the Schedule of Contributions on pages 38 and 39 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 accompanying combining nonmajor fund financial statements, schedule of projects paid with special sales tax proceeds, and schedule of projects paid with transportation special purpose local option sales tax proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 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 July 8, 2024 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, Georgia'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.

Lanier, Deal, Proctor + Bloser

Statesboro, Georgia
July 8, 2024

City of Guyton, Georgia
Statement of Net Position
June 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	$ 822,915	$ 2,468,571	$ 3,291,486
Receivables:			
Accounts	29,893	135,726	165,619
Taxes	108,615		108,615
Intergovernmental	105,243		105,243
Internal balances	28,898	(28,898)	
Prepaid items	12,852	4,642	17,494
Restricted assets:			
Cash and cash equivalents	1,859,129		1,859,129
Capital assets:			
Nondepreciable capital assets	989,716	2,275,594	3,265,310
Depreciable capital assets, net	3,577,731	9,794,555	13,372,286
Total assets	7,534,992	14,650,190	22,185,182
Deferred outflows of resources			
Pension:			
Difference between expected and actual experience	24,229	2,184	26,413
Difference between projected and actual earnings on plan investments	132,142	11,909	144,051
Contributions after measurement date	4,558	411	4,969
Deferred charge on refunding of bonds		312,555	312,555
Total deferred outflows of resources	160,929	327,059	487,988
Liabilities			
Current liabilities:			
Accounts payable	150,383	95,354	245,737
Accrued salaries and wages	16,152	2,053	18,205
Accrued interest payable	2	102,486	102,488
Compensated absences payable	4,354	828	5,182
Unearned revenue	25,907		25,907
Unearned grant revenue		831,269	831,269
Bonds payable		230,000	230,000
Notes payable	263,891		263,891
Financed purchases payable	3,685		3,685
Long-term liabilities:			
Bonds payable (net of current portion)		8,010,000	8,010,000
Notes payable (net of current portion)	204,830		204,830
Financed purchases payable (net of current portion)	221		221
Premium on bonds payable (net of amortization)		317,755	317,755
Net pension liability	14,147	1,275	15,422
Total liabilities	683,572	9,591,020	10,274,592
Deferred inflows of resources			
Pension:			
Difference between projected and actual earnings on plan investments	63,684	5,739	69,423
Net Position			
Net investment in capital assets	4,106,666	4,115,676	8,222,342
Restricted for:			
Capital projects	1,083,041		1,083,041
Debt service	294,367		294,367
Law enforecement	86,105		86,105
Unrestricted	1,378,486	1,264,814	2,643,300
Total net position	$ 6,948,665	$ 5,380,490	$ 12,329,155

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

City of Guyton, Georgia
Statement of Activities
For the Year Ended June 30, 2023

Function/Program	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Primary government							
Governmental activities							
General government							
City Council	$ 35,220				$ (35,220)		$ (35,220)
Administration	364,246	$ 98,481			(265,765)		(265,765)
Other governmental services	165,420				(165,420)		(165,420)
Public safety - Police	649,153	151,517	$ 7,535	$ 10,055	(480,046)		(480,046)
Public works							
Streets and lanes	556,339			713,289	156,950		156,950
Sanitation	208,877	258,542			49,665		49,665
Water and sewer				201,093	201,093		201,093
Parks and recreation	65,317			118,098	52,781		52,781
Interest	7,117				(7,117)		(7,117)
Total governmental activities	2,051,689	508,540	7,535	1,042,535	(493,079)		(493,079)
Business-type activities:							
Water and sewer	1,555,303	1,556,584				$ 1,281	1,281
Total - primary government	$ 3,606,992	$ 2,065,124	$ 7,535	$ 1,042,535	(493,079)	1,281	(491,798)
General revenues							
Property taxes					214,687		214,687
Local option sales tax					615,810		615,810
Franchise taxes					116,874		116,874
Motor vehicle and title ad valorem tax					126,784		126,784
Real estate transfer tax					27,055		27,055
Intangible tax					69,215		69,215
Alcohol taxes					60,073		60,073
Insurance premium taxes					209,528		209,528
Excise tax					28,830		28,830
Investment earnings					59		59
Gain on sale of capital assets					132,541		132,541
Miscellaneous					22,543	3,926	26,469
Total general revenues					1,623,999	3,926	1,627,925
Transfers					(195)	195	0
Total general revenues and transfers					1,623,804	4,121	1,627,925
Change in net position					1,130,725	5,402	1,136,127
Net position beginning of year					5,817,940	5,375,088	11,193,028
Net position end of year					$ 6,948,665	$ 5,380,490	$ 12,329,155

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

City of Guyton, Georgia
Balance Sheet
Governmental Funds
June 30, 2023

	General	Capital Projects Funds SPLOST	Capital Projects Funds TSPLOST	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents					
Unrestricted	$ 822,915				$ 822,915
Restricted		$ 882,548	$ 328,079	$ 648,502	1,859,129
Receivables					
Accounts	29,893				29,893
Taxes	108,615				108,615
Intergovernmental		71,215	34,028		105,243
Interfund balances	645,363				645,363
Prepaid items	12,852				12,852
Total assets	$ 1,619,638	$ 953,763	$ 362,107	$ 648,502	$ 3,584,010
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	$ 97,556	$ 13,764	$ 39,063		$ 150,383
Accrued salaries and wages	16,152				16,152
Interfund balances		190,577	367,686	$ 58,202	616,465
Unearned revenues	25,907				25,907
Total liabilities	139,615	204,341	406,749	58,202	808,907
Deferred inflows of resources - property taxes	10,504				10,504
Total liabilities and deferred inflows of resources	150,119	204,341	406,749	58,202	819,411
Fund balances					
Nonspendable - prepaid items	12,852				12,852
Restricted for:					
Capital projects	37,686	749,422		295,933	1,083,041
Debt service				294,367	294,367
Law enforcement	86,105				86,105
Unassigned	1,332,876		(44,642)		1,288,234
Total fund balances	1,469,519	749,422	(44,642)	590,300	2,764,599
Total liabilities, deferred inflows of resources and fund balances	$ 1,619,638	$ 953,763	$ 362,107	$ 648,502	$ 3,584,010

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, 2023

Total governmental fund balances		$ 2,764,599
Amounts reported for governmental activities in the statement of net position are different because:		
Property tax revenues are deferred in the governmental funds because they are not available but they are reported as revenue in the statement of activities.		10,504
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	$ 6,785,548	
Less accumulated depreciation	(2,218,101)	4,567,447
Net pension liability in governmental activities is not due and payable in the current period and is therefore not reported in the funds. However, it is recognized as a liability in the statement of net position.		(14,147)
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, 2023, are:		
Deferred outflows		160,929
Deferred inflows		(63,684)
Liabilities, including notes and compensated absences payable, are not due and payable in the current period and therefore are not reported in the funds.		
Accrued interest payable	2	
Compensated absences	4,354	
Notes payable	468,721	
Financed purchases payable	3,906	(476,983)
Net position of governmental activities		$ 6,948,665

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, 2023

	General	Capital Projects Funds		Other Governmental Funds	Total Governmental Funds
		SPLOST	TSPLOST		
Revenues					
Taxes	$ 1,472,871				$ 1,472,871
Licenses and permits	98,481				98,481
Intergovernmental	71,560	$ 502,733	$ 475,777		1,050,070
Charges for services	258,542				258,542
Fines and forfeitures	151,517				151,517
Investment income				$ 59	59
Miscellaneous	22,543				22,543
Total revenues	2,075,514	502,733	475,777	59	3,054,083
Expenditures					
Current:					
General government					
City Council	35,220				35,220
Administration	346,994				346,994
Other governmental services	131,406				131,406
Public safety - police	653,654				653,654
Public works					
Streets and lanes	423,443			60	423,503
Sanitation	208,877				208,877
Parks and recreation	296,705				296,705
Housing and development - economic development	17,433				17,433
Capital Outlays		868,212	517,463		1,385,675
Debt service:					
Principal	4,112		593,238		597,350
Interest and fiscal charges	106		7,714		7,820
Total expenditures	2,117,950	868,212	1,118,415	60	4,104,637
Excess (deficit) of revenues to expenditures	(42,436)	(365,479)	(642,638)	(1)	(1,050,554)
Other financing sources (uses) -					
Proceeds from sale of capital assets	132,541				132,541
Interfund transfers		(95,647)		95,452	(195)
Total other financing sources (uses)	132,541	(95,647)	0	95,452	132,346
Net change in fund balances	90,105	(461,126)	(642,638)	95,451	(918,208)
Fund balances beginning of year	1,379,414	1,210,548	597,996	494,849	3,682,807
Fund balances end of year	$ 1,469,519	$ 749,422	$ (44,642)	$ 590,300	$ 2,764,599

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, 2023

Net change in fund balances - total governmental funds		$ (918,208)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlays exceeded depreciation expense in the current period.		
Depreciation expense	$ (249,591)	
Capital outlay	1,737,707	1,488,116
Property taxes in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Deferred at 06/30/2023	$ 10,504	
Deferred at 06/30/2022	(14,519)	(4,015)
Repayment of general obligation debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		593,238
Repayment of financed purchase liability is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		4,152
Interest expense on long-term debt reported in the statement of activities does not require the use of current financial resources and therefore is not reported as expenditures in governmental funds.		
Liability at 06/30/2023	$ (2)	
Liability at 06/30/2022	665	663
Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences at 06/30/2023	$ (4,354)	
Compensated absences at 06/30/2022	4,410	56
Net pension asset/liability reported in the statement of activities does not provide/require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Net pension asset/liability		
Liability balance at 06/30/2023	$ (14,147)	
Asset balance at 06/30/2022	(169,521)	
Deferred inflows/outflows of resources from pensions		
Balance at 06/30/2023	97,245	
Balance at 06/30/2022	53,146	(33,277)
Change in net position of governmental activities		$ 1,130,725

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

City of Guyton, Georgia
Statement of Net Position
Proprietary Funds
June 30, 2023

	Water and Sewer
Assets	
Current assets:	
Cash and cash equivalents	$ 2,468,571
Receivables - accounts	135,726
Prepaid expenses	4,642
Interfund balances	207,770
Total current assets	2,816,709
Noncurrent assets:	
Capital assets:	
Nondepreciable capital assets	2,275,594
Depreciable capital assets, net	9,794,555
Total noncurrent assets	12,070,149
Total assets	14,886,858
Deferred Outflows of Resources	
Deferred charge on refunding of bonds	312,555
Pension:	
Difference between expected and actual experience	2,184
Difference between projected and actual earnings on plan investments	11,909
Contributions after measurement date	411
Total deferred outflows of resources	327,059
Liabilities	
Current Liabilities	
Accounts payable	95,354
Accrued salaries and wages	2,053
Accrued interest payable	102,486
Interfund balances	236,668
Compensated absences	828
Unearned grant revenue	831,269
Bonds payable	230,000
Total current liabilities	1,498,658
Long-term liabilities:	
Bonds payable (net of current portion)	8,010,000
Premium on bonds payable (net of amortization)	317,755
Net pension liability	1,275
Total long-term liabilities	8,329,030
Total liabilities	9,827,688
Deferred Inflows of Resources	
Pension - Difference between projected and actual earnings on plan investments	5,739
Net Position	
Net investment in capital assets	4,115,676
Unrestricted	1,264,814
Total net position	$ 5,380,490

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, 2023

	Water and Sewer
Operating revenues	
Charges for services	$ 1,171,144
Connection fees	317,900
Miscellaneous	67,540
Total operating revenues	1,556,584
Operating expenses	
Salaries	49,670
Payroll taxes	1,854
Professional fees	412,929
Utilities	62,220
Repairs and maintenance	220,754
Supplies	69,269
Postage	8,315
Chlorine	6,916
Insurance	29,521
Bad debts	9,563
Miscellaneous	39,815
Depreciation	343,939
Total operating expenses	1,254,765
Operating income	301,819
Non-operating revenues (expenses)	
Interest expense and fiscal fees	(300,538)
Gain on disposition of assets	3,926
Total non-operating revenues (expenses)	(296,612)
Income before transfers	5,207
Interfund transfers	
Transfer from SPLOST fund	95,647
Transfer from construction trust fund	54,980
Transfer to debt service fund	(150,432)
Total interfund transfers	195
Change in net position	5,402
Net position beginning of year	5,375,088
Net position end of year	$ 5,380,490

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, 2023

	Water and Sewer
Increase (Decrease) in Cash and Cash Equivalents	
Cash flows from operating activities	
Cash received from customers	$ 1,570,454
Cash payments to employees for personal services	(58,205)
Cash payments for goods and services	(796,927)
Net cash provided by operating activities	715,322
Cash flows from noncapital financing activities	
Grant proceeds	408,099
Interfund balances	(602,389)
Net cash used for noncapital financing activities	(194,290)
Cash flows from capital and related financing activities	
Interfund transfers for capital asset projects	
From SPLOST Capital Projects Fund	95,647
From Construction Trust Capital Projects Fund	54,980
To Debt Service Trust	(150,432)
Principal paid on bonds	(165,000)
Interest and fiscal fees paid on debt	(324,150)
Payments for capital acquisitions	(131,229)
Proceeds from sale of assets	3,926
Net cash used for capital and related financing activities	(616,258)
Net decrease in cash and cash equivalents	(95,226)
Cash and cash equivalents beginning of year	2,563,797
Cash and cash equivalents end of year	$ 2,468,571

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

City of Guyton, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

(continued)

	Water and Sewer
Reconciliation of operating income to net cash provided by operating activities	
Operating income	$ 301,819
Adjustments:	
Depreciation and amortization	343,939
Decrease in assets	
Accounts receivable	13,870
Prepaid expense	472
Increase in deferred outflows of resources	
Pension	(14,504)
Increase in liabilities:	
Accounts payable	61,903
Accrued salaries and wages	745
Compensated absences payable	64
Net pension liability	1,275
Increase in deferred inflows of resources	5,739
Net cash provided by operating activities	$ 715,322

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

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.

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

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

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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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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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, 2023. The general fund and water and sewer enterprise fund reported an allowance of $18,613 and $93,845, respectively, at June 30, 2023.

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, 2023, 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.

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 five thousand dollars or at maangement's discretion for items less than this threshold. 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.

Note 1 - Summary of Significant Accounting Policies (continued)

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:

	Estimated Useful Lives	
Asset Class	Governmental Activities	Business-type Activities
Buildings and improvements	30-50 Years	
Machinery and equipment	5-10 years	7-10 Years
Intangible right to use lease equipment	5 Years	5 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."

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. Leases payable 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.

Note 1 - Summary of Significant Accounting Policies (continued)

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.

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.

Note 1 - Summary of Significant Accounting Policies (continued)

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).

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.

Note 2 – Stewardship, Compliance and Accountability (continued)

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

Deficit Fund Balance

The TSPLOST capital projects fund had a deficit fund balance of $44,642 at June 30, 2023, which the City plans to eliminate with future TSPLOST revenues designated for road construction.

Note 3 - Cash and Cash Equivalents

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk; however, as of June 30, 2023, the government is not exposed to custodial credit risk.

Note 4 - Receivables

Receivables at June 30, 2023, consisted of taxes, intergovernmental, and accounts (billings for user charges).

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

Note 5 - Property Taxes

The City Council levies property taxes on or about July 15th of each year. Property taxes attach as an enforceable lien on property as of January 1. Property taxes are usually billed on or about September 15th of each year and are payable within sixty days. The Effingham County Tax Commissioner bills and collects the City's property taxes and City property tax revenues at the fund reporting level are recognized when levied to the extent that they result in current receivables (i.e., collectible in 60 days). For the year ended June 30, 2023, property taxes were levied on August 25, 2022. Property tax bills were mailed on October 7, 2022, and were due December 15, 2022. The lien date was April 26, 2023.

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Note 6 - Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2023, was as follows:

	Balance 6/30/2022	Additions	Deductions	Reclassified	Balance 6/30/2023
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 227,651	$ 762,065			$ 989,716
Construction in progress	1,009,982	517,289		$ (1,527,271)	0
Total capital assets not being depreciated	$ 1,237,633	1,279,354		(1,527,271)	$ 989,716
Depreciable capital assets:					
Buildings	932,745	9,068			941,813
Machinery and equipment	411,222	133,250	$ 34,515		509,957
Vehicles	595,946	96,063	197,032		494,977
Furniture & fixtures	29,409				29,409
Office equipment	95,207	8,000			103,207
Infrastructure	1,965,056	211,972		1,527,271	3,704,299
Intangible right to use office equpment	12,170				12,170
Total depreciable capital assets	4,041,755	458,353	231,547	1,527,271	5,795,832
Total capital assets	5,279,388	1,737,707	231,547	0	6,785,548
Accumulated depreciation:					
Buildings	406,865	19,496			426,361
Machinery and equipment	224,456	40,302	34,515		230,243
Vehicles	424,465	51,326	197,032		278,759
Furniture & fixtures	29,408				29,408
Office equipment	58,796	15,209			74,005
Infrastructure	1,050,037	120,310			1,170,347
Intangible right to use office equpment	6,030	2,948			8,978
Total accumulated depreciation	2,200,057	249,591	231,547	0	2,218,101
Governmental activities capital assets, net	$ 3,079,331	$ 1,488,116	$ 0	$ 0	$ 4,567,447

Governmental activities depreciation expense:

General government	$ 27,829
Public safety - police	36,529
Public works - streets	155,005
Parks and recreation	30,228
Total governmental activities depreciation expense	$ 249,591

Note 6 - Capital Assets (continued)

Capital asset activity for business-type activities for the year ended June 30, 2023, was as follows:

	Balance 6/30/2022	Additions	Deductions	Balance 6/30/2023
Business-type activities:				
Capital assets not being depreciated:				
Land and rights	$ 2,127,513			$ 2,127,513
Construction in progress	81,183	$ 66,898		148,081
Land and rights	2,208,696	66,898		2,275,594
Depreciable capital assets:				
Improvements - not building	13,340,252	74,737	$ 198,000	13,216,989
Machinery and equipment	780,321		35,613	744,708
Office equipment	8,350			8,350
Total depreciable capital assets	14,128,923	74,737	233,613	13,970,047
Total capital assets	16,337,619	141,635	233,613	16,245,641
Accumulated depreciation:				
Improvements - not building	3,618,337	298,972	198,000	3,719,309
Machinery and equipment	441,539	44,194	35,613	450,120
Office equipment	5,290	773		6,063
Total accumulated depreciation	4,065,166	343,939	233,613	4,175,492
Water and sewer capital assets, net	$ 12,272,453	$ (202,304)	$	$ 12,070,149

Note 7 - Interfund Balances and Transfers

Interfund balances at June 30, 2023, consisted of the following:

General fund receivable from water and sewer fund for various expenses paid by general fund	$ 236,668
General fund receivable from SPLOST fund for various expenses paid by general fund	$ 34,770
General fund receivable from TSPLOST fund for various expenses paid by general fund	$ 367,686

Note 7 - Interfund Balances and Transfers (continued)

General fund receivable from Construction Trust fund for various expenses paid by general fund	$	6,238
Water and sewer fund receivable from SPLOST for various expenses paid by water and sewer fund	$	155,807
Water and sewer fund receivable from construction trust fund for various expenses paid by water and sewer fund	$	51,965

Interfund transfers for the year ended June 30, 2023, consisted of the following:

SPLOST transfers to water and sewer fund for water and sewer capital additions	$	95,647
Construction trust fund transfers to water and sewer fund for allowable waste water treatment plant development expenditures	$	54,980
Water and sewer fund transfers to debt service trust fund in accordance with bond covenant	$	150,432

Note 8 - Deferred Inflows and Deferred Outflows of Resources

In addition to assets, the financial statements of the City will sometimes report a separate section for deferred outflows of resources. This separate element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources in the form of expenditures until that time. Deferred charges on the refunding of bonds are reported in this category in the proprietary fund statement of net position and the government-wide statement of net position. Additionally, the differences between expected and actual experience and changes in assuptions 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 difference between projected and actual earnings on pension investments is the only item the City has that qualifies for reporting in this category in the government-wide statement of net position and the proprietary funds statement of net position.

Note 9 - Long-Term Liabilities

Governmental Activities

General Obligation Debt

General obligation debt at June 30, 2023, is comprised of an intergovernmental agreement between the City and Effingham County under which the County advanced funds to the City to cover its TSPLOST projects. The advance is to be repaid over the life of the TSPLOST revenue collection period first from TSPLOST revenues and then to the extent necessary, by the general revenues of the City. Semi-annual payments from December 1, 2021, through June 1, 2026, include interest at 0.793%.

As of June 30, 2023, debt service requirement to maturity are as follows.

Year	Principal	Interest	Total
2024	$ 263,891	$ 6,356	$ 270,247
2025	204,830	2,131	206,961
Total	$ 468,721	$ 8,487	$ 477,208

Leases - The City has entered into various financed purchase agreements for the rights to use various pieces of office equipment. As the arrangements meet the criteria of a lease under GASB Statement No. 87 they are required to be recorded as intangible right to lease assets and lease liabilities. The right to lease assets are amortized over the lease terms which are shorter than the useful lives of the underlying assets and the City is not taking ownership of the underlying assets.

Financed purchase agreement with Pitney Bowes in equal quarterly payments of approximately $192, including imputed interest at 1.46%. This asset will be amortized over the lease term of five years. There are no residual value guarantees in the lease provisions. A summary of the principal and interest amounts for the remaining lease is as follows:

Year	Principal	Interest	Total
2024	$ 387	$ 3	$ 390

Financed purchase agreement with GreatAmerica Financial Services Corporation in equal monthly payments of approximately $67, including interest at 1.69%. This asset will be amortized over the lease term of four years. There are no residual value guarantees in the lease provisions. A summary of the principal and interest amounts for the remaining lease is as follows:

Year	Principal	Interest	Total
2024	$ 674	$ 3	$ 677

Note 9 - Long-Term Liabilities (continued)

Financed purchase agreement with GreatAmerica Financial Services Corporation in equal monthly payments of approximately $220, including interest at 0.89%. This asset will be amortized over the lease term of four years. There are no residual value guarantees in the lease provisions. A summary of the principal and interest amounts for the remaining lease is as follows:

Year	Principal	Interest	Total
2024	$ 2,624	$ 15	$ 2,639
2025	221		221
Total	$ 2,845	$ 15	$ 2,860

Business Type Activities

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

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

Water and Sewer Refunding Revenue Bonds, Series 2017
Issued on February 23, 2017, in the amount of $8,845,000 for the advance refunding of the remaining Series 2011 bonds. See Note 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 $275,115, is reported in the statement of net position at a value of $317,755. The bonds are secured by direct revenues of the water/sewer system.

As of June 30, 2023, debt service requirement to maturity are as follows.

Year	Principal	Interest	Total
2024	$ 230,000	$ 320,850	$ 550,850
2025	255,000	315,675	570,675
2026	310,000	305,475	615,475
2027	370,000	293,075	663,075
2028	385,000	278,275	663,275
2029-2033	2,185,000	1,146,175	3,331,175
2034-2038	2,650,000	673,375	3,323,375
2039-2041	1,855,000	138,350	1,993,350
Total	$ 8,240,000	$ 3,471,250	$ 11,711,250

Note 9 - Long-Term Liabilities (continued)

Changes in Long-term Debt - Changes in the City's long-term obligations consisted of the following for the year ended June 30, 2023:

	Outstanding 6/30/2022	Additions	Reductions	Outstanding 6/30/2023	Amounts due in one year
Governmental activities					
General obligation debt					
Notes payable	$ 1,061,959	$	$ 593,238	$ 468,721	$ 263,891
Financed purchase contracts	8,058		4,152	3,906	3,685
Compensated absences	4,410	27,255	27,311	4,354	4,354
Total governmental activities	$ 1,074,427	$ 27,255	$ 624,701	$ 476,981	$ 271,930

	Outstanding 6/30/2022	Additions	Reductions	Outstanding 6/30/2023	Amounts due in one year
Business-type activities					
Water & Sewer Refunding & Improvement Bonds - "Series 2017 Bonds"	$ 8,405,000		$ 165,000	$ 8,240,000	$ 230,000
Compensated absences	764	$ 2,485	2,421	828	828
Total business-type activities	$ 8,405,764	$ 2,485	$ 167,421	$ 8,240,828	$ 230,828

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 $7,117 for governmental activities and $300,538 for business-type activities.

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Note 10 - Refunding of Bonds

On February 23, 2017, the City issued City of Guyton Water and Sewer Refunding Revenue Bonds, Series 2017, in the amount of $8,845,000, with interest rates ranging between 2.00% and 4.00%. The City used the bonds to advance refund the Series 2011 bonds, with interest rates varying from 2.0% to 4.80%. The City deposited the net proceeds in an irrevocable trust to purchase U.S. government securities to provide for all future debt service on the aforementioned bond series. As a result, the refunded bonds are considered defeased, and the City has removed the liability from its accounts. The outstanding principal of the defeased bonds is $8,665,000 at June 30, 2023.

Note 11 - Pension

General Information About the Pension Plan

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

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

Employees Covered - At June 30, 2023, the following employees were covered by the benefit terms for the plan:

Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to but not yet receiving benefits	7
Active employees	11
Total	23

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.

Note 11 - Pension (pension)

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 $5,963 for the year ended June 30, 2023.

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, 2022, using an annual actuarial valuation as of January 1, 2023. a summary of principal assumptions and methods used to determine the net pension liability is shown below.

Valuation date	January 1, 2023
Measurement date	September 30, 2022
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, 2023, 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.

Note 11 - Pension (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2022 (see the discussion of the pension plan's investment policy) are summarized in the following table.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.40%
International equity	20%	6.80%
Domestic fixed income	20%	0.40%
Real estate	10%	3.90%
Global fixed income	5%	0.46%
Cash	0%	
Total	100%	

Changes in Net Pension Liability

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

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/ (Asset)
Balances as of September 30, 2021	$ 582,412	$ 751,933	$ (169,521)
Changes for the year:			
Service cost	11,242		11,242
Interest	42,376		42,376
Differences between expected and actual experience	15,321		15,321
Contributions - employer		6,175	(6,175)
Net investment income		(118,705)	118,705
Benefit payments	(38,122)	(38,122)	0
Administrative expense		(3,474)	3,474
Net changes	30,817	(154,126)	184,943
Balances as of September 30, 2022	$ 613,229	$ 597,807	$ 15,422

Note 11 - 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%)
$ (77,431)	$ 15,422	$ (36,933)

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

For the year ended June 30, 2023, the City recognized pension expense of $25,787. At June 30, 2023, 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	$ 26,413	$
Net difference between projected and actual earnings on pension plan investments	144,051	(69,423)
Pension contributions subsequent to measurement date	4,969	
Total	$ 175,433	$ (69,423)

$4,969 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, 2023. 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:	
2024	$ 35,065
2025	14,375
2026	17,030
2027	34,571
	$ 101,041

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Note 13 - Net Investment in Capital Assets

Net investment in capital assets on the government-wide statement of net position as of June 30, 2023, are as follows:

	Governmental Activities	Business Type Activities
Cost of capital assets	$ 6,785,548	$ 16,245,641
Less accumulated depreciation	2,218,101	4,175,492
Book value	4,567,447	12,070,149
Less capital related debt		
Total debt	472,627	8,240,000
Less unspent debt proceeds	(50,909)	(295,933)
Total capital related debt	421,718	7,944,067
Less other capital related liabilities	39,063	10,406
Net investment in capital assets	$ 4,106,666	$ 4,115,676

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, 2023. No provisions have been made in the financial statements for the year ended June 30, 2023, for any estimate of potential unpaid claims.

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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

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.

Note 17 - Subsequent Events

Subsequent events have been evaluated by management through July 8, 2024, which is the date the financial statements were available to be issued.

Required Supplementary Information

City of Guyton, Georgia
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	$ 1,186,360	$ 1,464,300	$ 1,472,871	$ 8,571
Licenses and permits	101,850	97,900	98,481	581
Intergovernmental	41,000	68,900	71,560	2,660
Charges for services	245,200	237,800	258,542	20,742
Fines and forfeitures	26,250	64,800	151,517	86,717
Miscellaneous	11,500	22,500	22,543	43
Total revenues	1,612,160	1,956,200	2,075,514	119,314
Expenditures				
Current:				
General government				
City Council	35,950	38,000	35,220	2,780
Administration	387,050	361,000	350,401	10,599
Other governmental services	150,481	130,000	131,406	(1,406)
Public Safety - police	631,700	659,600	654,465	5,135
Public works				
Streets and lanes	424,559	430,000	423,443	6,557
Sanitation	210,000	208,000	208,877	(877)
Parks and recreation	5,000	297,400	296,705	695
Housing and development - economic development	50,000	18,000	17,433	567
Total expenditures	1,894,740	2,142,000	2,117,950	24,050
Excess (deficit) of revenues to expenditures	(282,580)	(185,800)	(42,436)	143,364
Other financing sources				
Proceeds from sale of capital assets	2,300	136,400	132,541	(3,859)
Interfund transfers	280,280			0
Total other financing sources	282,580	136,400	132,541	(3,859)
Net change in fund balances	$ 0	$ (49,400)	90,105	$ 139,505
Fund balance beginning of year			1,379,414	
Fund balance end of year			$ 1,469,519	

See the accompanying notes to the required supplementary information.

City of Guyton, Georgia
Notes to the Required Supplementary Information
Budget to Actual Comparisons
For the Year Ended June 30, 2023

Note 1 - Budgetary Information

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

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.

All budgets are adopted on a basis consistent with GAAP with the exception that on the budgetary basis, payments for debt service on long-term debt, including leases (i.e, $4,218 for the general fund), are budgeted within the functions but are reported as separate character classifications on the GAAP basis. The reconiliation to the Schedule of Revenue, Expenditures, and Changes in Fund Balance is as follows:

	Financial Statement	Budgetary Adjustment	Budget
General fund			
General government - Administration	$ 346,994	$ 3,407	$ 350,401
Public safety - Police	653,654	811	654,465
Debt service			
Principal	4,112	(4,112)	0
Interest and fiscal charges	106	(106)	0
	$ 1,004,866	$ 0	$ 1,004,866

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, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability									
Service cost	$ 11,242	$ 14,768	$ 5,763	$ 9,549	$ 11,861	$ 13,551	$ 17,751	$ 14,276	$ 14,706
Interest	42,376	38,436	37,108	36,646	36,788	36,222	35,225	38,030	35,985
Difference between expected and actual experience	15,321	41,839	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	(38,122)	(38,068)	(37,462)	(37,462)	(27,659)	(23,829)	(18,225)	(13,994)	(1,302)
Net change in total pension liability	30,817	56,975	9,315	18,327	5,326	13,179	15,662	(34,075)	32,728
Total pension liability - beginning	582,412	525,437	516,122	497,795	492,469	479,290	463,628	497,703	464,975
Total pension liability - ending	$ 613,229	$ 582,412	$ 525,437	$ 516,122	$ 497,795	$ 492,469	$ 479,290	$ 463,628	$ 497,703
Plan fiduciary net position									
Contributions - employer	$ 6,175	$ 4,485	$ 3,565	$ 5,480	$ 14,943	$ 21,054	$ 24,327	$ 31,224	$ 25,814
Net investment income	(118,705)	152,477	57,445	17,498	58,450	78,366	52,094	4,677	43,717
Benefit payments, including of employee contributions	(38,122)	(38,068)	(37,462)	(37,462)	(27,659)	(23,829)	(18,225)	(13,994)	(1,302)
Administrative expense	(3,474)	(4,701)	(3,403)	(3,305)	(3,512)	(3,835)	(1,937)	(2,004)	(1,618)
Net change in fiduciary net position	(154,126)	114,193	20,145	(17,789)	42,222	71,756	56,259	19,903	66,611
Plan fiduciary net position - beginning	751,933	637,740	617,595	635,384	593,162	521,406	465,147	445,244	378,633
Plan fiduciary net position - ending	$ 597,807	$ 751,933	$ 637,740	$ 617,595	$ 635,384	$ 593,162	$ 521,406	$ 465,147	$ 445,244
Net pension (asset) liability- ending	$ 15,422	$ (169,521)	$ (112,303)	$ (101,473)	$ (137,589)	$ (100,693)	$ (42,116)	$ (1,519)	$ 52,459
Plan fiduciary net position as a percentage of total pension liability	97.49%	129.11%	121.37%	119.66%	127.64%	120.45%	108.79%	100.33%	89.46%
Covered employee payroll	516,372	288,710	373,327	239,552	264,482	239,257	259,344	307,296	301,617
Net position (asset) liability as a percentage of covered-employee payroll	2.99%	-58.72%	-30.08%	-42.36%	-52.02%	-42.09%	-16.24%	-0.49%	17.39%

Changes in assumptions
There were no changes in assumptions in the last two fiscal years.

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, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	*	$ 5,778	$ 3,584	$ 3,559	$ 6,121	$ 17,884	$ 22,110	$ 25,067	$ 30,233
Contributions in relation to actuarially determined contribution	*	6,497	3,584 **	3,559 **	6,121 **	17,884 **	22,110 **	25,066 **	32,515 **
Contribution deficiency (excess)	*	(719)	0	0	0	0	0	1	(2,282)
Covered-employee payroll	*	288,710	373,327	239,552	264,482	239,257	259,344	307,296	301,617
Contributions as a percentage of covered-employee payroll	*	2.25%	0.96%	1.49%	2.31%	7.47%	8.53%	8.16%	10.78%

Notes to Schedule of Contributions

* 2023 information will be determined after fiscal year end and will be included in 2024 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.

*** 2022 covered payroll is based on data collected as of September 30, 2021, for the 2022 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.

Valuation Date	The actuarially determined contribution rate was determined as of January 1, 2023, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2023.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method	Projected Unit Credit
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	N/A
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.
Salary increases	2.25%, plus service based merit increases
Investment rate of return	7.375%
Cost of Living Adjustments	0.00%

City of Guyton, Georgia
Schedule of Contributions
Defined Benefit Pension Plan
For the Year Ended June 30, 2023

Notes to Schedule of Contributions *(continued)*

Retirement age	Retirement rates are adjusted to closely reflect actual experience
Mortality rates	
Healthy	Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25
Disabled	Sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25
Active and terminated vested participants and deferred beneficiaries	Sex-distinct Pri-2012 head-count weighted Employee Mortality Table
Plan termination basis (all lives)	1994 Group Annuity Reserving Unisex Table

Other Supplementary Information

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City of Guyton Georgia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Construction Trust	Debt Service Trust	Total
Assets			
Cash and cash equivalents	$ 354,135	$ 294,367	$ 648,502
Liabilities			
Interfund balances	$ 58,202		$ 58,202
Fund Balances			
Restricted for capital projects	295,933		295,933
Restricted for debt service		294,367	294,367
Total fund balances	295,933	294,367	590,300
Total liabilities and fund balances	$ 354,135	$ 294,367	$ 648,502

City of Guyton, Georgia
Combining Schedule of Revenues, Expenses and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Construction Trust	Debt Service Trust	Total
Revenues			
Investment income	$ 42	$ 17	59
Expenditures			
Current:			
Public Works	60		60
Excess (deficit) of revenues to expenditures	(18)	17	(1)
Other financing sources (uses) - Interfund transfers	(54,980)	150,432	95,452
Net change in fund balance	(54,998)	150,449	95,451
Fund balances beginning of year	350,931	143,918	494,849
Fund balances end of year	$ 295,933	$ 294,367	$ 590,300

City of Guyton, Georgia
Schedule of Projects Paid with
Special Purpose Local Option Sales Tax Proceeds
For the Year Ended June 30, 2023

	Original Estimated Cost	Revised Estimated Cost	Prior Years	Current Year	Total	Percentage Complete
2012 Effingham County SPLOST						
Roads, streets and bridges	$ 513,864	$ 338,416	$ 338,416		$ 338,416	100.00%
Public safety	26,352	26,352	26,352		26,352	100.00%
Recreation	250,344	150,830	104,694	$ 46,136	150,830	100.00%
Water and sewer	527,040	404,497	404,497		404,497	100.00%
Total	$ 1,317,600	$ 920,095	$ 873,959	$ 46,136	$ 920,095	
Funds remaining at June 30, 2023					$ 0	
2017 Effingham County SPLOST						
Streets and lanes	$ 676,800	$ 676,800	$ 86,067	$ 213,368	$ 299,435	44.24%
Public safety	676,800	676,800	151,033	54,317	205,350	30.34%
Recreation	112,800	112,800		112,800	112,800	100.00%
Technology	112,800	112,800	10,837	21,764	32,601	28.90%
Water and sewer	676,800	676,800	138,650	95,647	234,297	34.62%
Total	$ 2,256,000	$ 2,256,000	$ 386,587	$ 497,896	$ 884,483	
Funds remaining at June 30, 2023					$ 666,516	
2022 Effingham County SPLOST						
Streets and lanes	$ 515,200	$ 515,200				0.00%
Public safety	206,080	206,080				0.00%
Recreation	515,200	515,200		$ 419,827	$ 419,827	81.49%
Water and sewer	824,320	824,320				0.00%
Total	$ 2,060,800	$ 2,060,800	$ 0	$ 419,827	$ 419,827	
Funds remaining at June 30, 2023					$ 82,906	

	2012	2017	2022	Total
Fund balance, June 30, 2022	$ 46,136	$ 1,164,412		$ 1,210,548
SPLOST proceeds			$ 502,733	502,733
2023 Expenditures	(46,136)	(497,896)	(419,827)	(963,859)
Fund balance, June 30, 2023	$ 0	$ 666,516	$ 82,906	$ 749,422

City of Guyton, Georgia
Schedule of Projects Paid with
Transportation Special Purpose Local Option Sales Tax Proceeds
For the Year Ended June 30, 2023

	Original Estimated Cost	Revised Estimated Cost	Prior Years	Current Year	Total	Estimated Percentage Complete
Road construction	$ 1,348,975	$ 1,482,894	$ 965,431	$ 517,463	$ 1,482,894	100.00%
Debt service		28,382	12,181	7,714	19,895	70.10%
Total	$ 1,348,975	$ 1,511,276	$ 977,612	$ 525,177	$ 1,502,789	99.44%

Reconciliation of current year disbursements

Total disbursements per the Schedule of Revenues, Expenditures and Changes in Fund Balance	$ 1,118,415
Amount disbursed for principal payments on debt service for debt issued in a prior year	(593,238)
	$ 525,177

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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, 2023, 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 July 8, 2024.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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.

Lanier, Deal, Proctor + Bloser

Statesboro, Georgia
July 8, 2024