

THERE

2020 Snapping Shoals EMC
Annual Report & Meeting Notice



BEING THERE

for those we serve has been a constant commitment to the members of Snapping Shoals EMC since our establishment some 82 years ago. We understand that our membership relies on us to deliver safe, reliable, and affordable power, and that is the cornerstone of who we are as an organization. Never forgetting the importance of our members and commitment to BEING THERE is what sets Snapping Shoals EMC apart. Our Board of Directors and dedicated and professionally trained employees know that our members are dependent on us for support, so we strive daily to meet these needs. As a Snapping Shoals member, you have the great fortune of having this team serve you. And you should rest assured that no need is too large – not even one created by a pandemic that has affected business as usual since mid-March. Snapping Shoals EMC: THERE for our members in 1938, THERE for our members during the pandemic of 2020, and THERE for our members well into the future.

BEING THERE for our members means effectively managing costs, so that the rates we charge remain affordable. Our Board of Directors' focus on fiscally conservative practices makes your cooperative one of the most affordable electric utility providers in the state. This is reinforced by the 2020 Georgia Public Service Commission survey of winter rates of all 94 electric providers in Georgia. Your co-op has the lowest residential rates at 2,000 kWh and 1500 kWh and is among the lowest at other levels of the survey, being the 2nd lowest at 1,000 kWh. Our residential rates are the lowest at 2,000 kWh, 1,500 kWh and 1,000 kWh inclusive of Georgia's 41 EMCs and Georgia Power. We take pride in BEING THERE for our members with affordable rates.

In addition to reliable, affordable power, BEING THERE for our members also means being an active community supporter. Snapping Shoals EMC is proud of our involvement in surrounding communities and participation with education, economic development and numerous community and civic organizations. Our Operation Round Up program, Bright Ideas program, various Scholarship awards, and the Washington Youth Tour help numerous individuals, organizations, and students annually. Many Snapping Shoals employees volunteer at area schools, youth organizations and local FFA chapters. Our employees are also actively involved in Newton County's Relay for Life, which benefits the American Cancer Society, and in Blood Drives through the Red Cross. BEING THERE for our communities – it is the Snapping Shoals way.

"We never stop improving, learning, serving or being there for our members."

One of the most important aspects of an electric cooperative is patronage capital. It is unique to the cooperative business model and represents the not-for-profit status under which we operate. Being not-for-profit means that we only collect enough revenue to cover the costs of operating our business. Any excess revenue is retained as patronage capital and when prudent the Board of Directors elects to return a portion of that patronage capital to our members. For 2020, BEING THERE means returning \$4.5 million to our members. This represents the largest patronage capital return ever approved by the Board of Directors. The amount of each qualifying and former members refund was based on their electric energy usage during the years of 2002 and 2019.

Snapping Shoals continues to remain focused on meeting our members' needs and realizes these needs are ever-changing. BEING THERE for our members means we are constantly developing solutions that help to improve the member service experience. Our mySSEMC app provides the ability to pay a bill, report an outage, or to monitor electric usage. We offer several payment options, including MoneyGram, PaySite Kiosks and Vanilla Direct, our newest option which allows payments at Dollar General, CVS, Family Dollar and Speedway. Our outage viewer on our website allows members to monitor outages and our Automatic Transfer Switches help minimize outage areas, as well as outage times. Our marketing partnerships with EMC Security and with Walton Gas, offer important services with other trusted companies. Through these and other services, Snapping Shoals EMC is THERE for our members, bringing value and convenience to the member service experience.

The 11 Snapping Shoals EMC Directors and 236 employees truly consider it an honor and privilege to be able to serve you. The fact that we are owned by those we serve motivates us to work harder every single day, delivering reliable, affordable electricity and services that exceed your expectations. Snapping Shoals EMC is THERE for our members today, tomorrow, and always.

2020 has been an unusual year amidst the coronavirus pandemic that has affected every one of us. "Business as Usual" took on a new meaning beginning in mid-March for nearly all of us. This is certainly true for Snapping Shoals EMC and our 2020 Annual Meeting. Usually held the third or fourth week of July, the pandemic forced us to first change the meeting date and then forced us to change the format of conducting the vital business of the coop. Out of concern for our members' and employees' well-being, the Board of Directors voted to change the format of the Annual Meeting to a drive-thru format. We appreciate your patience and understanding this year and hope our 2021 Annual Meeting will be a return to traditional "Business as Usual," complete with gospel music and ice-cold drinks.

Please do not hesitate to contact us if you need assistance, have questions, or want to express your opinion. We look forward to seeing you at our Drive Thru Annual Meeting on Tuesday, October 13, 2020.



Brad Thomas
President/C.E.O.

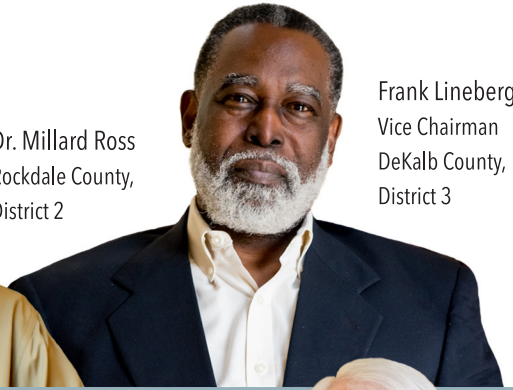
Gene Morris
*Chairman,
Board of Directors*

THERE to Represent You

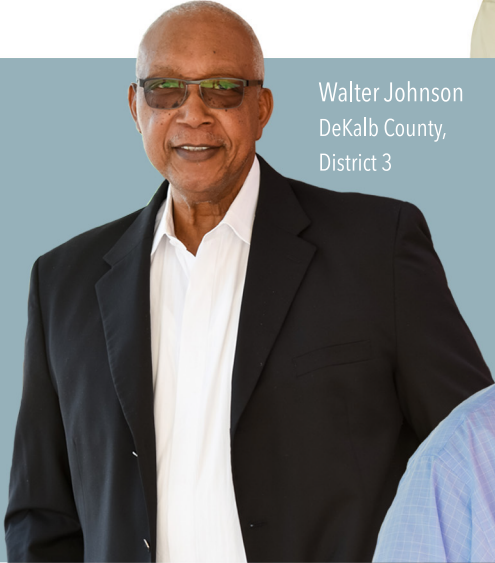
Snapping Shoals EMC is governed by a board of eleven directors, elected from and by the membership. The eleven positions are elected on a rotating basis for three-year terms. Board members are local residents and members of Snapping Shoals EMC.



Dr. Millard Ross
Rockdale County,
District 2



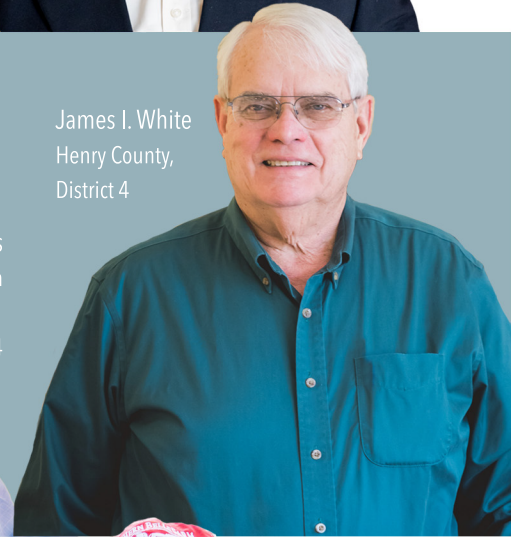
Frank Lineberger
Vice Chairman
DeKalb County,
District 3



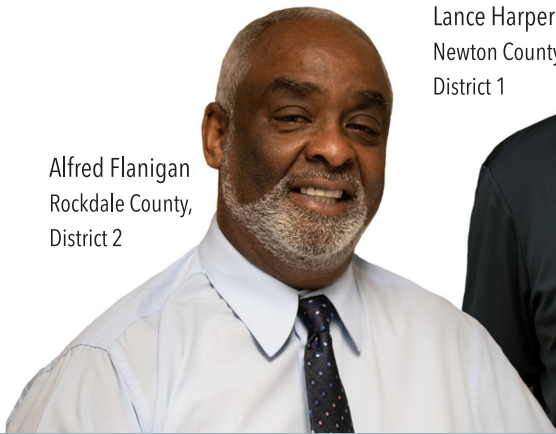
Walter Johnson
DeKalb County,
District 3



Gene Morris
Chairman
Henry County,
District 4



James I. White
Henry County,
District 4



Alfred Flanigan
Rockdale County,
District 2

Lance Harper
Newton County,
District 1



Jake Carter
Assistant
Secretary/Treasurer
Henry County,
District 4



Anthony Norton
Rockdale County,
District 2

Ruby Woods
Secretary/Treasurer
Newton County,
District 1



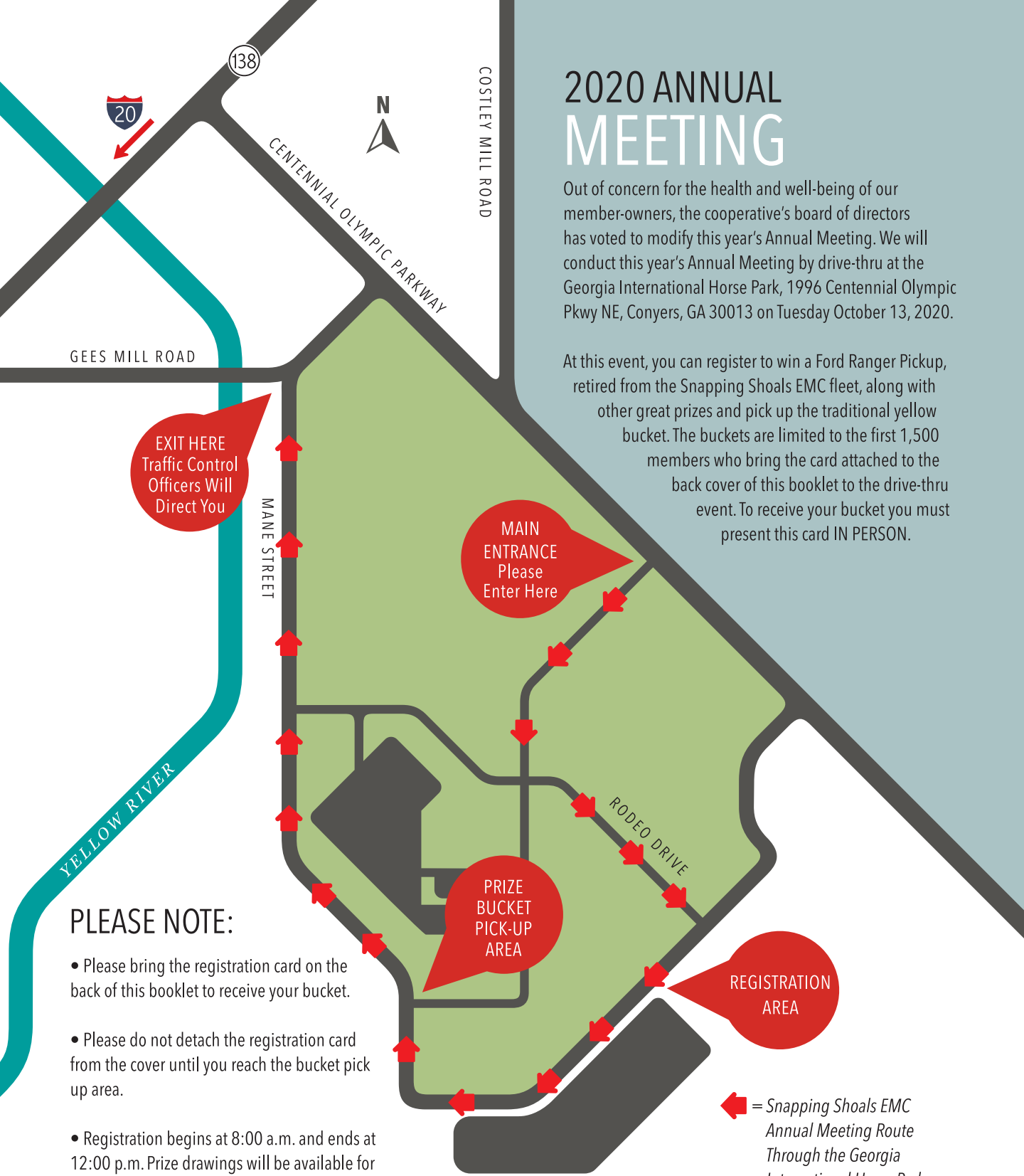
Jeanette Berry
Newton County,
District 1



2020 ANNUAL MEETING

Out of concern for the health and well-being of our member-owners, the cooperative's board of directors has voted to modify this year's Annual Meeting. We will conduct this year's Annual Meeting by drive-thru at the Georgia International Horse Park, 1996 Centennial Olympic Pkwy NE, Conyers, GA 30013 on Tuesday October 13, 2020.

At this event, you can register to win a Ford Ranger Pickup, retired from the Snapping Shoals EMC fleet, along with other great prizes and pick up the traditional yellow bucket. The buckets are limited to the first 1,500 members who bring the card attached to the back cover of this booklet to the drive-thru event. To receive your bucket you must present this card **IN PERSON**.



PLEASE NOTE:

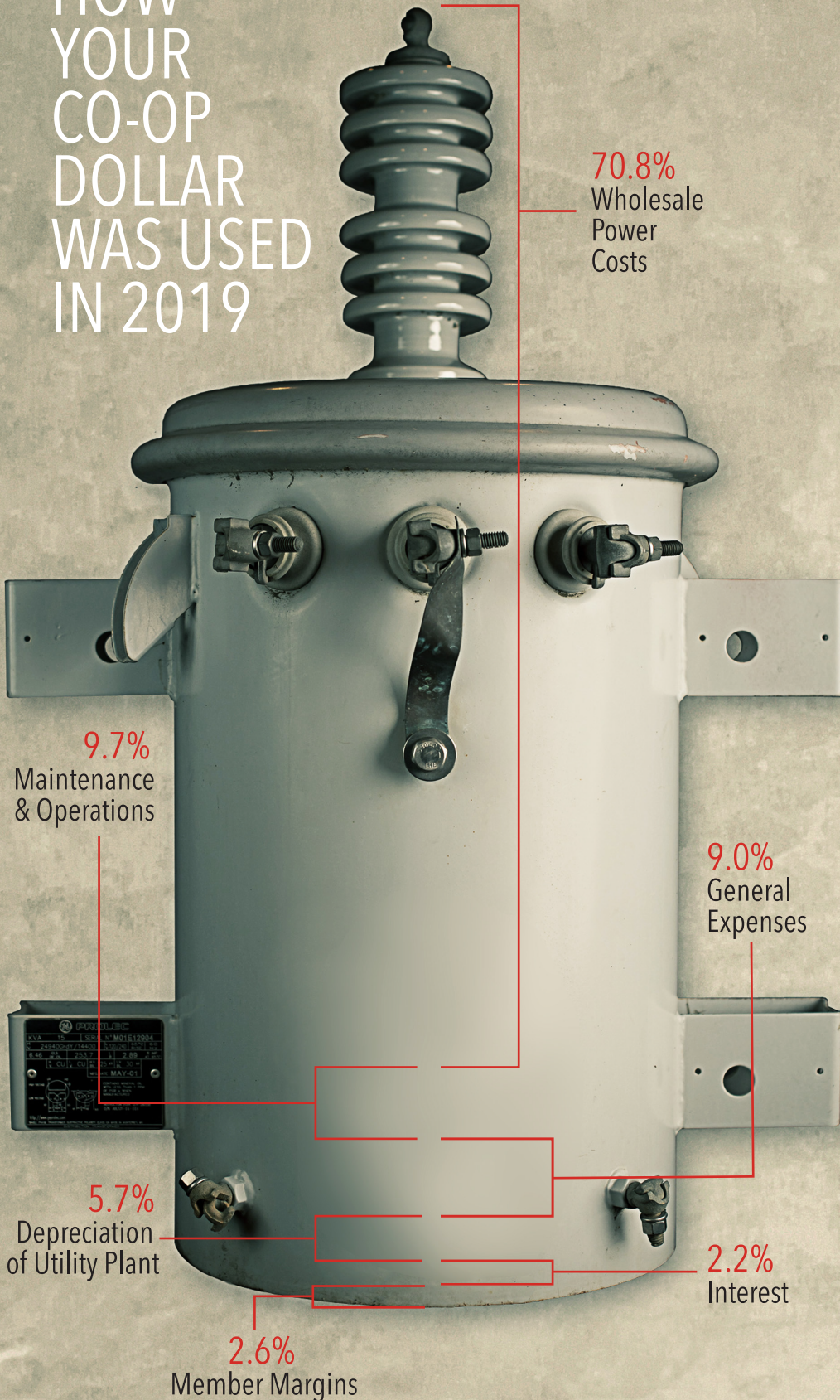
- Please bring the registration card on the back of this booklet to receive your bucket.
- Please do not detach the registration card from the cover until you reach the bucket pick up area.
- Registration begins at 8:00 a.m. and ends at 12:00 p.m. Prize drawings will be available for on-line viewing and results will be on our website: www.ssemc.com and will be posted in the *Illuminator* (the SSEM member newsletter)

- A helpful instructional video with details about the drive-thru annual meeting will be available at www.ssemc.com.

DIRECTIONS:

Take exit 82 off Interstate 20 in Conyers. Travel north approximately 4 miles. Turn right onto Centennial Olympic Parkway. The main entrance to the park is 2 miles ahead on the right.

HOW YOUR CO-OP DOLLAR WAS USED IN 2019



101,471

NUMBER OF ACTIVE METERS:

Snapping Shoals reaches the 100,000 meters served landmark in the fall of 2019. The co-op continues its commitment to provide the same level of service to the one-hundred-thousandth customer as we did to our first.

6,319

TOTAL MILES OF ENERGIZED LINE:

Snapping Shoals EMC's electric distribution system continues to experience increases as more businesses and homes locate within our service territory. We continue to improve our equipment and capacity to accommodate this growth and work to ensure peak reliability.

1,340

AVERAGE RESIDENTIAL KILOWATT HOURS CONSUMED:

The average residential electricity usage has remained relatively the same as compared to previous years. Energy conservation by our members and improvements in the energy efficiency of home heating and cooling equipment and more efficient appliances contribute to this fact.

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Snapping Shoals Electric Membership Corporation and Subsidiary (the Corporation), which comprise the consolidated balance sheets as of December 31, 2019 and 2018 and the related consolidated statements of operations, changes in members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to

fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the consolidated 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 Corporation'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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Snapping Shoals Electric Membership Corporation and Subsidiary as of December 31, 2019 and 2018 and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Corporation adopted Accounting Standards Update 2014-09, Revenue from Contracts with Customers on January 1, 2019. Our opinion is not modified with respect to this matter.

McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

CONSOLIDATED BALANCE SHEETS

Assets

	2019	2018
Utility Plant		
Electric Plant in Service - At Cost	\$ 304,833,909	\$ 295,926,069
Construction Work in Progress	<u>1,818,073</u>	<u>2,185,130</u>
	306,651,982	298,111,199
Accumulated Depreciation	<u>(126,773,505)</u>	<u>(122,135,270)</u>
	<u>179,878,477</u>	<u>175,975,929</u>
Other Property and Investments		
Investments in Associated Organizations	26,668,479	25,508,647
Notes Receivable	-	79,290
Other Investments	<u>3,089,152</u>	<u>3,089,152</u>
	<u>29,757,631</u>	<u>28,677,089</u>
Current Assets		
Cash and Cash Equivalents	6,417,655	4,046,506
Accounts Receivable (Net of Accumulated Provision for Uncollectible Accounts of \$593,831 in 2019 and \$481,995 in 2018)	11,481,942	12,613,442
Accrued Utility Revenue	9,580,668	9,883,479
Current Portion of Notes Receivable	82,890	86,490
Materials and Supplies	2,795,469	2,544,604
Other	<u>42,612,860</u>	<u>41,745,688</u>
	<u>72,971,484</u>	<u>70,920,209</u>
Deferred Debits	<u>191,690</u>	<u>98,373</u>
Total Assets	<u>\$ 282,799,282</u>	<u>\$ 275,671,600</u>



CONSOLIDATED BALANCE SHEETS

Members' Equity and Liabilities

	2019	2018
Members' Equity		
Membership Fees	\$ 889,121	\$ 878,158
Patronage Capital	82,699,443	83,613,640
Other Equities	18,031,827	16,401,637
	<u>101,620,391</u>	<u>100,893,435</u>
 Long-Term Debt	 <u>81,668,370</u>	 <u>77,373,323</u>
 Accumulated Provision for Postretirement Benefits Other Than Pensions - Noncurrent	 <u>11,368,882</u>	 <u>10,680,775</u>
 Current Liabilities		
Current Maturities of Long-Term Debt	6,575,000	6,364,000
Line-of-Credit	-	7,000,000
Accounts Payable	10,787,841	12,908,786
Consumer Deposits	11,132,769	10,695,731
Accrued and Withheld Taxes	1,663,643	898,361
Accumulated Provision for Postretirement Benefits Other Than Pensions - Current	250,000	350,000
Other	5,688,144	4,606,629
	<u>36,097,397</u>	<u>42,823,507</u>
 Deferred Credits	 <u>52,044,242</u>	 <u>43,900,560</u>
 Total Members' Equity and Liabilities	 <u>\$ 282,799,282</u>	 <u>\$ 275,671,600</u>



CONSOLIDATED STATEMENT OF OPERATIONS

	2019	2018
Operating Revenues	\$ 191,914,039	\$ 200,037,698
Operating Expenses		
Cost of Power	137,409,222	145,719,174
Distribution Operations	12,098,714	12,083,028
Distribution Maintenance	6,710,846	7,491,957
Consumer Accounts	7,249,814	7,209,370
Consumer Service and Information	447,974	460,119
Sales	645,198	571,708
Administrative and General	9,279,893	8,418,238
Depreciation	11,098,796	10,648,756
	184,940,457	192,602,350
Operating Margins Before Interest Expense	6,973,582	7,435,348
Interest Expense	4,096,633	4,223,726
Operating Margins After Interest Expense	2,876,949	3,211,622
Nonoperating Margins	394,776	1,728,125
Generation and Transmission Cooperative Capital Credits	700,414	677,814
Other Capital Credits and Patronage Capital Allocations	997,821	923,283
Net Margins Before Income Tax	4,969,960	6,540,844
Income Tax Expense	-	-
Net Margins	\$ 4,969,960	\$ 6,540,844



PROXY

The undersigned member of Snapping Shoals Electric Membership Corporation does hereby appoint and constitute

(print agent's name) as agent and proxy of the undersigned with all powers to act for the undersigned, with power of substitution, to vote on any matter which the undersigned would be entitled to vote if personally present at the Annual Members' Meeting of the Snapping Shoals Electric Membership Corporation, to be held at the Georgia International Horse Park, Conyers, Georgia on the 13th day of October, 2020. The undersigned does hereby ratify and confirm all whatsoever said attorney and proxy shall do or cause to be done in or about the premises by virtue of this PROXY.

Signature: _____

Printed Name: _____

Date: _____

Address: _____

Member Number: _____

AUTHORIZATION TO REGISTER

for School, Church, Corporation, Civic Organization or Other Entity

We, the undersigned, do hereby certify that

(print name) has been duly authorized to register and act in behalf of

(name of entity) at the Snapping Shoals EMC Annual Meeting to be held on Tuesday, October 13, 2020, at the Georgia International Horse Park, Conyers, Georgia

Signature: _____

Printed Name: _____

Title of Official: _____

Date: _____

OFFICIAL NOTICE

of The 2020 Annual Meeting of Snapping Shoals Electric Membership Corporation

To the Members of Snapping Shoals Electric Membership Corporation:

Notice is hereby given that pursuant to the provisions of the Bylaws, the Annual Meeting of Snapping Shoals Electric Membership Corporation will be at the Georgia International Horse Park, Conyers, Georgia on October 13, 2020 from 8:00 a.m. to 12:00p.m. EDST for the following purposes:

1. To elect Directors for ensuing terms.
2. To approve minutes of the 2019 Annual Meeting.

If you do not expect to attend the meeting, you may vote by proxy upon matters to be transacted at the Annual Meeting. On this page is a proxy, which should be properly dated and signed. No member may vote as proxy for more than three members at the Annual Meeting. No proxy shall be valid after sixty days from the date of its execution. The presence of a member at the Annual Meeting shall revoke any and all proxies heretofore executed by such member, and such member shall be entitled to vote at the Annual Meeting in the same manner and with the same effect as if he had not executed a proxy.

The director posts to be filled at the Annual Meeting and the term of each, along with the nominations made by the Nominating Committee and nominations by written petition for each post are as follows:

	CLASS I	CLASS I	
DIRECTOR POST	TERM	NOMINATION BY COMMITTEE	NOMINATION BY PETITION
Newton County, Walton County, Morgan County, Jasper County District 1	Three Years	Jeanette Berry	None
Rockdale County District 2	Three Years	Alfred Flanigan	None
DeKalb County District 3	Three Years	Frank Lineberger	None
Henry County, Butts County District 4	Three Years	Jake Carter	None



14750 Brown Bridge Road . Covington, GA 30016

PRESORTED
STANDARD
U.S. POSTAGE
PAID
PERMIT #437
CONYERS, GA

Remember to Bring This Booklet
for Registration and Prizes!

Snapping Shoals EMC'S Annual Meeting of the Members will be Tuesday October 13, 2020
at the Georgia International Horse Park in Conyers, Georgia (map located inside of this publication)



Detach This Card and Drop Into The Registration Box When You Pick Up Your Bucket



Annual Meeting Registration Receipt-October 13, 2020

Please Mark Your Selection Below Prior to the Annual Meeting

- I vote to approve the minutes of the 2019 Annual Meeting (available on www.ssemc.com/annualmeeting.aspx)
I hereby vote to elect the unopposed slate of Class I directors listed below for the 2020 Snapping Shoals EMC Directors' election

Table with 3 columns: DIRECTOR POST, TERM, and NOMINATION BY COMMITTEE. Rows include District 1 (Jeanette Berry), District 2 (Alfred Flanigan), District 3 (Frank Lineberger), and District 4 (Jake Carter).