CITY OF SUMMERVILLE, GEORGIA

FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2020

CITY OF SUMMERVILLE, GEORGIA
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Year Ended June 30, 2020

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CHRYSAN THOMAS
Certified Public Accountant
Professional Corporation
Member
American Institute of
Certified Public Accountants
Trion, Georgia

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Summerville, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Summerville, Georgia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund information of City of Summerville, Georgia as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Confiscated Drug, 2014 SPLOST, and the Hotel/Motel Special Revenue Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in Net Pension Liability and Related Ratios (page 41), Schedule of Required Contributions (page 42) and Schedule of Changes in Net OPEB Liability (page 43) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Summerville, Georgia's basic financial statements. The Schedule of Special Purpose Local Option Sales and Use Tax Expenditures is presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Summerville, Georgia.

The Schedule of Special Purpose Local Option Sales and Use Tax Expenditures is the responsibility of management and are derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Special Purpose Local Option Sales and Use Tax Expenditures is 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 November 20, 2020 on our consideration of the City of Summerville, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Summerville, Georgia's internal control over financial reporting and compliance.

Chrysan Thomas

CHRYSAN THOMAS
Certified Public Accountant

Trion, Georgia
November 20, 2020

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government Financial Statements
  - Statement of Net Position
  - Statement of Activities
- Fund Financial Statements
  - Governmental Funds
  - Proprietary (Enterprise) Funds
- Notes to Basic Financial Statements

CITY OF SUMMERVILLE, GEORGIA
STATEMENT OF NET POSITION
June 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 613,853	$ 2,680,572	$ 3,294,425
Receivables (net of allowance for doubtful accounts)	70,413	915,662	986,075
Sales tax deposit	48,427	37,986	86,413
Inventories	12,687	201,206	213,893
Internal balances	619,276	(619,276)	-
Due from other governments	88,606	-	88,606
Restricted cash	910,529	937,427	1,847,956
Capital Assets:			
Land and improvements	929,590	13,132	942,722
Construction in process	38,560	174,446	213,006
Other capital assets, net of depreciation	4,494,784	19,847,412	24,342,196
Total Assets	7,826,725	24,188,567	32,015,292
Deferred Outflows of Resources			
Related to pension and OPEB	234,389	187,782	422,171
Total Deferred Outflows of Resources	234,389	187,782	422,171
Liabilities			
Accounts payable	155,500	276,227	431,727
Accrued wages and withholdings payable	51,337	-	51,337
Interest payable	-	76,209	76,209
Customer deposits	1,530	291,251	292,781
Bond discount - net of amortization	-	(4,841)	(4,841)
Current portion of long-term debt	-	980,186	980,186
Non-Current Liabilities			
Compensated Absences	214,858	103,734	318,592
Due in more than one year	-	6,862,902	6,862,902
Net OPEB liability	300,464	240,718	541,182
Net pension liability	937,141	750,793	1,687,934
Total Liabilities	1,660,830	9,577,179	11,238,009
Deferred Inflows of Resources			
Related to pension and OPEB	66,057	52,921	118,978
Total Deferred Inflows of Resources	66,057	52,921	118,978
Net Position			
Net investment in capital assets	5,462,934	12,196,743	17,659,677
Restricted for -			
Drug enforcement activities	34,897	-	34,897
Capital acquisition and construction	653,948	-	653,948
Debt service	-	937,427	937,427
Special Programs	15,019	-	15,019
Committed			
Capital projects	83,518	-	83,518
Unrestricted	83,911	1,612,079	1,695,990
Total Net Position	$ 6,334,227	$ 14,746,249	$ 21,080,476

See accompanying notes to basic financial statements.

CITY OF SUMMERVILLE, GEORGIA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (23,305)	$ -	$ (23,305)
(1,148,029)	-	(1,148,029)
42,718	-	42,718
(26,867)	-	(26,867)
(531,069)	-	(531,069)
(687,061)	-	(687,061)
(45,849)	-	(45,849)
22,250	-	22,250
(4,417)	-	(4,417)
(2,401,629)	-	(2,401,629)
-	1,369,104	1,369,104
-	1,720,531	1,720,531
-	3,089,635	3,089,635
(2,401,629)	3,089,635	688,006
43,926	-	43,926
595,896	-	595,896
345,043	-	345,043
94,964	-	94,964
6,278	-	6,278
30,808	7,792	38,600
-	-	-
80,160	-	80,160
1,337,683	(1,337,683)	-
2,534,758	(1,329,891)	1,204,867
133,129	1,759,744	1,892,873
6,201,098	12,986,505	19,187,603
$ 6,334,227	$ 14,746,249	$ 21,080,476

See accompanying notes to basic financial statements.

CITY OF SUMMERVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	General Fund	Capital Project 2014 SPLOST Fund	Capital Project 2020 SPLOST Fund	Confiscated Drug Fund	Hotel/Motel Tax Fund	Total Governmental Funds
Assets						
Cash and cash investments	$ 10,788	$ 188,223	$ 377,609	$ 34,897	$ 2,336	$ 613,853
Receivables (net of allowance for uncollectibles)	70,413	-		-	-	70,413
Inventory	12,687	-		-	-	12,687
Prepaid expenses	48,427	-		-	-	48,427
Cash - restricted	910,529	-		-	-	910,529
Due from other funds	619,276	-		-	-	619,276
Due from other governments	-	-	88,606	-	-	88,606
Total Assets	$ 1,672,120	$ 188,223	$ 466,215	$ 34,897	$ 2,336	$ 2,363,791
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ 152,930	$ 490	$ -	$ -	$ 2,080	$ 155,500
Accrued wages payable and withholdings	51,337	-	-	-	-	51,337
Customer deposits	1,530	-	-	-	-	1,530
Total Liabilities	205,797	490	-	-	2,080	208,367
Fund Balances						
Nonspendable:						
Inventory	12,687	-	-	-	-	12,687
Prepaid expenses	48,427	-	-	-	-	48,427
Restricted for:						
Drug enforcement activities	-	-	-	34,897	-	34,897
Acquisition and construction of capital assets	-	187,733	466,215	-	-	653,948
Recreation	1,650	-	-	-	-	1,650
Clean and lien	13,113	-	-	-	-	13,113
Tourism	-	-	-	-	256	256
Unassigned	1,390,446	-	-	-	-	1,390,446
Total Fund Balance	1,466,323	187,733	466,215	34,897	256	2,155,424
Total Liabilities and Fund Balances	$ 1,672,120	$ 188,223	$ 466,215	$ 34,897	$ 2,336	$ 2,363,791

See accompanying notes to basic financial statements.

CITY OF SUMMERVILLE, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION
June 30, 2020

Total Governmental Fund Balances		$ 2,155,424
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		5,462,934
A portion of pension plan contributions are for future use and are considered deferred outflows of resources.		234,389
Differences between expected and actual returns on pension and OPEB plan investments are not recognized at the fund level, yet are presented as a deferred inflow of resources in the Statement of Net Position		(66,057)
Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.		
Due within one year	$ -	
Due after one year	(214,858)	
Net pension liability	(300,464)	
Net OPEB liability	(937,141)	
		(1,452,463)
Net Position of Governmental Activities		$ 6,334,227

See accompanying notes to basic financial statements.

CITY OF SUMMERVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	General Fund	Capital Project 2014 SPLOST Fund	Capital Project 2020 SPLOST Fund	Confiscated Drug Fund	Hotel/Motel Tax Fund	Total Governmental Funds
Revenues						
Taxes	$ 1,035,903	$ -	$ -	$ -	$ 6,278	$ 1,042,181
Licenses and permits	50,300	-	-	-	-	50,300
Intergovernmental	295,470	359,012	466,215	-	-	1,120,697
Charges for services	854,935	-	-	-	-	854,935
Fines and forfeitures	401,866	-	-	318	-	402,184
Contributions	164,438	-	-	-	-	164,438
Investment earnings	30,683	-	-	81	44	30,808
Miscellaneous	80,160	-	-	-	-	80,160
Total Revenues	2,913,755	359,012	466,215	399	6,322	3,745,703
Expenditures						
Current						
General government	957,880	-	-	-	8,240	966,120
Police	1,500,324	-	-	28,731	-	1,529,055
Fire	472,829	-	-	-	-	472,829
Animal control	25,200	-	-	-	-	25,200
Streets	641,689	-	-	-	-	641,689
Culture and recreation	568,981	-	-	-	-	568,981
Codes enforcement	45,849	-	-	-	-	45,849
Sanitation	232,229	-	-	-	-	232,229
Debt Service						
Principal	105,316	270,918	-	-	-	376,234
Interest	3,815	48,712	-	-	-	52,527
Capital Outlay						
General government	4,200	20,617	-	-	-	24,817
Police	66,196	20,309	-	-	-	86,505
Fire	-	5,353	-	-	-	5,353
Streets	206,916	43,941	-	-	-	250,857
Culture and recreation	-	44,188	-	-	-	44,188
Gas	-	13,000	-	-	-	13,000
Water/Sewer	-	328,751	-	-	-	328,751
Total Expenditures	4,831,424	795,789	-	28,731	8,240	5,664,184
Excess (Deficiency) of Revenues Over Expenditures	(1,917,669)	(436,777)	466,215	(28,332)	(1,918)	(1,918,481)
Other Financing Sources (Uses)						
Transfers In(out)	1,917,669	-	-	-	-	1,917,669
Total Other Financing Sources (Uses)	1,917,669	-	-	-	-	1,917,669
Net Changes in Fund Balance	-	(436,777)	466,215	(28,332)	(1,918)	(812)
Fund Balances - Beginning of Year	1,466,323	624,510	-	63,229	2,174	2,156,236
Fund Balances - End of Year	$ 1,466,323	$ 187,733	$ 466,215	$ 34,897	$ 256	$ 2,155,424

See accompanying notes to basic financial statements.

CITY OF SUMMERVILLE, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

Net Changes in Fund Balances - Total Governmental Funds		$ (812)
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Position, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:		
Capital outlay expenditures recorded in the governmental funds	$ 259,413	
Depreciation expense recorded in the Statement of Activities	(360,214)	
		(100,801)
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		186,117
Governmental funds report monthly pension plan premiums as current period expenditures, while governmental activities recorded a portion of those payments as a deferred outflow of resources.		(16,671)
Changes in the value of the pension and OPEB plan are not reflected in the governmental funds. However, they are accounted for in the governmental activities.		329,367
Governmental funds do not report changes in long-term liabilities, while governmental activities report such liabilities and the changes in them:		
Compensated absences	(6,143)	
Net pension liability	(249,401)	
Net OPEB liability	(8,527)	
		(264,071)
Changes In Net Position of Governmental Activities		$ 133,129

See accompanying notes to basic financial statements.

CITY OF SUMMERVILLE, GEORGIA
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	$ 874,100	$ 919,143	$ 1,035,903	$ 116,760
Licenses and permits	52,650	52,650	50,300	(2,350)
Intergovernmental	45,000	290,191	295,470	5,279
Charges for services	815,898	825,682	854,935	29,253
Fines and forfeitures	435,100	383,100	401,866	18,766
Contributions	166,800	192,836	164,438	(28,398)
Investment earnings	20,000	25,000	30,683	5,683
Miscellaneous	62,000	130,640	80,160	(50,480)
Total Revenues	2,471,548	2,819,242	2,913,755	94,513
Expenditures				
Current:				
General government	1,042,966	1,103,270	962,080	141,190
Police	1,615,451	1,638,196	1,566,520	71,676
Fire	464,104	474,715	472,829	1,886
Animal control	25,200	25,200	25,200	-
Streets	737,123	960,797	848,605	112,192
Culture and recreation	643,220	680,663	568,981	111,682
Codes enforcement	65,307	95,507	45,849	49,658
Sanitation	220,000	238,000	232,229	5,771
Debt service:				
Principal	72,443	109,050	105,316	3,734
Interest	5,399	6,556	3,815	2,741
Total Expenditures	4,891,213	5,331,954	4,831,424	500,530
Excess (Deficiency) of Revenues over Expenditures	(2,419,665)	(2,512,712)	(1,917,669)	595,043
Other Financing Sources (Uses)				
Transfers In	2,419,665	2,512,712	1,917,669	(595,043)
Total Other Financing Sources (Uses)	2,419,665	2,512,712	1,917,669	(595,043)
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	-	-	-	-
Fund Balances - Beginning as previously reported	-	-	1,466,323	1,466,323
Fund Balances - End of Year	$ -	$ -	$ 1,466,323	$ 1,466,323

See accompanying notes to basic financial statements.

CITY OF SUMMERVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - CONFISCATED ASSETS
For theYear Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Forfeitures	$ 7,980	$ 7,980	$ 318	$ (7,662)
Investment earnings	20	20	81	61
Total Revenues	8,000	8,000	399	(7,601)
Expenditures				
Police	8,000	28,731	28,731	-
Total Expenditures	8,000	28,731	28,731	-
Excess of Revenues Over Expenditures	-	(20,731)	(28,332)	(7,601)
Net Change in Fund Balance	$ -	$ (20,731)	(28,332)	$ (7,601)
Fund Balance - Beginning of Year			63,229	
Fund Balance - End of Year			$ 34,897	

See accompanying notes to basic financial statements.

CITY OF SUMMERVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND - 2014 SPLOST
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	$ 525,000	$ 525,000	$ 359,012	$ (165,988)
Total Revenues	525,000	525,000	359,012	(165,988)
Expenditures				
Capital outlays	876,766	876,766	795,789	80,977
Total Expenditures	876,766	876,766	795,789	80,977
Net Change in Fund Balance	$ (351,766)	$ (351,766)	(436,777)	$ (85,011)
Fund Balances - Beginning			624,510	
Fund Balances - End of Year			$ 187,733	

See accompanying notes to basic financial statements.

CITY OF SUMMERVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - HOTEL/MOTEL TAX
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	$ 6,500	$ 6,500	$ 6,278	$ (222)
Interest	35	35	44	9
Total Revenues	6,535	6,535	6,322	(213)
Expenditures				
Tourism	6,535	8,240	8,240	-
Total Expenditures	6,535	8,240	8,240	-
Excess of Revenues Over Expenditures	-	(1,705)	(1,918)	(213)
Net Change in Fund Balance	$ -	$ (1,705)	(1,918)	$ (213)
Fund Balance - Beginning of Year			2,174	
Fund Balance - End of Year			$ 256	

See accompanying notes to basic financial statements.

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PROPRIETARY (ENTERPRISE) FUNDS

CITY OF SUMMERVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2020

	Water & Sewer	Gas	Total
Assets			
Current Assets			
Cash and cash investments	$ 46,694	$ 2,633,878	$ 2,680,572
Receivables, Net	585,913	329,749	915,662
Due from other funds	-	279,228	279,228
Prepaid expense	20,524	17,462	37,986
Inventories	151,155	50,051	201,206
Total Current Assets	804,286	3,310,368	4,114,654
Noncurrent Assets			
Restricted Assets			
Cash	937,427	-	937,427
Capital Assets			
Land and improvements	13,132	-	13,132
Construction in progress	174,446	-	174,446
Distribution and collection systems	48,672,168	5,518,398	54,190,566
Buildings	195,110	99,783	294,893
Equipment	1,260,502	467,858	1,728,360
Less accumulated depreciation	(31,528,348)	(4,838,059)	(36,366,407)
Total Noncurrent Assets	19,724,437	1,247,980	20,972,417
Total Assets	20,528,723	4,558,348	25,087,071
Deferred Outflows of Resources			
Deferred resources related to pension	116,857	70,925	187,782
Liabilities			
Current Liabilities			
Accounts payable	89,149	187,078	276,227
Interest payable	76,209	-	76,209
Customer deposits	124,590	166,661	291,251
Due to other funds	898,504	-	898,504
Bonds, Notes, and Loans Payable	954,396	25,790	980,186
Total Current Liabilities	2,142,848	379,529	2,522,377
Noncurrent Liabilities			
Compensated absences	42,004	61,730	103,734
Net pension liability	467,220	283,573	750,793
Net OPEB liability	149,799	90,919	240,718
Bonds, Notes and Loans Payable	6,306,483	551,578	6,858,061
Total Noncurrent Liabilites	6,965,506	987,800	7,953,306
Total Liabilties	9,108,354	1,367,329	10,475,683
Deferred Inflows of Resources			
Deferred resources related to pension	32,933	19,988	52,921
Total Deferred Inflows	32,933	19,988	52,921
Net Position			
Net investment in capital assets	11,526,131	670,612	12,196,743
Restricted			
Debt service	937,427	-	937,427
Unrestricted	(959,265)	2,571,344	1,612,079
Total Net Position	$ 11,504,293	$ 3,241,956	$ 14,746,249

See accompanying notes to basic financial statements.

CITY OF SUMMERVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2020

	Water & Sewer	Gas	Total
Operating Revenues			
Charges for services	$ 4,930,430	$ 5,098,432	$ 10,028,862
Other	-	-	-
Total operating revenues	4,930,430	5,098,432	10,028,862
Operating Expenses			
Salaries, wages and employee benefits	1,268,754	735,693	2,004,447
Cost of gas for resale	-	2,231,474	2,231,474
Services and supplies	1,393,107	250,836	1,643,943
Administrative expense	60,158	82,499	142,657
Depreciation	604,255	54,543	658,798
Amortization	1,614	-	1,614
Total Operating Expenses	3,327,888	3,355,045	6,682,933
Operating Income	1,602,542	1,743,387	3,345,929
Nonoperating Revenues (Expenses)			
Investment income	7,792	-	7,792
Interest expense	(243,438)	(22,856)	(266,294)
Grant revenue	10,000	-	10,000
Total Nonoperating Revenues (Expenses)	(225,646)	(22,856)	(248,502)
Income before other revenues	1,376,896	1,720,531	3,097,427
Capital contributions	474,005	105,981	579,986
Transfers out	(862,951)	(1,054,718)	(1,917,669)
Change in Net Position	987,950	771,794	1,759,744
Net Position - Beginning of Year	10,516,343	2,470,162	12,986,505
Net Position - End of Year	$ 11,504,293	$ 3,241,956	$ 14,746,249

See accompanying notes to basic financial statements.

CITY OF SUMMERVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2020

	Water & Sewer	Gas	Total
Cash Flows from Operating Activities			
Cash received from customers	$ 4,821,256	$ 4,938,232	$ 9,759,488
Cash payments to suppliers	(1,426,577)	(2,566,289)	(3,992,866)
Cash payments to employees for services	(1,303,779)	(753,202)	(2,056,981)
Net Cash Provided (Used) by Operating Activities	2,090,900	1,618,741	3,709,641
Cash Flows from Noncapital Financing Activities			
Transfer to other funds	(868,552)	(986,760)	(1,855,312)
Net Cash Provided(Used) by noncapital financing activities	(868,552)	(986,760)	(1,855,312)
Cash Flows from Capital and Related Financing Activities			
Capital contributions	474,005	105,981	579,986
Grant revenue	10,000	-	10,000
Purchase of capital assets	(370,804)	(13,000)	(383,804)
Principal paid on capital debt	(922,761)	(133,795)	(1,056,556)
Interest paid on capital debt	(257,104)	(22,856)	(279,960)
Proceeds from sale of capital assets	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activites	(1,066,664)	(63,670)	(1,130,334)
Cash Flows from Investing Activities			
Interest on cash and cash investments	7,792	-	7,792
Increase (Decrease) in Cash and Cash Investments	163,476	568,311	731,787
Cash and Cash Investments - Beginning of Year	820,645	2,065,567	2,886,212
Cash and Cash Investments - End of Year	$ 984,121	$ 2,633,878	$ 3,617,999
Reconciliation of Income (Loss) from operations to net cash provided (used) by operating activities			
Operating Income (Loss)	$ 1,602,542	$ 1,743,387	$ 3,345,929
Depreciation	605,869	54,543	660,412
Change in operating assets and liabilities:			
(Increase) Decrease in accounts receivable	(110,120)	(153,557)	(263,677)
(Increase) Decrease in deferred outflows	10,955	6,675	17,630
(Increase) Decrease in inventory	(14,223)	16,171	1,948
(Increase) Decrease in deposits	(464)	(729)	(1,193)
Increase (Decrease) in compensated absenses	4,120	6,367	10,487
Increase (Decrease) in accounts payable	41,375	(16,922)	24,453
Increase (Decrease) in customer deposits	946	(6,643)	(5,697)
Increase (Decrease) in deferred inflows	(168,374)	(102,234)	(270,608)
Increase (Decrease) in net pension and OPEB liability	118,274	71,683	189,957
Net Cash Provided (Used) by Operating Activities	$ 2,090,900	$ 1,618,741	$ 3,709,641

See accompanying notes to the basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The City of Summerville was incorporated January 1, 1891 and operates under a Council-Manager form of government. The City provides the following services: Animal Control, Culture and Recreation, Public Works (which includes streets and sanitation), Public Utilities (gas and water), Public Safety (police and fire), and General and Administrative Services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to the governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

The financial statements of the reporting entity include those of the City (the primary government) and its component units. In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. As required by generally accepted accounting principles, certain potential component units are considered for inclusion in the reporting entity because of the significance of their operational or financial relationships with the City. At June 30, 2020, the City of Summerville had no component units.

Related Organization

The City Council is responsible for appointing all board members of the Summerville Housing Authority. However, the City has no further accountability for the Authority, nor does it have any financial interest or control over the Authority. At year-end, there were no receivables or payables between the City and this organization. Financial statements are available at the Housing Authority's office.

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements, each of which present different views of the City. The government-wide and fund financial statements categorize primary activities as either governmental or business type. Fiduciary funds are not included in the government-wide statements.

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the City. The effects of interfund activity, within the governmental and business-type activities columns, have been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, permits and fines, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

In the government-wide statement of net assets, governmental and business type activities are presented on a consolidated basis and reflect full accrual, economic resources basis, which includes long-term assets and receivables as well as long-term debt and obligations.

1. **Summary of Significant Accounting Policies - continued**

B. Government-wide and Fund Financial Statements - continued

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Indirect expenses are allocated to functions on a usage basis. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements emphasize major funds in either the governmental or business-type category. Non-major governmental funds (if any) are reported as a separate column in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e. when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon enough thereafter, to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives the cash. In applying the susceptible to accrual concept, non-exchange transactions are recognized in accordance with GASB Statement 33.

1. Summary of Significant Accounting Policies - continued

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - continued

The City has presented the following major governmental funds:

General Fund – The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

2014 SPLOST Capital Projects Fund – The 2014 SPLOST Capital Projects Fund accounts for the receipt and disbursements of Special Local Option Sales Tax assessments that are to be used to finance the acquisition and/or construction of capital assets.

Confiscated Drug Fund – The Confiscated Drug Fund accounts for law enforcement confiscations of cash and property seized in the case of illegal narcotics-related arrests.

Hotel/Motel Tax Fund – The Hotel/Motel tax fund accounts for the receipt of taxes collected to promote tourism.

The City has presented the following major proprietary funds:

Water and Sewer Fund – The Water and Sewer Fund accounts for those operations of the City which involve water distribution, sewage pumping stations, collection systems, and the sewage treatment plant. Fees are charged to external users for goods or services, and the activity is intended to be self-supporting.

Gas Fund – The Gas Fund accounts for those operations of the City that involve natural gas distribution, to include gas line maintenance and additions, meter maintenance and additions/replacement. Fees are charged to external users for goods or services and the activity is intended to be self-supporting.

Both the water/sewer and gas funds are reported as major funds. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water/sewer and gas enterprise funds are charges to customers for sales and services. Both funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

1. Summary of Significant Accounting Policies - continued

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - continued

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and unrestricted as needed.

D. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the general fund. Annual appropriations lapse at fiscal year-end.

Encumbrance or commitments related to the unperformed contract for goods or services (if any) were for immaterial amounts and therefore are not reported as reservations of fund balances.

E. Cash and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with a maturity date within three months of the date acquired by the City, and must be by law insured or collateralized, and investments, if any, are limited by law and bond ordinances, to federal and state securities and stated at fair value.

F. Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. The balances, which represent receivables and payables between governmental and business-type activities, are reported as internal balances. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are administrative charges between the general fund and the water/sewer and gas funds. Elimination of these charges would distort the direct costs and revenues reported for the two funds.

G. Restricted Cash

Demand and time deposits set aside for repayment of water and sewer revenue bonds are classified as restricted on the balance sheet because their use is limited by applicable bond covenants.

1. Summary of Significant Accounting Policies - continued

H. Prepaid Items

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

I. Capital Assets

Capital assets that cost more than $5,000 with an estimated useful life of more than one year are capitalized and depreciated. Capital assets, which include property, plant, vehicles, equipment, and infrastructure (streets, bridges, curbs and gutters, sidewalks, drainage and lighting systems) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds.

All purchased capital assets are valued at cost or estimated historical cost if actual historical is not available. Donated assets are valued at their estimated fair value on the date donated. Depreciation is computed on the straight-line basis over the estimated useful life of the asset.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Interest is capitalized on proprietary fund assets acquired with debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

J. Compensated Absences

Vested or accumulated vacation leave and sick leave is recorded as an expense and a liability when incurred in the proprietary fund financial statements and as a liability in the governmental funds only in the government-wide financial statements.

K. Long-term Obligations

Long-term debt and other obligations are reported as a liability in the government-wide financial statements and the proprietary fund financial statements.

L. Bond Discounts

Bond discounts are deferred and amortized over the term of the bonds using the bonds-outstanding method which approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of the bonds payable.

M. Fund Equity

At the governmental fund financial reporting level, fund equity is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

1. **Summary of Significant Accounting Policies - continued**

M. Fund Equity – continued

Fund Balance – represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications based on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- Nonspendable - fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (for example, items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- Restricted - fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Committed - fund balances are reported as committed when they can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. Only the council may modify or rescind the commitment.
- Assigned - fund balances are reported as assigned when amounts are constrained by the City's intent to be sued for specific purposes, but do not meet the criteria to be classified as restricted or committed. Intent would be expressed by the City Council itself or the Council would delegate the authority to assign fund balance to management.
- Unassigned - fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criteria. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balance may be reported in all funds.

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted fund balance, it is the City's policy to use fund balance in the following order: committed, assigned and unassigned.

Net Position - represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets net of accumulated depreciation, reduced by the outstanding balances of any borrowing use for the acquisition construction or improvements of those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on the use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining balance of net position is reported as unrestricted.

N. Deferred Outflows/Inflows of Resources –

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement 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 (expense) until then. The City of Summerville has only one type of item that qualifies for reporting in the category: deferred expense related to pensions reported in the government-wide and proprietary funds statement of net position.

1. Summary of Significant Accounting Policies - continued

N. Deferred Outflows/Inflows of Resources – continued

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section of deferred inflows of resources. This separate financial statement 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 (revenue) until that time. The City of Summerville has only one type of item which qualifies for reporting in this category: deferred expense related to pensions and post employment benefits reported in the government-wide and proprietary funds statement of net position.

O. Inventory

Inventory is valued at lower of cost (first-in, first-out) or market. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. The Street, Water/Sewer Fund, and Gas Fund inventories are valued at lower of cost or market using the first-in, first-out method.

P. Property Taxes

The City is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. Property taxes become a lien on the first day of the levy year.

The City did not levy a property tax for the fiscal year ended June 30, 2020.

2. Legal Compliance – Budgets

Georgia law requires an annual balanced budget for the general fund and a project length budget for each capital project fund. All departments of the City submit requests for appropriation to the City Clerk so that a budget may be prepared. The budget is prepared by fund, function and department), and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

No later than 45 days prior to the beginning of the fiscal year, the proposed budget is presented to the Mayor and Council for review. The Council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Department heads may make transfers of appropriations within a department. The legal level of budgetary control is at the department level. Transfers of appropriations between departments must be approved by an affirmative vote of a majority of the Council, except for emergencies as defined by the charter and unanimously voted by the Council.

3. Deposits and Investments

Cash includes amounts in demand and time deposits that must be by law insured or collateralized, and investments, if any, are limited by law and bond ordinances, to federal and state securities. As of June 30, 2020, all of the City's deposits were insured or collateralized.

The City has no other investments other than cash.

4. Receivables

As of June 30, 2020, receivables for the City's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-type Activities	Total
Receivables:			
Accounts	$ 133,136	$ 1,720,152	$ 1,853,288
Less: Allowance for Uncollectibles	(62,723)	(804,490)	(867,213)
Net Total Receivables	$ 70,413	$ 915,662	$ 986,075

5. Interfund Receivables, Payables, and Transfers

Due to/from other Funds

Outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services, short-term non-operating subsidies and other miscellaneous transactions between funds. This activity is similar to lending/borrowing arrangements and outstanding balances at year-end are presented as "due to/from other funds". Balances between governmental or proprietary funds are netted when presented in the government-wide statements and reported as "internal balances". As of June 30, 2020, interfund receivables and payables that resulted from various interfund transactions were as follows:

Receivable Fund	Payable Fund	Amount
Gas Fund	General Fund	$ 279,228
General Fund	Water and Sewer	898,504

Transfers and Payments

Routine transfers and payments between funds are to subsidize operations and capital acquisitions. Interfund transfers for the year ending June 30, 2020 are as follows:

Source Fund	Transfer to Fund	Amount
Gas Fund	General Fund	$ 1,054,718
Water Fund	General Fund	862,951
		$ 1,917,669

6. Capital Assets

Governmental Activities:

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020
Capital Assets not being Depreciated:				
Land	$ 929,590	$ -	$ -	$ 929,590
Construction in Progress	484,426	12,906	458,772	38,560
Total	1,414,016	12,906	458,772	968,150
Capital Assets being Depreciated:				
Infrastructure	517,046	646,143	-	1,163,189
Buildings	3,256,354	-	-	3,256,354
Improvements	637,569	-	-	637,569
Equipment	5,957,086	59,136	-	6,016,222
Total	10,368,055	705,279	-	11,073,334
Less Accumulated Depreciation:				
Infrastructure	(31,036)	(26,872)	-	(57,908)
Buildings	(2,335,600)	(53,462)	-	(2,389,062)
Improvements	(105,700)	(21,445)	-	(127,145)
Equipment	(3,746,000)	(258,435)	-	(4,004,435)
Total	(6,218,336)	(360,214)	-	(6,578,550)
Total Capital Assets being Depreciated, Net	4,149,719	345,065	-	4,494,784
Total Governmental Activities, Capital Assets, Net	$ 5,563,735	$ 357,971	$ 458,772	$ 5,462,934

Business-type Activities:	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020
Capital Assets not being Depreciated:				
Land	$ 13,132	$ -	$ -	$ 13,132
Construction in Progress	21,784	152,662	-	174,446
Total	34,916	152,662	-	187,578
Capital Assets being Depreciated:				
Buildings	294,893	-	-	294,893
Systems	54,014,076	176,490	-	54,190,566
Equipment	1,673,708	54,652	-	1,728,360
Total	55,982,677	231,142	-	56,213,819
Less Accumulated Depreciation:				
Buildings	(109,512)	(10,052)	-	(119,564)
Systems	(34,427,497)	(535,624)	-	(34,963,121)
Equipment	(1,170,599)	(113,123)	-	(1,283,722)
Total	(35,707,608)	(658,799)	-	(36,366,407)
Total Capital Assets being Depreciated, Net	20,275,069	(427,657)	-	19,847,412
Total Business-type Activities Capital Assets, Net	$ 20,309,985	$ (274,995)	$ -	$ 20,034,990

6. Capital Assets - continued

Depreciation for the year by functions was as follows:

General Government	$ 34,132	
Public Safety	34,532	
Fire	37,975	
Streets	81,015	
Recreation	170,893	
Animal Control	1,667	
Total Government Activities		$ 360,214
Water/Sewer		604,256
Gas		54,543
Total Business Activities		658,799
Total Depreciation		$ 1,019,013

The following estimated useful lives are used to compute depreciation (straight-line method):

Buildings	20-50 years
Equipment	3-10 years
Infrastructure	50 years
Park Improvements	5-40 years
System	20-75 years

7. Long Term Debt

The following is a summary of the City's long-term debt activity for the year ended June 30, 2020:

	Balance June 30, 2019	Increase	Decrease	Balance June 30, 2020	Due Within One Year
Governmental Activities:					
Capital Leases	$ 186,117	$ -	$ 186,117	$ -	$ -
Compensated Absences	208,715	80,263	74,120	214,858	-
Total Governmental Activities	$ 394,832	$ 80,263	$ 260,237	$ 214,858	$ -
Business-Type Activities:					
Capital Leases	$ 108,914	$ -	$ 108,914	$ -	$ -
Loans Payable	3,683,481	-	237,762	3,445,719	244,396
Revenue Bonds	5,107,250	-	709,882	4,397,368	735,790
Compensated Absences	93,246	58,700	48,212	103,734	-
Total Business-Type Activities	$ 8,992,891	$ 58,700	$ 1,104,770	$ 7,946,821	$ 980,186

7. Long Term Debt - continued

Advance Refundings

In 2005 the City issued $9,695,000 of Combined Public Utility Revenue and Refunding Bonds ("2005 Bonds") for the advance refunding of the City's 2002 Combined Public Utility Revenue and Refunding Bonds ("2002 Bonds") and for related capital improvements to the City's water system. As a result of this issuance, $7,749,047 was used to purchase United States Government State and Local Government Series securities that were placed into an escrow account for the purpose of generating resources for payment of principal, interest, and redemption premium on the 2002 Bonds beginning in fiscal year 2013 and continuing through maturity in fiscal year 2026. The portion of the 2002 Bonds being refunded is considered defeased and has been removed from the government-wide Statement of Net Position and the proprietary fund Balance Sheet. As of June 30, 2020, $6,920,000 was considered defeased.

Revenue Bonds

On May 17, 2017, the City issued City of Summerville Junior Lien Combined Public Facility Revenue Bond, Series 2015. The principal face amount is $651,543, with monthly payments of $3,740 including interest at 3.375% with the first payment due June 2017. This bond was issued for the purpose of refinancing a lease for the gas meter swap project. This bond is secured by the revenues derived from operations of the utility system.

Loans Payable

GEFA Loan - $1,481,839: With total approved loan amount of $1,489,839, and fully drawn down as of June 30, 2009; due in monthly installments of $9,089, bearing interest at 4.14%, with a maturity date of May 1, 2029.
GEFA Loan - $201,600: With total approved loan amount of $201,600 and $172,800 drawn down. This loan entered repayment phase as of April 1, 2011; due in monthly installments of $958, bearing interest at 3.00%, with a maturity date of April 1, 2031.
GEFA Loan - $2,484,448: With total approved loan amount of $2,484,448 and fully drawn down. This loan entered repayment phase as of January 1, 2013; due in monthly installments of $12,104, bearing interest at 3.00%, with a maturity date of January 1, 2033.
GEFA Loan - $1,320,000: With total approved loan amount of $1,320,000 and fully drawn down. Principal forgiveness of $122,000 was granted at time of project completion. This loan entered into repayment phase as of February 1, 2017; due in monthly installments of $5,246, bearing interest at .5%, with a maturity date of February 2, 2037.

Compensated absences in governmental activities are liquidated by the general fund and compensated absences in the business-type activities are liquidated by the water and gas funds.

7. Long Term Debt - continued

The annual requirements to amortize the long-term debt as of June 30, 2020, including interest payments, are as follows:

	REVENUE BONDS		GEFA LOAN	
YEAR	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2021	$ 735,790	$ 171,508	$ 244,396	$ 84,387
2022	761,673	142,296	251,260	77,523
2023	787,587	112,055	258,364	70,419
2024	823,489	80,829	265,718	63,064
2025	849,509	48,089	273,326	55,456
2026-2030	163.396	61,004	1,369,854	155,896
2031-2035	193,399	31,001	678,330	21,279
2036-2037	82,525	2,801	104,471	458
TOTAL	$ 4,397,368	$ 649,583	$ 3,445,719	$ 528,482

8. Lease Obligations

Capital Leases

The City entered into a lease agreement with Branch Banking & Trust as lessee for financing the acquisition of a pumper fire truck for $304,055. The effective interest rate is 3.16%.

The City entered into a lease agreement with Branch Banking & Trust for financing the installation of natural gas line extensions for $248,000. The City's gas lines under lease have a final cost of $199,338. The effective interest rate is 3.34%.

The City entered into a second lease agreement with Branch Banking & Trust as lessee for financing the installation of additional natural gas line extensions for $95,000. The additional gas lines were completed and have a cost of $154,464. The effective interest rate is 4%.

The City entered into a lease agreement with Branch Banking & Trust as lessee for financing the acquisition of a vehicle for the police department for $37,016. The effective interest rate is 4.76%.

The City entered into a lease agreement with Bancorp South for financing the acquisition of a Dozer for $90,850. The effective interest rate is 2.29%.

All lease obligations were paid in full at June 30, 2020.

9. Restricted Assets

The City is required to establish and maintain cash accounts to comply with bond covenants and external legal requirements. The debt service and capital acquisition/improvements cash accounts are restricted for payment of bond principal and interest and certain construction funds are restricted for specified capital projects or improvements. Customer deposit accounts are restricted to application against outstanding balances or are subject to being refunded. The Drug Enforcement account is restricted for monies used in law enforcement activities. The Recreation cash account is for monies designated for the maintenance and improvement of recreational facilities and small equipment.

As of June 30, 2020, restricted assets consist of the following:

Governmental Activities:	
Cash – Council Restricted	$ 812,162
Cash – Clean & Lien	13,113
Cash – Recreation Dept.	1,650
Cash – Debt Forgiveness	6
Cash – Capital Acquisitions/Improvements	83,599
Total	$ 910,530
Business-type Activities:	
Cash – Debt Service	$ 937,427

10. Pension Plan

Plan Description

The City has a non-contributory defined benefit plan covering all full time employees. The City of Summerville Retirement Plan is administered by the Georgia Municipal Employees Benefit System (GMEBS), a statewide, agent multiple-employer type plan. GMEBS policy direction and oversight for the fund is provided by a 15-member board comprised of elected and appointed officials from the fund's membership. GMEBS handles administrative and investment functions relative to the plan. The City established the plan effective April 1, 1985, and the authority to establish, amend or discontinue the plan remains with the City. The plan provides pension benefits and death and disability benefits for all employees that have been employed full time for one year. Members may retire at 62 years of age with 5 years of service. Early retirement is possible at age 50 with 10 years of service. Benefits are calculated at 1.75% of the average monthly earnings for the period of the five highest years prior to retirement.

The Georgia Municipal Employees Benefit System issues a publicly available annual financial report that includes financial statements and required supplementary information. This report may

be obtained by contacting the Georgia Municipal Employees Benefit System, c/o Georgia Municipal Association – Risk Management and Employee Benefit Systems, 201 Pryor Street, SW, Atlanta, Georgia 30303.

10. Pension Plan - continued

Funding Policy and Annual Contributions

The funding policy for the plan is to contribute an amount equal to the recommended contribution in each year. These contributions are determined under the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is level dollar over 30 years for the initial unfunded accrued liability, 15 years for actuarial gains and losses, 10 years for temporary retirement incentive programs, 20 years for changes to plan provisions and 30 years for actuarial assumptions and cost methods. These amortization periods, if applicable, are close for this plan year.

The Plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). According to the latest actuarial valuation, dated January 1, 2020, the estimated minimum annual contribution under these funding standards is $302,823.

According to the most recent annual plan valuation dated January 1, 2020, the recommended contribution to the plan for 2020 is $343,426, ($0 employee and $343,426 employer; 0% employee and 12.01% employer of covered payroll respectively), and for 2019 was $395,269 ($0 employee and $395,269 employer; 0% employee and 13.75% employer of covered payroll respectively). Covered payroll for 2020 and 2019 is $2,827,173 and $2,834,968 respectively.

Net Pension Liability

The City's net pension liability (NPL) was measured as of January 1, 2020, along with the total pension liability (TPL) and fiduciary net position (FNP) used to calculate the NPL. These actuarial assumptions are based on the results of an actuarial measurement date of September 30, 2019.

10. Pension Plan - continued

Net Pension Liability - continued

Changes in Net Pension Liability

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2018	$ 12,614,115	$ 11,363,678	$ 1,250,437
Changes for the year:			
Service Cost	169,905	-	169,905
Interest	934,353	-	934,353
Differences between expected and actual experience	30,811	-	30,811
Contributions-employer	-	385,257	(385,257)
Contributions-employee	-	-	-
Net investment income	-	329,749	(329,749)
Benefit payments, including refunds of employee contributions	(651,959)	(651,959)	-
Administrative expense	-	(23,130)	23,130
Other changes	(5,696)	-	(5,696)
Net changes	477,414	39,917	437,497
Balances at September 30, 2019	$ 13,091,529	$ 11,403,595	$ 1,687,934

Discount Rate

The discount rate used to measure the total pension liability was 7.375 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and 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 future 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.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

	1% Decrease Rate (6.375%)	Current Discount Rate (7.375%)	1% Increase Rate (8.375%)
Net pension liability	$ 3,311,920	$ 1,687,934	$ 335,393

10. Pension Plan - continued

Discount Rate - continued

As of January 1, 2020, employee membership data related to the current plan membership was as follows:

Retirees and beneficiaries receiving benefits	78
Terminated plan participants entitled to but not yet receiving benefits	25
Active plan participants	
Vested	39
Nonvested	37
Total number of plan participants	179

Significant Actuarial Assumptions

Actuarially determined contribution rates are calculated as of January 1, 2020

Actuarial Assumptions:

Net Investment Rate of Return	7.375% per year
Projected Salary Increase	2.25% plus age and service based merit increases
Inflation Rate	2.10%
Post Retirement Benefit Increase	N/A

Actuarial Methods:

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 10 years.
Actuarial Value of Assets	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.
Mortality Rate	Mortality assumptions are based on the Sex-distinct Pri-2012 head-count weighted Mortality tables, which are founded on a four year review of mortality experience for the period July 1, 2015 through June 30, 2019.

10. Pension Plan - continued

Significant Actuarial Assumptions - continued

For the year ended June 30, 2020, the City recognized pension expense of $276,181. The City reported deferred outflows of resources and deferred inflow of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 95,791	$ -
Changes of assumptions	-	(4,272)
Net difference between projected and actual earnings on pension plan investment	-	(73,187)
Contribution made after measurement date	300,127	-
Total	$ 395,918	$ (77,459)

$300,127 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year end June 30,	
2021	$ (63,741)
2022	(77,891)
2023	57,632
2024	102,332
Total	$ 18,332

Net Investment Return

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 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.

10. Pension Plan - continued

Net Investment Return - continued

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset collection as of September 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.41%
International equity	20%	6.96%
Fixed income	25%	4.96%
Real estate	10%	4.76%
Cash	0%	
Total	100%	

Payable to the Pension Plan

There were no outstanding amounts of contributions to the pension plan required for the year ended June 30, 2020.

11. Restricted Fund Balances/Net Position

Restrictions are used to indicate that a portion of the net position is not available for appropriations and is legally segregated for a specific future use. The City uses the following restrictions:

Governmental Funds

Restricted for capital project activities - Created to segregate money received from federal or state sources that restrict the funds eligible for capital construction projects.

Restricted for drug enforcement activities - Created to segregate money received from federal or state sources, as well as from confiscations, that restrict use for law enforcement purposes only.

Restricted for recreation - Created to segregate money received from patrons of recreational facilities, as well as from federal or state sources, for the use of facilities and small equipment maintenance and improvements.

Business Type activities

Restricted for debt service - The City's bond covenants require certain reservations of the water and sewer net assets for payments of bond principal and interest.

Restricted for capital project activities - Created to segregate money received from federal or state sources that restrict the funds eligible for capital construction projects.

12. Other Information

Vacation and Sick Leave

City employees' vacation and sick leave accrual policy is as follows:

Years of Service	Vacation Accrual	Sick Leave Accrual
1-3	5 days per year	5 days per year
4-9	10 days per year	10 days per year
10-14	15 days per year	15 days per year
15+	20 days per year	20 days per year

Employees with vacation time remaining at the end of the calendar year may carry their time forward to the next year. Carry forward limits are set at 13 weeks of vacation and 13 weeks for sick leave.

13. Risk Management

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's Attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the City. The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries commercial insurance. The City is self-insured related to unemployment compensation. There have been no significant reductions in insurance coverage from the prior year.

During the past three years, the costs of any settlements have not exceeded insurance coverage.

The City is also exposed to the risk of injuries to employees, for which the City participates in the Georgia Municipal Association – Workers Compensation Self-Insurance Fund. The fund is considered a public entity risk pool, which is a self-insured program authorized by state statute (34-9-150), and administered by GMA. Unlike commercial insurance where the risk is transferred to another party, the risk pool simply spreads the risk among the members. All governmental entities located in the state of Georgia are eligible to participate. Members of the pool are responsible for paying estimated premiums based on payroll projections for each calendar year. The risk pool is responsible for paying all claims filed on behalf of the members.

14. Joint Venture

The City of Summerville is a member of the Coosa Valley Regional Development Center (RDC). The RDC was created under the laws of the State of Georgia and cities and counties in the area served by the RDC are required to be members. The membership of the RDC includes 10 counties and 35 municipalities. The City's annual dues are paid by Chattooga County in the City's stead. The City has no equity interest in the RDC nor does the City materially contribute to the continued existence of the RDC. The Official Code of Georgia Annotated Section 50-8-39.1 states that in the event the RDC ceases operation, the membership can be assessed for any debt or obligation of the RDC. Separate financial statements may be obtained from the Coosa Valley Regional Development Center, P.O. Box 1793, Rome, GA 30162.

15. Contingencies

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

16. Post Employment Benefits Other Than Pensions

Plan Description

Through the passage of local ordinance, the City of Summerville OPEB plan, a single employer defined benefit plan, provides continuation of healthcare and life insurance benefits to retired employees. All full time employees of the City are eligible for these benefits. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The plan is administered through the City's current insurance provider and no separate audit report is available. The City has the authority to amend the provisions of this plan.

Employees are eligible for retiree health coverage benefits until the age of 65 upon retirement once they reach age 62 with 10 years of service and are fully vested in the City's retirement plan. The normal retirement date of a participant is the first day of the calendar month coincident with or next following their 65th birthday. Employees are eligible for life insurance benefits at retirement once they meet eligibility requirements. A participant may retire on an early retirement date which may be the first day of any calendar month prior to their normal retirement date, provided they have then attained 1) their 50th birthday and completed 10 years of credited service 2) their 55th birthday and completed 30 years of service and 3) their 60th birthday with 5 years of service. A participant may continue in employment beyond his normal retirement date; such participant's postponed retirement date will be the first day of the calendar month coincident with or next following his actual retirement. Life insurance is provided for the life of the employee and is equal to a $30,000 benefit if the deceased beneficiary was less than 65 years of age at time of death, a $19,500 benefit when deceased beneficiary was 65 to 69 years of age at time of death, a $15,000 benefit when the deceased beneficiary was 70 to 74 years of age at time of death, and a $10,500 benefit when the deceased beneficiary was greater than 75 years of age at time of death.

Current parameters dictate that the plan be valued once every three years. The most recent valuation date is June 30, 2020. The number of participants as of June 30, 2020, is as follows:

Active Employees'	73
Retired Employees'	28
	101

Total OPEB liability

The City's total OPEB liability of $541,182 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

16. **Post Employment Benefits Other Than Pensions - continued**

Actuarial Methods and Assumptions

Actuarial assumptions used in the plan are as follows:

Economic Assumptions:

Inflation Rate	2.25%
Discount Rate	2.66%
Salary Increases	2.25%
Healthcare cost trend rates	8% for 2020, decreasing .5 percent per year to an ultimate rate of 4.5% for 2028 and later
Retirees' share of benefit-related	City pays full cost of life insurance benefits. Retirees who elect retiree health benefits must Pay 50% of the full monthly premium.

Demographic Assumptions:

Discount Rate	Based on a yield for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.
Mortality	RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017
Termination	None. Vested employees entitled
Spousal Participation	None
Administrative expense	None

Changes in the Total OPEB Liability

	Total OPEB Liability
Balances at June 30, 2019	$ 530,795
Changes for the year:	
Service Cost	17,539
Interest	18,791
Changes of benefit terms	-
Changes in assumptions	16,508
Differences between expected and actual experience	(16,292)
Benefit payments	(26,159)
Net changes	10,387
Balances at June 30, 2020	$ 541,182

Changes in assumptions reflects a change in the discount rate from 3.51% to 2.66%.

16. Post Employment Benefits Other Than Pensions – continued

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.66%) or 1 percentage point higher (3.66%) than the current discount rate:

	1% Decrease Rate (1.66%)	Current Discount Rate (2.66%)	1% Increase Rate (3.66%)
Total OPEB liability	$ 622,858	$ 541,182	$ 474,854

Sensitivity of the total OPEB Liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (7%) or 1 percentage point higher (9%) than the current healthcare cost trend rates:

	1% Decrease Rate (7 % decreasing to 3.5%)	Current Discount Rate (8 % decreasing to 4.5%)	1% Increase Rate (9 % decreasing to 5.5%)
Total OPEB liability	$ 520,703	$ 541,182	$ 565,266

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the City recognized OPEB expense of $31,133. The City reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (38,074)
Changes of assumptions	26,253	(3,446)
Net difference between projected and actual earnings on OPEB plan investment	N/A	N/A
Total	$ 26,253	$ (41,520)

16. Post Employment Benefits Other Than Pensions – continued

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal year end June 30,	
2021	$ (5,197)
2022	(5,197)
2023	(5,195)
2024	286
2025	36
Total	$ (15,267)

17. Construction Commitments

The City's construction projects as of June 30, 2020 are as follows:

Governmental Activities

The City continues work on a walking trail project that is being funded primarily from grant funds provided by the Appalachian Regional Commission.

Business-type Activities

The City is in the process of performing improvements to the sewer system. This project is being financed by CDBG grant funds.

The City began improvements to the water system due to a water health advisory towards the end of FYE June 30, 2020. In addition to city funds used in the project, it will also be funded by a USDA grant, and ARC and GEFA loans.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SUMMERVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
June 30, 2020

	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service cost	$ 169,905	$ 193,300	$ 184,886	$ 172,521	$ 185,550	$ 158,648
Interest	934,353	885,846	879,388	842,581	785,178	781,253
Difference between expected and actual experience	30,811	218,047	(200,608)	31,346	320,465	(162,749)
Change of assumptions	-	-	-	-	-	(184,416)
Benefit payments, including refunds	(651,959)	(602,116)	(590,416)	(552,607)	(548,419)	
of employee contributions	-	-	-	-	-	(535,764)
Other	(5,696)	-	3,634	-	-	-
Net Change in Total Pension Liability	477,414	695,077	276,884	493,841	742,774	56,972
Total Pension Liability - Beginning	12,614,115	11,919,038	11,642,154	11,148,313	10,405,539	10,348,567
Total Pension Liability - Ending (a)	$ 13,091,529	$ 12,614,115	$ 11,919,038	$ 11,642,154	$ 11,148,313	$ 10,405,539
Plan Fiduciary Net Position						
Contributions-employer	$ 385,257	$ 407,934	$ 468,215	$ 338,286	$ 394,654	$ 371,069
Contributions-employee	-	-	-	-	-	-
Net investment income	329,749	1,037,566	1,392,682	948,841	104,743	899,328
Benefit payments, including refunds of employee contributions	(651,959)	(602,116)	(590,416)	(552,607)	(548,419)	(535,764)
Administrative expense	(23,130)	(24,785)	(26,351)	(15,129)	(16,925)	(13,403)
Other	-	-	-	-	-	-
Net Change in plan fiduciary net position	$ 39,917	$ 818,599	$ 1,244,130	719,391	(65,947)	721,230
Plan fiduciary net position-beginning	11,363,678	10,545,079	9,300,949	8,581,558	8,647,505	7,926,275
Plan fiduciary net position-ending (b)	$ 11,403,595	$ 11,363,678	$ 10,545,079	$ 9,300,949	$ 8,581,558	$ 8,647,505
Net pension liability-ending (a-b)	$ 1,687,934	$ 1,250,437	$ 1,373,959	$ 2,341,205	$ 2,566,755	$ 1,758,034
Plan fiduciary net position as a percentage of the total pension liability	87.10%	90.08%	88.47%	79.89%	76.98%	83.10%
Covered-employee payroll	2,827,173	2,834,968	2,951,680	3,033,588	3,024,200	2,527,517
Net pension liability as a percentage of covered-employee payroll	59.70%	44.10%	46.55%	77.18%	84.87%	69.56%

See assumptions used for the Schedule of Changes in Note 10 to the Financial Statements

CITY OF SUMMERVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
June 30, 2020

		2020	2019	2018	2017	2016	2015
Actuarially determined contribution	*	$ -	$ 381,920	$ 416,605	$ 397,161	$ 366,227	$ 400,339
Contributions in relation to the actuarially determined contribution	*	-	416,637	381,888	427,680	335,708	467,971
Contribution deficiency (excess)	*	$ -	$ (34,717)	$ 34,717	$ (30,519)	$ 30,519	$ (67,632)
Covered-employee payroll	*	$ -	$ 2,834,968	$ 2,951,680	$ 3,033,588	$ 3,024,200	$ 2,527,517
Contributions as a percentage of covered-employee payroll	*	0.0%	14.7%	12.9%	14.1%	11.1%	18.52%

Notes to Schedule

*2020 information will be determined after fiscal year end and will be included in 2021 valuation report

Valuation date:

Actuarially determined contribution rates are calculated as of January 1, 2020.

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	10 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.
Inflation	2.10%
Salary increases	2.25%, plus service based merit increases
Investment rate of return	7.375

CITY OF SUMMERVILLE, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY

AND RELATED RATIOS

June 30, 2020

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 17,539	$ 16,703	$ 7,844
Interest	18,791	19,766	12,069
Change in benefit terms	-	-	201,693
Difference between expected and actual experience	(16,292)	(17,244)	(26,003)
Change of assumptions	16,508	18,744	(6,893)
Benefit payments	(26,159)	(18,346)	(13,530)
Net Change in Total OPEB Liability	10,387	19,623	175,180
Total OPEB Liability - Beginning	530,795	511,172	335,992
Total OPEB Liability - Ending (a)	$ 541,182	$ 530,795	$ 511,172
Covered-employee payroll	$ 2,719,285	$ 3,079,766	$ 2,982,824
Total OPEB liability as a percentage of covered-employee payroll	19.90%	17.20%	17.10%

See assumptions used for the Schedule of Changes in Note 10 to the Financial Statements

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COMPLIANCE SECTION

CHRYSAN THOMAS
Certified Public Accountant
Professional Corporation
Member
American Institute of
Certified Public Accountants
Trion, Georgia

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*

The Honorable Mayor and City Council
City of Summerville, Georgia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Summerville, Georgia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Summerville, Georgia's basic financial statements and have issued our report thereon dated November 20, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Summerville, Georgia's financial statements are free of 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.

Chrysan Thomas

CHRYSAN THOMAS
Certified Public Accountant

Trion, Georgia
November 20, 2020

CITY OF SUMMERVILLE, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
Year ended June 30, 2020

Projects	Original Estimated Cost	Revised Estimated Cost	Prior Years	Current Year	Total	Current Non-SPLOST Expenditures on SPLOST Projects
2014 SPLOST						
Admin	$ -	$ -	$ -	$ 20,617	$ 20,617	$ -
Public Safety	-	-	178,415	45,329	223,744	-
Public Works	-	-	439,364	105,668	545,032	-
Recreation	-	-	398,760	44,188	442,948	-
Water and Sewer	-	-	1,317,312	474,006	1,791,318	-
Gas	-	-	297,666	105,981	403,647	-
Total	$ 4,290,000	$ 4,290,000	$ 2,631,517	$ 795,789	$ 3,427,306	$ -

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