CITY OF SUMMERVILLE, GEORGIA

FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2023

CITY OF SUMMERVILLE, GEORGIA
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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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of City of Summerville, Georgia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City'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 and each major fund information of City of Summerville, Georgia as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Confiscated Drug, ARPA Fund and the Hotel/Motel Special Revenue Funds, the 2014 SPLOST and 2020 SPLOST Capital Projects Funds and 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 City of Summerville, 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 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.

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 City of Summerville, 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 City of Chatsworth, 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 City of Summerville, 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 Schedule of Changes in Net Pension Liability and Related Ratios , Schedule of Required Contributions and Schedule of Changes in Net OPEB Liability, as listed in the table of contents, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Summerville, Georgia's basic financial statements. The combining and individual fund nonmajor fund financial statements, and the schedules of special purpose local option sales tax expenditures, as required by the Official Code of Georgia 48-8-121, 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 were 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 by us and other auditors. In our opinion, based on our audit and the report of the other auditors, the combining and individual non-major fund financial statements and the schedules of special purpose local option sales expenditures 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 October 23, 2023 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
October 23, 2023

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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

GOVERNMENT WIDE FINANCIAL STATEMENTS

CITY OF SUMMERVILLE, GEORGIA
STATEMENT OF NET POSITION
June 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 2,763,739	$ 2,744,899	$ 5,508,638
Receivables (net of allowance for doubtful accounts)	126,889	849,043	975,932
Inventories	3,204	206,119	209,323
Internal balances	(275,464)	275,464	-
Due from other governments	153,717	-	153,717
Restricted cash	1,927,377	2,328,888	4,256,265
Capital Assets:			
Land and improvements	929,590	13,132	942,722
Construction in process	-	2,252,326	2,252,326
Other capital assets, net of depreciation	4,749,248	18,916,601	23,665,849
Total Assets	10,378,300	27,586,472	37,964,772
Deferred Outflows of Resources			
Related to pension and OPEB	1,069,285	820,590	1,889,875
Total Deferred Outflows of Resources	1,069,285	820,590	1,889,875
Liabilities			
Accounts payable	383,502	239,525	623,027
Accrued wages and withholdings payable	28,845	-	28,845
Interest payable	-	32,219	32,219
Unearned Revenue	1,227,761	-	1,227,761
Customer deposits	1,930	267,438	269,368
Current portion of long-term debt	86,074	1,085,636	1,171,710
Non-Current Liabilities			
Compensated Absences	196,802	112,586	309,388
Due in more than one year	379,305	4,220,782	4,600,087
Net OPEB liability	261,689	200,822	462,511
Net pension liability	1,232,535	945,858	2,178,393
Total Liabilities	3,798,443	7,104,866	10,903,309
Deferred Inflows of Resources			
Related to pension and OPEB	306,823	235,459	542,282
Total Deferred Inflows of Resources	306,823	235,459	542,282
Net Position			
Net investment in capital assets	5,213,459	15,875,641	21,089,100
Restricted for -			
Drug enforcement activities	31,939	-	31,939
Capital acquisition and construction	1,557,203	1,203,501	2,760,704
Debt service	-	1,125,387	1,125,387
Special Programs	62,161	-	62,161
Unrestricted	477,557	2,862,208	3,339,765
Total Net Position	$ 7,342,319	$ 21,066,737	$ 28,409,056

See accompanying notes to basic financial statements.

CITY OF SUMMERVILLE, GEORGIA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental Activities:				
General government	$ 1,324,103	$ 114,506	$ 36,929	$ 903,693
Police	1,378,619	103,153	7,182	-
Fire	514,434	563,580	10,100	-
Animal control	26,867	-	-	-
Streets	930,254	-	68,568	-
Culture and recreation	868,533	22,364	75,500	-
Codes enforcement	40,188	-	-	-
Sanitation	249,837	253,697	-	-
Interest expense on long term debt	11,395	-	-	-
Total Governmental Activities	5,344,230	1,057,300	198,279	903,693
Business-type Activities:				
Water/Sewer	5,025,483	5,557,140	-	409,964
Gas	4,901,893	6,460,322	-	-
Total Business-type Activities	9,927,376	12,017,462	-	409,964
Total Government	$ 15,271,606	$ 13,074,762	$ 198,279	$ 1,313,657

General Revenues:	
Property taxes, levies for general purposes	
Franchise taxes	
Insurance premium taxes	
Malt beverage taxes	
Hotel/Motel taxes	
Investment income	
Miscellaneous	
Transfers	
Total General Revenues and Transfers	
Change in net position	
Beginning net position	
Ending net position	

See accompanying notes to basic financial statements.

CITY OF SUMMERVILLE, GEORGIA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (268,975)	$ -	$ (268,975)
(1,268,284)	-	(1,268,284)
59,246	-	59,246
(26,867)	-	(26,867)
(861,686)	-	(861,686)
(770,669)	-	(770,669)
(40,188)	-	(40,188)
3,860	-	3,860
(11,395)	-	(11,395)
(3,184,958)	-	(3,184,958)
-	941,621	941,621
-	1,558,429	1,558,429
-	2,500,050	2,500,050
(3,184,958)	2,500,050	(684,908)
46,299	-	46,299
827,764	-	827,764
360,548	-	360,548
105,464	-	105,464
7,245	-	7,245
69,944	22,122	92,066
250,860	654,544	905,404
1,722,148	(1,722,148)	-
3,390,272	(1,045,482)	2,344,790
205,314	1,454,568	1,659,882
7,137,005	19,612,169	26,749,174
$ 7,342,319	$ 21,066,737	$ 28,409,056

See accompanying notes to basic financial statements.

CITY OF SUMMERVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

	General Fund	Capital Project 2014 SPLOST Fund	Capital Project 2020 SPLOST Fund	American Rescue Plan Fund	Confiscated Drug Fund	Hotel/Motel Tax Fund	Total Governmental Funds
Assets							
Cash and cash investments	$ 4,582	$ 1,485	$ 1,479,230	$ 1,244,544	$ 31,939	$ 1,959	$ 2,763,739
Receivables (net of allowance for uncollectibles)	126,889	-	-	-	-	-	126,889
Inventory	3,204	-	-	-	-	-	3,204
Prepaid expenses	-	-	-	-	-	-	-
Cash - restricted	1,927,377	-	-	-	-	-	1,927,377
Due from other funds	898,504	-	-	-	-	-	898,504
Due from other governments	75,000	-	78,717	-	-	-	153,717
Total Assets	$ 3,035,556	$ 1,485	$ 1,557,947	$ 1,244,544	$ 31,939	$ 1,959	$ 5,873,430
Liabilities and Fund Balances							
Liabilities							
Accounts payable	$ 364,490	$ -	$ 19,012	$ -	$ -	$ -	$ 383,502
Accrued wages payable and withholdings	28,845	-	-	-	-	-	28,845
Unearned revenue	-	-	-	1,227,761	-	-	1,227,761
Due to other funds	1,173,968	-	-	-	-	-	1,173,968
Customer deposits	1,930	-	-	-	-	-	1,930
Total Liabilities	1,569,233	-	19,012	1,227,761	-	-	2,816,006
Fund Balances							
Nonspendable:							
Inventory	3,204	-	-	-	-	-	3,204
Restricted for:							
Drug enforcement activities	-	-	-	-	31,939	-	31,939
Acquisition and construction of capital asset	-	1,485	1,538,935	16,783	-	-	1,557,203
Recreation	2,088	-	-	-	-	-	2,088
Clean and lien	21,913	-	-	-	-	-	21,913
Tourism	36,202	-	-	-	-	1,959	38,161
Unassigned	1,402,916	-	-	-	-	-	1,402,916
Total Fund Balance	1,466,323	1,485	1,538,935	16,783	31,939	1,959	3,057,424
Total Liabilities and Fund Balances	$ 3,035,556	$ 1,485	$ 1,557,947	$ 1,244,544	$ 31,939	$ 1,959	$ 5,873,430

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, 2023

Total Governmental Fund Balances		$ 3,057,424
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.		5,678,838
A portion of pension plan contributions are for future use and are considered deferred outflows of resources.		1,069,285
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		(306,823)
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	$ (86,074)	
Due after one year	(576,107)	
Net pension liability	(1,232,535)	
Net OPEB liability	(261,689)	
		(2,156,405)
Net Position of Governmental Activities		$ 7,342,319

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, 2023

	General Fund	Capital Project 2014 SPLOST Fund	Capital Project 2020 SPLOST Fund	American Rescue Plan Fund	Confiscated Drug Fund	Hotel/Motel Tax Fund	Total Governmental Funds
Revenues							
Taxes	$ 1,293,776	$ -	$ -	$ -	$ -	$ 7,245	$ 1,301,021
Licenses and permits	56,499	-	-	-	-	-	56,499
Intergovernmental	117,129	-	881,525	2,425	-	-	1,001,079
Charges for services	897,648	-	-	-	-	-	897,648
Fines and forfeitures	101,283	-	-	-	1,870	-	103,153
Contributions	127,449	-	-	-	-	-	127,449
Investment earnings	68,875	-	2,960	16,783	906	163	89,687
Miscellaneous	250,860	-	-	-	-	-	250,860
Total Revenues	2,913,519	-	884,485	19,208	2,776	7,408	3,827,396
Expenditures							
Current							
General government	1,200,441	-	-	-	-	10,844	1,211,285
Police	1,338,903	-	-	-	2,714	-	1,341,617
Fire	492,560	-	-	-	-	-	492,560
Animal control	25,200	-	-	-	-	-	25,200
Streets	812,038	-	36,716	-	-	-	848,754
Culture and recreation	670,410	-	9,266	-	-	-	679,676
Codes enforcement	40,188	-	-	-	-	-	40,188
Sanitation	249,837	-	-	-	-	-	249,837
Debt Service							
Principal	54,360	-	105,654	-	-	-	160,014
Interest	11,395	-	39,600	-	-	-	50,995
Capital Outlay							
General government	-	-	30,000	-	-	-	30,000
Police	-	-	24,320	-	-	-	24,320
Fire	758,226	-	-	-	-	-	758,226
Culture and recreation	-	-	76,000	-	-	-	76,000
Gas	-	-	228,517	-	-		228,517
Water/Sewer	-	18,077	224,349	-	-	-	242,426
Total Expenditures	5,653,558	18,077	774,422	-	2,714	10,844	6,459,615
Excess (Deficiency) of Revenues Over Expenditures	(2,740,039)	(18,077)	110,063	19,208	62	(3,436)	(2,632,219)
Other Financing Sources (Uses)							
Proceeds from lease	468,226	-	-	-	-	-	468,226
Transfers In(out)	2,271,813	-	-	(2,425)	-	-	2,269,388
Total Other Financing Sources (Uses)	2,740,039	-	-	(2,425)	-	-	2,737,614
Net Changes in Fund Balance	-	(18,077)	110,063	16,783	62	(3,436)	105,395
Fund Balances - Beginning of Year	1,466,323	19,562	1,428,872	-	31,877	5,395	2,952,029
Fund Balances - End of Year	$ 1,466,323	$ 1,485	$ 1,538,935	$ 16,783	$ 31,939	$ 1,959	$ 3,057,424

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, 2023

Net Changes in Fund Balances - Total Governmental Funds		$ 105,395
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	$ 888,546	
Depreciation expense recorded in the Statement of Activities	(370,934)	
		517,612
Net Book Value of assets discarded is not an expenditure in the governmental funds but is in the statement of activities		(8,199)
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.		54,360
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.		808,115
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.		729,411
Governmental funds do not report changes in long-term liabilities, while governmental activities report such liabilities and the changes in them:		
Compensated absences	20,525	
Proceeds from lease	(468,226)	
Net pension liability	(1,537,352)	
Net OPEB liability	(16,327)	
		(2,001,380)
Changes In Net Position of Governmental Activities		$ 205,314

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, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	$ 1,017,000	$ 1,302,548	$ 1,293,776	$ (8,772)
Licenses and permits	50,700	52,700	56,499	3,799
Intergovernmental	122,000	117,571	117,129	(442)
Charges for services	854,250	911,199	897,648	(13,551)
Fines and forfeitures	320,500	113,929	101,283	(12,646)
Contributions	149,700	182,280	127,449	(54,831)
Investment earnings	3,500	8,000	68,875	60,875
Miscellaneous	85,000	143,866	250,860	106,994
Total Revenues	2,602,650	2,832,093	2,913,519	81,426
Expenditures				
Current:				
General government	1,145,434	1,203,714	1,200,441	3,273
Police	1,590,838	1,403,558	1,338,903	64,655
Fire	494,918	1,267,932	1,250,786	17,146
Animal control	25,200	25,200	25,200	-
Streets	946,095	966,894	812,038	154,856
Culture and recreation	641,608	671,242	670,410	832
Codes enforcement	52,009	77,365	40,188	37,177
Sanitation	238,000	268,500	249,837	18,663
Debt service:				
Principal	25,349	61,299	54,360	6,939
Interest	1,656	11,656	11,395	261
Total Expenditures	5,161,107	5,957,360	5,653,558	303,802
Excess (Deficiency) of Revenues over Expenditures	(2,558,457)	(3,125,267)	(2,740,039)	385,228
Other Financing Sources (Uses)				
Proceeds from lease	-	468,226	468,226	-
Transfers In	-	2,271,813	2,271,813	-
Total Other Financing Sources (Uses)	-	2,740,039	2,740,039	-
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(2,558,457)	(385,228)	-	385,228
Fund Balances - Beginning as previously reported	1,466,323	1,466,323	1,466,323	-
Fund Balances - End of Year	$ (1,092,134)	$ 1,081,095	$ 1,466,323	$ 385,228

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, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Forfeitures	$ 7,900	$ 7,900	$ 1,870	$ (6,030)
Investment earnings	100	100	906	806
Total Revenues	8,000	8,000	2,776	(5,224)
Expenditures				
Police	8,000	8,000	2,714	5,286
Total Expenditures	8,000	8,000	2,714	5,286
Excess of Revenues Over Expenditures	-	-	62	62
Net Change in Fund Balance	$ -	$ -	62	$ 62
Fund Balance - Beginning of Year			31,877	
Fund Balance - End of Year			$ 31,939	

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, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	$ -	$ -	$ -	$ -
Grant Revenue	-	-	-	-
Total Revenues	-	-	-	-
Expenditures				
Capital outlays	-	31,329	18,077	13,252
Total Expenditures	-	31,329	18,077	13,252
Net Change in Fund Balance	$ -	$ (31,329)	(18,077)	$ 13,252
Fund Balances - Beginning			19,562	
Fund Balances - End of Year			$ 1,485	

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 - 2020 SPLOST
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	$ 780,000	$ 780,000	$ 881,525	$ 101,525
Interest Revenue	-	-	2,960	2,960
Total Revenues	780,000	780,000	884,485	104,485
Expenditures				
Capital outlays	780,000	1,787,196	774,422	1,012,774
Total Expenditures	780,000	1,787,196	774,422	1,012,774
Net Change in Fund Balance	$ -	$ (1,007,196)	110,063	$ 1,117,259
Fund Balances - Beginning			1,428,872	
Fund Balances - End of Year			$ 1,538,935	

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, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	$ 7,000	$ 7,000	$ 7,245	$ 245
Interest	5	5	163	158
Total Revenues	7,005	7,005	7,408	403
Expenditures				
Tourism	7,005	10,844	10,844	-
Total Expenditures	7,005	10,844	10,844	-
Excess of Revenues Over Expenditures	-	(3,839)	(3,436)	403
Net Change in Fund Balance	$ -	$ (3,839)	(3,436)	$ 403
Fund Balance - Beginning of Year			5,395	
Fund Balance - End of Year			$ 1,959	

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 - AMERICAN RESCUE PLAN FUND
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Grant Funds	$ 792,245	$ 792,245	$ 2,425	$ (789,820)
Interest Income	-	-	16,783	16,783
Total Revenues	792,245	792,245	19,208	(773,037)
Expenditures				
General Government	-	-	-	-
Capital Outlay	792,245	792,245	-	792,245
Total Expenditures	792,245	792,245	-	792,245
Excess of Revenues Over Expenditures	-	-	19,208	19,208
Other Financing Sources(Uses)				
Transfers out	-	-	(2,425)	(2,425)
Net Change in Fund Balance	$ -	$ -	16,783	$ 16,783
Fund Balance - Beginning of Year			-	
Fund Balance - End of Year			$ 16,783	

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, 2023

	Water & Sewer	Gas	Total
Assets			
Current Assets			
Cash and cash investments	$ 1,896,222	$ 848,677	$ 2,744,899
Receivables, Net	611,008	238,035	849,043
Due from other funds	-	1,173,968	1,173,968
Inventories	155,424	50,695	206,119
Total Current Assets	2,662,654	2,311,375	4,974,029
Noncurrent Assets			
Restricted Assets			
Cash	2,328,888	-	2,328,888
Capital Assets			
Land and improvements	13,132	-	13,132
Construction in progress	2,252,326	-	2,252,326
Distribution and collection systems	48,738,700	5,690,049	54,428,749
Buildings	275,590	99,783	375,373
Equipment	2,057,616	518,458	2,576,074
Less accumulated depreciation	(33,459,320)	(5,004,275)	(38,463,595)
Total Noncurrent Assets	22,206,932	1,304,015	23,510,947
Total Assets	24,869,586	3,615,390	28,484,976
Deferred Outflows of Resources			
Deferred resources related to pension	521,806	298,784	820,590
Liabilities			
Current Liabilities			
Accounts payable	75,196	164,329	239,525
Interest payable	32,219	-	32,219
Customer deposits	124,112	143,326	267,438
Due to other funds	898,504	-	898,504
Bonds, Notes, and Loans Payable	1,057,148	28,488	1,085,636
Total Current Liabilities	2,187,179	336,143	2,523,322
Noncurrent Liabilities			
Compensated absences	62,646	49,940	112,586
Net pension liability	601,454	344,404	945,858
Net OPEB liability	127,699	73,123	200,822
Bonds, Notes and Loans Payable	3,751,951	468,831	4,220,782
Total Noncurrent Liabilites	4,543,750	936,298	5,480,048
Total Liabilties	6,730,929	1,272,441	8,003,370
Deferred Inflows of Resources			
Deferred resources related to pension	149,724	85,735	235,459
Total Deferred Inflows	149,724	85,735	235,459
Net Position			
Net investment in capital assets	15,068,945	806,696	15,875,641
Restricted			
Capital acquisition and construction	1,203,501	-	1,203,501
Debt service	1,125,387	-	1,125,387
Unrestricted	1,112,906	1,749,302	2,862,208
Total Net Position	$ 18,510,739	$ 2,555,998	$ 21,066,737

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, 2023

	Water & Sewer	Gas	Total
Operating Revenues			
Charges for services	$ 5,557,140	$ 6,460,322	$ 12,017,462
Other	-	-	-
Total operating revenues	5,557,140	6,460,322	12,017,462
Operating Expenses			
Salaries, wages and employee benefits	1,552,013	797,376	2,349,389
Cost of gas for resale	-	3,728,960	3,728,960
Services and supplies	2,552,204	195,317	2,747,521
Administrative expense	99,158	103,670	202,828
Depreciation	674,340	59,277	733,617
Amortization	1,614	-	1,614
Total Operating Expenses	4,879,329	4,884,600	9,763,929
Operating Income	677,811	1,575,722	2,253,533
Nonoperating Revenues (Expenses)			
Investment income	22,122	-	22,122
Interest expense	(146,154)	(17,293)	(163,447)
Reimbursement for property damage	648,220	6,324	654,544
Grant revenue	409,964	-	409,964
Total Nonoperating Revenues (Expenses)	934,152	(10,969)	923,183
Income before other revenues	1,611,963	1,564,753	3,176,716
Capital contributions	324,989	222,251	547,240
Transfers in (out)	2,425	(2,271,813)	(2,269,388)
Change in Net Position	1,939,377	(484,809)	1,454,568
Net Position - Beginning of Year	16,571,362	3,040,807	19,612,169
Net Position - End of Year	$ 18,510,739	$ 2,555,998	$ 21,066,737

See accompanying notes to basic financial statements.

CITY OF SUMMERVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2023

	Water & Sewer	Gas	Total
Cash Flows from Operating Activities			
Cash received from customers	$ 5,602,041	$ 6,650,860	$ 12,252,901
Cash payments to suppliers	(2,638,658)	(4,252,925)	(6,891,583)
Cash payments to employees for services	(1,554,775)	(814,312)	(2,369,087)
Net Cash Provided (Used) by Operating Activities	1,408,608	1,583,623	2,992,231
Cash Flows from Noncapital Financing Activities			
Transfer to other funds	2,425	(2,818,933)	(2,816,508)
Net Cash Provided(Used) by noncapital financing activities	2,425	(2,818,933)	(2,816,508)
Cash Flows from Capital and Related Financing Activities			
Grant revenue	409,964	-	409,964
Capital contributions	145,254	-	145,254
Purchase of capital assets	(624,198)	-	(624,198)
Principal paid on capital debt	(1,014,914)	(27,588)	(1,042,502)
Interest paid on capital debt	(161,318)	(17,293)	(178,611)
Insurance proceeds received from property damage	648,220	6,324	654,544
Proceeds from borrowing	99,841	-	99,841
Net Cash Provided (Used) by Capital and Related Financing Activites	(497,151)	(38,557)	(535,708)
Cash Flows from Investing Activities			
Interest on cash and cash investments	22,122	-	22,122
Increase (Decrease) in Cash and Cash Investments	936,004	(1,273,867)	(337,863)
Cash and Cash Investments - Beginning of Year	3,289,106	2,122,544	5,411,650
Cash and Cash Investments - End of Year	$ 4,225,110	$ 848,677	$ 5,073,787
Reconciliation of Income (Loss) from operations to net cash provided (used) by operating activities			
Operating Income (Loss)	$ 677,811	$ 1,575,722	$ 2,253,533
Depreciation	675,954	59,277	735,231
Change in operating assets and liabilities:			
(Increase) Decrease in accounts receivable	42,922	194,988	237,910
(Increase) Decrease in deferred outflows	(389,189)	(218,153)	(607,342)
(Increase) Decrease in inventory	(3,278)	(1,249)	(4,527)
(Increase) Decrease in deposits	22,877	13,214	36,091
Increase (Decrease) in compensated absenses	6,910	1,671	8,581
Increase (Decrease) in accounts payable	(10,147)	(239,198)	(249,345)
Increase (Decrease) in customer deposits	1,979	(4,450)	(2,471)
Increase (Decrease) in deferred inflows	(376,581)	(234,076)	(610,657)
Increase (Decrease) in net pension and OPEB liability	759,350	435,877	1,195,227
Net Cash Provided (Used) by Operating Activities	$ 1,408,608	$ 1,583,623	$ 2,992,231
Non-cash capital contributions were received from the SPLOST fund for capital purposes	$ 179,735	$ 222,251	

See accompanying notes to the basic financial statements.

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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, 2023, 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.

2020 SPLOST Capital Projects Fund - The 2020 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.

American Rescue Plan Fund – The American Rescue Plan Fund accounts for the City's American Rescue Plan Act (ARPA) Local Fiscal Recovery Funds.

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-

1. Summary of Significant Accounting Policies - continued

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.

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, 2023.

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, 2023, 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, 2023, 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	$ 200,147	$ 1,760,311	$ 1,960,458
Less: Allowance for Uncollectibles	(73,258)	(911,268)	(984,526)
Net Total Receivables	$ 126,889	$ 849,043	$ 975,932

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, 2023, interfund receivables and payables that resulted from various interfund transactions were as follows:

Receivable Fund	Payable Fund	Amount
Gas Fund	General Fund	$ 1,173,968
General Fund	Water and Sewer	898,504

Transfers and Payments

Routine transfers and payments between funds are to subsidize operations and capital acquisitions. The ARPA fund reimbursed the water fund for expenditures on a new project. Interfund transfers for the year ending June 30, 2023 are as follows:

Source Fund	Transfer to Fund	Amount
Gas Fund	General Fund	$ 2,271,813
ARPA Fund	Water Fund	2,425

6. Capital Assets

Governmental Activities:

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023
Capital Assets not being Depreciated:				
Land	$ 929,590	$ -	$ -	$ 929,590
Construction in Progress	-	-	-	-
Total	929,590	-	-	929,590
Capital Assets being Depreciated:				
Infrastructure	1,163,189	-	-	1,163,189
Buildings	3,256,354	28,000	21,112	3,263,242
Improvements	839,569	48,000	5,000	882,569
Equipment	6,264,560	812,546	82,163	6,994,943
Total	11,523,672	888,546	108,275	12,303,943
Less Accumulated Depreciation:				
Infrastructure	(119,728)	(30,910)	-	(150,638)
Buildings	(2,495,985)	(53,995)	12,965	(2,537,015)
Improvements	(174,221)	(29,601)	4,948	(198,874)
Equipment	(4,493,904)	(256,428)	82,163	(4,668,169)
Total	(7,283,838)	(370,934)	100,076	(7,554,696)
Total Capital Assets being Depreciated, Net	4,239,834	517,612	8,199	4,749,247
Total Governmental Activities, Capital Assets, Net	$ 5,169,424	$ 517,612	$ 8,199	$ 5,678,837

Business-type Activities:	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023
Capital Assets not being Depreciated:				
Land	$ 13,132	$ -	$ -	$ 13,132
Construction in Progress	1,751,730	500,596	-	2,252,326
Total	1,764,862	500,596	-	2,265,458
Capital Assets being Depreciated:				
Buildings	294,893	80,479	-	375,372
Systems	54,220,866	207,883	-	54,428,749
Equipment	2,340,529	237,225	1,681	2,576,073
Total	56,856,288	525,587	1,681	57,380,194
Less Accumulated Depreciation:				
Buildings	(136,700)	(9,909)	-	(146,609)
Systems	(36,121,376)	(543,578)	-	(36,664,954)
Equipment	(1,473,583)	(180,129)	1,681	(1,652,031)
Total	(37,731,659)	(733,616)	1,681	(38,463,594)
Total Capital Assets being Depreciated, Net	19,124,629	(208,029)	-	18,916,600
Total Business-type Activities Capital Assets, Net	$ 20,889,491	$ 292,567	$ -	$ 21,182,058

6. Capital Assets - continued

Depreciation for the year by functions was as follows:

General Government	$ 39,631	
Public Safety	52,181	
Fire	19,628	
Streets	79,556	
Recreation	178,271	
Animal Control	1,667	
Total Government Activities		$ 370,934
Water/Sewer		674,339
Gas		59,277
Total Business Activities		733,616
Total Depreciation		$ 1,104,550

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, 2023:

	Balance June 30, 2022	Increase	Decrease	Balance June 30, 2023	Due Within One Year
Governmental Activities:					
Capital Leases	$ 51,513	$ 468,226	$ 54,360	$ 465,379	$ 86,074
Compensated Absences	217,327	67,459	87,984	196,802	-
Total Governmental Activities	$ 268,840	$ 535,685	$ 142,344	$ 662,181	$ 86,074
Business-Type Activities:					
Capital Leases	$ -	$ -	$ -	$ -	$ -
Loans Payable	3,349,173	99,841	254,914	3,194,100	262,147
Revenue Bonds	2,899,906	-	787,587	2,112,319	823,489
Compensated Absences	104,005	47,676	39,095	112,586	-
Total Business-Type Activities	$ 6,353,084	$ 147,517	$ 1,081,596	$ 5,419,005	$ 1,085,636

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, 2023, $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.
GEFA Loan - $1,250,000: With total approved loan amount if $1,250,000 and $376,823 drawn down as of June 30, 2023. This loan bears interest at 2.44%.

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, 2023, including interest payments, are as follows:

	REVENUE BONDS		GEFA LOAN	
YEAR	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2024	$ 823,489	$ 80,829	$ 262,417	$ 66,637
2025	849,509	48,089	269,631	59,153
2026	30,521	14,359	277,376	51,407
2027	31,567	13,313	285,396	43,387
2028	32,616	12,264	293,697	35,086
2029-2033	180,793	43,607	1,157,400	70,755
2034-2038	163,825	11,263	271,629	2,825
TOTAL	$ 2,112,319	$ 223,724	$ 2,817,276	$ 329,250

8. Lease Obligations

Capital Leases

The City entered into a lease agreement with Community First National Bank as lessee for financing the acquisition of various equipment for the fire department for $108,020. The effective interest rate is 3.214%.

In December 2022, the city entered into a lease agreement with Truist as lessee for financing the acquisition of a new Marion Fire Pumper for $468,226 with total cost being $758,226. The effective interest rate is 4.27%. Future minimum lease payments together with the net present value of minimum lease payments at June 30, 2023 is as follows:

Year Ending	Governmental Activities
2024	$ 104,506
2025	77,501
2026	77,501
2027	77,501
2028	77,501
2029-2030	116,252
Total Minimum Lease Payments	530,762
Less Amount Representing Interest	(65,383)
Present Value of Future Minimum Payments	$ 465,379

The assets acquired through capital leases are as follows:

Governmental Activities:	
Asset:	
Equipment	$ 866,246
Less Accumulated Depreciation	(30,863)
Net Book Value	$ 835,383

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, 2023, restricted assets consist of the following:

Governmental Activities:

Cash – Council Restricted	$ 1,547,146
Cash – Clean & Lien	21,913
Cash – Recreation Dept.	2,088
Cash – Debt Forgiveness	118,402
Cash – Main Steet	36,202
Cash – Capital Acquisitions/Improvements	201,626
Total	$ 1,927,377

Business-type Activities:

Cash – Debt Service	$ 1,125,387
Cash – Capital Acquisitions/construction	1,203,501
Total	$ 2,328,888

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 closed 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, 2023, the estimated minimum annual contribution under these funding standards is $284,678.

According to the most recent annual plan valuation dated January 1, 2023, the recommended contribution to the plan for 2023 is $293,793, ($0 employee and $293,793 employer; 0% employee and 8.89% employer of covered payroll respectively), and for 2022 was $343,600 ($0 employee and $343,600 employer; 10.6% employer of covered payroll respectively). Covered payroll for 2023 and 2022 is $3,268,471 and $3,205,229 respectively.

Net Pension Liability

The City's net pension liability (NPL) was measured as of January 1, 2023, 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, 2022.

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, 2021	$ 14,135,868	$ 14,689,578	$ (553,710)
Changes for the year:			
Service Cost	170,793	-	170,793
Interest	1,028,862	-	1,028,862
Differences between expected and actual experience	(485,192)	-	(485,192)
			-
Contributions-employer	-	373,664	(373,664)
Contributions-employee	-	-	-
Net investment income	-	(2,366,496)	2,366,496
Benefit payments, including refunds of employee contributions	(711,983)	(711,983)	-
Administrative expense	-	(24,808)	24,808
Other changes	-	-	-
Net changes	2,480	(2,729,623)	2,732,103
Balances at September 30, 2022	$ 14,138,348	$ 11,959,955	$ 2,178,393

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	$ 3,921,021	$ 2,178,393	$ 727,451

10. Pension Plan - continued

Discount Rate - continued

As of January 1, 2023, employee membership data related to the current plan membership was as follows:

Retirees and beneficiaries receiving benefits	73
Terminated plan participants entitled to but not yet receiving benefits	29
Active plan participants	
Vested	37
Nonvested	48
Total number of plan participants	187

Significant Actuarial Assumptions

Actuarially determined contribution rates are calculated as of January 1, 2023

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	N/A
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, 2023, the City recognized pension expense of $358,088. 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	$ 68,293	$ (418,966)
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investment	1,521,091	-
Contribution made after measurement date	260,831	-
Total	$ 1,850,215	$ (418,966)

$260,831 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, 2024. 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,	
2024	$ 248,289
2025	77,664
2026	157,173
2027	687,292
Total	$ 1,170,418

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, 2022 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%
Fixed income	25%	.40%
Real estate	10%	3.90%
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, 2023.

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, 2023. The number of participants as of June 30, 2023, is as follows:

Active Employees'	73
Retired Employees'	28
	101

Total OPEB liability

The City's Total OPEB liability of $462,511 was measured as of June 30, 2023 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	4.13%
Salary Increases	2.25%
Healthcare cost trend rates	7.0% for 2023, decreasing .5 percent per year to an ultimate rate of 4.5% for 2029 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	Pub-2010 General Headcount Mortality Table fully generational using Scale MP-2021
Termination	None. Vested employees entitled
Spousal Participation	None
Administrative expense	None

Changes in the Total OPEB Liability

	Total OPEB Liability
Balances at June 30, 2022	$ 445,708
Changes for the year:	
Service Cost	10,903
Interest	18,366
Changes of benefit terms	-
Changes in assumptions	(2,243)
Differences between expected and actual experience	5,051
Benefit payments	(15,274)
Net changes	16,803
Balances at June 30, 2023	$ 462,511

Changes in assumptions reflects a change in the discount rate from 4.09% to 4.13%.

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

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

The following presents the Net OPEB liability of the City, as well as what the City's Net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.13%) or 1 percentage point higher (5.13%) than the current discount rate:

	1% Decrease Rate 3.13%	Current Discount Rate 4.13%	1% Increase Rate 5.13%
Net OPEB liability	$ 524,281	$ 462,511	$ 411,680

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

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.0%) or 1 percentage point higher 8.00%) than the current healthcare cost trend rates:

	1% Decrease Rate (6.0% decreasing to 3.5%)	Current Discount Rate (7.0 % decreasing to 4.5%)	1% Increase Rate (8.0% decreasing to 5.5%)
Total OPEB liability	$ 446,380	$ 462,511	$ 481,501

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

For the year ended June 30, 2023, the City recognized OPEB expense of $4,834. 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	$ 12,597	$ (8,306)
Changes of assumptions	27,063	(115,009)
Net difference between projected and actual earnings on OPEB plan investment	N/A	N/A
Total	$ 39,660	$ (123,315)

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,	
2024	$ (18,954)
2025	(19,204)
2026	(19,240)
2027	(26,725)
2028	468
Total	$ (83,655)

17. Construction Commitments

The City's construction projects as of June 30, 2023 are as follows:

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 and work continued throughout FYE 2023. In addition to city funds used in the project, it will also be funded by a USDA grant, and ARC and GEFA loans.

18. Special Items

On March 11, 2021 President Joe Biden signed into law the American Rescue Plan which set aside $350,000 billion to assist state, local, territorial, and tribal governments address negative impacts of COVID-19. These funds are restricted to be used toward revenue loss recovery, premium pay for employees, public health/negative economic impacts, and water, sewer, and broadband investments.

The City of Summerville was awarded $1,584,490 and received the first allocation in July of 2021 of $792,245 and the second allocation in October 2022. The City plans to use the funds to invest in water and sewer projects.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SUMMERVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
June 30, 2023

Total Pension Liability	2023	2022	2021	2020	2019	2018	2017	2016	2015
Service cost	$ 170,793	$ 158,066	$ 148,131	$ 169,905	$ 193,300	$ 184,886	$ 172,521	$ 185,550	$ 158,648
Interest	1,028,862	1,001,968	950,842	934,353	885,846	879,388	842,581	785,178	781,253
Difference between expected and actual experience	(485,192)	(110,144)	273,173	30,811	218,047	(200,608)	31,346	320,465	(162,749)
Change of assumptions	-	-	-	-	-	-	-	-	(184,416)
Benefit payments, including refunds of employee contributions	(711,983)	(683,922)	(693,775)	(651,959)	(602,116)	(590,416)	(552,607)	(548,419)	
Other	-	-	-	-	-	-	-	-	(535,764)
	-	-	-	(5,696)	-	3,634	-	-	-
Net Change in Total Pension Liability	2,480	365,968	678,371	477,414	695,077	276,884	493,841	742,774	56,972
Total Pension Liability - Beginning	14,135,868	13,769,900	13,091,529	12,614,115	11,919,038	11,642,154	11,148,313	10,405,539	10,348,567
Total Pension Liability - Ending (a)	$14,138,348	$14,135,868	$13,769,900	$13,091,529	$12,614,115	$11,919,038	$11,642,154	$11,148,313	$ 10,405,539
Plan Fiduciary Net Position									
Contributions-employer	$ 373,664	$ 314,807	$ 382,308	$ 385,257	$ 407,934	$ 468,215	$ 338,286	$ 394,654	$ 371,069
Contributions-employee	-	-	-	-	-	-	-	-	-
Net investment income	(2,366,496)	2,926,168	1,088,524	329,749	1,037,566	1,392,682	948,841	104,743	899,328
Benefit payments, including refunds of employee contributions	(711,983)	(683,922)	(693,775)	(651,959)	(602,116)	(590,416)	(552,607)	(548,419)	(535,764)
Administrative expense	(24,808)	(24,460)	(23,667)	(23,130)	(24,785)	(26,351)	(15,129)	(16,925)	(13,403)
Other	-	-	-	-	-	-	-	-	-
Net Change in plan fiduciary net position	$ (2,729,623)	$ 2,532,593	$ 753,390	$ 39,917	$ 818,599	$ 1,244,130	719,391	(65,947)	721,230
Plan fiduciary net position-beginning	14,689,578	12,156,985	11,403,595	11,363,678	10,545,079	9,300,949	8,581,558	8,647,505	7,926,275
Plan fiduciary net position-ending (b)	$11,959,955	$ 14,689,578	$ 12,156,985	$ 11,403,595	$ 11,363,678	$ 10,545,079	$ 9,300,949	$ 8,581,558	$ 8,647,505
Net pension liability-ending (a-b)	$ 2,178,393	$ (553,710)	$ 1,612,915	$ 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	84.59%	103.92%	88.29%	87.10%	90.08%	88.47%	79.89%	76.98%	83.10%
Covered-employee payroll	3,268,471	3,205,229	3,027,574	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	66.65%	-17.28%	53.27%	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, 2023

		2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	*	$ -	$ 373,635	$ 343,426	$ 395,269	$ 381,920	$ 416,605	$ 397,161	$ 366,227	$ 400,339
Contributions in relation to the actuarially determined contribution	*	-	373,635	343,426	395,269	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	*	$ -	$3,205,229	$3,027,574	$2,827,173	$2,834,968	$2,951,680	$3,033,588	$3,024,200	$ 2,527,517
Contributions as a percentage of covered-employee payroll	*	0.00%	11.66%	11.34%	13.98%	14.70%	12.94%	14.10%	11.10%	18.52%

Notes to Schedule

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

Valuation date:

Actuarially determined contribution rates are calculated as of January 1, 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.
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, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	$ 10,903	$ 18,724	$ 15,920	$ 17,539	$ 16,703	$ 7,844
Interest	18,366	13,200	14,482	18,791	19,766	12,069
Change in benefit terms	-	-	-	-	-	201,693
Difference between expected and actual experience	5,051	6,557	8,034	(16,292)	(17,244)	(26,003)
Change of assumptions	(2,243)	(169,710)	36,870	16,508	18,744	(6,893)
Benefit payments	(15,274)	(14,072)	(25,479)	(26,159)	(18,346)	(13,530)
Net Change in Total OPEB Liability	16,803	(145,301)	49,827	10,387	19,623	175,180
Total OPEB Liability - Beginning	445,708	591,009	541,182	530,795	511,172	335,992
Total OPEB Liability - Ending (a)	$ 462,511	$ 445,708	$ 591,009	$ 541,182	$ 530,795	$ 511,172
Covered-employee payroll	$ 3,531,292	$ 2,889,880	$ 2,998,729	$ 2,719,285	$ 3,079,766	$ 2,982,824
Total OPEB liability as a percentage of covered-employee payroll	13.10%	15.40%	19.70%	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, 2023, 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 October 23, 2023.

Report on 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.

Report on 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
October 23, 2023

CITY OF SUMMERVILLE, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
Year ended June 30, 2023

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	-	-	223,744	-	223,744	-
Public Works	-	-	545,032	-	545,032	-
Recreation	-	-	473,623	-	473,623	-
Water and Sewer	-	-	1,928,814	18,077	1,946,891	-
Gas	-	-	403,647	-	403,647	-
Total	$ 4,290,000	$ 4,290,000	$ 3,595,477	$ 18,077	$ 3,613,554	$ -

Projects	Original Estimated Cost	Revised Estimated Cost	Prior Years	Current Year	Total	Current Non-SPLOST Expenditures on SPLOST Projects
2020 SPLOST						
Admin	$ -	$ -	$ 800	$ 30,000	$ 30,800	$ -
Public Safety	-	-	123,781	24,320	148,101	-
Public Works	-	-	65,936	36,716	102,652	-
Recreation	-	-	46,751	85,266	132,017	-
Water and Sewer	-	-	413,674	369,603	783,277	-
Gas	-	-	-	228,517	228,517	-
Total	$ 3,960,000	$ 3,960,000	$ 650,942	$ 774,422	$ 1,425,364	$ -

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