CITY OF SYLVANIA, GEORGIA

AUDIT OF
FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2019

City of Sylvania, Georgia
Annual Financial Report
For the Year Ended December 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the Mayor and Council
City of Sylvania, Georgia

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Sylvania, Georgia, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sylvania, Georgia, as of December 31, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-14, the budgetary comparison information on pages 53-55, the schedule of changes in net pension liability and related ratios, and schedule of contributions on pages 56-57, and the schedule of funding progress information for postemployment benefits other than pensions on page 58, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sylvania, Georgia's basic financial statements. The combining and individual fund statements, the schedule of Hotel/Motel Tax, the schedules of Projects Constructed with Special Purpose Local Option Sales Tax Proceeds, and the Community Development Block Grant Project Cost Schedule and Source and Application of Funds Schedule (pages 59 through 86) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards (page 87) is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The information included on pages 59 through 87 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated October 26, 2020, on our consideration of City of Sylvania, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Sylvania, Georgia's internal control over financial reporting and compliance.

Cairns, Hodges & Company, P.C.

October 26, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Sylvania, Georgia's (the City) annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the calendar year ended December 31, 2019. We discuss and analyze the City's financial performance within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The City's assets exceeded its liabilities by $10,749,932 (net position) for the calendar year reported.
- Total net position is comprised of the following:
  (1) Net investment in capital assets, of $10,150,706 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  (2) Net position of $1,422,089 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
  (3) Negative unrestricted net position of $822,863.
- The City's governmental funds reported total ending fund balance of $2,411,563 this year. This compares to the prior year ending fund balance of $2,261,013 showing an increase of $150,550 during the current year. Unassigned general fund balance of $969,139 for calendar year 2019 shows a decrease of $79,835 from the prior year balance.
- At the end of the current calendar year, unassigned fund balance for the General Fund was $969,139 or 30% of total General Fund expenditures.
- Overall, the City's financial position has decreased by approximately $119,000 due to reduced utility sales and increased capital expenditures.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The City also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available.

Government-wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position.* This is the government-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities,* which reports how the City's net position changed during the current calendar year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by property taxes and sales taxes from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, and streets. Business-type activities include the water and sewer system, the electric system, the gas system and sanitation services.

The government-wide financial statements are presented on pages 15 & 16 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The City has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term calendar accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 17-20 of this report.

Individual fund information for non-major governmental funds is found in combining and individual fund statements in a later section of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. The four City proprietary funds are classified as enterprise funds. The enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the City organization for water and sewer, gas and electric utilities and sanitation services.

The basic enterprise fund financial statements are presented on pages 21-24 of this report.

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 25 of this report.

Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning some of the City's budget presentations as well as some comparative information. Budgetary comparison schedules for all other governmental funds can be found in a later section of this report. As discussed, the City reports major funds in the basic financial statements. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report beginning on page 59.

Financial Analysis of the City as a Whole

The City's net position at December 31, 2019, is $10,749,929. The following table provides a summary of the City's net position:

Summary of Net Assets

	2019			2018		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets:						
Current assets	$ 1,595,091	$ 6,995,936	$ 8,591,027	$ 1,366,984	$ 8,236,445	$ 9,603,429
Restricted assets	1,078,167	782	1,078,949	1,109,393	762	1,110,155
Capital assets	2,925,461	9,082,111	12,007,572	3,053,012	8,041,970	11,094,982
Total assets	5,598,719	16,078,829	21,677,548	5,529,389	16,279,177	21,808,566
Deferred outflows of resources - pension	338,570	224,236	562,806	304,553	244,746	549,299
Liabilities:						
Current liabilities	287,788	6,424,473	6,712,261	202,901	6,393,674	6,596,575
Long-term liabilities	1,737,061	3,013,327	4,750,388	1,450,093	3,192,298	4,642,391
Total liabilities	2,024,849	9,437,800	11,462,649	1,652,994	9,585,972	11,238,966
Deferred inflows of resources - pension	16,710	11,066	27,776	138,376	111,203	249,579
Net position:						
Net investment in capital assets	2,861,303	7,289,403	10,150,706	3,008,840	6,109,892	9,118,732
Restricted	1,421,304	782	1,422,086	1,167,300	762	1,168,062
Unrestricted	(386,877)	(435,986)	(822,863)	(133,568)	716,094	582,526
Total net position	$ 3,895,730	$ 6,854,199	$ 10,749,929	$ 4,042,572	$ 6,826,748	$ 10,869,320

The City continues to maintain an adequate current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 5.55 to 1, which is a decrease from 2018 due to an increase in notes receivable and accounts payable. For business-type activities, the current ratio is 1.09 to 1 which is a decrease from 2018 due to a decrease in investments and accounts receivables. For the City overall, the current ratio is 1.28 to 1.

The City reported positive balances in net position for governmental and business-type activities. Net position decreased $146,842 for governmental activities and increased $27,451 for business-type activities. The City's overall financial position has improved and stabilized. The City continues to be threatened financially due to the volatility in the energy market, which could result in future decreases in the operating profits of the electric and gas utilities.

Note that approximately 74% of the governmental activities' net position is invested in capital. The City uses these capital assets to provide services to its citizens. However, with business type activities, the City has invested approximately 107% of its net position in capital. Capital assets in the business-type activities provide utility services, but they also generate revenues for this fund. Ninety-five percent of the City's total net position is included in capital assets.

The following table provides a comparative summary of the City's changes in net position:

Summary of Changes in Net Position

	2019				2018			
	Governmental Activities	Business-type Activities	Total	Percentage of Total	Governmental Activities	Business-type Activities	Total	Percentage of Total
Revenues:								
Program:								
Charges for services	$ 247,260	$ 32,435,286	$ 32,682,546	93.7%	$ 230,196	$ 36,693,651	$ 36,923,847	96.1%
Operating grants and other	73,033	-	73,033	0.2%	82,612	-	82,612	0.2%
Capital grants and other	340,104	709,618	1,049,722	3.0%	285,959	46,500	332,459	0.9%
General:								
Taxes	972,270		972,270	2.8%	956,507		956,507	2.5%
Other	44,883	66,899	111,782	0.3%	55,565	56,738	112,303	0.3%
Total revenues	1,677,550	33,211,803	34,889,353	100%	1,610,839	36,796,889	38,407,728	100%
Program expenses:								
General government	762,493		762,493	2.2%	708,711		708,711	1.8%
Judicial	67,664		67,664	0.2%	62,238		62,238	0.2%
Public safety - fire	647,025		647,025	1.8%	804,200		804,200	2.1%
Public safety - police	1,118,603		1,118,603	3.2%	1,010,049		1,010,049	2.6%
Public safety - animal control	8,472		8,472	0.0%	8,342		8,342	0.0%
Public works - streets	431,100		431,100	1.2%	474,443		474,443	1.2%
Public works - garage	206,844		206,844	0.6%	218,784		218,784	0.6%
Public works - airport infrastructure	5,500		5,500		-		-	
Health and welfare	138,091		138,091	0.4%	125,736		125,736	0.3%
Culture and recreation	28,739		28,739	0.1%	25,708		25,708	0.1%
Housing and development	90,986		90,986	0.3%	105,056		105,056	0.3%
Interest	1,220		1,220	0.0%	1,809		1,809	0.0%
Water and sewer		1,226,758	1,226,758	3.5%		1,289,326	1,289,326	3.3%
Electric		26,758,466	26,758,466	76.4%		29,704,065	29,704,065	77.1%
Gas		3,056,193	3,056,193	8.7%		3,466,405	3,466,405	9.0%
Solid Waste		460,590	460,590	1.3%		499,545	499,545	1.3%
Total expenses	3,506,737	31,502,007	35,008,744	100%	3,545,076	34,959,341	38,504,417	100%
Excess (deficiency)	(1,829,187)	1,709,796	(119,391)		(1,934,237)	1,837,548	(96,689)	
Transfers	1,682,345	(1,682,345)	-		1,685,849	(1,685,849)	-	
Change in net position	(146,842)	27,451	(119,391)		(248,388)	151,699	(96,689)	
Beginning net position	4,042,572	6,826,748	10,869,320		4,290,960	6,675,049	10,966,009	
Ending net position	$ 3,895,730	$ 6,854,199	$ 10,749,929		$ 4,042,572	$ 6,826,748	$ 10,869,320	

GOVERNMENTAL REVENUES

The City has a diversified revenue stream. The City is heavily reliant on property taxes to support governmental operations and capital. Property taxes provided only 25% of the City's total governmental revenues. Local option sales taxes are the second largest revenue source with approximately $210 thousand of revenues or 13% of the total. The insurance premium taxes generate $198,940 and $103,617 from alcohol taxes. Also, note that program revenues cover approximately 19% of governmental operating expenses. This means that the government's taxpayers, the City's other general governmental revenues, and transfers from business-type activities fund 81% of the governmental activities. As a result, the general economy and the City businesses have a major impact on the City's revenue streams.

GOVERNMENTAL FUNCTIONAL EXPENSES

The police function spends about 32% of the governmental funds budget; the fire function spends about 19% of the governmental funds budget; and the general government function spends about 22% of the total governmental funds budget.

This table presents the cost of each of the City's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that has been placed on the City's taxpayers by each of these functions.

Governmental Activities

	Total Cost of Services	Net Cost of Services
General government	$ 762,493	$ 431,428
Judicial	67,664	67,664
Public safety - fire	647,025	647,025
Public safety - police	1,118,603	938,220
Public safety - animal control	8,472	8,472
Public works - streets	431,100	367,180
Public works - garage	206,844	206,844
Public works - airport	5,500	5,500
Health and welfare	138,091	53,595
Cultural and recreation	28,739	28,306
Housing and development	90,986	90,886
Interest	1,220	1,220
Total	$ 3,506,737	$ 2,846,340

After reducing gross expenses by program revenues, the police function totals 33% of the net cost of services and the fire function totals 23% of these costs. Finally, the general government function is 16% of the total.

BUSINESS-TYPE ACTIVITIES
Revenues vs. Costs

The operating revenues for the utility funds were 11.6% below 2018 and operating expenses were 9% below 2018. Within the total business type activities of the City, these activities reported $977,571 in operating income compared to operating income of $2,009,211 in the prior year, which is a decrease of 51% from 2018.

However, after transfers in and out between other funds and non-operating revenues and expenses, these funds reported an increase in net position of $27,451 in 2019 compared to net increase in net position of $151,699 in 2018. Each specific fund reported the following changes in net position:

	2019 Amounts	2018 Amounts
Water and sewer fund	$ 681,919	$ 116,516
Electric utility fund	(735,386)	(40,843)
Gas utility fund	36,466	118,766
Sanitation fund	44,452	(42,740)

Water and sewer has operating income for 2019 of $47,011, which is an increase of $71,556 from 2018. During 2019, the revenues were slightly higher than the prior year. The 2019 expenses decreased $60,517.

The electric utility fund reported a decrease in revenues of 13% or $3.8 million. This decrease is due to a decrease in usage. Expenses reported a decrease of approximately 9.2% or approximately $2.8 million. The decrease in expenses relates to a decrease in electricity cost. The electricity utility transferred approximately $1.3 million to other funds. Transfers between the utility funds and the general fund are common since all operating cash (i.e., receipts and disbursements) are recorded and included in the general fund. The interfund transfer is a function of activity and is forced to balance based on cash activity in individual funds.

The gas utility fund operating revenue decreased in calendar year 2019 by approximately $441 thousand or 12% and operating expenses decreased approximately $410 thousand or 12%. Operating revenues and expenses decreased due to decreased demand, especially from industrial customers. This fund transferred $302,960 to the other funds as explained above.

The solid waste collection fund operating revenue decreased in calendar year 2019 by $11,520 and operating expenses decreased $38,576 or 8%. The decrease in the fund's expenses is due to a decrease in employees.

Financial Analysis of the City's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of $2,411,560. Of this year-end total, $969,139 is unassigned indicating availability for continuing City service requirements and $1,442,21 is legally restricted for program purposes.

The total ending fund balances of governmental funds shows an increase of $150,547 compared to an increase of $84,337 in the prior year amount. This increase is due to an increase in capital projects.

Continued on next page.

Major Governmental Funds

The general fund is the City's primary operating fund and the largest source of day-to-day service delivery. The general fund's fund balance decreased by approximately $54 thousand. In calendar year 2018, the fund balance increased by approximately $136 thousand.

Overall, general fund revenues were 0.8% above the 2018 revenues. Total taxes increased $27,048 from calendar 2018. This increase was due to an increase in local option sales taxes and insurance premium taxes. General fund licenses and permits increased $281 when compared to calendar 2018. Fines and forfeitures increased $16,870 from calendar 2018 due to an increase in citations.

On the expenditure side, the 2019 expenditures increased $145,125 above the 2018 amount. The police and fire functions increased by $155,800 when compared to 2018. The street function's expenditures decreased 22% when compared to 2018 due to a decrease in employees.

The General Fund's ending fund balance decreased 5%, and represents the equivalent of 32% of annual expenditures.

The Proprietary Funds

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. The analysis is presented above.

Budgetary Highlights

The General Fund –The City realized 103% of the final revenue budget. Taxes were above budget due to an increase in local options sales taxes and insurance premium taxes. Fines and forfeitures were below budget due to a lower number of citations written.

The City spent 102% of the appropriated budget.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of December 31, 2019, was $2,925,461 and $9,082,111 respectively. This represents a 4% decrease in net investment for governmental-type and a 13% increase for business-type activities. The overall increase was approximately 8% for the City as a whole. See Note 7 for additional information about changes in capital assets during the calendar year and on hand at the end of the year. The following table provides a summary of capital asset activity.

Continued on next page.

	Capital Assets					
	Governmental Activities		Business - Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Non-depreciable assets:						
Land	$ 278,506	$ 278,506	$ 23,057	$ 23,057	$ 301,563	$ 301,563
Construction in progress	-	-	-	-	-	-
	278,506	278,506	23,057	23,057	301,563	301,563
Depreciable assets:						
Buildings	2,123,118	2,137,761		-	2,123,118	2,137,761
Land and building improvements	63,346	130,913		-	63,346	130,913
Machinery and equipment	643,622	655,205		-	643,622	655,205
Vehicles	1,159,151	1,150,507		-	1,159,151	1,150,507
Furniture and fixtures	89,483	89,483		-	89,483	89,483
Infrastructure	3,190,395	3,184,295		-	3,190,395	3,184,295
Water system		-	11,799,028	10,984,352	11,799,028	10,984,352
Electric system		-	5,009,010	4,418,038	5,009,010	4,418,038
Gas system		-	982,971	955,730	982,971	955,730
Solid waste operations		-	597,512	597,512	597,512	597,512
Total depreciable assets	7,269,115	7,348,164	18,388,521	16,955,632	25,657,636	24,303,796
Less accumulated depreciation	4,622,160	4,573,658	9,329,467	8,936,719	13,951,627	13,510,377
Book value - depreciable assets	2,646,955	2,774,506	9,059,054	8,018,913	11,706,009	10,793,419
Percentage depreciated	64%	62%	51%	53%	54%	56%
Book value - all assets	$ 2,925,461	$ 3,053,012	$ 9,082,111	$ 8,041,970	$ 12,007,572	$ 11,094,982

At December 31, 2019, the depreciable capital assets for governmental activities were 64% depreciated compared to 62% at December 31, 2018.

With the City's business type activities, 51% of the asset values were depreciated at December 31, 2019, compared to 53% at December 31, 2018.

Long-term Debt

At the end of the calendar year, the City had capital lease obligations outstanding of $64,158 for governmental activities and $37,965 outstanding for business-type activities. The business type activities also owed $1,754,743 in GEFA notes payable.

During the year, the City retired $60,674 of outstanding capital lease obligations and incurred $35,700 in new capital lease obligations.

	Outstanding Borrowings						
	Governmental Activities		Business-type Activities		Totals		%
	2019	2018	2019	2018	2019	2018	Change
Capital leases	$ 64,158	$ 44,172	$ 37,965	$ 82,925	$ 102,123	$ 127,097	-20%
Notes	-	-	1,754,743	1,849,153	1,754,743	1,849,153	-5%
Total	$ 64,158	$ 44,172	$ 1,792,708	$ 1,932,078	$ 1,856,866	$ 1,976,250	-6%

See Note 11 for additional information about the City's long-term debt.

Economic Conditions Affecting the City

The City is physically located in the southeastern portion of the State of Georgia and is perfectly centered between Augusta and Port of Savannah. The 2019 US Census reported the City's estimated population as 2,463. The City is the county seat for Screven County, Georgia. In 2019, the County's median household income was $37,588 according to the US Census. In 2019, Screven County's unemployment rate was 5.4% and in Georgia, the unemployment rate was 3.4%.

Since the City relies primarily on property and sales taxes for its operating revenue, changes in the economy definitely affect these revenue streams. Since sales taxes are an "elastic revenue stream" in a sluggish economy, the sales tax revenues are reduced immediately. Property taxes are considered "inelastic" in the short-term; this revenue stream is more stable. Fortunately, the City, because of its revenue stream make-up, has been able to survive financially in a slow economy.

The City's electric utility fund sells an estimated 79% of its power to industrial customers, with 70% of total sales from one customer. In 2019, the gross profit from these industrial customers has increased and the City is working to increase reserves in order to help offset any future declines in the energy markets.

The County per capita income in 2019 was $21,557, reported by the US Bureau of Economic Analysis. Per capita income is total personal income (including wages, dividends, interest, rent, and government payments) divided by the total population. It is commonly used as an indicator of the quality of consumer markets and the economic well being of a community.

From an economic development perspective, the City continues success through our Downtown Development Authority (DDA). The DDA has been recognized by the National Trust for Historic Places for multiple years for having met all the standards for certification. The City is constantly trying to secure funding to replace the City's aging infrastructure. In 2018 and 2016, the City was awarded a Community Development Block Grant for sewer line improvements. In 2015, $1.7 million of improvements were made to the wastewater treatment plant through a GEFA loan. Manufacturing plays an important role in the fabric of the City and in 2016 KOYO Bearings added a new line, which in turn brought their employment numbers up to 446. This was an additional 30 jobs. Also, in 2016 ELK Industries announced the opening of a distribution warehouse for their lighting products resulting in 100 jobs with a $2 million investment. This company is located within the City limits and the City supplies utilities. In 2018, Claxton Poultry announced the opening of a deboning facility in the County's industrial park where the City will be providing all utilities. Claxton Poultry provides 175 jobs and plans to add 40 more in 2020. Other industries leading job growth in the City include professional, scientific, management and administration jobs.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the City Manager at:

City of Sylvania
104 South Main Street
Sylvania, GA 30467

City of Sylvania, Georgia
Statement of Net Position
December 31, 2019

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
Assets				
Current assets				
Cash and cash equivalents	$ 1,079,919	$ 156,519	$ 1,236,438	$ 31,281
Investments		3,209,315	3,209,315	
Receivables				
Accounts	56,809	3,502,357	3,559,166	
Intergovernmental	44,151	100,337	144,488	
Property taxes	68,555		68,555	
Other	7,441		7,441	
Interest	1,471		1,471	
Notes	315,628		315,628	
Prepaid items	21,117	27,408	48,525	
Restricted assets				
Cash	1,078,167		1,078,167	
Investments		782	782	
Capital assets (Note 7)				
Nondepreciable capital assets	278,506	23,057	301,563	19,207
Depreciable capital assets, net	2,646,955	9,059,054	11,706,009	
Total assets	5,598,719	16,078,829	21,677,548	50,488
Deferred outflows of resources				
Pension:				
Difference between expected and actual experience	135,950	90,039	225,989	
Difference between projected and actual earnings on plan investments	7,535	4,991	12,526	
Changes in assumptions	18,952	12,552	31,504	
Contributions after measurement date	176,133	116,654	292,787	
Total deferred outflows of resources	338,570	224,236	562,806	0
Liabilities				
Current liabilities				
Accounts payable	150,178	5,881,404	6,031,582	
Accrued salaries and wages	29,534	23,769	53,303	
Sales tax payable		41,009	41,009	
Accrued interest payable	516	3,135	3,651	
Unearned revenue	5,000		5,000	
Customer deposits payable		292,409	292,409	
Compensated absences payable	68,468	35,797	104,265	
Post-employment benefits payable	11,084	12,668	23,752	
Capital leases payable	23,008	37,965	60,973	
Notes payable		96,317	96,317	
Long-term liabilities (Note 11)				
Compensated absences payable (net of current portion)	75,345	109,525	184,870	
Net pension liability	1,450,643	960,765	2,411,408	
Post-employment benefits payable (net of current portion)	169,923	284,611	454,534	
Capital leases payable (net of current portion)	41,150		41,150	
Notes payable (net of current portion)		1,658,426	1,658,426	
Total liabilities	2,024,849	9,437,800	11,462,649	0
Deferred inflows of resources				
Pension:				
Difference between expected and actual experience	16,710	11,066	27,776	0
Net Position				
Net investment in capital assets (Note 15)	2,861,303	7,289,403	10,150,706	
Restricted for:				
MEAG power generation		782	782	
Public safety - police	9,075		9,075	
Public works - streets	47,585		47,585	
Recreation	5,670		5,670	
Program purposes	1,358,974		1,358,974	50,488
Unrestricted	(386,877)	(435,986)	(822,863)	
Total net position	$ 3,895,730	$ 6,854,199	$ 10,749,929	$ 50,488

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

City of Sylvania, Georgia
Statement of Activities
For the Year Ended December 31, 2019

Function/Program	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants, Contributions and Interest	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit
Primary government								
Governmental activities								
General government	$ 762,493	$ 83,579		$ 247,486	$ (431,428)		$ (431,428)	
Judicial	67,664				(67,664)		(67,664)	
Public safety								
Fire	647,025				(647,025)		(647,025)	
Police	1,118,603	136,883		43,500	(938,220)		(938,220)	
Animal control	8,472				(8,472)		(8,472)	
Public works								
Streets	431,100	15,235		48,685	(367,180)		(367,180)	
Garage	206,844				(206,844)		(206,844)	
Airport infrastructure	5,500				(5,500)		(5,500)	
Health and welfare	138,091	11,463	$ 73,033		(53,595)		(53,595)	
Culture and recreation	28,739			433	(28,306)		(28,306)	
Housing and development	90,986	100			(90,886)		(90,886)	
Interest	1,220				(1,220)		(1,220)	
Total governmental activities	3,506,737	247,260	73,033	340,104	(2,846,340)	$ 0	(2,846,340)	
Business-type activities								
Water and sewer	1,226,758	1,237,396		709,618		720,256	720,256	
Electric utility	26,758,466	27,314,312				555,846	555,846	
Gas utility	3,056,193	3,395,171				338,978	338,978	
Nonmajor proprietary	460,590	488,407				27,817	27,817	
Total business-type activities	31,502,007	32,435,286	0	709,618	0	1,642,897	1,642,897	
Total primary government	$ 35,008,744	$ 32,682,546	$ 73,033	$ 1,049,722	(2,846,340)	1,642,897	(1,203,443)	
Component Unit								
Downtown Development Authority of Sylvania	$ 71,651	$ 19,463	$ 54,056	$				$ 1,868
General Revenues								
Property taxes levied for general government purposes					410,778		410,778	
Local option sales and use taxes					210,256		210,256	
Insurance premium taxes					198,940		198,940	
Alcohol taxes					103,617		103,617	
Hotel-motel taxes					19,069		19,069	
Franchise taxes					29,610		29,610	
Investment earnings					17,297	66,451	83,748	
Gain on sale of assets					648	448	1,096	
Miscellaneous					26,938		26,938	
Total general revenues					1,017,153	66,899	1,084,052	0
Transfers					1,682,345	(1,682,345)	0	
Total general revenues and transfers					2,699,498	(1,615,446)	1,084,052	0
Change in net position					(146,842)	27,451	(119,391)	1,868
Net position beginning of year					4,042,572	6,826,748	10,869,320	48,620
Net position end of year					$ 3,895,730	$ 6,854,199	$ 10,749,929	$ 50,488

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

City of Sylvania, Georgia
Balance Sheet
Governmental Funds
December 31, 2019

	General	UDAG	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 1,079,919			$ 1,079,919
Restricted cash and cash equivalents	14,745	$ 667,107	$ 396,315	1,078,167
Receivables:				
Accounts	41,198		15,611	56,809
Intergovernmental	44,151			44,151
Property taxes	68,555			68,555
Other	7,441			7,441
Notes		315,628		315,628
Interest	1,471			1,471
Interfund balances	39,033		3,346	42,379
Prepaid items	21,117			21,117
Total assets	$ 1,317,630	$ 982,735	$ 415,272	$ 2,715,637
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	$ 150,178			$ 150,178
Accrued expenditures	29,534			29,534
Interfund balances	3,346		$ 39,033	42,379
Unearned revenues	5,000			5,000
Total liabilities	188,058	$ 0	39,033	227,091
Deferred inflows of resources				
Property taxes	41,155			41,155
Intergovernmental	35,831			35,831
Total deferred inflows of resources	76,986	0	0	76,986
Total liabilities and deferred inflows of resources	265,044	0	39,033	304,077
Fund balances				
Nonspendable - prepaid items	21,117			21,117
Restricted for:				
Capital projects	47,585		367,806	415,391
Public safety	9,075		8,433	17,508
Recreation	5,670			5,670
Housing and development		982,735		982,735
Unassigned	969,139			969,139
Total fund balances	1,052,586	982,735	376,239	2,411,560
Total liabilities, deferred inflows of resources and fund balances	$ 1,317,630	$ 982,735	$ 415,272	$ 2,715,637

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

City of Sylvania, Georgia
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2019

Total governmental fund balances		$ 2,411,560
Amounts reported for governmental activities in the statement of net position are different because:		
Property taxes are deferred in the governmental funds because they are not available but they are reported as revenue in the statement of activities		41,155
Intergovernmental revenues are deferred in the governmental funds because they are not available but they are reported as revenue in the statement of activities		39,195
Expense reimbursements receivable in the prior year were recognized in the current year in governmental funds because they were not available in the prior year but were recognized in the prior year statement of activities		(3,364)
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. However, in the statement of net position the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense.		
Cost of capital assets	$ 7,547,621	
Less accumulated depreciation	(4,622,160)	2,925,461
The deferred outflows of resources below are not current assets or financial resources and the deferred inflows of resources are not due and payable in the current period and therefore are not reported in the governmental funds. Balances at December 31, 2019 are:		
Deferred outflows		338,570
Deferred inflows		(16,710)
Liabilities, including notes payable, compensated absences and post-employment benefits are not due and payable in the current period and therefore are not reported at the fund financial reporting level, however, these liabilities are reported at the government-wide reporting level:		
Capital lease liability	(64,158)	
Accrued interest payable	(516)	
Compensated absences payable	(143,813)	
Net pension obligation	(1,450,643)	
Post-employment benefits payable	(181,007)	(1,840,137)
Net position of governmental activities		$ 3,895,730

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

City of Sylvania, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2019

	General	UDAG	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 966,821		$ 19,069	$ 985,890
Intergovernmental	175,678		247,486	423,164
Licenses and permits	73,480			73,480
Charges for services	42,727			42,727
Fines and forfeitures	127,884		3,169	131,053
Investment earnings	6,997	$ 10,300	433	17,730
Miscellaneous	26,938			26,938
Total revenues	1,420,525	10,300	270,157	1,700,982
Expenditures				
Current:				
General government				
Legislative	19,419			19,419
Executive - Mayor	6,926			6,926
Executive - Manager	232,943			232,943
Financial administration	426,752			426,752
Elections	4,061			4,061
Purchase/contract services	8,101			8,101
Judicial	67,664			67,664
Public safety:				
Police	1,071,505		100	1,071,605
Fire	601,839			601,839
Animal control	8,472			8,472
Public works:				
Streets	359,189			359,189
Garage	189,431			189,431
Health and welfare	147,100			147,100
Culture and recreation	12,278			12,278
Housing and development -				
Economic development and assistance	76,757		12,886	89,643
Capital outlays			6,495	6,495
Debt service:				
Principal retirement	15,714			15,714
Interest and fiscal charges	1,496			1,496
Total expenditures	3,249,647	0	19,481	3,269,128
Excess (deficit) of revenues to expenditures	(1,829,122)	10,300	250,676	(1,568,146)
Other financing sources (uses)				
Inception of capital lease	35,700			35,700
Proceeds from sale of capital assets	648			648
Interfund transfers	1,738,528		(56,183)	1,682,345
Total other financing sources (uses)	1,774,876	0	(56,183)	1,718,693
Net change in fund balances	(54,246)	10,300	194,493	150,547
Fund balances beginning of year	1,106,832	972,435	181,746	2,261,013
Fund balances end of year	$ 1,052,586	$ 982,735	$ 376,239	$ 2,411,560

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

City of Sylvania, Georgia
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2019

Net changes in fund balances - total governmental funds		$ 150,547
Amounts reported for governmental activities in the statement of activities are different because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.		
Depreciation expense	$ (218,592)	
Capital outlay	91,041	(127,551)
Property taxes in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Deferred at 12/31/19	41,155	
Deferred at 12/31/18	(54,775)	(13,620)
Intergovernmental revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Deferred at 12/31/19	35,831	
Deferred at 12/31/18	(46,291)	(10,460)
Intergovernmental reimbursement of expenses in the statement of activities that do not provide current financial resources are not reported as reductions of expenses in the funds.		
Deferred at 12/31/18 ($0 2019 balance)		(3,364)
Interest expense reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Liability at 12/31/19	(516)	
Liability at 12/31/18	792	276
The issuance of long-term debt (e.g., notes payable, capital leases) provides current financial resources to the governmental funds, but the receipt of proceeds from long-term debt increases long-term liabilities in the statement of net position.		(35,700)
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.		15,714
Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Liability at 12/31/19	(143,813)	
Liability at 12/31/18	132,228	(11,585)
Net pension liability reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Net pension liability		
Balance at 12/31/19	$ (1,467,353)	
Balance at 12/31/18	1,163,743	(303,610)
Deferred inflows/outflows of resources from pensions		
Balance at 12/31/19	338,570	
Balance at 12/31/18	(166,177)	172,393
Post-employment benefits reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Liability at 12/31/19	(181,007)	
Liability at 12/31/18	201,125	20,118
Change in net position of governmental activities		$ (146,842)

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

City of Sylvania, Georgia
Statement of Net Position
Proprietary Funds
December 31, 2019

	Business-type Activities - Enterprise Funds				
	Water and Sewer	Electricity Utility	Gas Utility	Solid Waste Collection (non-major)	Total
Assets					
Current assets					
Cash and cash equivalents	$ 41,324	$ 115,195			$ 156,519
Investments		3,209,315			3,209,315
Receivables:					
Accounts	141,088	2,879,689	$ 415,659	$ 65,921	3,502,357
Intergovernmental	100,337				100,337
Prepaid insurance	19,259	4,806	876	2,467	27,408
Total current assets	302,008	6,209,005	416,535	68,388	6,995,936
Noncurrent assets					
Restricted assets					
Investments - MEAG Competitive Trust		782			782
Capital assets					
Nondepreciable capital assets	16,550			6,507	23,057
Depreciable capital assets, net	6,269,687	2,405,905	276,368	107,094	9,059,054
Total noncurrent assets	6,286,237	2,406,687	276,368	113,601	9,082,893
Total assets	6,588,245	8,615,692	692,903	181,989	16,078,829
Deferred outflows of resources					
Pension:					
Difference between expected and actual experience	20,822	41,434	6,032	21,751	90,039
Difference between projected and actual earnings on plan investments	1,154	2,297	334	1,206	4,991
Changes in assumptions	2,903	5,776	841	3,032	12,552
Contributions after measurement date	26,976	53,682	7,815	28,181	116,654
Total deferred outflows of resources	51,855	103,189	15,022	54,170	224,236
Liabilities					
Current liabilities					
Accounts payable	154,078	5,486,779	194,501	46,046	5,881,404
Sales tax payable		41,009			41,009
Accrued interest payable	3,135				3,135
Accrued payroll	5,538	14,415	2,672	1,144	23,769
Customer deposits payable		292,409			292,409
Compensated absences payable	6,946	17,513	8,151	3,187	35,797
Post employment benefit payable	6,334			6,334	12,668
Capital lease payable		30,300		7,665	37,965
Notes payable	96,317				96,317
Total current liabilities	272,348	5,882,425	205,324	64,376	6,424,473
Long-term liabilities (net of current portion):					
Compensated absences payable	35,919	55,195	12,014	6,397	109,525
Post-employment benefit payable	94,417	94,978	8,743	86,473	284,611
Net pension liability	222,177	442,125	64,364	232,099	960,765
Notes payable	1,658,426				1,658,426
Total long-term liabilities	2,010,939	592,298	85,121	324,969	3,013,327
Total liabilities	2,283,287	6,474,723	290,445	389,345	9,437,800
Deferred inflows of resources					
Pension:					
Difference between expected and actual experience	2,559	5,093	741	2,673	11,066
Net Position					
Net investment in capital assets (Note 15)	4,531,494	2,375,605	276,368	105,936	7,289,403
Restricted - MEAG power generation		782			782
Unrestricted	(177,240)	(137,322)	140,371	(261,795)	(435,986)
Total net position	$ 4,354,254	$ 2,239,065	$ 416,739	$ (155,859)	$ 6,854,199

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

City of Sylvania, Georgia
Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds				
	Water and Sewer	Electricity Utility	Gas Utility	Solid Waste Collection (non-major)	Total
Operating revenues					
Charges for services	$ 1,226,433	$ 27,310,301	$ 3,395,171	$ 488,407	$ 32,420,312
Miscellaneous	10,963	4,011			14,974
Total operating revenues	1,237,396	27,314,312	3,395,171	488,407	32,435,286
Operating expenses					
Cost of sales		25,812,827	2,877,428		28,690,255
Salaries	171,719	418,195	110,386	221,790	922,090
Social security	13,899	32,068	7,976	16,956	70,899
Group insurance	34,587	59,442	14,132	45,574	153,735
Retirement and other post-employment benefits	27,722	67,799	(30,424)	(4,414)	60,683
Workers' compensation	7,890	12,255	3,294	6,558	29,997
Contract labor and services	283,173	2,474		74,857	360,504
Chemicals	19,919				19,919
Materials and supplies	15,543	80,999	7,115		103,657
Gas, oil, and tires	11,648	17,739	2,981	19,780	52,148
Uniforms and safety equipment	1,755	2,207	1,009	3,171	8,142
Vehicle repairs	13,869	25,736	2,888	12,892	55,385
Engineering and consulting	2,400	11,111	1,784		15,295
Postage	4,170	3,142	3,072		10,384
Communications	1,580	2,015	2,518		6,113
Insurance	62,610	13,566	2,492	6,996	85,664
Public utilities	174,973	10,389	1,060		186,422
Maintenance and testing	103,895	12,579	23,607	7,899	147,980
Tipping fees				15,266	15,266
Bad debts	8,061	36,478	1,433	3,691	49,663
Other	7,807	10,131	11,987	841	30,766
Depreciation	223,165	120,018	11,455	28,110	382,748
Total operating expenses	1,190,385	26,751,170	3,056,193	459,967	31,457,715
Operating income	47,011	563,142	338,978	28,440	977,571
Non-operating revenues (expenses)					
Interest and fiscal charges	(36,373)	(7,296)		(623)	(44,292)
Investment earnings	14	66,416			66,430
Grant proceeds	709,618				709,618
Gain on sale of assets			448		448
MEAG Generation Trust investment earnings		21			21
Total non-operating revenues (expenses)	673,259	59,141	448	(623)	732,225
Income before transfers	720,270	622,283	339,426	27,817	1,709,796
Interfund transfers	(38,351)	(1,357,669)	(302,960)	16,635	(1,682,345)
Change in net position	681,919	(735,386)	36,466	44,452	27,451
Net position beginning of year	3,672,335	2,974,451	380,273	(200,311)	6,826,748
Net position end of year	$ 4,354,254	$ 2,239,065	$ 416,739	$ (155,859)	$ 6,854,199

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

City of Sylvania, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds				
	Water and Sewer	Electric Utility	Gas Utility	Solid Waste Collection (non-major)	Total
Cash flows from operating activities					
Cash received from customers	$ 1,139,458	$ 27,700,579	$ 3,660,606	$ 483,936	$ 32,984,579
Cash payments to employees for personal services	(549,539)	(612,297)	(142,272)	(298,272)	(1,602,380)
Cash payments for goods and services	(317,140)	(25,870,000)	(3,188,581)	(191,845)	(29,567,566)
Net cash provided by (used for) operating activities	272,779	1,218,282	329,753	(6,181)	1,814,633
Cash flows from noncapital financing activities					
Interfund transfers	(88,351)	(1,357,669)	(302,960)	16,635	(1,732,345)
Cash flows from capital and related financing activities					
Transfers from SPLOST	50,000				50,000
Grant proceeds	709,618				709,618
Principal paid on debt	(100,514)	(29,025)		(9,831)	(139,370)
Interest paid on debt	(36,373)	(7,296)		(623)	(44,292)
Payments for capital acquisitions	(804,676)	(590,972)	(27,241)		(1,422,889)
Net cash used for capital and related financing activities	(181,945)	(627,293)	(27,241)	(10,454)	(846,933)
Cash flows from investing activities					
Investment earnings	14	66,437			66,451
Purchases of investments		707,571			707,571
Proceeds from sales of fixed assets			448		448
Net cash provided by investing activities	14	774,008	448	0	774,470
Net increase in cash and cash equivalents	2,497	7,328	0	0	9,825
Cash and cash equivalents beginning of year	38,827	107,867			146,694
Cash and cash equivalents end of year	$ 41,324	$ 115,195	$ 0	$ 0	$ 156,519

(continued)

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

City of Sylvania, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019

(continued)

	Business-type Activities - Enterprise Funds				
	Water and Sewer	**Electric Utility**	**Gas Utility**	**Solid Waste Collection (non-major)**	**Total**
Reconciliation of operating income to net cash provided by operating activities					
Operating income	$ 47,011	$ 563,142	$ 338,978	$ 28,440	$ 977,571
Adjustments:					
Depreciation	223,165	120,018	11,455	28,110	382,748
(Increase) decrease in assets:					
Accounts receivable	2,399	375,508	265,435	(4,471)	638,871
Intergovernmental receivable	(100,337)				(100,337)
Prepaid insurance	(2,324)	3,658	932	1,943	4,209
Increase (decrease) in liabilities:					
Accounts payable	113,414	172,380	(250,139)	(48,395)	(12,740)
Sales tax payable		(4,645)			(4,645)
Accrued liabilities	3,479	5,533	747	42,840	52,599
Compensated absences payable	(5,052)	(24,294)	4,348	(12,284)	(37,282)
Customer deposits		10,759			10,759
Post-retirement benefit payable	(14,953)	(12,327)	(764)	(14,994)	(43,038)
Net pension liability	5,977	8,550	(41,239)	(27,370)	(54,082)
Net cash provided by (used for) operating activities	$ 272,779	$ 1,218,282	$ 329,753	$ (6,181)	$ 1,814,633

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

Note 1 - Reporting Entity

The City of Sylvania, Georgia (the City) was incorporated under the provisions of Georgia law March 1, 1963. The City operates under a Council-City Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), streets and lanes, water and sewer, sanitation, various administrative services, and electric and gas utilities.

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organizations, or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, levies their taxes or issues their debt.

The component unit columns included on the government-wide financial statements identify the financial data of the City's discretely presented component units. They are reported separately to emphasize that they are legally separate from the City.

A brief description of the discretely presented component unit follows:

Downtown Development Authority of Sylvania (the Authority) - The Authority is a public corporation created in 1983. The primary purposes of the Authority are to promote revitalization and redevelopment of the central business district of the City and to develop trade, commerce, industry and employment opportunities. The City Council appoints all seven board members and assists with the Authority's funding. Separate financial statements are not issued at this time.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its enterprise funds at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements.

The most significant of the City's accounting policies are described below.

Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements, which provide a more detailed level of financial information.

Note 2 - Summary of Significant Accounting Policies (continued)

Government-wide Financial Statements - The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole. The primary government and the component unit are presented separately within these financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and the City's general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of net position presents the financial position of the governmental and business-type activities of the City and it's discretely presented component unit at year-end.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each identifiable activity of the business-type activities of the City. Direct expenses are those that are specifically associated with a function and are therefore clearly identifiable to that particular function. The City does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which function the revenues are restricted.

Other revenue sources not properly included with program revenues are reported as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Fund financial statements are provided for governmental and proprietary funds.

Major individual governmental and enterprise funds are reported in separate columns of the fund statements.

Fund Accounting - The City uses funds to maintain financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The city uses two categories of funds: governmental and proprietary.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance. The following are the City's major governmental funds:

Note 2 - Summary of Significant Accounting Policies (continued)

The General Fund - The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund's fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Georgia.

The UDAG Fund - The UDAG (Urban Development Action Grant) fund accounts for grant proceeds received in the 1990's that is to be used as a revolving loan fund for development in and around the City of Sylvania.

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

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

Electric Utility Fund - This fund is used to account for the construction of facilities and operation of activities involved in providing electric services.

Gas Utility Fund - This fund is used to account for the construction of facilities and operation of activities involved in providing gas services.

Measurement Focus

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

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

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

Basis of Accounting

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

Revenues - Non-exchange Transactions - Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (Note 6). Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

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

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

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

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

Assets, Liabilities and Fund Equity

Cash, Cash Equivalents and Investments

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

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

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

Receivables

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable. Unbilled water and sewer charges, gas and electric charges and charges for sanitation services are accrued as receivables and revenue at December 31, 2019. The City reports utility receivables net of an allowance for uncollectible accounts.

Interfund Balances

On the fund financial statements, receivables and payables resulting from short term interfund loans are classified as "interfund receivables/interfund payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2019, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is non-spendable as this amount is not available for general appropriation.

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of five thousand dollars. The City's infrastructure consists of roads, bridges, water lines and sewer lines. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. The City has capitalized all infrastructure, including infrastructure acquired prior to the implementation of GASB Statement No. 34. The City's infrastructure includes assets acquired prior to June 30, 1980. Interest incurred during the construction of capital assets utilized by the enterprise funds is capitalized.

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Note 2 - Summary of Significant Accounting Policies (continued)

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

	Estimated Useful Lives	
Asset Class	Governmental Activities	Business-type Activities
Buildings	25-50 Years	40 Years
Land and building improvements	10-25 years	
Machinery and equipment	5-10 years	3-10 Years
Furniture and fixtures	5 years	
Vehicles	5-8 years	3-4 Years
Infrastructure	25-40 years	
Building and pump stations		40 Years
Sewer collection system		50 Years
Water tank and wells		10-50 Years
Water mains and hydrants		30-50 Years
Meters and regulators		20 Years
Lines, transformers and poles		10-50 Years
Gas mains		50 Years
Other		3-50 Years

At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments. The cost of assets acquired with capital leases is capitalized and depreciated at the fund level for enterprise funds and at the government wide level for governmental activities and business-type activities.

Compensated Absences

Vacation and sick benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick benefits are payable only at retirement on a limited basis.

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

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

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Note 2 - Summary of Significant Accounting Policies (continued)

Accrued Liabilities and Long-term Obligations
All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year. Capital leases are recognized as a liability in the governmental fund financial statements when due.

Bond Premiums, Discounts and Issuance Costs
On the government-wide statement of net position and the proprietary fund type statement of net position, debt premiums and discounts are netted against debt. On the government-wide and proprietary fund type statement of activities, bond premiums and discounts are deferred and amortized over the life of the debt using the effective interest method.

Debt issuance costs are recognized as an outflow of resources in the reporting period in which they are incurred.

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

Fund Balance - Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the city is bound to honor constraint on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Nonspendable fund balance - amounts that are not in spendable form (such as prepaid items) or are required to be maintained intact.

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions, or by enabling legislation.

Committed fund balance - amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e. the City Council). To be reported as committed, amounts cannot be used for any other purposes unless the city takes the same highest level action to remove or change the constraint.

Assigned fund balance - amounts the City intends to use for a specific purpose. Intent can be expressed by the City or by an official or body to which the City Council delegates the authority.

Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Net Position Flow Assumptions - In order to report net position as a "restricted net position" and an "unrestricted net position" in the government-wide and proprietary fund financial statements, the City has established a flow assumption policy. It is the City's policy to use "restricted net position" first before using "unrestricted net position."

Note 2 - Summary of Significant Accounting Policies (continued)

Fund Balance Flow Assumptions - It is the City's policy to consider restricted fund balance to have been used before any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, it is the City's policy to use the fund balance in the following order: committed, assigned and then unassigned.

Net Position - Net position represents the difference between assets and liabilities. Net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net position amount also is adjusted by any bond issuance deferral amounts. The net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The balance of the net position is reported as unrestricted.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water and sewer, electric, gas and solid waste programs. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of each fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Contribution of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after the non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business type activities column are eliminated.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

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Note 3 - Stewardship, Compliance and Accountability

Comparative Data

Comparative total data for the prior year have been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

Budgetary Information

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

The general and special revenue fund's budgets are adopted on a basis consistent with GAAP.

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

The City Manager may approve budget transfers within departments. All unexpended annual appropriations lapse at year-end.

Excess of Expenditures Over Appropriations

Expenditures exceeded appropriations for the year ended December 31, 2019, in the following department for the general fund:

General government		
Executive - Manager	$	29,998
Financial administration		86,670
Public safety		
Police		55,215
Fire		34,095
Public works - Garage		19,011
Health and welfare - Nutrition program		27,385
Culture and recreation		778

Expenditures exceeded appropriations for the year ended December 31, 2019, in public safety - police in the confiscated assets fund by $100.

The overexpenditures in these areas were funded by underexpenditures in other areas, excess revenues or available unrestricted fund balance.

Accumulated Fund Deficit

The City has an accumulated fund deficit in the solid waste collection fund totaling $155,859. This deficit resulted from the accrual of unfunded post employment benefits and the recording of net pension liability.

Note 4 - Deposits and Investments

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of December 31, 2019, the City was not exposed to custodial credit risk.

Investments - Municipal Competitive Trust - At year end, proprietary fund investments were $3,210,097 which are held by Wells Fargo in the Municipal Competitive Trust. The Municipal Competitive Trust consists of pooled funds from the members of MEAG and is invested in United States Government securities held in the name of the Municipal Competitive Trust and allocated to members based on shares of ownership in the trust. Investments are stated at fair values based on quoted market prices. The investments would be classified as uninsured and uncollateralized because the securities are held by Wells Fargo in the name of the Municipal Competitive Trust.

Note 5 - Receivables

Receivables at December 31, 2019, consisted of taxes, interest, accounts (billings for user charges, including unbilled utility receivables), and intergovernmental receivables arising from grants.

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

Note 6 - Property Taxes

Property taxes are assessed based upon property values determined by the Screven County Assessor's Office at January 1, 2019. The levy date was September 12, 2019; the tax bills were mailed October 17, 2019; and were due December 20, 2019. The lien date is December 20, 2019.

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Note 7 - Capital Assets

Capital asset activity for governmental activities for the year ended December 31, 2019, was as follows:

	Balance 12/31/2018	Additions	Deductions	Reclassifications	Balance 12/31/2019
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 278,506				$ 278,506
Depreciable capital assets					
Buildings	2,137,761		$ 14,643		2,123,118
Land and building improvements	130,913		67,567		63,346
Machinery and equipment	655,205		11,583		643,622
Vehicles	1,150,507	$ 84,941	66,297	$ (10,000)	1,159,151
Furniture and fixtures	89,483				89,483
Infrastructure	3,184,295	6,100			3,190,395
Total depreciable capital assets	7,348,164	91,041	160,090	(10,000)	7,269,115
Total capital assets	7,626,670	91,041	160,090	(10,000)	7,547,621
Accumulated depreciation:					
Buildings	1,246,490	49,886	14,643		1,281,733
Land and building improvements	111,413		67,567		43,846
Machinery and equipment	432,717	47,171	11,583		468,305
Vehicles	1,021,685	49,425	66,297	(10,000)	994,813
Furniture and fixtures	87,087	1,250			88,337
Infrastructure	1,674,266	70,860			1,745,126
Total accumulated depreciation	4,573,658	218,592	160,090	(10,000)	4,622,160
Governmental activities capital assets, net	$ 3,053,012	$ (127,551)	$ 0	$ 0	$ 2,925,461

Governmental activities depreciation expense	
General government	$ 17,287
Public safety - fire	68,567
Public safety - police	32,589
Public works - streets	74,087
Public works - garage	8,258
Recreation	16,461
Housing and development	1,343
Total governmental activities depreciation expense	$ 218,592

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Note 7 - Capital Assets (continued)

Capital asset activity for business-type activities for the year ended December 31, 2019, was as follows:

	Balance 12/31/2018	Additions	Deductions	Reclassifications	Balance 12/31/2019
Business-type activities:					
Water and sewer fund:					
Capital assets not being depreciated:					
Land and rights	$ 16,550				$ 16,550
Depreciable capital assets:					
Building and pump stations	5,178,812				5,178,812
Sewer collection system	2,471,348	$ 804,676			3,276,024
Water tank and wells	869,178				869,178
Water mains and hydrants	1,292,587				1,292,587
Meters	83,084				83,084
Vehicles	317,679			$ 10,000	327,679
Other	771,664				771,664
Total depreciable capital assets	10,984,352	804,676	$ 0	10,000	11,799,028
Total capital assets	11,000,902	804,676	0	10,000	11,815,578
Accumulated depreciation:					
Building and pump stations	1,521,860	68,398			1,590,258
Sewer collection system	1,266,115	97,762			1,363,877
Water tank and wells	601,817	11,850			613,667
Water mains and hydrants	834,122	23,613			857,735
Meters	81,438	17			81,455
Vehicles	317,679			10,000	327,679
Other	673,145	21,525			694,670
Total accumulated depreciation	5,296,176	223,165	0	10,000	5,529,341
Water and sewer capital assets, net	$ 5,704,726	$ 581,511	$ 0	$ 0	$ 6,286,237

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Note 7 - Capital Assets (continued)

	Balance 12/31/2018	Additions	Deductions	Balance 12/31/2019
Business-type activities:				
Electric utility fund:				
Depreciable capital assets:				
Buildings	$ 474,045			$ 474,045
Meters	73,199			73,199
Lines, transformers and poles	2,753,748	$ 545,072		3,298,820
Vehicles	763,334	45,900		809,234
Machinery and equipment	353,712			353,712
Total capital assets	4,418,038	590,972	$ 0	5,009,010
Accumulated depreciation:				
Buildings	212,581	14,756		227,337
Meters	73,270			73,270
Lines, transformers and poles	1,288,562	64,143		1,352,705
Vehicles	590,162	36,508		626,670
Machinery and equipment	318,512	4,611		323,123
Total accumulated depreciation	2,483,087	120,018	0	2,603,105
Electric utility capital assets, net	$ 1,934,951	$ 470,954	$ 0	$ 2,405,905
Gas utility fund:				
Depreciable capital assets:				
Buildings	$ 2,509			$ 2,509
Gas mains	713,066	$ 27,241		740,307
Meters and regulators	108,600			108,600
Vehicles	83,926			83,926
Machinery and equipment	47,629			47,629
Total capital assets	955,730	$ 27,241	$ 0	982,971
Accumulated depreciation:				
Buildings	1,972	63		2,035
Gas mains	491,216	8,524		499,740
Meters and regulators	70,405	2,868		73,273
Vehicles	83,926			83,926
Machinery and equipment	47,629			47,629
Total accumulated depreciation	695,148	11,455	0	706,603
Gas utility fund capital assets, net	$ 260,582	$ 15,786	$ 0	$ 276,368

Note 7 - Capital Assets (continued)

	Balance 12/31/2018	Additions	Deductions	Balance 12/31/2019
Business-type activities:				
Solid Waste Collection fund				
Capital assets not being depreciated:				
Land and rights	$ 6,507			$ 6,507
Depreciable capital assets:				
Buildings	11,449			11,449
Vehicles	422,471			422,471
Machinery and equipment	163,592			163,592
Total depreciable capital assets	597,512	$ 0	$ 0	597,512
Total capital assets	604,019	0	0	604,019
Accumulated depreciation:				
Buildings	9,355	382		9,737
Vehicles	347,134	19,235		366,369
Machinery and equipment	105,819	8,493		114,312
Total accumulated depreciation	462,308	28,110	0	490,418
Solid Waste Collection fund capital assets, net	$ 141,711	$ (28,110)	$ 0	$ 113,601

Note 8 - Interfund Balances and Transfers

Interfund balances represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made.

General fund payable to the confiscated assets fund for amounts deposited in the general fund account which should have been deposited in the confiscated assets fund account was $3,346 at December 31, 2019.

Hotel/motel tax fund payable to the general fund for amounts receivable from taxpayers and due to the general fund was $2,054 at December 31, 2019.

SPLOST fund payable to the general fund for general fund cash inadvertently transferred to the SPLOST fund was $36,979 at December 31, 2019.

Interfund transfers for the year ended December 31, 2019, consisted of the following:

The general fund transferred $16,635 to the solid waste collection fund through payments of solid waste expenses.

The hotel/motel tax fund transferred $6,183 to the general fund pursuant to provisions of state law.

The water/sewer fund transferred $88,351 to the general fund to supplement its finances.

The electric fund transferred $1,357,669 to the general fund to supplement its finances.

The natural gas fund (non-major) transferred $302,960 to the general fund to supplement its finances.

The SPLOST capital projects fund (non-major) transferred $50,000 to the water/sewer fund for the payment of qualified expenditures.

Note 9- Deferred Inflows of Resources

In addition to assets, the financial statements of the City will sometimes report a separate section for deferred outflows of resources. This separate element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources in the form of expenditures until that time. The differences between expected and actual experience related to pensions and the contributions made to the pension plan after the measurement date are the only items that qualify for reporting in this category.

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

Note 10 - Short-Term Debt

During the current year, the City has issued tax anticipation notes. The purpose of these notes was to provide temporary financing needed to cover shortfalls in anticipated tax revenues of the City for current expenses of the general fund. All balances were repaid at December 31, 2019.

Changes in Short-term Debt - Changes in the City's short-term obligations consisted of the following for the year ended December 31, 2019.

Governmental Activities	Outstanding 12/31/2018	Additions	Reductions	Outstanding 12/31/2019
Notes payable				
Farmers and Merchants Bank	$ 0	$ 3,200,000	$ 3,200,000	$ 0

Note 11 - Long-Term Liabilities

Governmental Capital Lease

The City has entered into capital leases for vehicles and equipment. These leases meet the criteria of a capital lease since they transfer benefits and risks of ownership to the lessee at the end of the lease term. Capital lease payments are reflected as debt service expenditures at the governmental fund reporting level. The cost of the assets purchased with the capital lease are capitalized and depreciated over the estimated useful life of the asset. Depreciation expense on capital assets purchased with capital leases is reported as a direct expense in the activity that utilizes the asset.

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Note 11 - Long-Term Liabilities (continued)

Capital lease payable to Georgia Municipal Association in quarterly payments of $1,719. The vehicle acquired by the lease is included in governmental activities general capital assets with no carrying value (cost of $31,502 less accumulated depreciation of $31,502). The outstanding balance of the corresponding liability is included in governmental activities general current debt. Annual debt service requirements to amortize this capital lease as of December 31, 2019, follow:

Year	Principal	Interest	Total
2020	$ 6,765	$ 111	$ 6,876

Capital lease payable to Georgia Municipal Association in annual payments of $3,942. The vehicle acquired by the lease is included in governmental activities general capital assets in the amount of $9,421 (cost of $23,073 less accumulated depreciation of $13,652). The outstanding balance of the corresponding liability is included in governmental activities general current debt. Annual debt service requirements to amortize this capital lease as of December 31, 2019, follow:

Year	Principal	Interest	Total
2020	$ 3,801	$ 141	$ 3,942

Capital lease payable to United States Department of Agriculture (USDA) in annual payments of $2,970. The vehicle acquired by the lease is included in governmental activities general capital assets in the amount of $9,640 (cost of $30,437, less accumulated depreciation of $20,797). The outstanding balance of the corresponding liability is included in governmental activities general current debt. Annual debt service requirements to amortize this capital lease as of December 31, 2019, follow:

Year	Principal	Interest	Total
2020	$ 2,814	$ 156	$ 2,970
2021	2,890	80	2,970
	$ 5,704	$ 236	$ 5,940

Capital lease payable to USDA in annual payments of $3,299. The vehicle acquired by the lease is included in governmental activities general capital assets in the amount of $22,372 (cost of $33,558, less accumulated depreciation of $11,186). The outstanding balance of the corresponding liability is included in governmental activities general current debt. Annual debt service requirements to amortize this capital lease as of December 31, 2019, follow:

Year	Principal	Interest	Total
2020	$ 2,903	$ 396	$ 3,299
2021	2,997	302	3,299
2022	3,095	204	3,299
2023	3,193	106	3,299
	$ 12,188	$ 1,008	$ 13,196

Note 11 - Long-Term Liabilities (continued)

Capital lease initiated in 2019 payable to USDA in annual payments of $7,796. The vehicle acquired by the lease is included in governmental activities general capital assets in the amount of $80,738 (cost of $84,941, less accumulated depreciation of $4,203). The outstanding balance of the corresponding liability is included in governmental activities general current debt. Annual debt service requirements to amortize this capital lease as of December 31, 2019, follow:

Year	Principal	Interest	Total
2020	$ 6,725	$ 1,071	$ 7,796
2021	6,927	869	7,796
2022	7,135	661	7,796
2023	7,349	447	7,796
2024	7,564	232	7,796
	$ 35,700	$ 3,280	$ 38,980

Business-Type Activities

Capital lease payable to Georgia Municipal Association in quarterly payments of $2,065 paid off in 2019. The mini excavator acquired by the lease is included in the water and sewer fund capital assets with no carrying value (cost of $37,800 less accumulated depreciation of $37,800).

Capital lease payable to Georgia Municipal Association in quarterly payments of $7,709. The bucket trucks acquired by the lease are included in the electric utility fund capital assets in the amount of $91,666 (cost of $140,000 less accumulated depreciation of $48,334). The outstanding balance of the corresponding liability is included in business activities long-term debt. Annual debt service requirements to amortize this capital lease as of December 31, 2019, follow:

Year	Principal	Interest	Total
2020	$ 30,300	$ 538	$ 30,838

Capital lease payable to Georgia Municipal Association in quarterly payments of $2,586. The backhoe acquired by the lease is included in the solid waste collection fund capital assets in the amount of $17,346 (cost of $47,000 less accumulated depreciation of $29,654). The outstanding balance of the corresponding liability is included in business activities long-term debt. Annual debt service requirements to amortize this capital lease as of December 31, 2019, follow:

Year	Principal	Interest	Total
2020	$ 7,665	$ 93	$ 7,758

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Note 11 - Long-Term Liabilities (continued)

GEFA 2015 Loan – Contract CWSRF 14-017 - payable to Georgia Environmental Finance Authority in equal monthly installments of $8,624 including interest at 2.03% beginning June 1, 2016 and ending May 1, 2036. The purpose of this loan was to upgrade the sewer system. Annual debt service requirements to amortize the loan outstanding as of December 31, 2019, follow:

Year	Principal	Interest	Total
2020	$ 74,874	$ 28,616	$ 103,490
2021	76,409	27,082	103,491
2022	77,974	25,516	103,490
2023	79,572	23,918	103,490
2024	81,202	22,288	103,490
2025-2029	431,662	85,789	517,451
2030-2034	477,736	39,716	517,452
2035-2036	144,404	2,208	146,612
Total	$ 1,443,833	$ 255,133	$ 1,698,966

GEFA 2017 Loan – Contract 2016L07WQ - payable to Georgia Environmental Finance Authority in equal monthly installments of $2,264 including interest at 1.90% beginning December 1, 2017 and ending November 1, 2032. The purpose of this loan was to upgrade the sewer system. Annual debt service requirements to amortize the loan outstanding as of December 31, 2019, follow:

Year	Principal	Interest	Total
2020	$ 21,443	$ 5,721	$ 27,164
2021	21,853	5,310	27,163
2022	22,272	4,891	27,163
2023	22,699	4,464	27,163
2024	23,134	4,029	27,163
2025-2029	122,495	13,324	135,819
2030-2032	77,014	2,215	79,229
Total	$ 310,910	$ 39,954	$ 350,864

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Note 11- Long-Term Liabilities (continued)

Changes in Long-term Debt - Changes in the City's long-term obligations consisted of the following for the year ended December 31, 2019:

Governmental Activities	Outstanding 12/31/2018	Additions	Reductions	Outstanding 12/31/2019	Amounts Due in One Year
Capital lease	$ 13,264		$ 6,499	$ 6,765	$ 6,765
Capital lease	7,466		3,665	3,801	3,801
Capital lease	8,442		2,738	5,704	2,814
Capital lease	15,000		2,812	12,188	2,903
Capital lease		$ 35,700		35,700	6,725
Compensated absences	132,228	100,939	89,354	143,813	68,468
Post-employment benefits	201,125	14,035	34,153	181,007	11,084
Net pension liability	1,163,743	286,900		1,450,643	
Total Government-Type Activities	$ 1,541,268	$ 437,574	$ 139,221	$ 1,839,621	$ 102,560

Business-Type Activities	Outstanding 12/31/2018	Additions	Reductions	Outstanding 12/31/2019	Amounts Due in One Year
Capital lease (water)	$ 6,104		$ 6,104	$ 0	$ 0
Capital lease (electric)	59,325		29,025	30,300	30,300
Capital lease (solid waste)	17,496		9,831	7,665	7,665
GEFA loan - 2015	1,517,204		73,371	1,443,833	74,874
GEFA loan - 2017	331,949		21,039	310,910	21,443
Compensated absences	182,604	$ 56,615	93,897	145,322	35,797
Post-employment benefits	340,317		43,038	297,279	12,668
Net pension liability	935,220	25,545		960,765	
Total Business-Type Activities	$ 3,390,219	$ 82,160	$ 276,305	$ 3,196,074	$ 182,747

The governmental activities capital lease payable is being financed through future general fund expendable available financial sources as they become due. The business-type activities capital lease payable is financed from income derived from the respective utility funds. Principal and interest payments related to the City's GEFA loans are financed from the income derived from the operation of the water and sewer system.

The compensated absences liability will be paid from the fund from which the employees' salaries are paid. In 2019, compensated absences were liquidated through the general fund, water and sewer fund, electric utility fund, gas utility fund and solid waste collection fund.

The post-employment benefits liability will be paid from the fund from which the employees' salaries are paid. In 2019, post-employment benefit liabilities were liquidated through the general fund and solid waste collection fund.

The total interest expense for the year ended December 31, 2019, was $1,220 for governmental-type activities and $44,292 for business-type activities, all of which was charged to operations.

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Note 12 - Defined Benefit Pension Plan

General Information About the Pension Plan

Plan Description - Prior to July 1, 2017, all full-time city employees were eligible to participate in the Georgia Municipal Employees Benefit System (GMEBS) which is an agent multiple employer defined benefit plan administered by the Georgia Municipal Association which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the plan are established by state statute and an adoption agreement executed by City Council. The Georgia Municipal Association issues a publicly available annual report that includes financial statements and required supplementary information for the Georgia Municipal Employees Benefit System Retirement Trust. That report may be obtained by writing to Georgia Municipal Association, 201 Pryor Street SW, Atlanta, Georgia, 30303. Employees hired after June 30, 3017, are not eligible to participate in this plan but are eligible for the City's defined contribution plan. See Note 13.

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

Employees Covered - At December 31, 2019, the following employees were covered by the benefit terms for the plan:

Inactive employees or beneficiaries currently receiving benefits	30
Inactive employees entitled to but not yet receiving benefits	31
Active employees	48
Total	109

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

The annual minimum contribution is the sum of 1) the normal cost (including administrative expenses), 2) the closed level dollar amortization of the unfunded actuarial accrued liability over a period that ranges from 10 to 30 years based on the funding policy adopted by the GMEBS Board of Trustees, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). The City's contributions to the plan were $390,385 for the year ended December 31, 2019.

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Note 12 - Defined Benefit Pension Plan (continued)

Net Pension Liability

The City's net pension liability (NPL) for the plan is measured as the total pension liability (TPL), less the pension plan's fiduciary net position (FNP). The net pension liability of the plan is measured as of March 31, 2019, using an annual actuarial valuation as of July 1, 2019. a summary of principal assumptions and methods used to determine the net pension liability is shown below.

Valuation date	July 1, 2019
Measurement date	March 31, 2019
Actuarial cost method	Entry age normal
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of ten years.
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20 % of market value.
Discount rate	7.50%
Inflation rate	2.75%, plus service based merit increases
Net investment rate of return	7.50%
Projected salary increase	2.75% plus service based merit increases
Cost of living adjustments	Not applicable
Postretirement benefit increase	Not applicable

The underlying mortality assumptions and all other actuarial assumptions used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period January 1, 2010, through June 30, 2014. Further details of the experience study can be obtained by contacting the Georgia Municipal Association.

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. The discount rate did not change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2018, (see the discussion of the pension plan's investment policy) are summarized in the following table.

Note 12 - Defined Benefit Pension Plan (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.40%
International equity	20%	7.40%
Real estate	10%	5.10%
Global fixed income	5%	3.03%
Domestic fixed income	20%	1.75%
Cash	0%	
Total	100%	

Changes in Net Pension Liability

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

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/ Asset
Balances as of March 31, 2018	$ 7,435,570	$ 5,336,607	$ 2,098,963
Changes for the year:			
Service cost	74,159		74,159
Interest	549,385		549,385
Differences between expected and actual experience	197,804		197,804
Contributions - employer		337,158	(337,158)
Net investment income		191,734	(191,734)
Benefit payments	(369,179)	(369,179)	0
Administrative expense		(19,989)	19,989
Net changes	452,169	139,724	312,445
Balances as of March 31, 2019	$ 7,887,739	$ 5,476,331	$ 2,411,408

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

1% Decrease	Current Discount Rate	1% Increase
$ 3,924,215	$ 2,411,409	$ 1,664,072

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Note 12 - Defined Benefit Pension Plan (continued)

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

For the year ended December 31, 2019, the City recognized pension expense of $467,519. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 225,989	
Pension contributions subsequent to measurement date	292,787	
Difference between expected and actual experience		$ (27,776)
Net difference between projected and actual earnings on pension plan investments	12,526	
Changes of assumptions	31,504	
Total	$ 562,806	$ (27,776)

$292,787 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended December 31:	
2020	$ 190,546
2021	13,683
2022	(3,298)
2023	41,312
	$ 242,243

Note 13 - Defined Contribution Plan

The City has a 457(b) defined contribution plan, established in 2017, which is administered by the Georgia Municipal Association. The City does not contribute to the plan or act in a fiduciary capacity, and individual participants determine investment decisions. The City employees contributed $31,285 in 2019.

For employees hired after June 30, 2017, the City established a 401(a) defined contribution plan which is administered by the Georgia Municipal Association. The City makes a basic contribution to the 401(a) plan in the amount of 3% of qualified compensation. In addition, the City matches participant contributions on a 1:1 ratio up to 2% of compensation. The employee-elected deferrals are deposited in the 457(b) plan, while the City's basic and matching contributions are deposited in the 401(a) plan. There were no employer or employee contributions to the 401(a) plan in 2019.

Plan provisions and contribution requirements are established and amended by a resolution of the City Council. Participants are 100% vested in the 401(a) plan after 5 years of eligible employment. Prior to that date participants are 0% vested (cliff vesting).

Note 14 - Postemployment Benefits Other Than Pensions

Plan Description - The City has established a plan that allows for all full-time city employees that are 62 years old and older with 20 years of service to retire with the City providing health insurance until age 65 through the City's group health insurance plan, which covers both active and retired members. Benefit provisions were established by approval of City Council. The plan is a single-employer defined benefit plan administered by the City and is operated in conjunction with the City's health insurance plan. The plan does not issue a publicly available report.

Funding Policy - The City contributes the full amount of the current-year premiums for eligible retired plan members. The City is financing the postemployment benefits on a pay-as-you-go basis. The City had retired employees affecting 2019. One employee ceased receiving benefits during 2019; two began receiving benefits in 2019; two continued receiving benefits in 2019. For 2019, the City recognized $23,752 of net benefit expenditures.

Annual OPEB Cost and Net OPEB Obligation - The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 75 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the plan:

Annual required contribution	$ (55,647)
Interest on net OPEB obligation	16,243
Annual OPEB cost	(39,404)
Contributions made	23,752
Increase in net OPEB obligation	(63,156)
Net OPEB obligation, beginning of year	541,442
Net OPEB obligation, end of year	$ 478,286

Methods and Assumptions - The City has under 100 plan members as defined by GASB Statement 75 - Accounting and Financial Reporting by Employers for Post Employment Benefits other Than Pensions and, therefore, has elected to use the alternative measurement method allowed by the statement. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, which is consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:
Retirement age for active employees - Based on the historical average retirement age from the covered group, active plan members were assumed to retire at age 62, or at the first subsequent year in which the member would qualify for benefits.

Turnover - Based on historical turnover data for the City, all employees reaching 20 years of employment are assumed to remain employed with the City until age 62.

Healthcare cost trend rate - The expected rate of increase in healthcare insurance premiums was based on actual historical increase for the City. A rate of 12 percent annual increase was used.

Note 14 - Postemployment Benefits Other Than Pensions (continued)

Health insurance premiums - January 2020 individual health insurance costs per employee for active employees were used as the basis for calculation of the present value of total benefits to be paid.

Based on a tax-exempt, high-quality municipal bond rate the City has used a discount rate of 3 percent.

Trend information - The City's annual OPEB cost , the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

Year Ended	*OPEB Cost*	*Contribution (ARC)*	*OPEB Cost Contributed*	*% of ARC Contributed*	*OPEB Obligation*
12/31/2013	66,778	66,778	9,358	14.01%	324,260
12/31/2014	5,497	5,497	14,875	270.60%	314,882
12/31/2015	179,281	179,281	20,419	11.39%	473,744
12/31/2016	9,319	9,319	19,023	204.13%	464,040
12/31/2017	(62,048)	(62,048)	11,183	-18.02%	390,809
12/31/2018	164,555	164,555	13,922	8.46%	541,442
12/31/2019	(39,404)	(39,404)	23,752	-60.28%	478,286

Funded Status and Funding Progress - The funded status and progress of the plan as of the most recent actuarial valuation date is as follows:

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Unfunded AAL/(UAAL) (2)-(1)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4)/(5)
12/31/2013	0	324,260	0	324,260	699,962	46.33%
12/31/2014	0	314,882	0	314,882	523,052	60.20%
12/31/2015	0	473,744	0	473,744	618,890	76.55%
12/31/2016	0	464,040	0	464,040	817,519	56.76%
12/31/2017	0	390,809	0	390,809	811,436	48.16%
12/31/2018	0	541,442	0	541,442	643,651	84.12%
12/31/2019	0	478,286	0	478,286	661,483	72.31%

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about retirement age, future employment, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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Note 15 - Net Investment in Capital Assets

The "net investment in capital assets" amount as reported on the government-wide statement of net position as of December 31, 2019, is as follows:

	Governmental Activities	Business-Type Activities
Cost of capital assets	$ 7,547,621	$ 18,411,578
Less accumulated depreciation	4,622,160	9,329,467
Book value	2,925,461	9,082,111
Less capital related debt	64,158	1,792,708
	$ 2,861,303	$ 7,289,403

Note 16 - Risk Management

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

The City joined the Georgia Interlocal Risk Management Agency (GIRMA). Insurance coverage and deductible options for property, casualty and crime under the policy are selected by the City's management based on the anticipated needs. The City is required to pay all premiums, applicable deductibles and assessments billed by GIRMA, as well as following loss reduction and prevention procedures established by GIRMA. GIRMA's responsibility includes paying claims, and representing the city in defense and settlement of claims. GIRMA's basis for estimating the liabilities for unpaid claims is "IBNR" established by an actuary. The City has not compiled a record of claims paid up to the applicable deductible for the prior year or the current fiscal year. The City is unaware of any claims for which the City is liable (up to the applicable deductible) which were outstanding and unpaid at December 31, 2019. No provisions have been made in the financial statements for the year ended December 31, 2019, for any estimate of potential unpaid claims.

The City has elected to be a member of the Georgia Municipal Association Workers' Compensation Self-Insurance Fund (the Fund). As a participant in the Fund, the City has no legal obligation to pay its own workers' compensation claims. The City is required to make an annual contribution to the Fund in an amount that is determined on the basis of actuarial projections of losses. With payment of the City's annual contribution, the City has effectively transferred the risk and responsibility for payment of its workers' compensation claims. However, the enabling statute creating the Fund permits the Fund to levy an assessment upon its members to make up any deficiency the Fund may have in surplus or reserves. No amount has been recorded in the financial statements for this contingency as management believes the likelihood for assessment is remote.

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Note 17 - MEAG Power Contract

In 1976, the City along with 45 other cities and one county (the Participants), all political subdivisions of the State of Georgia, entered into a Power Sales Contract with the Municipal Electric Authority of Georgia (MEAG), a public corporation and instrumentality of the State of Georgia. Under the terms of the agreement, MEAG agrees to provide, and the Participants are obligated to purchase, all of their bulk power supply requirements for a period not to exceed 50 years. In 2004, the Participants unanimously voted to extend the contract with MEAG an additional 50 years. The Participants have agreed to purchase all their future power and energy requirements in excess of that received by the Participants through the Southeastern Power Administration at prices intended to cover the operating costs of the systems and to retire any debt incurred by MEAG. In the event that revenues are insufficient to cover all costs and retire the outstanding debt, each Participant has guaranteed a portion of the unpaid debt based on their individual entitlement shares of the output and services of generating units acquired or constructed by MEAG. In addition, in the event of discontinued service to a participant in default, the City would be obligated to purchase additional power subject to contractual limitations.

At December 31, 2019, the outstanding debt of MEAG was approximately $7.5 billion. The City's guarantee varies by individual projects undertaken by MEAG and totals approximately $75 million at December 31, 2019.

In 1999, the City approved a resolution adopting the provisions of the Municipal Competitive Trust (the Trust), which was created by MEAG for the mutual benefit of MEAG and its wholesale customers which have elected to become beneficiaries. The Trust was established to provide MEAG and the trust's beneficiaries a means to mitigate the expected differential between market rates for power and the costs of power generated by MEAG facilities, after deregulation of the electric industry.

The Trust created four funds in which the City participates. The following is a brief description of each fund:

Flexible Operating Trust Account - This account is available to the City for withdrawal without restriction. This account has a balance of $3,209,315 at December 31, 2019, and is included as a current investment in the Electric Utility fund.

New Generation Trust Account - This account is available to the City for certain restricted purposes including funding of future generation projects created by MEAG or for the purchase of additional power sales contracts. This account has a balance of $782 at December 31, 2019, and is included as a non-current restricted investment in the Electric Utility fund.

Reserve Funded Debt Account - This account is restricted to loan or offset to billings from MEAG for power usage, at the discretion of MEAG, and is not currently available to the City. This account is not recorded as an asset by the Electric fund. The balance of this account at December 31, 2019, was $3,188,259.

Note 18 - Commitments

The City had a contractual commitment at December 31, 2019, of approximately $40,382 for a construction contract for water and sewer system expansion. Future appropriations will fund this commitment as work is performed.

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Note 19 - Contingent Liabilities

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

Contractual Obligation - The City, through its cooperative participation in the MEAG, is contractually obligated to purchase additional energy that will be available from MEAG's additional future ownership in Plant Vogtle. This contractual obligation, based on management's estimates, will not materially affect the City's financial position. Management's estimates are based in part on increased industrial energy sales projected and the City's ability to increase consumer rates to cover energy cost increases.

Because the General Fund of the City relies heavily on the operating profits of the Utility Funds, the general fund financial position would be materially effected, should management's projections not be realized.

Economic Dependency - The City's electric utility fund sells an estimated 77% of its power to its industrial customers, with 79% of total sales from one customer. This one customer accounts for more than 95% of the gross profits. Should the gross profit from these industrial customers materially decrease, the City's financial position would be materially affected in the future. Additionally, the City purchases substantially all of the electricity it sells from MEAG and purchases all of the gas it sells from Municipal Gas Authority of Georgia.

Note 20 - Joint Ventures

Under Georgia law, the City, in conjunction with other cities and counties in the coastal Georgia area, is a member of the Coastal Regional Commission of Georgia (CRC) and is required to pay annual dues thereto. Membership in a CRC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the CRC in Georgia. The CRC board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a CRC. Separate financial statements may be obtained from CRC, 127 F Street, Brunswick, Georgia 31520.

Note 21 - Related Organizations

The Housing Authority of the City of Sylvania, Georgia (the Housing Authority) is considered a related organization. The Housing Authority is a legally separate entity having a board composed of members appointed primarily by the City of Waynesboro, Georgia. The City appoints one member to the board. The City is not able to impose its will upon the Housing Authority and a financial benefit/burden relationship does not exist between them. Therefore, based upon the criteria above, the Housing Authority is a related organization.

Note 22 Subsequent Events

Subsequent events have been evaluated by management through October 26, 2020, which is the date the financial statements were available to be issued. The COVID-19 outbreak in the United States has caused business disruptions through mandated and voluntary closings. The related impact on the City and duration cannot be reasonably estimated at this time.

City of Sylvania, Georgia
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	$ 915,100	$ 915,100	$ 966,821	$ 51,721
Intergovernmental	189,396	189,396	175,678	(13,718)
Licenses and permits	72,450	72,450	73,480	1,030
Charges for services	44,810	44,810	42,727	(2,083)
Fines and forfeitures	131,900	131,900	127,884	(4,016)
Investment earnings	2,000	2,000	6,997	4,997
Miscellaneous	26,100	26,100	26,938	838
Total revenues	1,381,756	1,381,756	1,420,525	38,769
Expenditures				
Current:				
General government:				
Legislative	22,102	22,102	19,419	2,683
Executive - Mayor	8,418	8,418	6,926	1,492
Executive - Manager	202,945	202,945	232,943	(29,998)
Financial administration	340,082	340,082	426,752	(86,670)
Elections	5,300	5,300	4,061	1,239
Purchase/contractual services	50,300	50,300	8,101	42,199
Judicial	77,870	77,870	67,664	10,206
Public safety:				
Police	1,033,500	1,033,500	1,088,715	(55,215)
Fire	567,744	567,744	601,839	(34,095)
Animal control	13,905	13,905	8,472	5,433
Public works:				
Streets	463,170	463,170	359,189	103,981
Garage	170,420	170,420	189,431	(19,011)
Health and welfare - Nutrition program	119,715	119,715	147,100	(27,385)
Culture and recreation	11,500	11,500	12,278	(778)
Housing and development				
Economic development and assistance	90,500	90,500	76,757	13,743
Total expenditures	3,177,471	3,177,471	3,249,647	(72,176)
Deficiency of revenues to expenditures	(1,795,715)	(1,795,715)	(1,829,122)	(33,407)
Other financing sources				
Inception of capital lease	76,000	76,000	35,700	(40,300)
Proceeds from sale of assets	10,000	10,000	648	(9,352)
Interfund transfers	1,709,715	1,709,715	1,738,528	28,813
Total other financing sources	1,795,715	1,795,715	1,774,876	(20,839)
Net change in fund balances	$ 0	$ 0	(54,246)	$ (54,246)
Fund balances beginning of year			1,106,832	
Fund balances end of year			$ 1,052,586	

See the accompanying notes to the required supplementary information.

City of Sylvania, Georgia
UDAG Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Investment earnings	$ 1,900	$ 1,900	$ 10,300	$ 8,400
Expenditures - Housing and development	400,000	400,000	0	400,000
Net change in fund balance	$ (398,100)	$ (398,100)	10,300	$ 408,400
Fund balances beginning of year			972,435	
Fund balances end of year			$ 982,735	

Note 1 - Budgetary Information

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

All budgets are adopted on a basis consistent with GAAP.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund.

The City Manager may approve budget transfers within departments. Any changes to a fund total or departmental appropriation within a fund requires approval of the City Council. During the year, there were no budget revisions.

All unexpended annual appropriations lapse at year-end.

On the budgetary basis, debt service expenditures (i.e. $17,210) are budgeted within the functions but are reported as separate character classifications on the GAAP basis. The reconciliation to the Schedule of Revenue, Expenditures and Changes in Fund Balance is as follows:

	Financial Statement	Budgetary Adjustment	Budget
Public safety:			
Police	$ 1,071,505	$ 17,210	$ 1,088,715
Fire	601,839		601,839
Animal control	8,472		8,472
Debt service:			
Principal	15,714	(15,714)	0
Interest and fiscal charges	1,496	(1,496)	0
	$ 1,699,026	$ 0	$ 1,699,026

City of Sylvania, Georgia
Schedule of Changes in the Net Pension Liability and Related Ratios
Defined Benefit Pension Plan
For the Year Ended December 31, 2019

	2019	2018	2017	2016	2015
Total Pension Liability					
Service cost	$ 74,159	$ 91,216	$ 89,693	$ 115,252	$ 101,131
Interest	549,385	474,552	455,175	435,093	396,159
Difference between expected and actual experience	197,804	282,358	(43,149)	(52,580)	292,465
Changes in assumptions					(60,862)
Benefit payments, including refunds of employee contributions	(369,179)	(259,873)	(243,512)	(233,773)	(219,274)
Other		594,128			
Net change in total pension liability	452,169	1,182,381	258,207	263,992	509,619
Total pension liability - beginning	5,730,990	6,253,189	5,994,982	5,730,990	5,221,371
Total pension liability - ending	$ 6,183,159	$ 7,435,570	$ 6,253,189	$ 5,994,982	$ 5,730,990
Plan fiduciary net position					
Contributions - employer	$ 337,158	$ 271,675	$ 323,014	$ 303,069	$ 300,670
Net investment income	191,734	591,131	526,921	11,277	360,329
Benefit payments, including refunds of employee contributions	(369,179)	(259,873)	(243,512)	(233,773)	(219,274)
Administrative expense	(19,989)	(19,772)	(21,328)	(14,786)	(13,703)
Net change in fiduciary net position	139,724	583,161	585,095	65,787	428,022
Plan fiduciary net position - beginning	4,102,564	4,753,446	4,168,351	4,102,564	3,674,542
Plan fiduciary net position - ending	$ 4,242,288	$ 5,336,607	$ 4,753,446	$ 4,168,351	$ 4,102,564
Net pension liability - ending	$ 1,940,871	$ 2,098,963	$ 1,499,743	$ 1,826,631	$ 1,628,426
Plan fiduciary net position as a percentage of total pension liability	68.61%	71.77%	76.02%	69.53%	71.59%
Covered employee payroll	2,284,018	2,089,977	2,213,025	2,267,939	2,373,473
Net position liability as a percentage of covered-employee payroll	84.98%	100.43%	67.77%	80.54%	68.61%

Benefit changes
No significant plan amendments were made in current period.

The City implemented GASB 68 for the fiscal year ended December 31, 2015. In time this schedule will present the required ten years of data.

City of Sylvania, Georgia
Schedule of Contributions
Defined Benefit Pension Plan
For the Year Ended December 31, 2019

	2019	2018	2017	2016	2015
Actuarially determined contribution	*	$ 287,473	$ 298,350	$ 329,802	$ 294,158
Contributions in relation to actuarially determined contribution	*	$ 287,473	$ 325,834 **	$ 303,393 **	$ 319,395 **
Contribution deficiency (excess)	*	$ 0	$ (27,484)	$ 26,409	$ (25,237)
Covered-employee payroll	*	$ 2,089,977	$ 2,213,025 ***	$ 2,267,939 ***	$ 2,373,473 ***
Contributions as a percentage of covered-employee payroll	*	13.75%	14.72%	13.38%	13.46%

* 2019 information will be determined after fiscal year end and will be included in the 2017 valuation report.

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

*** Covered payroll is based on data collected as of February 28, of each respective year for the actuarial valuations for the respective years.

The City implemented GASB 68 for the fiscal year ended December 31, 2015. In time this schedule will present the required ten years of data.

City of Sylvania, Georgia
Schedule of Funding Progress
Postemployment Benefits Other Than Pensions (Health Insurance)
For the Year Ended December 31, 2019

As of the most recent valuation date, December 31, 2019, the funded status of the Plan was as follows:

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL/(UAAL) (2)-(1)	(4) Funded Ratio (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (3)/(5)
12/31/2014	0	314,882	314,882	0.00%	523,052	60.20%
12/31/2015	0	473,744	473,744	0.00%	618,890	76.55%
12/31/2016	0	464,040	464,040	0.00%	817,519	56.76%
12/31/2017	0	390,809	390,809	0.00%	811,436	48.16%
12/31/2018	0	541,442	541,442	0.00%	643,651	84.12%
12/31/2019	0	478,286	478,286	0.00%	661,483	72.31%

The assumptions used in the preparation of the above schedule are disclosed in Note 14 to the financial statements.

City of Sylvania, Georgia
General Fund
Comparative Balance Sheet
December 31, 2019 and 2018

	2019	2018
Assets		
Cash and cash equivalents	$ 1,079,919	$ 1,055,815
Restricted cash and cash equivalents	14,745	13,118
Receivables:		
Accounts	41,198	40,550
Intergovernmental	44,151	39,742
Property taxes	68,555	75,067
Other	7,441	7,507
Interest	1,471	1,471
Interfund balances	39,033	10,997
Prepaid items	21,117	44,739
Total assets	$ 1,317,630	$ 1,289,006
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities		
Accounts payable	$ 150,178	$ 65,039
Accrued expenditures	29,534	20,082
Interfund balances	3,346	3,346
Unearned revenue	5,000	5,000
Total liabilities	188,058	93,467
Deferred inflows of resources		
Property taxes	41,155	54,775
Intergovernmental	35,831	30,568
Other		3,364
Total deferred inflows of resources	76,986	88,707
Total liabilities and deferred inflows of resources	265,044	182,174
Fund balances		
Nonspendable - prepaid items	21,117	44,739
Restricted for		
Capital projects	47,585	
Public safety - police	9,075	3,983
Recreation	5,670	9,136
Unassigned	969,139	1,048,974
Total fund balances	1,052,586	1,106,832
Total liabilities, deferred inflows of resources and fund balances	$ 1,317,630	$ 1,289,006

City of Sylvania, Georgia
General Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended December 31, 2019 and 2018

	2019	2018
Revenues		
Taxes	$ 966,821	$ 939,773
Intergovernmental	175,678	194,171
Licenses and permits	73,480	73,199
Charges for services	42,727	44,947
Fines and forfeitures	127,884	111,014
Investment earnings	6,997	6,470
Miscellaneous	26,938	39,984
Total revenues	1,420,525	1,409,558
Expenditures		
Current:		
General government:		
Legislative	19,419	18,819
Executive - Mayor	6,926	8,522
Executive - Manager	232,943	217,475
Financial administration	426,752	350,505
Elections	4,061	3,814
Purchase/contract services	8,101	12,167
Judicial	67,664	62,238
Public safety:		
Police	1,071,505	939,843
Fire	601,839	577,701
Animal control	8,472	8,216
Public works:		
Streets	359,189	462,768
Garage	189,431	191,252
Health and welfare - Nutrition program	147,100	127,100
Culture and recreation	12,278	11,656
Housing and development - economic development and assistance	76,757	89,906
Debt service:		
Principal retirement	15,714	20,922
Interest and fiscal charges	1,496	1,618
Total expenditures	3,249,647	3,104,522
Deficit of revenues to expenditures	(1,829,122)	(1,694,964)
Other financing sources		
Inception of capital lease	35,700	15,000
Proceeds from sale of capital assets	648	
Interfund transfers	1,738,528	1,816,513
Total other financing sources	1,774,876	1,831,513
Net change in fund balances	(54,246)	136,549
Fund balances beginning of year	1,106,832	970,283
Fund balances end of year	$ 1,052,586	$ 1,106,832

City of Sylvania, Georgia
UDAG Fund
Comparative Balance Sheet
December 31, 2019 and 2018

	2019	2018
Assets		
Restricted cash and cash equivalents	$ 667,107	$ 926,611
Receivables - notes	315,628	45,824
Total assets	$ 982,735	$ 972,435
Liabilities and Fund Balances		
Fund Balances		
Restricted for housing and development	$ 982,735	$ 972,435
Total liabilities and fund balances	$ 982,735	$ 972,435

City of Sylvania, Georgia
UDAG Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended December 31, 2019 and 2018

	2019	2018
Revenues		
Investment earnings	$ 10,300	$ 9,111
Expenditures		
Net change in fund balance	10,300	9,111
Fund balances beginning of year	972,435	963,324
Fund balances end of year	$ 982,735	$ 972,435

City of Sylvania, Georgia
Combining Balance Sheet - By Fund Type
Nonmajor Governmental Funds
December 31, 2019

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Restricted cash and cash equivalents	$ 5,087	$ 391,228	$ 396,315
Accounts receivable	2,054	13,557	15,611
Interfund balances	3,346		3,346
Total assets	$ 10,487	$ 404,785	$ 415,272
Liabilities and Fund Balances			
Liabilities			
Interfund balances	$ 2,054	$ 36,979	$ 39,033
Fund Balances			
Restricted for:			
Capital projects		367,806	367,806
Public safety	8,433		8,433
Total fund balances	8,433	367,806	376,239
Total liabilities, deferred inflows of resources and fund balances	$ 10,487	$ 404,785	$ 415,272

City of Sylvania, Georgia

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - By Fund Type

Nonmajor Governmental Funds

For the Year Ended December 31, 2019

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes	$ 19,069		$ 19,069
Intergovernmental		$ 247,486	247,486
Fines and forfeitures	3,169		3,169
Investment earnings		433	433
Total revenues	22,238	247,919	270,157
Expenditures			
Current:			
Public safety - police	100		100
Housing and development - economic development and assistance	12,886		12,886
Capital Outlays		6,495	6,495
Total expenditures	12,986	6,495	19,481
Excess of revenues to expenditures	9,252	241,424	250,676
Other financing uses			
Transfer to water and sewer fund	(6,183)	(50,000)	(56,183)
Net change in fund balances	3,069	191,424	194,493
Fund balances beginning of year	5,364	176,382	181,746
Fund balances end of year	$ 8,433	$ 367,806	$ 376,239

City of Sylvania, Georgia
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2019

	Hotel/Motel Tax Fund	Confiscated Assets Fund	Total Nonmajor Special Revenue Funds
Assets			
Restricted cash and cash equivalents		$ 5,087	$ 5,087
Accounts receivable	$ 2,054		2,054
Interfund balance		3,346	3,346
Total assets	$ 2,054	$ 8,433	$ 10,487
Liabilities and Fund Balances			
Liabilities			
Interfund balance	$ 2,054		$ 2,054
Fund Balances			
Restricted for public safety		$ 8,433	8,433
Total liabilities and fund balances	$ 2,054	$ 8,433	$ 10,487

City of Sylvania, Georgia
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2019

	Hotel/Motel Tax Fund	Confiscated Assets Fund	Total Nonmajor Special Revenue Funds
Revenues			
Taxes	$ 19,069		$ 19,069
Fines and forfeitures		$ 3,169	3,169
Total revenues	19,069	3,169	22,238
Expenditures			
Current:			
Public safety - police		100	100
Housing and development	12,886		12,886
Total expenditures	12,886	100	12,986
Excess of revenues to expenditures	6,183	3,069	9,252
Other financing uses			
Interfund transfers	(6,183)		(6,183)
Fund balances beginning of year		5,364	5,364
Fund balances end of year	$ 0	$ 8,433	$ 8,433

City of Sylvania
Hotel/Motel Tax Fund
Comparative Balance Sheet
December 31, 2019 and 2018

	2019	2018
Assets		
Accounts receivable	$ 2,054	$ 724
Prepaid items		602
Total assets	2,054	1,326
Liabilities and Fund Balances		
Liabilities		
Interfund balance	$ 2,054	$ 1,326
Fund Balances		
Nonspendable - prepaid items		602
Unassigned		(602)
Total fund balances	0	0
Total liabilities and fund balances	$ 2,054	$ 1,326

City of Sylvania, Georgia
Hotel/Motel Tax Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2019
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019				2018
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues					
Taxes	$ 24,000	$ 24,000	$ 19,069	$ (4,931)	$ 13,807
Expenditures					
Housing and development	15,000	15,000	12,886	2,114	13,807
Excess of revenues to expenditures	9,000	9,000	6,183	(2,817)	0
Other financing uses					
Interfund transfers	(9,000)	(9,000)	(6,183)	2,817	
Net change in fund balances	$ 0	$ 0	0	$ 0	0
Fund balances beginning of year			0		0
Fund balances end of year			$ 0		$ 0

City of Sylvania
Confiscated Assets Fund
Comparative Balance Sheet
December 31, 2019 and 2018

	2019	2018
Assets		
Restricted cash and cash equivalents	$ 5,087	$ 2,018
Interfund balance	3,346	3,346
Total assets	$ 8,433	$ 5,364
Fund Balances		
Restricted for public safety	$ 8,433	$ 5,364
Total liabilities and fund balances	$ 8,433	$ 5,364

City of Sylvania, Georgia
Confiscated Assets Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2019
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019				2018
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues					
Fines and forfeitures			$ 3,169	$ (3,169)	$ 1,036
Expenditures					
Public safety - police			100	(100)	
Excess of revenues to expenses	$ 0	$ 0	3,069	$ (3,069)	1,036
Fund balances beginning of year			5,364		4,328
Fund balances end of year			$ 8,433		$ 5,364

City of Sylvania, Georgia
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2019

	2019 SPLOST Fund	2013 SPLOST Fund	Total Nonmajor Capital Projects Funds
Assets			
Restricted cash and cash equivalents	$ 168,208	$ 223,020	$ 391,228
Accounts receivable	13,557	0	13,557
Total assets	$ 181,765	$ 223,020	$ 404,785
Liabilities and Fund Balances			
Liabilities			
Interfund balance		$ 36,979	$ 36,979
Fund Balances			
Restricted for capital projects	$ 181,765	186,041	367,806
Total liabilities and fund balances	$ 181,765	$ 223,020	$ 404,785

City of Sylvania, Georgia
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2019

	2019 SPLOST Fund	2013 SPLOST Fund	Total Nonmajor Capital Projects Funds
Revenues			
Intergovernmental	$ 231,765	$ 15,721	$ 247,486
Investment earnings		433	433
Total revenues	231,765	16,154	247,919
Expenditures			
Capital outlays			
General government - office equipment		995	995
Public works - airport infrastructure		5,500	5,500
Total expenditures	0	6,495	6,495
Excess of revenues to expenditures	231,765	9,659	241,424
Other financing uses			
Transfer to water and sewer fund	(50,000)		(50,000)
Fund balances beginning of year		176,382	176,382
Fund balances end of year	$ 181,765	$ 186,041	$ 367,806

City of Sylvania
2013 SPLOST Capital Projects Fund
Comparative Balance Sheet
December 31, 2019 and 2018

	2019	2018
Assets		
Restricted cash and cash equivalents	$ 223,020	$ 167,646
Accounts receivable		54,943
Total assets	223,020	222,589
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities		
Accounts payable - intergovernmental		$ 20,813
Interfund balances	$ 36,979	9,671
Total liabilities	36,979	30,484
Deferred inflows of resources		
Intergovernmental		15,723
Total liabilities and deferred inflows of resources	36,979	46,207
Fund Balances		
Restricted for capital projects	186,041	176,382
Total liabilities, deferred inflows of resources and fund balances	$ 223,020	$ 222,589

City of Sylvania
2013 SPLOST Capital Projects Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2019 and 2018

	2019	2018
Revenues		
Intergovernmental	$ 15,721	$ 157,086
Investment earnings	433	270
Total revenues	16,154	157,356
Expenditures		
Capital outlays		
General government - office equipment	995	5,671
Public works - streets		83,380
Public works - airport infrastructure	5,500	
Total expenditures	6,495	89,051
Excess revenues to expenditures	9,659	68,305
Other financing uses		
Transfer to water and sewer fund		(130,664)
Net change in fund balances	9,659	(62,359)
Fund balances beginning of year	176,382	238,741
Fund balances end of year	$ 186,041	$ 176,382

City of Sylvania, Georgia
Water and Sewer Fund
Comparative Schedule of Net Position
December 31, 2019 and 2018

	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	$ 41,324	$ 38,827
Receivables:		
Accounts	141,088	143,487
Intergovernmental	100,337	
Prepaid insurance	19,259	16,935
Total current assets	302,008	199,249
Noncurrent assets		
Capital assets		
Nondepreciable capital asset	16,550	16,550
Depreciable capital assets, net	6,269,687	5,688,176
Total noncurrent assets	6,286,237	5,704,726
Total assets	6,588,245	5,903,975
Deferred outflows of resources		
Pension:		
Difference between expected and actual experience	20,822	22,888
Difference between projected and actual earnings on plan investments	1,154	
Changes in assumptions	2,903	5,845
Contributions after measurement date	26,976	22,223
Total deferred outflows of resources	51,855	50,956
Liabilities		
Current liabilities		
Accounts payable	154,078	40,664
Accrued interest payable	3,135	3,135
Accrued payroll	5,538	2,059
Compensated absences payable	6,946	12,391
Post-employment benefit payable	6,334	
Capital lease payable		6,104
Notes payable	96,317	94,410
Total current liabilities	272,348	158,763
Long-term liabilities		
Compensated absences payable (net of current portion)	35,919	35,526
Post-employment benefit payable (net of current portion)	94,417	115,704
Net pension liability	222,177	194,708
Notes payable (net of current portion)	1,658,426	1,754,743
Total long-term liabilities	2,010,939	2,100,681
Total liabilities	2,283,287	2,259,444
Deferred inflows of resources		
Pension:		
Difference between expected and actual experience	2,559	4,353
Difference between projected and actual earnings on investments		17,670
Changes in assumptions		1,129
Total deferred inflows of resources	2,559	23,152
Net position		
Net investment in capital assets	4,531,494	3,849,469
Unrestricted	(177,240)	(177,134)
Total net position	$ 4,354,254	$ 3,672,335

City of Sylvania, Georgia
Water and Sewer Fund
Comparative Schedule of Revenues,
Expenses and Changes in Net Position
For the Years Ended December 31, 2019 and 2018

	2019	2018
Operating Revenues		
Charges for services	$ 1,226,433	$ 1,214,890
Miscellaneous	10,963	11,467
Total operating revenues	1,237,396	1,226,357
Operating expenses		
Salaries	171,719	177,718
Social security	13,899	13,331
Group insurance	34,587	34,342
Retirement and other post-employment benefits	27,722	159,410
Workers' compensation	7,890	8,805
Contract services	283,173	283,639
Chemicals	19,919	20,943
Materials and supplies	15,543	30,508
Gas, oil, and tires	11,648	11,363
Uniforms and safety equipment	1,755	3,103
Vehicle repairs	13,869	12,400
Engineering and consulting	2,400	
Postage	4,170	3,578
Communications	1,580	1,982
Insurance	62,610	48,874
Public utilities	174,973	156,700
Maintenance and testing	103,895	43,011
Bad debts	8,061	3,283
Other	7,807	7,345
Depreciation	223,165	230,567
Total operating expenses	1,190,385	1,250,902
Operating income (loss)	47,011	(24,545)
Non-operating revenues (expenses)		
Interest and fiscal charges	(36,373)	(38,424)
Grant proceeds	709,618	46,500
Investment earnings	14	78
Total non-operating revenues	673,259	8,154
Income (loss) before transfers	720,270	(16,391)
Interfund transfers		
Transfer in - SPLOST	50,000	130,664
Transfer in (out) - General Fund	(88,351)	2,243
Total transfers	(38,351)	132,907
Change in net position	681,919	116,516
Net position beginning of year	3,672,335	3,555,819
Net position end of year	$ 4,354,254	$ 3,672,335

City of Sylvania, Georgia
Electricity Utility Fund
Comparative Schedule of Net Position
December 31, 2019 and 2018

	2019	2018
Assets		
Current assets		
Cash and cash equivalents	$ 115,195	$ 107,867
Investments	3,209,315	3,916,906
Accounts receivable	2,879,689	3,255,197
Prepaid insurance	4,806	8,464
Total current assets	6,209,005	7,288,434
Noncurrent assets		
Restricted assets:		
Investments - MEAG Generation Trust	782	762
Capital assets:		
Depreciable capital assets, net	2,405,905	1,934,951
Total noncurrent assets	2,406,687	1,935,713
Total assets	8,615,692	9,224,147
Deferred outflows of resources		
Pension:		
Difference between expected and actual experience	41,434	46,004
Difference between projected and actual earnings on plan investments	2,297	
Changes in assumptions	5,776	11,748
Contributions after measurement date	53,682	44,667
Total deferred outflows of resources	103,189	102,419
Liabilities		
Current liabilities		
Accounts payable	5,486,779	5,314,399
Sales tax payable	41,009	45,654
Accrued liabilities	14,415	8,882
Compensated absences payable	17,513	24,691
Customer deposits payable	292,409	281,650
Capital lease	30,300	29,196
Total current liabilities	5,882,425	5,704,472
Long-term liabilities		
Compensated absences payable (net of current portion)	55,195	72,311
Post-employment benefit payable	94,978	107,305
Net pension liability	442,125	391,362
Capital lease (net of current portion)		30,129
	592,298	601,107
Total liabilities	6,474,723	6,305,579
Deferred inflows of resources		
Pension:		
Difference between expected and actual experience	5,093	8,749
Difference between projected and actual earnings on investments		35,517
Changes in assumptions		2,270
Total deferred inflows of resources	5,093	46,536
Net Position		
Net investment in capital assets	2,375,605	1,875,626
Restricted - MEAG power generation and credit support	782	762
Unrestricted	(137,322)	1,098,063
Total Net Position	$ 2,239,065	$ 2,974,451

City of Sylvania, Georgia
Electricity Utility Fund
Comparative Schedule of Revenues,
Expenses and Changes in Net Position
For the Years Ended December 31, 2019 and 2018

	2019	2018
Operating revenues		
Charges for services	$ 27,310,301	$ 31,126,859
Miscellaneous	4,011	4,476
Total operating revenues	27,314,312	31,131,335
Operating expenses		
Cost of sales	25,812,827	28,472,219
Salaries	418,195	424,476
Social security	32,068	30,838
Group insurance	59,442	53,068
Retirement and other post-employment benefits	67,799	134,269
Workers' compensation	12,255	15,345
Contract labor and services	2,474	10,560
Materials and supplies	80,999	62,502
Gas, oil, and tires	17,739	16,536
Uniforms and safety equipment	2,207	1,556
Vehicle repairs	25,736	17,796
Engineering and consulting	11,111	46,485
Postage	3,142	2,528
Communications	2,015	1,664
Insurance	13,566	16,522
Public utilities	10,389	11,769
Maintenance and testing	12,579	16,787
Bad debts	36,478	19,662
Other	10,131	7,930
Depreciation	120,018	106,078
Total operating expenses	26,751,170	29,468,590
Operating income	563,142	1,662,745
Non-operating revenues (expenses)		
Interest and fiscal charges	(7,296)	(235,475)
Investment earnings	66,416	43,175
Gain on sale of fixed assets		12,082
MEAG Generation Trust investment earnings	21	14
Total non-operating revenues (expenses)	59,141	(180,204)
Income before transfers	622,283	1,482,541
Interfund transfers	(1,357,669)	(1,523,384)
Change in net position	(735,386)	(40,843)
Net position beginning of year	2,974,451	3,015,294
Net position end of year	$ 2,239,065	$ 2,974,451

City of Sylvania, Georgia
Gas Utility Fund
Comparative Schedule of Net Position
December 31, 2019 and 2018

	2019	2018
Assets		
Current assets		
Accounts receivable	$ 415,659	$ 681,094
Prepaid insurance	876	1,808
Total current assets	416,535	682,902
Noncurrent assets		
Capital assets		
Depreciable capital assets, net	276,368	260,582
Total assets	692,903	943,484
Deferred outflows of resources		
Pension:		
Difference between expected and actual experience	6,032	12,523
Difference between projected and actual earnings on plan investments	334	
Changes in assumptions	841	3,198
Contributions after measurement date	7,815	12,159
Total deferred outflows of resources	15,022	27,880
Liabilities		
Current liabilities		
Accounts payable	194,501	444,640
Accrued payroll	2,672	1,925
Compensated absences payable	8,151	7,544
Total current liabilities	205,324	454,109
Long-term liabilities		
Compensated absences payable (net of current portion)	12,014	8,273
Post-employment benefit payable	8,743	9,507
Net pension liability	64,364	106,534
	85,121	124,314
Total liabilities	290,445	578,423
Deferred inflows of resources		
Pension:		
Difference between expected and actual experience	741	2,382
Difference between projected and actual earnings on investments		9,668
Changes in assumptions		618
Total deferred inflows of resources	741	12,668
Net Position		
Net investment in capital assets	276,368	260,582
Unrestricted	140,371	119,691
Total net position	$ 416,739	$ 380,273

Gas Utility Fund
Comparative Schedule of Revenues,
Expenses and Changes in Net Position
For the Years Ended December 31, 2019 and 2018

	2019	2018
Operating revenues		
Charges for services	$ 3,395,171	$ 3,836,032
Operating expenses		
Cost of sales	2,877,428	3,257,244
Salaries	110,386	84,942
Social security	7,976	6,966
Group insurance	14,132	9,675
Retirement and other post-employment benefits	(30,424)	39,857
Workers' compensation	3,294	3,940
Materials and supplies	7,115	5,420
Gas, oil, and tires	2,981	2,807
Uniforms and safety equipment	1,009	274
Vehicle repairs	2,888	2,082
Engineering and consulting	1,784	
Postage	3,072	2,961
Communications	2,518	2,641
Insurance	2,492	3,038
Public utilities	1,060	1,507
Repairs, maintenance and testing	23,607	18,885
Bad debts	1,433	4,164
Other	11,987	7,909
Depreciation	11,455	12,093
Total operating expenses	3,056,193	3,466,405
Operating income	338,978	369,627
Non-operating revenues		
Gain on sale of fixed assets	448	1,389
Income before transfers	339,426	371,016
Interfund transfers	(302,960)	(252,250)
Change in net position	36,466	118,766
Net position beginning of year	380,273	261,507
Net position end of year	$ 416,739	$ 380,273

City of Sylvania, Georgia
Solid Waste Collection Fund
Comparative Schedule of Net Position
December 31, 2019 and 2018

	2019	2018
Assets		
Current assets		
Accounts receivable	$ 65,921	$ 61,450
Prepaid insurance	2,467	4,410
Total current assets	68,388	65,860
Noncurrent assets		
Capital assets		
Nondepreciable capital assets	6,507	6,507
Depreciable capital assets, net	107,094	135,204
Total noncurrent assets	113,601	141,711
Total assets	181,989	207,571
Deferred outflows of resources		
Pension:		
Difference between expected and actual experience	21,751	28,519
Difference between projected and actual earnings on plan investments	1,206	
Changes in assumptions	3,032	7,282
Contributions after measurement date	28,181	27,690
Total deferred outflows of resources	54,170	63,491
Liabilities		
Current liabilities		
Accounts payable	46,046	49,539
Accrued payroll	1,144	3,206
Compensated absences payable	3,187	7,370
Post-employment benefit payable	6,334	6,334
Capital lease	7,665	9,881
Total current liabilities	64,376	76,330
Long-term liabilities		
Compensated absences payable (net of current portion)	6,397	14,498
Post-employment benefit payable (net of current portion)	86,473	101,467
Net pension liability	232,099	242,616
Capital lease (net of current portion)		7,615
	324,969	366,196
Total liabilities	389,345	442,526
Deferred inflows of resources		
Pension:		
Difference between expected and actual experience	2,673	5,423
Difference between projected and actual earnings on investments		22,017
Changes in assumptions		1,407
Total deferred inflows of resources	2,673	28,847
Net position		
Net investment in capital assets	105,936	124,215
Unrestricted	(261,795)	(324,526)
Total net position	$ (155,859)	$ (200,311)

City of Sylvania, Georgia
Solid Waste Collection Fund
Comparative Schedule of Revenues,
Expenses and Changes in Net Position
For the Years Ended December 31, 2019 and 2018

	2019	2018
Operating revenues		
Charges for services	$ 488,407	$ 499,927
Operating expenses		
Salaries	221,790	243,316
Social security	16,956	18,051
Group insurance	45,574	44,678
Retirement and other post-employment benefits	(4,414)	86,575
Workers' compensation	6,558	7,165
Contract services	74,857	
Gas, oil, and tires	19,780	24,300
Uniforms and safety equipment	3,171	4,478
Vehicle repairs	12,892	3,578
Insurance	6,996	8,341
Repairs, maintenance and testing	7,899	12,085
Tipping fees	15,266	9,996
Bad debts	3,691	1,007
Other	841	5,098
Depreciation	28,110	29,875
Total operating expenses	459,967	498,543
Operating income	28,440	1,384
Non-operating expenses		
Interest and fiscal charges	(623)	(1,002)
Income before transfers	27,817	382
Interfund transfers		
Transfers in (out)	16,635	(43,122)
Change in net position	44,452	(42,740)
Net position beginning of year	(200,311)	(157,571)
Net position end of year	$ (155,859)	$ (200,311)

CITY OF SYLVANIA, GEORGIA
SCHEDULE OF HOTEL/MOTEL TAX
FOR THE YEAR ENDED DECEMBER 31, 2019

In accordance with O.C.G.A. 48-13-51, the City of Sylvania levies a 8% tax on hotel/motel lodging and disburses collected funds to the Screven County Chamber of Commerce and the Sylvania Downtown Development authority to use for the promotion of tourism and transfers up to 3 cents of each 8 cents collected to the general fund.

This schedule provides information on the amount of Hotel/Motel tax cash receipts and the amount of such receipts which were disbursed or contractually committed to be disbursed to the Screven County Chamber of Commerce and the Sylvania Downtown Development Authority.

Revenues and expenditures for the year ended December 31, 2019, were as follows.

	Amount	Amount as a percentage of revenue
Hotel/Motel tax cash receipts	$ 19,069	
Expenditures to:		
Screven County Chamber of Commerce	$ 8,886	
Sylvania Downtown Development Authority	4,000	
Transfers to general fund	6,183	
	$ 19,069	100.00%

City of Sylvania, Georgia
Schedules of Projects Constructed with
Special Purpose Local Option Sales Tax Proceeds
For the Year Ended December 31, 2019

2013 SPLOST	Original Estimated Cost	Revised Estimated Cost	Actual Cost: Prior Years	Actual Cost: Current Year	Actual Cost: Total	Estimated Percentage Complete
Upgrade city facilities	$ 315,500	$ 315,500	$ 47,397	$ 995	$ 48,392	15.34%
Street paving, sidewalks, bike paths, curbs and gutters	478,855	478,855	206,284		206,284	43.08%
Sanitation trucks	327,600	327,600	134,645		134,645	41.10%
Airport infrastructure	136,500	136,500	33,464	5,500	38,964	28.55%
Retire GEFA debt	227,500	227,500	321,714		321,714	141.41%
Passive parks and nature center development	158,250	158,250	37,909		37,909	23.96%
	$ 1,644,205	$ 1,644,205	$ 781,413	$ 6,495	$ 787,908	

2019 SPLOST	Original Estimated Cost	Revised Estimated Cost	Actual Cost: Prior Years	Actual Cost: Current Year	Actual Cost: Total	Estimated Percentage Complete
Retire GEFA debt				$ 50,000	$ 50,000	
Retire GEFA debt; street paving, drainage, sidewalks, curbs and gutters; heavy equipment and vehicles; public safety equipment; public parks improvements; downtown capital infrastructure	$ 1,299,978	$ 1,299,978	$ 0	$ 50,000	$ 50,000	3.85%

CITY OF SYLVANIA, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
EMPLOYMENT INCENTIVE PROGRAM
PROJECT COST SCHEDULE
GRANT AWARE NUMBER: 14q-z-124-2-6044
FOR THE YEAR ENDED DECEMBER 31, 2019

Program Activity	CDBG Activity Number	Latest Approved Budget	Accumulated CDBG Expenditures to Date	Accumulated Expenditures to Date (Other Funds)	Grant Total of Expenditures to Date	Questioned Costs (if applicable)
Water/Sewer Improvements - Construction	E17B-00	$ 638,000	$ 597,618	$ 95,059	$ 692,677	NA
Water/Sewer Improvements - Engineering	T-17B-00	67,000	67,000		67,000	NA
Administration	A-21A-00	45,000	45,000		45,000	NA
		$ 750,000	$ 709,618	$ 95,059	$ 804,677	

CITY OF SYLVANIA, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
EMPLOYMENT INCENTIVE PROGRAM
SOURCE AND APPLICATION OF FUNDS SCHEDULE
GRANT AWARE NUMBER: 14q-z-124-2-6044
FOR THE YEAR ENDED DECEMBER 31, 2019

Total Fiscal Year 2015 CDBG Funds Awarded to Recipient	$ 750,000
Total Amount Drawdown by Recipient from DCA	709,618
Funds Still Available	$ 40,382
CDBG Funds Expended by Recipient	709,618
Amount of Fiscal Year 2014 CDBG Funds held by Recipient	$ 0

CITY OF SYLVANIA, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Programs for the Aging Cluster			
Department of Health and Human Services/Central Savannah River Area Regional Commission through Georgia Department of Human Services			
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	Georgia Department of Human Services, 19-0547	$ 21,177
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	Georgia Department of Human Services, 20-0547	21,719
Nutrition Services Incentive Program	93.053	Georgia Department of Human Services, 19-0547	4,656
Nutrition Services Incentive Program	93.053	Georgia Department of Human Services, 20-0547	2,822
Total Programs for the Aging Cluster			**50,374**
Other Programs			
Department of Agriculture			
Community Facilities Grant	10.766	11-024-058600067: 97-03	**79,200**
Department of Housing and Urban Development			
Georgia Department of Community Affairs			
Georgia Community Development Block Grant: Employment Incentive Program	14.228	Georgia Deparment of Community Affairs,14q-z-124-2-6044	**709,618**
Total expenditures of federal awards			$ **839,192**

NOTES TO THE SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Sylvania, Georgia (the City) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Note 2 - Indirect Cost Rate

The City has not elected to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

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

To the Mayor and Council
City of Sylvania, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Sylvania, Georgia, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise City of Sylvania, Georgia's basic financial statements, and have issued our report thereon dated October 26, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Caines, Hodges & Company, P.C.

October 26, 2020

CAINES HODGES
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Mayor and City Council
City of Sylvania, Georgia

Report on compliance for Each Major Federal Program
We have audited the City of Rincon, Georgia's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2019. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for each of the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program
In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2019.

Report on Internal Control over Compliance

Management of the City, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Caines, Hodges & Company, P.C.

October 26, 2020

City of Sylvania, Georgia
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2019

Section 1 - Summary of Auditor's Reports

Financial Statements

Type of auditors' report issued			Unmodified
Internal control over financial reporting:			
Material weakness(as) identified?	____ yes	X no	
Significant deficiencies identified not considered to be material	____ yes	X none reported	
Noncompliance material to financial statements noted?	____ yes	X no	

Federal Awards

Internal control over major programs:			
Material weakness(as) identified?	____ yes	X no	
Significant deficiencies identified not considered to be material	____ yes	X none reported	
Type of auditors' report on compliance for major programs			Unmodified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)?	____ yes	X no	

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
14.228	Department of Housing and Urban Development
93.053	Georgia Department of Community Affairs/Georgia Community Development Block Grant: Employment Incentive Program

Dollar threshold to distinguish between Type A and Type B programs		$ 750,000
Auditee qualified as low-risk auditee?	____ yes	X no

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City of Sylvania, Georgia
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2019

None