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CITY OF SWAINSBORO, GEORGIA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED NOVEMBER 30, 2009

City of Swainsboro, Georgia
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For The Year Ended November 30, 2009

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Swainsboro
Swainsboro, Georgia 30401

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I 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 Swainsboro, Georgia, as of and for the year ended November 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Swainsboro, Georgia, management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my 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 City of Swainsboro, Georgia as of November 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated April 21, 2010, on my consideration of the City of Swainsboro, Georgia's internal control over financial reporting and on my 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 my 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* and should be considered in assessing the results of my audit.

The management's discussion and analysis, budgetary comparison information and defined benefit pension plan supplemental information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Swainsboro, Georgia basic financial statements. The combining and individual nonmajor fund financial statements and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of City of Swainsboro, Georgia. The combining and individual nonmajor fund financial statements, other than the supplementary information, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

April 21, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Swainsboro, 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 fiscal year ended November 30, 2009. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The City's assets exceeded its liabilities by \$20,637,351 (net assets) for the fiscal year reported.
- Total net assets are comprised of the following:
 - (1) Capital assets, net of related debt, of \$15,803,579 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Unrestricted net assets of \$4,833,772 represent the portion available to maintain the City's continuing obligations to citizens and creditors.
- The City's governmental funds reported total ending fund balance of \$3,982,421 this year. This compares to the prior year ending fund balance of \$4,017,862 showing a decrease of \$35,441 during the current year. Unreserved fund balance of \$3,970,125 at November 30, 2009 shows a \$179,136 decrease from the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$2,909,699, or 44.9% of total General Fund expenditures, as compared to 41.9% at November 30, 2008.
- Overall, the City continues to maintain a strong financial position, in spite of a somewhat depressed economy.

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 and feasible.

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 Assets*. 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 assets*. Over time, increases or decreases in net assets 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 assets changed during the current fiscal 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 sales taxes and 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, judicial, public safety, public works, health and welfare, culture and recreation and housing and development. Business-type activities include the water and sewer systems.

The government-wide financial statements are presented on pages 13 & 14 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 nonmajor 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 fiscal 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 15 - 18 of this report.

Individual fund information for nonmajor governmental funds is found in a later section of this report.

The *Proprietary fund* is reported in the fund financial statements and generally report services for which the City charges customers a fee. The City's proprietary fund is classified as an enterprise fund. This enterprise fund essentially encompasses 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 utilities.

The basic enterprise fund financial statements are presented on pages 19 - 22 of this report.

Notes to the Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin on page 23 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
As of and For The Year Ended November 30, 2009

City of Swainsboro, Georgia

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budget presentations. Budgetary comparison statements are included as "required supplementary information" for the general fund. Also included are notes to the RSI.

Supplementary Information

Combining statements for nonmajor governmental funds and budgetary comparison schedules for the nonmajor special revenue and debt service funds can be found in the supplementary information.

Financial Analysis of the City as a Whole

The City's net assets at fiscal year-end are \$20,637,351 as compared to \$20,188,210 at November 30, 2008. The following table provides a summary of the City's net assets:

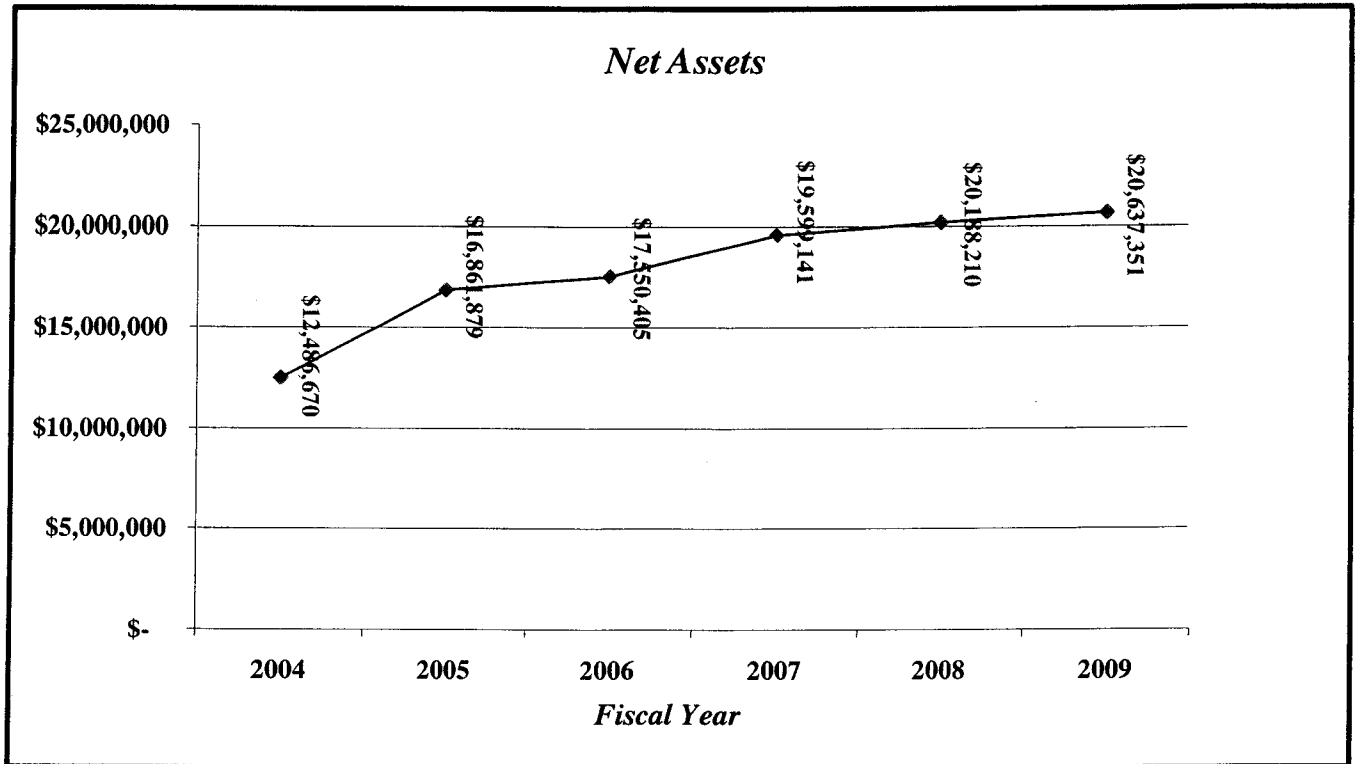
	Summary of Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets:						
Current assets	\$ 4,443,746	\$ 4,439,154	\$ 1,154,976 ⁺	\$ 1,033,023	\$ 5,598,722	\$ 5,472,177
Capital assets	8,886,038	8,812,583	10,731,748 [✓]	10,425,392	19,617,786	19,237,975
Total assets	13,329,784[✓]	13,251,737[✓]	11,886,724⁺	11,458,415[✓]	25,216,508	24,710,152
Liabilities:						
Current liabilities	264,089	258,280	796,529 ⁺	423,792	1,060,618	682,072
Long-term liabilities	831,030	908,997	2,687,509 [✓]	2,930,873	3,518,539	3,839,870
Total liabilities	1,095,119[✓]	1,167,277[✓]	3,484,038⁺	3,354,665[✓]	4,579,157	4,521,942
Net assets:						
Invested in capital assets, net of debt	8,014,035	7,877,663	7,789,544 [✓]	7,250,096	15,803,579	15,127,759
Restricted	-	114,687	-	-	-	114,687
Unrestricted	4,220,630	4,092,110	613,142 [✓]	853,654	4,833,772	4,945,764
Total net assets	\$ 12,234,665[✓]	\$ 12,084,460[✓]	\$ 8,402,686[✓]	\$ 8,103,750[✓]	\$ 20,637,351	\$ 20,188,210

In the above tables, the interfund receivables and payables between governmental activities and business-type activities are not eliminated. The City continues to maintain a high 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 16.8 to 1 as compared to 17.2 to 1 at November 30, 2008. The current ratio for business type activities is 1.5 to 1 as compared to 2.4 to 1 at November 30, 2008. For the City overall, the current ratio is 5.3 to 1 as compared to 8 to 1. These ratios are strong.

The City reported positive balances in net assets for both governmental and business-type activities. Net assets increased \$150,205 or 1.2% for governmental activities, and increased \$298,936, or 3.7% for business-type activities. The City's overall financial position improved during fiscal year 2009.

Note that approximately 65.5% of the governmental activities' net assets are tied up in capital. The City uses these capital assets to provide services to its citizens. However, with business type activities, the City has spent approximately 92.7% of its net assets on capital. Capital assets in the business-type activities also provide utility services, but they also generate revenues for this fund. 76.6% of the City's total net assets are included in capital assets.

The following chart reports the total net asset balances from November 30, 2004 – 2009:



(This page is continued on the subsequent page)

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
As of and For The Year Ended November 30, 2009

City of Swainsboro, Georgia

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

Summary of Changes in Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program:						
Charges for services & fines	\$ 1,185,775✓	\$ 1,195,567	\$ 1,867,749✓	\$ 2,211,249	\$ 3,053,524	\$ 3,406,816
Operating grants	887,088✓	478,861	-	-	887,088	478,861
Capital grants	165,882✓	180,720	370,756✓	182,556	536,638	363,276
General:						
Taxes	4,405,954✓	4,317,591	-	-	4,405,954	4,317,591
Other	93,171✓	158,203	10,037✓	11,302	103,208	169,505
Total revenues	6,737,870✓	6,330,942✓	2,248,542✓	2,405,107✓	8,986,412	8,736,049
Program Expenses:						
General government	601,365	505,340	-	-	601,365	505,340
Public safety	2,455,099	2,305,102	-	-	2,455,099	2,305,102
Public works	1,979,958	1,910,233	-	-	1,979,958	1,910,233
Health and welfare	29,495	31,002	-	-	29,495	31,002
Culture and recreation	977,228	948,221	-	-	977,228	948,221
Housing and development	490,722	497,449	-	-	490,722	497,449
Interest	53,798	61,384	-	-	53,798	61,384
Water and sewer	-	-	1,949,606	1,888,249	1,949,606	1,888,249
Total expenses	6,587,665✓	6,258,731✓	1,949,606✓	1,888,249✓	8,537,271	8,146,980
Excess	150,205	72,211	298,936	516,858	449,141	589,069
Beginning net assets	12,084,460	12,012,249	8,103,750	7,586,892	20,188,210	19,599,141
Ending net assets	\$ 12,234,665	\$ 12,084,460✓	\$ 8,402,686	\$ 8,103,750✓	\$ 20,637,351	\$ 20,188,210

GOVERNMENTAL REVENUES

The City is heavily reliant on property taxes and sales taxes to support governmental operations and capital. Property taxes provided 42.2% of the City's total governmental revenues as compared to 42.6% in fiscal year 2008. Sales taxes make up 15.3% of the City's total governmental revenues as compared to 13.8% in fiscal year 2008.

User charges and fines are the second largest revenue source totaling over \$1.1 million or 17.6% of total governmental revenues. This percentage compared to 18.9% in fiscal year 2008. Because of the City's healthy financial position, we have been able to earn \$64,678 in interest earnings to support governmental activities. Also, note that program revenues cover 34% of governmental operating expenses. This means that the government's taxpayers and the City's other general governmental revenues fund 66% of the governmental activities.

GOVERNMENTAL FUNCTIONAL EXPENSES

The public safety and the highways and streets functions make up approximately 67.4% of the total governmental activities expenses as compared to 67.3% in fiscal year 2008. General government totals over \$600 thousand and the culture and recreation costs the City over \$977 thousand annually.

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 was placed on the City's taxpayers by each of these functions.

General government	\$ 601,365	9.1%	\$ 188,226	4.3%
Public safety	2,455,099	37.3%	2,060,082	47.4%
Public works	1,979,958	30.1%	1,228,362	28.2%
Health and welfare	29,495	0.4%	29,495	0.7%
Culture and recreation	977,228	14.8%	602,045	13.8%
Housing and development	490,722	7.4%	186,912	4.3%
Interest	53,798	0.9%	53,798	1.3%
Total	<u>\$ 6,587,665</u>	<u>100.0%</u>	<u>\$ 4,348,920</u>	<u>100.0%</u>

The public safety totals 47.4% of the net cost of services and public works totals 28.2% of these costs.

The various program operating and capital revenue that offset expenses include the following:

- General government (operating) – State of Georgia homeowners tax relief (\$169,262) and a payment in lieu of taxes (\$22,063)
- Public safety (operating) - Edwin Byrne Grant for police operations (\$50,000); Law enforcement technology grant (\$161,410); and Emanuel County for animal control (\$58,649)
- Culture and recreation (operating) – Emanuel County for recreation department (\$321,857)
- Housing and development (capital) – Department of Transportation for airport fence (\$158,352)

BUSINESS-TYPE ACTIVITIES

The major enterprise fund is the City's water and sewer system. The water and sewer charges for the water and sewer fund were \$1,777,687 or down \$110,283 since this summer was a very wet summer. Other revenues were down \$220,681 from fiscal year 2008 since last years' revenue included a \$320,000 settle for land spray.

Operating expenses increased \$58,265 or 3.3% less than fiscal year 2008. Purchased professional and technical services were up \$46,372 over fiscal year 2008 relating to the OMI contract, which increased \$37,373. The capital grants totaling \$370,756 related to the CDBG grant for water and sewer facility improvements, received from through the Georgia Department of Community Affairs.

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 \$3,982,421 as compared to the fiscal year amount of \$4,017,862. Of this year-end total, \$3,970,125 is unreserved indicating availability for continuing City service requirements. Fund balance includes assets not available for current expenditure of \$12,296, which is tied up in inventory.

The total ending fund balances of governmental funds show a decrease of just \$35,441 or down less than 1% from the prior year.

Major Governmental Funds

General Fund - 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 increased \$48,833 in fiscal year 2009. In fiscal year 2008, the fund balance decreased over \$469,000.

Total revenues increased \$401,218 from that of fiscal year 2008.

Property taxes increased just 4% from that of fiscal year 2008. General fund sales taxes were down \$36,455 or 3.8% due to a recessionary economy. Intergovernmental revenues were up approximately \$393,000 thousand, as referenced above.

Fines increased \$20,504 or 32.1%. Charges for services were \$47,330 or 5.4% below the fiscal year 2008, due primarily to less airport fees. Most other revenue streams were consistent with that of fiscal year 2008.

Total expenditures decreased \$58,249 or less than one percent from the fiscal year 2008 total.

The general government function is up \$85,694 or 17% over fiscal year 2008. This increase relates to the repayment to the Georgia Department of Community Affairs for funds initially received for a revolving loan program that were not being used.

Expenditures for the public safety function decreased \$44,258 or 1.7% from fiscal year 2008 amount due to less capital in this fiscal year. Public works costs increased \$82,631, due primarily due to the purchase of a bulldozer for \$68,300.

Health and development expenditures were down approximately \$167,000 from fiscal year 2008, resulting from less capital outlay in this fiscal year.

The expenditures for the other functions were approximately equal to the fiscal year 2008 amount.

The general fund's ending unreserved fund balance increased \$167,936 or 6.1% over the November 30, 2008 balance, and is considered adequate, representing the equivalent of 44.9% of annual expenditures, as compared to 41.9% last year.

SPLOST Fund - In fiscal year 2009, this fund reported over \$31 thousand in investment earnings and spent \$127,660. The ending fund balance totals approximately \$1 million. This fund balance is decreasing as the SPLOST following approved projects are being completed:

- Sewer, water tower and land spray construction
- A public safety building and equipment
- An upgrade of irrigation and equipment for the recreation department

The Proprietary Fund

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. Therefore, additional analysis is not necessary.

Budgetary Highlights

The General Fund – During fiscal year 2009, the City Council did not amend the general fund budget.

The City recognized \$89,598 more than anticipated, primarily in the intergovernmental classification as explained above. Tax revenue was \$117,969 below the budget, primarily due to the recessionary economy.

In total, the City realized 101.4% of the estimated revenues, primarily because of the above-mentioned intergovernmental revenue.

The expenditure side, the general government function was over expended \$76,992. The public safety budget was over spent by \$156,043 or 6.6% because some capital outlay amounts and grant expenditures were not fully budgeted.

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 November 30, 2009, was \$8,886,038 and \$10,731,748 respectively. The total increase in this net investment was .8% for governmental activities and a 2.9% increase for business-type activities. The overall increase was less than 1% for the City as a whole. See Note 3-F for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year.

(This page continued on the subsequent page)

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
As of and For The Year Ended November 30, 2009

City of Swainsboro, Georgia

The following table provides a summary of capital asset activity.

	Governmental Activities		Business Activities		Total	
	2009	2008	2009	2008	2009	2008
Non-depreciable assets:						
Land	\$ 1,077,250	\$ 1,077,250	\$ 520,300	\$ 520,300	\$ 1,597,550	\$ 1,597,550
Construction in progress	-	-	381,453	533,584	381,453	533,584
Total non-depreciable assets:	<u>1,077,250</u>	<u>1,077,250</u>	<u>901,753</u>	<u>1,053,884</u>	<u>1,979,003</u>	<u>2,131,134</u>
Depreciable assets:						
Buildings	6,168,769	5,825,628	31,319	31,319	6,200,088	5,856,947
Utility plant	-	-	15,831,330	14,991,445	15,831,330	14,991,445
Machinery and equipment	2,374,961	2,271,064	811,103	811,103	3,186,064	3,082,167
Infrastructure	<u>3,014,118</u>	<u>2,981,665</u>	<u>-</u>	<u>-</u>	<u>3,014,118</u>	<u>2,981,665</u>
Total depreciable assets	<u>11,557,848</u>	<u>11,078,357</u>	<u>16,673,752</u>	<u>15,833,867</u>	<u>28,231,600</u>	<u>26,912,224</u>
Less accumulated depreciation	<u>3,749,060</u>	<u>3,343,024</u>	<u>6,843,757</u>	<u>6,462,359</u>	<u>10,592,817</u>	<u>9,805,383</u>
Book value - depreciable assets	<u>7,808,788</u>	<u>7,735,333</u>	<u>9,829,995</u>	<u>9,371,508</u>	<u>17,638,783</u>	<u>17,106,841</u>
Percentage depreciated	<u>32%</u>	<u>30%</u>	<u>41%</u>	<u>41%</u>	<u>38%</u>	<u>36%</u>
Book value - all assets	<u>\$ 8,886,038</u>	<u>\$ 8,812,583</u>	<u>\$ 10,731,748</u>	<u>\$ 10,425,392</u>	<u>\$ 19,617,786</u>	<u>\$ 19,237,975</u>

At November 30, 2009, the depreciable capital assets for governmental activities were 32% depreciated. This compares to 33% at the November 30, 2008 percentage. This comparison indicates that the City is replacing its assets at the same rate as they are depreciating which is a positive indicator.

With the City's business type activities, 41% of the asset values were depreciated at November 30, 2009, which compares to the same 41% at November 30, 2008.

The additions to the buildings account include the following:

- Police building - \$159,813
- Airport fencing - \$176,328
- Airport hangers - \$7,000

The increases in the machinery and equipment account include the following:

- Bulldozer - \$68,300
- Police car - \$20,322

In the business type activities, the construction in progress at November 30, 2009 includes the water and sewer improvements on Church Street. The major addition to the utility plant was the Dealva Park sewer improvement.

Long-term Debt

At the end of this fiscal year, the City reported \$620,000 of outstanding revenue bonds relating to improvements made to the Swainsboro Municipal Golf Course. The water and sewer fund reported \$2,364,293 in revenue notes relating to extension of the water and sewer system.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
As of and For The Year Ended November 30, 2009

City of Swainsboro, Georgia

During the year, the City retired \$70,000 or 10.1% of the beginning outstanding governmental activities revenue bonds. The City retired \$162,599 of its revenue notes or 6.4%.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>		<u>% Change</u>
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	
Revenue bonds	\$ 620,000	\$ 690,000	\$ -	\$ -	\$ 620,000	\$ 690,000	-10%
Water & sewer notes	-	-	2,364,293	2,526,892	2,364,293	2,526,892	-6%
Capital leases	252,003	244,920	577,911	648,404	829,914	893,324	-7%
Compensated absences	108,003	105,295	-	-	108,003	105,295	3%
Total	<u>\$ 980,006</u>	<u>\$1,040,215</u>	<u>\$ 2,942,204</u>	<u>\$ 3,175,296</u>	<u>\$ 3,922,210</u>	<u>\$4,215,511</u>	-7%

The fiscal year 2009 capital lease in governmental activities relates to the purchase of the bulldozer.

See Note 3-G for additional information about the City's long-term debt.

Economic Conditions Affecting the City

The City is physically located in the mid-eastern portion of the State of Georgia, 182 miles southeast of the State capitol, Atlanta, Georgia. The County's land area is 690 square miles with 31.8 persons per square mile. This compares favorable with the State of Georgia's rate of 141.4 persons per square mile. The County seat is Swainsboro, Georgia, which makes up approximately 33.5 % of the County's population. Services are the largest employment sector providing 32.3% of the jobs. Statewide, the service industry provides 25.6% of the jobs.

The City's population is estimated at 7,535. 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, for the City, because of its revenue stream makeup, it is able to survive financially in a slow economy. With the new growth and addition of a Super Walmart, new apartment complex, new shopping center, and other additions, the tax base looks solid for the upcoming year.

The unemployment rate for Emanuel County is 10.6% or a 1.5% increase over the 2008 rate. This rate compares to the State of Georgia's rate of 9.9% and the United States rate of 10%, both for the same period.

In November 2009, there are 9,212 employed in the County. The County's per capita personal income was \$21,474 or only 62% of the United States per capita personal income. The County's per capita personal income ranks 125th out of 159 counties.

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's Administrator at 478/237-7025 or stop by City Hall, 101 West Main Street, Swainsboro, Georgia, 30401.

City of Swainsboro, Georgia
Statement of Net Assets
November 30, 2009

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit
Assets				
Current Assets				
Cash	\$ 519,345	\$ 552,329	\$ 1,071,674	\$ 68
Investments	1,478,116	416,755	1,894,871	-
Receivables - net where applicable of allowance for uncollectibles:				
Accounts	92,375	185,892	278,267	-
Taxes	1,930,664	-	1,930,664	-
Due from others	-	-	-	-
Due from other governments	359,286	(359,286)	-	-
Internal balances	53,131	-	53,131	-
Inventories	10,829	-	10,829	-
Restricted assets:				
Cash	-	-	-	-
Capital Assets				
Nondepreciable capital assets	1,077,250	901,753	1,979,003	-
Depreciable capital assets, net	<u>7,808,788</u>	<u>9,829,995</u>	<u>17,638,783</u>	-
Total Assets	<u>\$ 13,329,784</u>	<u>\$ 11,527,438</u>	<u>\$ 24,857,222</u>	<u>\$ 68</u>
Liabilities				
Current Liabilities				
Accounts payable	\$ 110,691	\$ 3,431	\$ 114,122	\$ -
Other accrued expenses	4,422	-	4,422	-
Customer deposits	-	164,804	164,804	-
Interfund payables	-	-	-	-
Accrued interest	-	14,312	14,312	-
Current portion of long-term debt	148,976	254,696	403,672	-
Long-Term Liabilities				
Notes and bonds payable (net of current portion)	545,000	2,196,488	2,741,488	-
Capital leases payable (net of current portion)	178,027	491,021	669,048	-
Compensated absences	<u>108,003</u>	<u>-</u>	<u>108,003</u>	-
Total Liabilities	<u>1,095,119</u>	<u>3,124,752</u>	<u>4,219,871</u>	-
Net Assets				
Invested in capital assets, net of related debt	8,014,035✓	7,789,544✓	15,803,579✓	-✓
Restricted for:				
Revolving loan	-	-	-	-
Unrestricted	<u>4,220,630</u>	<u>613,142</u>	<u>4,833,772</u>	<u>68</u>
Total Net Assets	<u>\$ 12,234,665</u>	<u>\$ 8,402,686</u>	<u>\$ 20,637,351</u>	<u>\$ 68</u>

See accompanying notes to the basic financial statements.

City of Swainsboro, Georgia
Statement of Activities
For the Year Ended November 30, 2009

Functions	Program Revenue			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services and Fines	Operating Grants and Contributions	Primary Government			Component Unit
				Governmental Activities	Business Type Activities	Total	
Primary Government							
General government	\$ 601,365	\$ 221,814	\$ 191,325	\$ -	\$ -	\$ (188,226)	\$ -
Judicial	-	-	-	-	-	-	-
Public safety	2,455,099	108,378	279,109	7,530	-	(2,060,082)	-
Public works	1,979,958	751,596	-	-	-	(1,228,362)	-
Health and welfare	29,495	-	-	-	-	(29,495)	-
Culture/recreation	977,228	53,326	321,857	-	-	(602,045)	-
Housing and development	490,722	50,661	94,797	158,352	-	(186,912)	-
Interest	53,798	-	-	-	-	(53,798)	-
Total Governmental Activities	6,587,665	1,185,775	887,088	165,882	-	(4,348,920)	-
Business Type Activities							
Water and Sewer	1,949,606	1,867,749	-	370,756	288,899	288,899	-
Total Primary Government	\$ 8,537,271	\$ 3,053,524	\$ 887,088	\$ 536,638	288,899	(4,060,021)	-
Component Units							
Downtown Development Authority	\$ -	\$ -	\$ -	\$ -	-	-	-
General Revenues							
Property taxes				2,841,238	-	2,841,238	-
Sales taxes				932,708	-	932,708	-
Insurance Premium Taxes				384,942	-	384,942	-
Other taxes				247,066	-	247,066	-
Investment earnings				64,678	10,037	74,715	-
Miscellaneous				28,493	-	28,493	-
Transfers				-	-	-	-
Total General Revenues				4,499,125	10,037	4,509,162	-
Change in Net Assets				150,205	298,936	449,141	-
Net Assets - December 1				12,084,460	8,103,750	20,188,210	68
Net Assets - November 30				\$ 12,234,665	\$ 8,402,686	\$ 20,637,351	\$ 68

See accompanying notes to the basic financial statements.

City of Swainsboro, Georgia
Balance Sheet
Governmental Funds
November 30, 2009

	General	SPLOST	Other Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 334,817	\$ 146,667	\$ 37,861	\$ 519,345
Investments	602,117	875,999	-	1,478,116
Receivables - net where applicable of allowance for uncollectibles:				
Accounts	92,375		-	92,375
Taxes	1,930,664	-	-	1,930,664
Interfund balances	359,387	-	-	359,387
Due from other governments	53,131	-	-	53,131
Inventories	10,829	-	-	10,829
Total Assets	<u>\$ 3,383,320</u>	<u>\$ 1,022,666</u>	<u>\$ 37,861</u>	<u>\$ 4,443,847</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 110,691	\$ -	\$ -	\$ 110,691
Interfund payable	-	-	101	101
Other accrued expenses	4,422	-	-	4,422
Deferred revenue	346,212	-	-	346,212
Total Liabilities	<u>461,325</u>	<u>-</u>	<u>101</u>	<u>461,426</u>
Fund Balances				
Reserved for inventories	12,296	-	-	12,296
Unreserved, undesignated reported in:				
General fund	2,909,699	-	-	2,909,699
Capital projects fund	-	1,022,666	-	1,022,666
Debt service fund	-	-	17,518	17,518
Special revenue funds	-	-	20,242	20,242
Total Fund Balances	<u>2,921,995 ✓</u>	<u>1,022,666 ✓</u>	<u>37,760 ✓</u>	<u>3,982,421 ✓</u>
Total Liabilities and Fund Balances	<u>\$ 3,383,320</u>	<u>\$ 1,022,666</u>	<u>\$ 37,861</u>	<u>\$ 4,443,847</u>

See accompanying notes to the basic financial statements.

City of Swainsboro, Georgia
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
November 30, 2009

Total Governmental Fund Balance		\$ 3,982,421✓
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Cost	12,635,098	
Less accumulated depreciation	<u>(3,749,060)</u>	8,886,038✓
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:		
Property taxes		346,212✓
Liabilities, including bonds and capital leases and compensated absences are not due and payable in the current period and therefore are not reported in the funds but are reported in the statement of net assets:		
Bonds and capital leases payable	(872,003)✓	
Compensated absences	<u>(108,003)✓</u>	<u>(980,006)✓</u>
Net Assets of Governmental Activities		\$ <u>12,234,665</u> ✓

See accompanying notes to the basic financial statements.

City of Swainsboro, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended November 30, 2009

	General	SPLOST	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 4,295,539	\$ -	\$ 58,433	\$ 4,353,972
Licenses and permits	220,033	-	-	220,033
Intergovernmental	1,052,970	-	-	1,052,970
Charges for services	836,598	-	44,701	881,299
Fines and forfeitures	84,443	-	-	84,443
Investment earnings	32,802	31,624	252	64,678
Miscellaneous	23,593	-	-	23,593
Total Revenues	<u>6,545,978</u>	<u>31,624</u>	<u>103,386</u>	<u>6,680,988</u>
Expenditures				
Current:				
General government	588,803	-	-	588,803
Public safety	2,512,419	-	-	2,512,419
Public works	1,861,310	-	-	1,861,310
Health and welfare	26,745	-	-	26,745
Culture/recreation	912,844	-	-	912,844
Housing and development	512,808	-	62,025	574,833
Capital Outlay	-	127,660	-	127,660
Debt Service:				
Principal	61,217	-	70,000	131,217
Interest	9,776	-	44,022	53,798
Total Expenditures	<u>6,485,922</u>	<u>127,660</u> ✓	<u>176,047</u>	<u>6,789,629</u>
Excess of Revenues Over (Under) Expenditures	<u>60,056</u>	<u>(96,036)</u>	<u>(72,661)</u>	<u>(108,641)</u>
Other Financing Sources (Uses)				
Transfers in (out)	(84,423)	19,363	65,060	-
Capital leases	68,300	-	-	68,300
Proceeds of <u>Fixed Assets</u>	4,900	-	-	4,900
Total Other Financing Sources (Uses)	<u>(11,223)</u>	<u>19,363</u>	<u>65,060</u>	<u>73,200</u>
Net Change in Fund Balances	48,833	(76,673)	(7,601)	(35,441) ✓
Fund Balance - December 1	<u>2,873,162</u> ✓	<u>1,099,339</u> ✓	<u>45,361</u> ✓	<u>4,017,862</u> ✓
Fund Balance - November 30	<u>\$ 2,921,995</u> ✓	<u>\$ 1,022,666</u> ✓	<u>\$ 37,760</u> ✓	<u>\$ 3,982,421</u> ✓

See accompanying notes to the basic financial statements.

City of Swainsboro, Georgia
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended November 30, 2009

Net Changes in Fund Balances - Total Governmental Funds: \$ (35,441) ✓

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay differed from depreciation expense in the current period.

Depreciation expense	\$ (406,036)	
Capital outlay	<u>479,491</u>	73,455 ✓

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes:		
Deferred at December 1	\$ (294,230)	
Deferred at November 30	<u>346,212</u>	51,982 ✓

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 December 1	105,295	
Liability at November 30	(108,003)	(2,708) ✓

The proceeds of debt issuances provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Debt issuances	(68,300)	
Debt repayment	<u>131,217</u>	<u>62,917</u> ✓

Changes in Net Assets		\$ <u>150,205</u> ✓
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See accompanying notes to the basic financial statements.

City of Swainsboro, Georgia
Statement of Net Assets
Proprietary Funds
November 30, 2009

	<u>Water and Sewer</u>
Assets	
Current Assets:	
Cash	\$ 552,329
Investments	416,755
Receivables - net of allowance for uncollectibles	
Accounts	<u>185,892</u>
Total Current Assets	<u>1,154,976</u>
Noncurrent Assets:	
Capital Assets:	
Nondepreciable capital assets	901,753
Depreciable capital assets, net	<u>9,829,995</u>
Capital Assets, net	<u>10,731,748</u>
Total Assets	<u>\$ 11,886,724</u>
Liabilities	
Current Liabilities:	
Accounts payable	\$ 3,431
Customer deposits	164,804
Accrued interest	14,312
Due to other funds	359,286
Current portion of long-term debt	<u>254,696</u>
Total Current Liabilities	<u>796,529</u>
Long-term Liabilities:	
Notes and bonds payable	2,196,488
Capital leases payable	<u>491,021</u>
Total Long-term Liabilities	<u>2,687,509</u>
Total Liabilities	<u>3,484,038</u>
Net Assets	
Invested in capital assets, net of related debt	7,789,544 ✓
Unrestricted	<u>613,142</u> ✓
Total Net Assets	<u>\$ 8,402,686</u> ✓

See accompanying notes to the basic financial statements.

City of Swainsboro, Georgia
Statement of Revenues,
Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended November 30, 2009

	<u>Water And Sewer</u>
Operating Revenues	
Water and sewer charges	1,667,404
Service charges	66,328
Other	<u>134,017</u>
Total Operating Revenues	<u>1,867,749</u>
Operating Expenses	
Salaries	29,604
Employee benefits	13,411
Purchased professional and technical services	1,329,482
Purchased property services	-
Other purchased services	45,000
Supplies	38,107
Depreciation	<u>381,398</u>
Total Operating Expenses	<u>1,837,002</u>
Operating Income (Loss)	<u>30,747</u>
Non-Operating Revenues (Expenses)	
Contributed capital	-
Grants income	370,756
Interest earned on investments	10,037
Interest expense	<u>(112,604)</u>
Total Non-Operating Revenues (Expenses)	<u>268,189</u>
Income (Loss) Before Transfers	298,936
Transfers in	<u>-</u>
Change in Net Assets	298,936 ✓
Net Assets - December 1	<u>8,103,750</u> ✓
Net Assets - November 30	<u>\$ 8,402,686</u> ✓

See accompanying notes to the basic financial statements.

City of Swainsboro, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended November 30, 2009

	Water And Sewer
Increase (Decrease) in Cash	
Cash Flows From Operating Activities	
Cash received from customers	\$ 1,870,919
Cash payments for personnel services	(43,015)
Cash payments for goods and services	<u>(1,414,237)</u>
Net Cash provided by (Used in) Operating Activities	<u>413,667</u>
Cash Flows From Noncapital Financing Activities	
Interfund advances	<u>266,400</u>
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>266,400</u>
Cash Flows from Capital and Related Financing Activities	
Capital grants	243,096
Interest paid	(113,666)
Proceeds from capital leases	-
Principal paid on notes and capital leases	(233,092)
Purchase of capital assets	<u>(560,094)</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(663,756)</u>
Cash Flows from Investing Activities	
Purchase of investments	(325,829)
Investment earnings	<u>10,037</u>
Net Cash Provided by (Used in) Investing Activities	<u>(315,792)</u>
Net Increase (Decrease) in Cash	(299,481)
Cash - December 1	<u>851,810</u> ✓
Cash - November 30	<u>\$ 552,329</u> ✓
Supplemental Disclosures	
Noncash Capital and Related Financing Activities:	
Capital Assets Contributed	<u>\$ 27,660</u>

See accompanying notes to the basic financial statements.

City of Swainsboro, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended November 30, 2009

	<u>Water And Sewer</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities	
Operating Income (Loss)	\$ 30,747 ✓
Adjustments:	
Depreciation	381,398
(Increase) Decrease in Assets:	
Accounts receivable	(2,719)
Increase (Decrease) in Liabilities:	
Accounts payable	(1,648)
Customer deposits	<u>5,889</u>
Net Cash Provided by Operating Activities	<u>\$ 413,667</u> ✓

See accompanying notes to the basic financial statements.

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2009

The City of Swainsboro, Georgia (the "City") was incorporated in 1890. The City operates under a council-mayor form of government and provides the following services: public safety, highways and streets, culture and recreation, public improvements, sanitation, and general and administrative services. In addition, the City operates a public utility (water and wastewater).

Note 1 – 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 (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 listed below.

1-A. Reporting Entity

The reporting entity is comprised of the primary government, and component units and other organizations that are included to ensure that the financial statements are not misleading.

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.

Discretely presented component units generally are reported only at the government-wide financial reporting level.

The City of Swainsboro Downtown Development Authority is the only organization that met the requirements of being a component unit for the current fiscal year and it did not have any transactions during the year.

Emanuel County and City of Swainsboro Development Authority and Swainsboro Housing Authority are related organizations in that the City appoints all or some of the members of the authorities/commission but does not have financial responsibility for them.

Separate financial statements for individual component units may be obtained from the City Administrator at 101 West Main Street, Swainsboro, GA.

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2009

1-B. Basis of Presentation

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

Government-wide Financial Statements – The government-wide financial statements include a statement of net assets and a statement of activities. These statements report financial information for the City as a whole. All funds other than fiduciary activities, if any, are included at the government-wide reporting level. Individual funds are not displayed at this reporting level, but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of net assets presents the financial position of the governmental and business-type activities of the City.

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

The statement of activities reports the expenses of a given function offset by program revenues directly related to 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.

Taxes and 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

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2009

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 with composite columns for non-major funds, if any. The fiduciary funds are reported by type, if any.

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

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

General Fund – The general fund accounts for all financial resources except those required to be accounted for in other funds. 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.

Capital Projects Fund – Special Purpose Local Option Sales Tax (SPLOST) – This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary operations).

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

Water and Sewer System Fund – This fund is used for the operation of the City's water and sewer system which renders services to the residents and businesses located within the incorporated and immediately surrounding areas.

1-C. 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 assets. The statement of activities reports revenues and expenses, including depreciation.

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial resources measurement focus in these financial statements. With this measurement

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2009

focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include 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 assets. The statements of changes in fund net assets present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

1-D. 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, governmental funds use the modified accrual basis of accounting and fiduciary funds use the 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 revenue, and in the presentation of expenses versus expenditures.

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 two months of year-end.

Revenues – Non-exchange – Non-exchange transactions, in which the City receives value without directly giving equal value in return, includes 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 and on the modified accrual basis, it is recognized in the year the sale takes place as long as it is received within 60 days (i.e., when considered available). Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose,

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2009

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.

Deferred Revenue – Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred revenue (i.e., they are measurable but not available) rather than as revenue.

Property taxes receivable not collected within 60 days of year-end have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met (e.g., cash advances), if any, also are recorded as deferred revenue.

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.

1-E. Assets, Liabilities and Fund Equity

1-E-1. 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 government or governmental agency
- Obligations of any corporation of the government
- Prime bankers' acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund 1)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

Any investment or deposit in excess of the Federal Deposit Insurance Corporation (FDIC) insured amount must be secured by 110% of an equivalent amount of State or U. S. obligations.

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2009

1-E-2. Receivables

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable.

1-E-3. Interfund Balances

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

1-E-4. Consumable Inventories

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used (i.e., the consumption method). When payments to vendors reflect costs applicable to future accounting periods, they are recorded as expenditures when paid.

On the fund financial statements, inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as expenditures in the governmental fund types when consumed.

1-E-5. 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 assets 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 assets and in the enterprise funds' statement of net assets.

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 for equipment and vehicles, fifty thousand dollars for buildings, and two hundred and fifty thousand dollars for infrastructure. The City's infrastructure consists of roads, bridges, curbs and gutters acquired after December 1, 2003. Improvements (i.e., betterments) 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. Interest incurred during the construction of capital assets utilized by the enterprise fund is capitalized.

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2009

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:

	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Building and improvements	30 – 50 Years	30 – 50 Years
Equipment	5 – 10 Years	5 – 10 Years
Utility plant in service	-	40 Years
Infrastructure	15 – 50 Years	-

1-E-6. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

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

The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only "when due."

1-E-7. 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. Debt service expenditures are recognized as a liability in the governmental fund financial statements when due.

1-E-8. Bond Premiums, Discounts and Issuance Costs

On the government-wide statement of net assets and the proprietary fund type statement of net assets, bond premiums and discounts are netted against bonds payable and bond issuance costs

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2009

are reported as deferred charges. On the government-wide and proprietary fund type statement of activities, bond premiums and discounts and bond issuance costs are deferred and amortized over the life of the bonds using the effective interest method.

At government fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as expenditures.

1-E-9. 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 assets."

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available, spendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods. Designations demonstrate management's intent to set aside these resources for specific services.

Net Assets – Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, 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. The net asset amount also is adjusted by any bond issuance deferred amounts. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other assets are reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

1-E-10. 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, sewer and solid waste programs. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of each program. Nonoperating income and expenses are those revenues and expenses that are not generated directly from the primary activity of the proprietary funds. For the City, nonoperating revenues are grants and investment income and nonoperating expenses are interest expenses.

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2009

1-E-11. Contributions of Capital

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

1-E-12. 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.

1-E-13. Estimates

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

Note 2 – Stewardship, Compliance and Accountability

2-A. Budgetary Information – The City adopts an annual operating budget for the general fund, each special revenue fund, if any, and each enterprise fund. The budget resolution reflects the total of each department's appropriation in each fund. The City also adopts a project long budget for the capital projects fund. The governmental funds budgets and the Enterprise fund budget are adopted on a basis consistent with GAAP. All unexpended annual appropriations lapse at year-end.

The level of budgetary control (the level at which expenditures may not exceed appropriations) is the department level with the following provisions:

The City Administrator may transfer funds from one object or purpose to another within the same department.

City of Swainsboro, Georgia
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For the Year Ended November 30, 2009

The City Council may amend the budget by motion during the fiscal year.

Formal budgetary integration is employed as a management control device during the year for all budgeted funds. For the current year the following departments in the General Fund had expenditures that exceeded appropriations: Governing Body \$4,175, Mayor/Commission Chairperson \$5,198, Financial Administration \$67,619, Police \$189,672, and Airport \$98,031.

Note 3 – Detailed Notes on All Funds

3-A. Deposits and Investments

Deposits – The bank balance (including certificates of deposit which are categorized as investments for financial reporting) is classified into three categories of credit risk: 1) cash that is insured or collateralized with securities held by the City or by its agent in its name, 2) cash collateralized with securities held by the pledging financial institution's trust department or agent in the City's name, and 3) uncollateralized bank accounts including any bank balance that is collateralized with securities held by the pledging institution's trust department or agent but not in the City's name.

The City's deposits are classified as follows at November 30, 2009:

	<u>1</u>	<u>2</u>	<u>3</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
Primary Government	<u>\$3,045,667</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,045,667</u>	<u>\$2,966,545</u>
Component Unit	<u>\$ 68</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68</u>	<u>\$ 68</u>

Investments – Primary Government – Investments of the City are categorized to give an indication of the level of risk assumed by the City at year-end. Category 1 includes investments that are insured or registered or for which the City's agent in the City's name holds the securities. Category 2 includes uninsured and unregistered investments for which the counterparty's trust department or agent in the City's name holds the securities. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the City's name.

All investments of the City were in certificates of deposit and stated at cost plus accrued interest.

3-B. Receivables

Receivables at November 30, 2009, consisted of taxes, interest, accounts (billings for user charges) and intergovernmental receivables.

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2009

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.

3-C. Property Taxes

Normally, property tax levies are set by the City Council in June of each year for collection in the following fiscal year beginning December 1. The City spreads all levies over assessable property. Taxes are levied annually by the City and for the year ended November 30, 2009, the levy occurs on October 20. Real and personal property taxes are due in the month of December. Property taxes receivable becomes a lien on January 1. At fiscal year-end, the receivables represent current and delinquent taxes. At the fund reporting level, if taxes are not paid within 60 days of year-end, they are recorded as deferred revenue since they are not available to finance current expenditures.

3-D. Interfund Balances and Transfers

Interfund balances at November 30, 2009, consisted of the \$359,286 payable from the Water and Sewer Fund to the General Fund and \$101 payable from the Hotel/Motel Fund to the General Fund and 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. The City expects to repay all interfund balances within one year.

Interfund transfers for the current fiscal year were \$84,423. This \$65,060 represents funds that are transferred annually from the general fund to the debt service fund. The debt service fund uses this transfer and the golf course revenue to make the principal and interest payment on the golf course bonds. Also, \$19,363 was transferred from the General Fund to the SPLOST Fund for capital expenditures.

3-E. Compensated Absences

In general, employees earn annual leave at the rate of 3 days per year for the first year of service, 6 days per year for 1-4 years of service, 12 days per year for 5-9 years of service and 15 days per year for over 10 years of service. A maximum of 30 days may be carried over into an employee's next service year. Any unused, accrued leave in excess of 30 days from service year to service year will be forfeited. Upon termination, employees are paid for any accrued annual leave.

In general, employees accrue sick leave at the rate of 12 days per year. Unused sick leave is allowed to accumulate from service year to service year. Upon termination, employees forfeit all accumulated unused sick leave.

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2009

3-F. Capital Assets

Capital asset activity for the year ended November 30, 2009, was as follows:

	Balance 11/30/2008	Additions	Deductions	Balance 11/30/2009
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,077,250	\$ -	\$ -	\$ 1,077,250
Projects under construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>1,077,250</u> ✓	<u>-</u>	<u>-</u>	<u>1,077,250</u> ✓
Other capital assets:				
Buildings	5,825,628	343,141	-	6,168,769
Equipment	2,271,064	103,897	-	2,374,961
Infrastructure	<u>2,981,665</u>	<u>32,453</u>	<u>-</u>	<u>3,014,118</u>
Total other capital assets	<u>11,078,357</u> ✓	<u>479,491</u>	<u>-</u>	<u>11,557,848</u>
Total capital assets	<u>12,155,607</u> ✓	<u>479,491</u>	<u>-</u>	<u>12,635,098</u>
Accumulated depreciation				
Buildings	1,757,781	143,527	-	1,901,308
Equipment	1,410,597	187,562	-	1,598,159
Infrastructure	<u>174,646</u>	<u>74,947</u>	<u>-</u>	<u>249,593</u>
	<u>3,343,024</u> ✓	<u>406,036</u>	<u>-</u>	<u>3,749,060</u>
Governmental activities capital assets, net	<u>\$ 8,812,583</u> ✓	<u>\$ 73,455</u>	<u>\$ -</u>	<u>\$ 8,886,038</u> ✓
Governmental activities depreciation expense				
General government		\$ 12,795		
Public safety		128,544		
Public works		91,741		
Health and welfare		2,750		
Culture/recreation		64,176		
Housing and development		<u>106,030</u>		
Total governmental activities depreciation expense		<u>\$ 406,036</u> ✓		

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2009

Business-type activities:

	Balance 11/30/2008	Additions	Deductions	Balance 11/30/2009
Capital assets not being depreciated:				
Land	\$ 520,300	\$ -	\$ -	\$ 520,300
Projects under construction	<u>533,584</u>	<u>378,941</u>	<u>(531,072)</u>	<u>381,453</u>
Total capital assets not being depreciated	<u>1,053,884</u> ✓	<u>378,941</u>	<u>(531,072)</u>	<u>901,753</u> ✓
Other capital assets:				
Buildings	31,319	-	-	31,319
Utility plant in service	14,991,445	839,885	-	15,831,330
Equipment	<u>811,103</u>	<u>-</u>	<u>-</u>	<u>811,103</u>
Total other capital assets	<u>15,833,867</u> ✓	<u>839,885</u>	<u>-</u>	<u>16,673,752</u>
Total capital assets	<u>16,887,751</u> ✓	<u>1,218,826</u>	<u>(531,072)</u>	<u>17,575,505</u>
Accumulated depreciation				
Buildings	13,531	1,321	-	14,852
Utility plant in service	5,793,744	331,873	-	6,125,617
Equipment	<u>655,084</u>	<u>48,204</u>	<u>-</u>	<u>703,288</u>
Less: accumulated depreciation	<u>6,462,359</u> ✓	<u>381,398</u>	<u>-</u>	<u>6,843,757</u>
Business-type activities capital assets, net	<u>\$ 10,425,392</u> ✓	<u>\$ 837,428</u>	<u>\$(531,072)</u>	<u>\$ 10,731,748</u> ✓

3-G. Long-Term Debt

Summary of General Obligation Debt:

The following is a summary of the outstanding revenue long-term bonds at November 30, 2009:

<u>Description</u>	<u>Issue Date</u>	<u>Rate</u>	<u>Maturity</u>	<u>Original Amount</u>	<u>Outstanding 11/30/2009</u>
Series 1996	7/1/96	5.55/6.5	Final Maturity 8/1/2016	\$1,250,000	\$620,000 ✓

The purpose of the bonds was to extend and improve the Swainsboro Municipal Golf Course. Interest is payable semiannually on February 1 and August 1. Principal is payable annually on August 1.

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2009

Summary of Water and Sewer Fund Debt:

The following is a summary of the outstanding notes to Georgia Environmental Facilities Authority (GEFA):

<u>Description</u>	<u>Issue Date</u>	<u>Rate</u>	<u>Maturity</u>	<u>Original Amount</u>	<u>Outstanding 11/30/2009</u>
96-662-SW	4/01/99	4.1%	Final maturity 4/01/2019	\$500,000	\$ 288,009
CW 98-006	4/01/03	3.0%	Final maturity 1/01/2022	2,876,436	<u>2,076,285</u>
					<u>\$2,364,294</u> ✓

The purpose of the notes was for extending the water and sewer system. The notes have quarterly installments of \$9,189 and \$50,792 respectively, which includes principal and interest.

Capital leases:

The City has entered into several leases for equipment with Georgia Municipal Association (GMA). The equipment leased for governmental and business-type activities has an original cost of \$674,722 and \$867,976 respectively.

<u>Fiscal Year</u>	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	73,976	9,482	83,458	86,890	19,943	106,833
2011	56,485	6,489	62,974	90,459	16,374	106,833
2012	51,830	4,314	56,144	94,175	12,658	106,833
2013	36,996	2,315	39,311	98,045	8,788	106,833
2014	32,715	985	33,700	102,074	4,759	106,833
2015	-	-	-	106,268	565	106,833
Total	<u>\$ 252,002</u> ✓	<u>\$ 23,585</u>	<u>\$ 275,587</u>	<u>\$ 577,911</u> ✓	<u>\$ 63,087</u>	<u>\$ 640,998</u>

Debt Service Requirements to Maturity:

<u>Fiscal Year</u>	<u>Governmental Bonds Activity</u>			<u>Business-Type Notes Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	75,000	39,005	114,005	167,806	72,118	239,924
2011	80,000	34,505	114,505	173,184	66,740	239,924
2012	80,000	29,705	109,705	178,736	61,188	239,924
2013	85,000	24,665	109,665	184,469	55,455	239,924
2014	95,000	19,310	114,310	190,389	49,535	239,924
2015	100,000	13,325	113,325	196,503	43,421	239,924
2016	105,000	6,825	111,825	202,815	37,109	239,924
2017	-	-	-	209,334	30,590	239,924
2018-2022	-	-	-	861,057	57,163	918,220
TOTAL	<u>\$ 620,000</u> ✓	<u>\$ 167,340</u>	<u>\$ 787,340</u>	<u>\$ 2,364,293</u> ✓	<u>\$ 473,319</u>	<u>\$ 2,837,612</u>

City of Swainsboro, Georgia
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For the Year Ended November 30, 2009

Specific years for payment of compensated absences are not determinable and are not included in this disclosure.

Changes in Long-term Debt:

Changes in the City's long-term obligations consisted of the following for the year ended November 30, 2009:

	<u>Outstanding 11/30/2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 11/30/2009</u>	<u>Due Within One Year</u>
Governmental Activities:					
Revenue Bonds	\$ 690,000	\$ -	\$ 70,000	\$ 620,000 ✓	\$ 75,000
Capital Leases	244,920	68,300	61,217	252,003 ✓	73,976
Compensated Absences	<u>105,295</u>	<u>2,708</u>	<u>-</u>	<u>108,003</u>	<u>-</u>
Total Governmental Activities	<u>\$ 1,040,215</u> ✓	<u>\$ 71,008</u>	<u>\$ 131,217</u>	<u>\$ 980,006</u>	<u>\$ 148,976</u> ✓
Business-Type Activities:					
Water & Sewer Notes	\$ 2,526,892	\$ -	\$ 162,599	\$ 2,364,293 ✓	\$ 167,806
Capital Leases	<u>648,404</u>	<u>-</u>	<u>70,493</u>	<u>577,911</u> ✓	<u>86,890</u>
Total Business-Type Activities	<u>\$ 3,175,296</u> ✓	<u>\$ -</u>	<u>\$ 233,092</u>	<u>\$ 2,942,204</u>	<u>\$ 254,696</u> ✓

All long-term general obligation debt of the City will be financed from general fund revenues. Principal and interest payments related to the City's water and sewer enterprise fund are financed from income derived from the operation of the water and sewer system. The compensated absences liability will be paid from the fund from which the employees' salaries are paid, typically the general fund.

3-H. Pensions

The City provides pension benefits through the City of Swainsboro Retirement Plan for all of its full-time employees through a defined benefit plan in the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer Public Employees Retirement System (PERS). The City has the right to establish and amend the benefit provisions of the plan.

The plan, adopted by a City Council Ordinance dated September 24, 1973, covers all full-time (30 hours) employees after one year of service and employees are fully vested in their accrued benefits after ten years of service. The City is required to contribute the amount necessary to fund the benefits for its members, using the actuarial basis recommended by GMEBS and adopted by the City Council. Employees do not contribute to the plan. Employees who retire at

City of Swainsboro, Georgia
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For the Year Ended November 30, 2009

or after age sixty-five with five years of credited service or after age fifty-five with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 to 1.75 percent of their average monthly earnings as defined in the plan for each year of credit service. The system also provides death and disability benefits. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Georgia Municipal Employees Benefit System, 201 Pryor Street SW, Atlanta, GA 30303. There is no City of Swainsboro or related party securities included in PERS assets.

Membership of the plan:

Non-vested active members	29
Fully vested active members	32
Retirees and beneficiaries currently receiving benefits	38
Terminated plan members entitled to but not yet receiving benefits	<u>13</u>
Total	<u>112</u>

Funding Policy:

The City is required to contribute based on actuarial funding policy. The annual recommended contribution is the sum of 1) the normal cost (including administrative expenses), 2) the level dollar amortization of the unfunded actuarial accrued liability (initial unfunded actuarial accrued liability over 30 years from 1982 and changes in the unfunded actuarial liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods from the end of the year during which such changes arise, and 3) interest on these amounts from the valuation date to the date contributions are paid. These amortization periods, if applicable, are closed for this plan year. Plan provisions and contribution requirements are established by state statute and may be amended by the State. The contribution requirement for the year ended March 1, 2009 was \$276,907, which was 14.46% of the covered payroll of \$1,914,967.

Annual Pension Cost:

For 2009, the City's annual pension cost of \$276,907 for GMEBBS was equal to the City's required and actual contributions. The required contribution was determined as part of the March 1, 2009 actuarial valuation using the entry age normal actuarial cost method. The significant actuarial assumptions used to compute the actuarial accrued liability and the annual recommended contribution of the plan meet the Actuarial Standard of Practice No. 4, *Measuring Pension Obligations*, establishing generally accepted actuarial principles and practices.

The significant actuarial assumptions used in the current valuation are:

Investment Rate of Return	8.00% per year
Projected Salary Increases	5.50% per year
Cost of Living Adjustments	5.00% per year

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2009

To minimize the effect of random variations in financial market values on the recommended contribution, the GMEBS Board of Trustees adopted an asset valuation method for use in calculation. The method for determining the actuarial value of assets is part of the GMEBS actuarial funding policy. It produces an adjusted actuarial value of assets. The smoothing technique gradually incorporates investment performance that exceeds or falls short of the expected return of 8%. The market value of assets is based on current values as of two months preceding the valuation date and is assumed to be current through that date.

Trend information:

	2009	2008	2007
Annual pension cost	\$183,593	\$133,726	\$110,762
Percentage contributed	100%	100%	100%

As of the most recent valuation date, November 30, 2009, the funded status of the Plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Total Unfunded Actuarial Liab	Funded Ratio	Covered Payroll	Ratio of unfunded Liability
03/01/09	\$4,809,635	\$5,645,209	\$835,574	85.20%	\$1,914,967	43.63%

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liability for benefits.

3-I. Postemployment benefits

The City provides postretirement health care and life insurance benefits, as per the requirements of a local ordinance, for certain retirees and their dependents. The benefits vary depending upon the years of service for health care and the position held with the City for life insurance. The City pays 100 percent of the premiums of health care coverage for employees who retire with 30 years of full-time service. The City pays 100 percent of the premiums for \$10,000 life insurance coverage for department heads and \$6,000 coverage for all other employees, who retire with 20 years of full-time service. The City's regular health care and life insurance benefit providers underwrite the retirees' policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans.

As of year-end, there were 10 employees who had retired and were receiving life insurance benefits. Five of these employees had retired with 30 years of full-time service that were receiving the health care benefit. The City finances the plan on a pay-as-you-go basis and the

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2009

plan may be terminated at the discretion of city council. For the year ended November 30, 2009, the City recognized as incurred \$35,784 of expenditures.

Note 5 – Other Notes

4-A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments. There have been no significant reductions in insurance coverage during the current year.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the fund.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims in the past three years have not exceeded the coverage.

4-B. Contingent Liabilities

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.

The City was not a defendant in any lawsuits at November 30, 2009.

4-C. Joint Venture

Under Georgia law, the City, in conjunction with other municipalities and counties in the middle Georgia area, is a member of the Heart of Georgia Altamaha Regional Development Center (RDC). Membership in the RDC is required by the Official Code of Georgia Annotated (OCGA)

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2009

Section 50-8-34, which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes representation from each county and municipality of the area, as well as representatives from the private sector and other governmental entities. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements for the RDC are available from:

Heart of Georgia Altamaha Regional Development Center
501 Oak Street
Eastman, Georgia 31023
4-D. Hotel/Motel Lodging Tax

The City levies a 5% lodging tax. A summary of the transactions for the year ended November 30, 2009 follows:

Balance of lodging tax on hand, October 1	\$ 23,663✓
Lodging tax receipts and interest	58,604✓
Expenditures	<u>62,025</u> ✓
Balance of lodging tax on hand, November 30	\$ <u>20,242</u> ✓

Expenditures of \$62,025[✓] (106% current year's receipts) were for promotion of tourism as required by OCGA 48-13-51. This complies with the expenditure requirements of OCGA 48-13-51.

CITY OF SWAINSBORO
DEFINED BENEFIT PENSION PLAN SUPPLEMENTAL INFORMATION
NOVEMBER 30, 2009

FUNDED STATUS

Actuarial valuation date	3/1/04	3/1/05	3/1/06	3/1/07	3/1/08	3/1/09
Actuarial value of asset	\$ 4,898,122	\$ 5,114,502	\$ 5,354,231	\$ 5,643,792	\$ 5,933,233	\$ 4,809,635
Actuarial accrued liability	4,565,569	4,667,678	4,769,893	4,923,575	5,442,824	5,645,209
Funded ratio	107.28 %	109.57 %	112.25 %	114.63 %	109.01 %	85.20 %
Total unfunded actuarial Liability (funding excess)	(332,553)	(446,824)	(584,338)	(720,217)	(490,409)	835,574
Annual covered payroll	1,482,574	1,421,824	1,446,992	1,541,157	1,723,490	1,914,967
Ratio of unfunded (excess) to annual covered payroll	N/A	N/A	N/A	N/A	N/A	43.63 %

Valuation Date	March 1, 2009
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases.
Asset Valuation Method	Sum of the actuarial value at the beginning of year and the cash flow during year plus the assumed investment return, adjusted by 10 percent 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.

Actuarial Assumptions:

Investment Rate of Return	8.00%
Projected Salary Increases	5.50%
Cost of Living Adjustments	5.00%

Membership of the Plan:

Retirees and beneficiaries receiving benefits	38
Terminated plan members entitled to, but not yet receiving benefits	13
Active plan members	<u>61</u>
Total	<u>112</u>

ACTUARIAL ASSUMPTIONS AN ACTUARIAL COST METHOD

Mortality Rates:

Healthy	1983 Group Annuity Mortality Table for Males and Females without Margin
Disabled	1944 Railroad Retirement Board Male Ultimate Disabled Mortality
Plan termination basis (all lives)	1944 Group Annuity Reserving Unisex Table

Termination Rates before Retirement:

Age	Rate (%)				Turnover
	Male Mortality	Female Mortality	Male Disability	Female Disability	
20	0.04	0.02	0.06	0.04	25.80
25	0.05	0.03	0.06	0.05	19.80
30	0.07	0.04	0.06	0.06	15.06
35	0.10	0.05	0.06	0.06	12.15
40	0.14	0.07	0.14	0.08	09.45
45	0.24	0.11	0.22	0.11	07.80
50	0.43	0.18	0.34	0.17	05.85
55	0.68	0.28	0.49	0.36	03.30
60	1.02	0.47	0.66	0.57	00.00

Retirement Rate:

Employees	Age 65 with 5 years of service	Retirement Probability 100%
Officials and MLOs	65	100%
Retirement Age for Inactive Bested Participants:	65	
Form of Payment	Life Annuity	
Unknown Data for Participants:	Same as those exhibited by Participants with similar known characteristics. If not specified, Participants are assumed to be male.	
Eligibility Requirement:	Employees: 1 year Officials : No waiting period	
Percent Married:	100%	
Age of Spouse:	Female spouses three years younger than their spouses.	
Net Investment Return:	8.00% On-going basis 4.50% Plan termination basis	

Salary Increases:	5.50%
Social Security Wage Base Increase:	5.50%
Cost of Living Adjustment:	5.00%
Administrative Expenses:	\$5,000 plus \$50 per participant, plus 0.05% of market value of assets.
Actuarial value of Assets:	Sum of the actuarial value of the beginning of year and the cash flow during 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.
Actuarial Cost Method:	Projected Unit Credit Cost Method. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by service.
Asset Data:	GMEBS has supplied all asset data used in the valuation. The market value of assets is based on current values as of two months preceding the valuation date and is assumed to be current through that date.
Participant Date:	The primary source of participant data for the current valuation is a census of all participants which was prepared by the employer through GMEBS. The data is typically collected by the employer two months prior to the valuation date and assumed to be current through that date.
Changes in Assumptions:	There have been no changes in actuarial assumptions since the last valuation.

City of Swainsboro, Georgia
Notes to Required Supplemental Information
For the Year Ended November 30, 2009

- I. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General, Special Revenue and Debt Service funds. Also, a project-length budget is adopted for the Capital Projects fund.
- II. The departments that had excesses of expenditures over appropriations are as follows:
 - A. General Fund
 - ✓ General government
 - Governing body
 - Mayor/Commission chairperson
 - Financial Administration
 - ✓ Public safety
 - Police
 - Housing and development
 - Airport
 - B. ↓ Hotel/Motel Fund
 - Housing and development

The City reviews each department's expenditures on a periodic basis to try to prevent expenditures in excess of appropriations.

City of Swainsboro, Georgia
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended November 30, 2009

	Original Budget	Final Budget	Actual	Variance
Revenues				
Taxes	\$ 4,413,508	\$ 4,413,508	\$ 4,295,539	\$ (117,969)
Licenses and permits	228,000	228,000	220,033	(7,967)
Intergovernmental	769,272	769,272	1,052,970	283,698
Charges for services	832,900	832,900	836,598	3,698
Fines and forfeitures	120,000	120,000	84,443	(35,557)
Investment earnings	70,000	70,000	32,802	(37,198)
Miscellaneous	22,700	22,700	23,593	893
Total Revenues	<u>6,456,380</u>	<u>6,456,380</u>	<u>6,545,978</u> ✓	<u>89,598</u>
Expenditures				
Current:				
General government	511,811	511,811	588,803	(76,992)
Public safety	2,356,376	2,356,376	2,512,419	(156,043)
Public works	1,893,678	1,893,678	1,861,310	32,368
Health and welfare	30,680	30,680	26,745	3,935
Culture/recreation	954,128	954,128	912,844	41,284
Housing and development	521,198	521,198	512,808	8,390
Debt Service:				
Principal	60,606	60,606	61,217	(611)
Interest	10,387	10,387	9,776	611
Total Expenditures	<u>6,338,864</u>	<u>6,338,864</u>	<u>6,485,922</u> ✓	<u>(147,058)</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	<u>117,516</u>	<u>117,516</u>	<u>60,056</u>	<u>(57,460)</u>
Other Financing Sources (Uses)				
Transfers out	-	-	(84,423)	(84,423)
Capital lease	-	-	68,300	68,300
Proceeds of Fixed Assets	-	-	4,900	4,900
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(11,223)</u>	<u>(11,223)</u>
Net Change in Fund Balances	117,516	117,516	48,833 ✓	(68,683)
Fund Balance - December 1	<u>3,342,273</u>	<u>3,342,273</u>	<u>2,873,162</u> ✓	<u>(469,111)</u>
Fund Balance - November 30	<u>\$ 3,459,789</u>	<u>\$ 3,459,789</u>	<u>\$ 2,921,995</u> ✓	<u>\$ (537,794)</u>

See accompanying notes to the required supplemental information.

City of Swainsboro, Georgia
Combining Balance Sheet
Nonmajor Governmental Funds
November 30, 2009

	Debt Service <u>Fund</u>	Hotel/Motel <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>
Assets			
Cash	\$ 17,518	\$ 20,343	\$ 37,861
Total Assets	<u>\$ 17,518</u>	<u>\$ 20,343</u>	<u>\$ 37,861</u> ✓
Liabilities			
Due to General Fund	-	101	101
Total Liabilities	<u>-</u>	<u>101</u>	<u>101</u> ✓
Fund Balance			
Unreserved undesignated	17,518	20,242	37,760
Total Fund Balance	<u>17,518</u>	<u>20,242</u>	<u>37,760</u>
Total Liabilities and Fund Balance	<u>\$ 17,518</u>	<u>\$ 20,343</u>	<u>\$ 37,861</u> ✓

City of Swainsboro, Georgia
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended November 30, 2009

	Debt Service Fund	Hotel/Motel Fund	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ -	\$ 58,433	58,433
Charges for services	44,701	-	44,701
Investments earnings	81	171	252
Miscellaneous	-	-	-
Total Revenues	<u>44,782</u>	<u>58,604</u>	<u>103,386</u> ✓
Expenditures			
Current:			
Housing and development	-	62,025	62,025
Debt Services:			
Principal	70,000	-	70,000
Interest	44,022	-	44,022
Total Expenditures	<u>114,022</u>	<u>62,025</u>	<u>176,047</u> ✓
Excess of Revenues Over (Under) Expenditures	<u>(69,240)</u>	<u>(3,421)</u>	<u>(72,661)</u>
Other Financing Sources (Uses)			
Transfers in (out)	65,060	-	65,060
Total Other financing Sources (Uses)	<u>65,060</u>	<u>-</u>	<u>65,060</u>
Net Change in Fund Balance	(4,180)	(3,421)	(7,601) ✓
Fund Balance - December 1	<u>21,698</u>	<u>23,663</u>	<u>45,361</u> ✓
Fund Balance - November 30	<u>\$ 17,518</u>	<u>\$ 20,242</u>	<u>\$ 37,760</u> ✓

City of Swainsboro, Georgia
Debt Service Fund
Balance Sheet
November 30, 2009

Assets	
Cash	<u>\$ 17,518</u>
Total Assets	<u>\$ 17,518</u>
Liabilities	
Due to General Fund	<u>\$ -</u>
Total Liabilities	<u>-</u>
Fund Balance	
Unreserved undesignated	<u>17,518</u>
Total Fund Balance	<u>17,518</u>
Total Liabilities and Fund Balance	<u>\$ 17,518</u>

City of Swainsboro, Georgia
Debt Service Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended November 30, 2009

	Original Budget	Final Budget	Actual	Variance
Revenues				
Charges for services	\$ 40,000	\$ 40,000	\$ 44,701	\$ 4,701
Investment earnings	-	-	81	81
Total Revenues	<u>40,000</u>	<u>40,000</u>	<u>44,782</u> ✓	<u>4,782</u>
Expenditures				
Debt Service:				
Principal	70,000	70,000	70,000	-
Interest	43,205	43,205	43,205	-
Fiscal Agent Fees	795	795	795	-
General Supplies	-	-	22	(22)
Total Expenditures	<u>114,000</u>	<u>114,000</u>	<u>114,022</u> ✓	<u>(22)</u>
Excess of Revenues Over (Under) Expenditures	<u>(74,000)</u>	<u>(74,000)</u>	<u>(69,240)</u>	<u>4,760</u>
Other Financing Sources (Uses)				
Transfers in (out)	74,000	74,000	65,060	(8,940)
Total Other Financing Sources (Uses)	<u>74,000</u>	<u>74,000</u>	<u>65,060</u>	<u>(8,940)</u>
Net Change in Fund Balance	-	-	(4,180) ✓	(4,180)
Fund Balance - December 1	<u>18,366</u>	<u>18,366</u>	<u>21,698</u> ✓	<u>3,332</u>
Fund Balance - November 30	<u>\$ 18,366</u>	<u>\$ 18,366</u>	<u>\$ 17,518</u> ✓	<u>\$ (848)</u>

City of Swainsboro, Georgia
Hotel/Motel Fund
Balance Sheet
Special Revenue Fund
November 30, 2009

Assets	
Cash	\$ 20,343
Total Assets	<u>\$ 20,343</u>
Liabilities	
Due to General Fund	\$ 101
Total Liabilities	<u>101</u>
Fund Balance	
Unreserved undesignated	<u>20,242</u>
Total Fund Balance	<u>20,242</u>
Total Liabilities and Fund Balance	<u>\$ 20,343</u>

City of Swainsboro, Georgia
Hotel/Motel Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Special Revenue Fund
For the Year Ended November 30, 2009

	Original Budget	Final Budget	Actual	Variance
Revenues				
Taxes	\$ 55,000	\$ 55,000	\$ 58,433	\$ 3,433
Investment earnings	<u>-</u>	<u>-</u>	<u>171</u>	<u>171</u>
Total Revenues	<u>55,000</u>	<u>55,000</u>	<u>58,604</u> ✓	<u>3,604</u>
Expenditures				
Current:				
Housing and development	<u>55,000</u>	<u>55,000</u>	<u>62,025</u>	<u>(7,025)</u>
Total Expenditures	<u>55,000</u>	<u>55,000</u>	<u>62,025</u> ✓	<u>(7,025)</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(3,421)</u>	<u>(3,421)</u>
Other Financing Sources (Uses)				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	(3,421) ✓	(3,421)
Fund Balance - December 1	<u>27,955</u>	<u>27,955</u>	<u>23,663</u> ✓	<u>(4,292)</u>
Fund Balance - November 30	<u>\$ 27,955</u>	<u>\$ 27,955</u>	<u>\$ 20,242</u> ✓	<u>\$ (7,713)</u>

City of Swainsboro, Georgia
Community Development Block Grant Funds
06p-x-053-2-3242
Statement of Source and Use of Funds
For the Period September 22, 2006 through November 30, 2009

Total Program year 2006 fund allocated to recipient	\$ 500,000
Less: Program year 2006 funds drawn down by recipient	<u>500,000</u>
Funds available from DCA- Program year 2006 adjusted resources	<u>\$ -</u>
Total program year 2006 funds drawn down by recipient	\$ 500,000
Program income applicable to program year 2006	<u>-</u>
Total program year 2006 funds received	500,000
Less: Funds applied to program year 2006 cost	<u>500,000</u>
Total program year 2006 funds held by recipient	<u>\$ -</u>
Total program year 2006 funds available for disposition	<u>\$ -</u>

City of Swainsboro, Georgia
Community Development Block Grant Funds
06p-x-053-2-3242
Statement of Program Costs
For the Period September 22, 2006 through November 30, 2009

Program Activity And Related Project	Authorized <u>Costs</u>	<u>Expenditures</u>	Questioned <u>Costs</u>
A-21A-00 Administration	30,000	30,000	NIL
C-022-00 Contingencies	25,715	-	NIL
P-03J-02 Sewer Facilities	400,000	430,715	NIL
T-03J-00 Engineering - Water and Sewer Improvements	<u>44,285</u>	<u>39,285</u>	<u>NIL</u>
Total	<u>500,000</u>	<u>500,000</u>	<u>NIL</u>

City of Swainsboro, Georgia
Community Development Block Grant Funds
08p-x-053-2-5071
Statement of Source and Use of Funds
For the Period September 16, 2008 through November 30, 2009

Total Program year 2008 fund allocated to recipient	\$ 500,000
Less: Program year 2008 funds drawn down by recipient	<u>348,251</u>
Funds available from DCA- Program year 2008 adjusted resources	<u>\$ 151,749</u>
Total program year 2008 funds drawn down by recipient	\$ 348,251
Program income applicable to program year 2008	<u>-</u>
Total program year 2008 funds received	348,251
Less: Funds applied to program year 2008 cost	<u>348,251</u>
Total program year 2008 funds held by recipient	<u>\$ -</u>
Total program year 2008 funds available for disposition	<u>\$ 151,749</u>

City of Swainsboro, Georgia
Community Development Block Grant Funds
08p-x-053-2-5071
Statement of Program Costs
For the Period September 16, 2008 through November 30, 2009

Program Activity And Related Project	Authorized <u>Costs</u>	<u>Expenditures</u>	Questioned <u>Costs</u>
A-21A-00 Administration	30,000	20,100	NIL
C-022-00 Contingencies	25,268	-	NIL
P-03J-02 Sewer Facilities	417,697	301,116	NIL
T-03J-00 Engineering - Water and Sewer Improvements	<u>27,035</u>	<u>27,035</u>	<u>NIL</u>
Total	<u>500,000</u>	<u>348,251</u>	<u>NIL</u>

CITY OF SWAINSBORO, GA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED NOVEMBER 30, 2009

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
US Department of Housing and Urban Development Pass-through program: Georgia Department of Community Affairs: Community Development Block Grants/State's Program	14.228	06p-x-053-2-3242/ 08p-x-053-2-5071	\$370,756.00
Department of Justice Direct Program: Bulletproof Vest Partnership Program	16.607		736.00
Public Safety Partnership Edward Byrne	16.710 16.738		161,410.00 50,000.00
Department of Transportation Pass-through program: Highway Planning & Construction	20.205	PEHPP-0007-00(582)	7,530.00
Recreational Trails Program	20.219	GA080318012	<u>14,500.00</u>
Total			<u><u>\$604,932.00</u></u>

Note-Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of the City of Swainsboro and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Therefore, some accounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

City of Swainsboro, Georgia
Summary Schedule of Prior Audit Findings
For the Year Ended November 30, 2009

There were no prior audit findings that are required to be reported under OMB circular A-133.

City of Swainsboro, Georgia
Schedule of Finding and Questioned Costs
For the Year Ended November 30, 2009

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of City of Swainsboro, Georgia.
2. No reportable conditions in internal control were reported during the audit of the financial statements of City of Swainsboro, Georgia.
3. No instance of noncompliance material to the financial statements of City of Swainsboro, Georgia, was disclosed during the audit.
4. No reportable conditions were disclosed during the audit of internal control over major federal award programs.
5. The auditor's report on compliance for the major federal award programs for City of Swainsboro, Georgia, expresses an unqualified opinion on major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported on this schedule.
7. The programs tested as major programs included: U.S. Department of Housing and Urban Development, Community Development Block Grants/State's Program, CFDA 14.228.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. City of Swainsboro, Georgia was not determined to be a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

None reported.

FINDING AND QUESTIONED COST – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None reported.

City of Swainsboro, Georgia
Schedule of Projects Constructed with Special Purpose Local Option Sales Tax
For the Year Ended November 30, 2009

	Original Estimated Cost	Current Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
2005 SPLOST	\$2,383,835 ✓	\$2,383,835			
Public Safety Buildings and Equipment			\$ 1,071,991 ✓		\$ 1,071,991
Recreation Equipment			1,040 ✓	-	1,040
Water and Sewer System Improvements			<u>609,357</u> ✓	<u>127,660</u>	<u>737,017</u>
Total			<u>\$ 1,682,388</u> ✓	<u>\$ 127,660</u> ✓	<u>\$ 1,810,048</u>

Note A: The SPLOST Schedule has been prepared on the modified accrual basis.

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**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 Honorable Mayor and City Council
City of Swainsboro
Swainsboro, Georgia 30401

I have audited 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 Swainsboro, Georgia, as of and for the year ended November 30, 2009, which collectively comprise the City of Swainsboro Georgia's basic financial statements and have issued my report thereon dated April 21, 2010. I conducted my 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered City of Swainsboro, Georgia's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Swainsboro, Georgia's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the City Swainsboro, Georgia's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Swainsboro, Georgia's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Swainsboro Georgia's financial statements that is more than inconsequential will not be prevented or detected by the City of Swainsboro, Georgia's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Swainsboro, Georgia's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Swainsboro, Georgia's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

April 21, 2010

MEMBER
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REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable Mayor and City Council
City of Swainsboro, Georgia

Compliance

I have audited the compliance of City of Swainsboro, Georgia, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended November 30, 2009. City of Swainsboro, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Swainsboro, Georgia's management. My responsibility is to express an opinion on City of Swainsboro, Georgia's compliance based on my audit.

I conducted my 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I 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 a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Swainsboro, Georgia's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of City of Swainsboro, Georgia's compliance with those requirements.

In my opinion, City of Swainsboro, Georgia, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended November 30, 2009.

Internal Control Over Compliance

The management of City of Swainsboro, Georgia, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered City of Swainsboro, Georgia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of City of Swainsboro, Georgia's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant

deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, county commissioners, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

April 21, 2010

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April 26, 2010

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Please find enclosed the audit for City of Swainsboro for FY2009. If you have questions or need anything else, please let us know.
Stacie Avery