

CITY OF SWAINSBORO, GEORGIA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED NOVEMBER 30, 2012

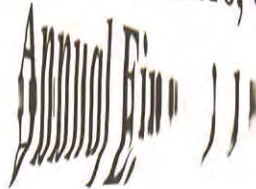
City of Swainsboro, Georgia
Annual Financial Report
For The Fiscal Year Ended November 30, 2012

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City of Swainsboro, Georgia



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INDEPENDENT AUDITOR'S REPORT

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

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, 2012, 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's, 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 the 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.

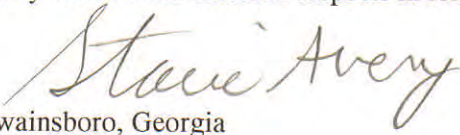
In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Swainsboro, Georgia as of November 30, 2012, 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 May 31, 2013, 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.

Accounting Principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 12 and page 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States

of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Swainsboro, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements, the SPLOST schedule, and other supplementary information are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The combining and individual nonmajor fund financial statements, the SPLOST schedule, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.


Swainsboro, Georgia
May 31, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Swainsboro, Georgia (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, 2012. 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 \$28,676,640 (net position) for the fiscal year reported.
- Total net position are comprised of the following:
 - (1) Net investment in capital assets, of \$22,927,216 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Net position of \$1,293,930 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
 - (3) Unrestricted net position of \$4,454,794 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 \$4,490,695 this year. This compares to the prior year ending fund balance of \$ 4,079,819 showing an increase of \$410,876 during the current year. Unassigned fund balance of \$3,460,684 at November 30, 2012 shows a \$411,730 increase from the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,460,684 or 54.8% of total General Fund expenditures, as compared to 43.7% at November 30, 2012.
- 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 Position*. This is the government-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the City's net position changed during the current 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.

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 position at fiscal year-end is \$28,676,640 as compared to \$22,336,984 at November 30, 2011. The following table provides a summary of the City's net position:

	Summary of Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets:						
Current assets	\$ 5,017,618	\$ 4,630,756	\$ 1,156,724	\$ 918,282	\$ 6,174,342	\$ 5,549,038
Capital assets	8,737,434	9,154,803	23,335,997	16,569,846	32,073,431	25,724,649
Total assets	13,755,052	13,785,559	24,492,721	17,488,128	38,247,773	31,273,687
Liabilities:						
Current liabilities	351,871	404,579	498,220	5,614,247	850,091	6,018,826
Long-term liabilities	573,434	743,143	8,147,608	2,174,734	8,721,042	2,917,877
Total liabilities	925,305	1,147,722	8,645,828	7,788,981	9,571,133	8,936,703
Net position:						
Net investment in capital assets	8,022,655	8,268,262	14,905,261	8,983,930	22,927,916	17,252,192
Restricted	980,757	1,005,148	313,173	267,370	1,293,930	1,272,518
Unrestricted	3,826,335	3,364,427	628,459	447,847	4,454,794	3,812,274
Total net position	\$ 12,829,747	\$ 12,637,837	\$ 15,846,893	\$ 9,699,147	\$ 28,676,640	\$ 22,336,984

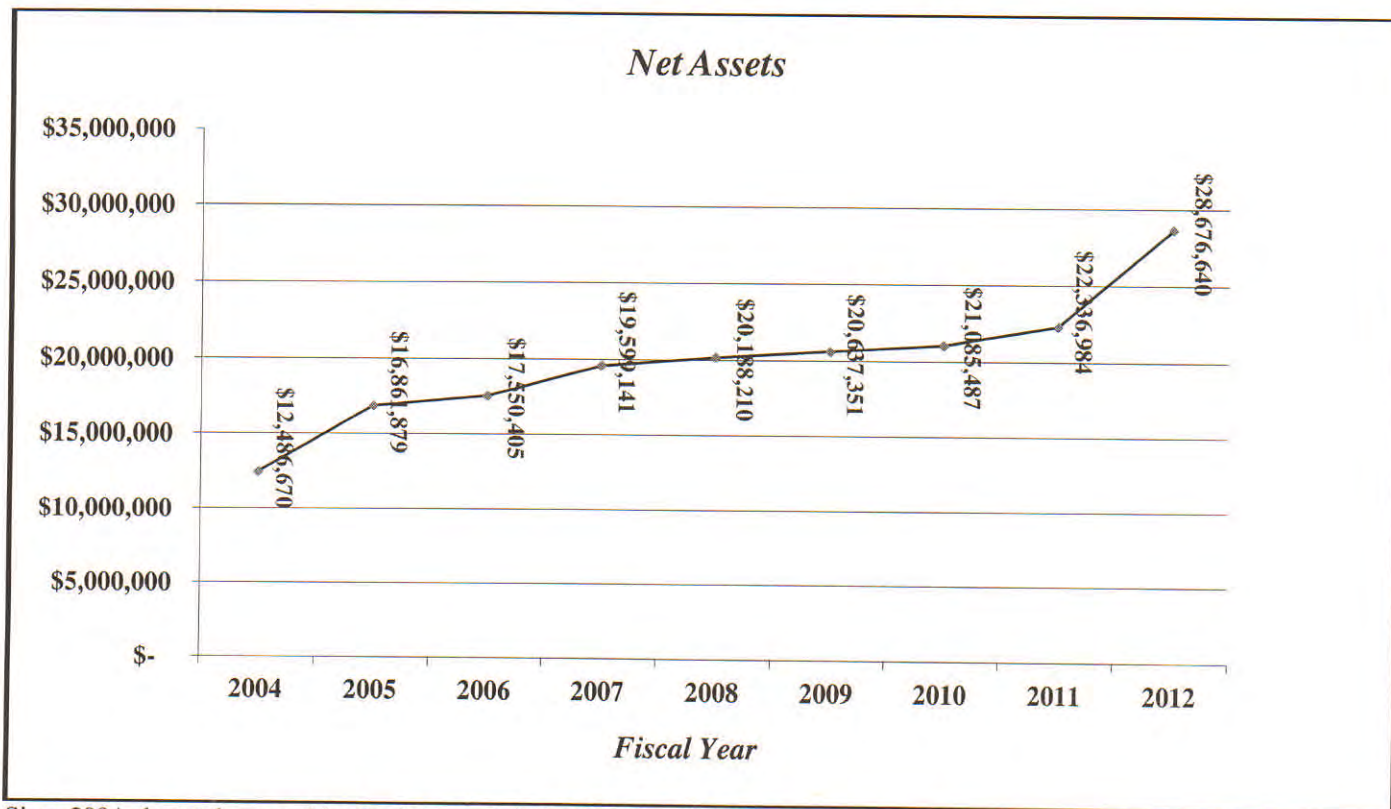
The City continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 14.3 to 1 as compared to 10.9 to 1 at November 30, 2012. The current ratio for business-type activities is 2.3 to 1 as compared to a negative ratio at November 30, 2011 due to some short-term borrowing which was converted to long-term debt in fiscal year 2012.

The City reported positive balances in net position for both governmental and business-type activities. Net position increased \$191,910 or 1.5% for governmental activities, and increased \$6,147,746 or 63.4% for business-type activities. The City's overall financial position improved during fiscal year 2012.

As of and For The Year Ended November 30, 2012

Note that approximately 62.5% of the governmental activities' net position is 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 94.1% of its net position on capital. Capital assets in the business-type activities also provide utility services, but they also generate revenues for this fund. 80% of the City's total net position is included in capital assets.

The following chart reports the total net asset balances from November 30, 2004 – 2012:



Since 2004, the total net position has increased \$16,189,970 or 129.7%.

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

Summary of Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program:						
Charges for services & fines	\$ 1,532,227	\$ 1,344,354	\$ 2,219,895	\$ 1,867,649		
Operating grants	553,213	613,627	-	353,989	553,213	967,616
Capital grants	226,448	708,493	5,792,232	-	6,018,680	708,493
General:						
Taxes	4,709,185	4,466,494	-	-	4,709,185	4,466,494
Other	93,324	475,323	23,509	37,563	116,833	512,886
Total revenues	7,114,397	7,608,291	8,035,636	2,259,201	11,397,911	6,655,489
Program Expenses:						
General government	660,474	534,781	-	-	660,474	534,781
Public safety	2,664,738	2,637,034	-	-	2,664,738	2,637,034
Public works	1,856,775	1,854,867	-	-	1,856,775	1,854,867
Health and welfare	19,930	19,430	-	-	19,930	19,430
Culture and recreation	979,321	970,659	-	-	979,321	970,659
Housing and development	479,873	713,158	-	-	479,873	713,158
Interest	45,123	44,078	-	-	45,123	44,078
Water and sewer	-	-	2,104,143	1,841,988	2,104,143	1,841,988
Total expenses	6,706,234	6,774,007	2,104,143	1,841,988	8,810,377	8,615,995
Revenues over (under) expenses	408,163	834,284	5,931,493	417,213	2,587,534	(1,960,506)
Transfers in (out)	(216,253)	-	216,253	-	-	-
Net changes in net assets	191,910	834,284	6,147,746	417,213	2,587,534	(1,960,506)
Beginning net assets	12,637,837	11,803,553	9,699,147	9,281,934	15,972,760	17,933,266
Ending net assets	\$ 12,829,747	\$ 12,637,837	\$ 15,846,893	\$ 9,699,147	\$ 18,560,294	\$ 15,972,760

GOVERNMENTAL REVENUES

The City is heavily reliant on property taxes and sales taxes to support governmental operations and capital. Property taxes provided 66.6% of the City's total governmental revenues as compared to 32.1% in fiscal year 2012. Sales taxes make up 16.3% of the City's total governmental revenues as compared to 12.2% in fiscal year 2012.

Capital grant type revenue for the public safety function (\$95,646) public works function (\$130,802) included the following:

Public safety:

- U.S. Department of Justice – technology grant (\$77,831)
- U.S. Department of Justice – Edwin Bryne grant – various capital items (\$17,815)

Public works:

- DOT Sidewalk TEA Project (\$130,802)

The operating revenue for culture and recreation relates to a contribution from the County totaling \$331,888.

User charges and fines are the second largest revenue source totaling over \$1.5 million or 21.5% of total governmental revenues. This percentage compared to 17.7% in fiscal year 2012. Because of the City's healthy financial position, we have been able to earn \$26,210 in interest earnings to support governmental activities. Also, note that program revenues cover 34.5% of governmental operating expenses. This means that the government's taxpayers and the City's other general governmental revenues fund 65.5 % of the governmental activities.

GOVERNMENTAL FUNCTIONAL EXPENSES

The public safety and the public works functions make up approximately 67.4% of the total governmental activities expenses as compared to 66.3% in fiscal year 2012. General government totals over \$660 thousand and the culture and recreation costs the City over \$979 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.

Governmental Activities

	Total Cost of Services	%	Net Cost of Services	%
General government	\$ 660,474	9.8%	\$ 383,000	8.7%
Public safety	2,664,738	39.7%	2,230,774	50.8%
Public works	1,856,775	27.7%	876,966	20.0%
Health and welfare	19,930	0.3%	19,930	0.5%
Culture and recreation	979,321	14.6%	585,843	13.3%
Housing and development	479,873	7.2%	252,710	5.8%
Interest	45,123	0.7%	45,123	1.0%
Total	<u>\$ 6,706,234</u>	<u>100.0%</u>	<u>\$ 4,394,346</u>	<u>100.0%</u>

The public safety totals 50.8% of the net cost of services and public works totals 20% of these costs.

BUSINESS-TYPE ACTIVITIES

The major enterprise fund is the City's water and sewer system. The water and sewer charges for services for the water and sewer fund were \$2,141,276 or up \$347,742, or 19.4%. In fiscal year 2012, there was a rate increase.

Operating expenses increased \$127,944 or 7.2% more than fiscal year 2012. Materials and supplies increased \$159,481 relating to the cost of energy.

The capital grants totaling \$5,792,232 as follows:

- USDA grant for a water treatment plant (\$4.9 million)
- Nordson EIP grant (\$344 thousand)
- CDBG grant (\$138 thousand)
- GEFA water tank grant (\$427 thousand)

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 \$4,490,695 as compared to the 2011 fiscal year amount of \$4,079,819. Of this year-end total, \$3,460,684 is unassigned indicating availability for continuing City service requirements. Fund balance includes \$971,391 restricted for capital outlay, \$9,366 restricted for debt service and \$22,639 for housing and development. Fund balance includes assets not available for current expenditure of \$26,615, which are tied up in inventory.

The total ending fund balances of governmental funds show an increase of \$410,876 or an increase of 10.1% over 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 \$412,538 in fiscal year 2012. In fiscal year 2012, the fund balance increased over \$230,368.

Total revenues decreased \$469,128 or 6.4% from that of fiscal year 2012.

Property taxes decreased \$159,290 or 6.3% from that of fiscal year 2012, due to a slow growing the tax digest and bankruptcies. General fund sales taxes were up \$41,035 or 4.4%. Part of this increase relates to businesses encouraging shoppers to buy locally.

General business licenses revenue increased \$26,772 or 23.3%. This increase can be related to a few new businesses within the City and a slight recovery in the economy.

Intergovernmental revenues were down \$275,855. Federal revenue was below the 2011 amount by \$155,498 as the TEA sidewalk grant was lower than the 2011 grant. State and local revenue decreased \$120,357, due to a 2011 DOT grant that was not duplicated in fiscal year 2012.

Fines increased \$64,213 or 26.1%. Revenues for garbage collections were \$10,663 above the 2012 amount, due primarily to some new City businesses and increased enrollment at our local college. In addition, some students are now renting homes within the City limits.

Rents revenue decreased \$32,000 because the rented City building to the Georgia Department of Education was vacated. Also in fiscal year 2011, the City was renting some City owned property on a temporary basis.

Total expenditures decreased \$657,513 or 9.4% below the fiscal year 2011 total.

As of and For The Year Ended November 30, 2012

The general government function is up \$114,270 or 21.9% above the fiscal year 2011 amount. Besides increases in public relations and education, the balance relates to numerous smaller items. Expenditures for the public safety function decreased \$297,938 below fiscal year 2012. In fiscal year 2011, the City incurred capital outlay for fire of \$293,739, which was not duplicated in fiscal year 2012. Police operating costs increased \$31,390 or 8.4% because of increased vehicle and fuel costs.

Public works costs decreased \$290,648 due to 2011 capital outlay costs that were not duplicated in fiscal year 2012. Airport operating costs decreased \$198,284 or 52.5%. Both fuel costs and repairs and maintenance costs were down from fiscal year 2011 substantially.

The expenditures for the other functions were approximately equal to the fiscal year 2011 amount.

The general fund's ending unassigned fund balance increased \$411,730 or 13.5% over the November 30, 2012 balance. This balance is considered adequate, representing the equivalent of 54.8% of annual expenditures, as compared to 43.7% last year.

SPLOST Fund – In fiscal year 2012, this fund reported revenues of \$198,272, of which \$187,581 was SPLOST taxes received from the County. The County spent just \$121,793. The ending fund balance totals approximately over \$970 thousand.

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 2012, the City Council did not amend the general fund budget.

The City recognized \$400,656 more than anticipated total revenues, primarily in the charges for services (i.e., garbage collections) classification. Total tax revenue was \$93,647 above the budget.

Franchise fee revenues were \$55,873 over the final budget. One of the reasons for this increase is that many businesses are changing their legal structure to LLC's and pay a franchise fee. Alcoholic beverage taxes exceeded the final budget by \$29,129 due to additional liquor serving/selling establishments.

In total, the City realized 106.2% of the estimated revenues, primarily because of the above-mentioned intergovernmental revenue.

The expenditure side, the general government function was over expended \$92,645, primarily the financial administration as explained above. The police supplies budget was over spent by \$138,626 as explained above.

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, 2012, was \$8,737,434 and \$23,335,997 respectively. The decrease in net investment was 4.6% for governmental activities and a 40.8% increase for business-type activities. See Note 3-F for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
As of and For The Year Ended November 30, 2012

City of Swainsboro, Georgia

The following table provides a summary of capital asset activity.

	Capital Assets					
	Governmental Activities		Business Activities		Total	
	2012	2011	2012	2011	2012	2011
Non-depreciable assets:						
Land	\$ 1,077,250	\$ 1,077,250	\$ 520,300	\$ 520,300	\$ 1,597,550	\$ 1,597,550
Construction in progress	-	-	13,525,391	6,401,954	13,525,391	6,401,954
Total non-depreciable assets:	1,077,250	1,077,250	14,045,691	6,922,254	15,122,941	7,999,504
Depreciable assets:						
Buildings	6,168,769	6,168,769	31,319	31,319	6,200,088	6,200,088
Utility plant	-	-	16,391,360	16,391,360	16,391,360	16,391,360
Machinery and equipment	2,703,574	2,689,921	811,103	811,103	3,514,677	3,501,024
Infrastructure	3,828,803	3,808,710	-	-	3,828,803	3,808,710
Total depreciable assets	12,701,146	12,667,400	17,233,782	17,233,782	29,934,928	29,901,182
Less accumulated depreciation	5,040,962	4,589,847	7,943,476	7,586,191	12,984,438	12,176,038
Book value - depreciable assets	7,660,184	8,077,553	9,290,306	9,647,591	16,950,490	17,725,144
Percentage depreciated	40%	36%	46%	44%	43%	41%
Book value - all assets	\$ 8,737,434	\$ 9,154,803	\$ 23,335,997	\$ 16,569,845	\$ 32,073,431	\$ 25,724,648

At November 30, 2012, the depreciable capital assets for governmental activities were 40% depreciated. This compares to 36% at the November 30, 2012 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, 46% of the asset values were depreciated at November 30, 2012, which compares to 44% at November 30, 2012.

In the business type activities, the majority of the costs in the construction in progress account relates to a new water treatment plant.

Long-term Debt

At the end of this fiscal year, the City reported \$385,000 of outstanding general obligation bonds relating to improvements made to the Swainsboro Municipal Golf Course. The water and sewer fund reported \$2,119,103 in revenue notes relating to extension of the water and sewer system and a new USDA loan for a new water treatment plant.

During the year, the City retired \$80,000 or 17.2% of the beginning outstanding governmental activities general obligation bonds.

Outstanding Borrowings							
	Governmental Activities		Business-type Activities		Totals		% Change
	2012	2011	2012	2011	2012	2011	
General obligation bonds	\$ 385,000	\$ 465,000	\$ -	\$ -	\$ 385,000	\$ 465,000	-17%
Water & sewer notes	-	-	2,119,103	7,585,916	2,119,103	7,585,916	-72%
USDA loan	-	-	6,312,295	-	6,312,295	-	100%
Capital leases	329,779	421,541	-	-	329,779	421,541	-22%
Compensated absences	102,574	113,454	-	-	102,574	113,454	-10%
Total	<u>\$ 817,353</u>	<u>\$ 999,995</u>	<u>\$ 8,431,398</u>	<u>\$ 7,585,916</u>	<u>\$ 9,248,751</u>	<u>\$ 8,585,911</u>	8%

The fiscal year 2012, the new capital lease in governmental activities relates to the purchase of a fire truck for \$293,000.

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 positive for the upcoming years.

The estimated unemployment rate for the City of Swainsboro (i.e., Emanuel County) is 10.8%. This rate compares to the State of Georgia's rate of 8.4% and the United States rate of 7.4%, both for the same period. In November 2012, there are 8,761 employed in the County.

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 Position
November 30, 2012

	Primary Government			Downtown Development Authority Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Current Assets				
Cash and cash equivalents (Note 3A)	\$ 1,502,268	\$ 768,597	\$ 2,270,865	\$ 113
Investments	792,474	337,914	1,130,388	-
Receivables:				
Accounts	91,977	271,954	363,931	-
Taxes	1,978,441	-	1,978,441	-
Intergovernmental	90,929	-	90,929	-
Interfund	534,914	(534,914)	-	-
Inventories	26,615	-	26,615	-
Restricted assets	-	313,173	313,173	-
Total Current Assets	5,017,618	1,156,724	6,174,342	113
Noncurrent Assets				
Capital assets (Note 3D)				
Nondepreciable	1,077,250	14,045,691	15,122,941	-
Depreciable, net	7,660,184	9,290,306	16,950,490	-
Total Noncurrent Assets	8,737,434	23,335,997	32,073,431	-
Total Assets	13,755,052	24,492,721	38,247,773	113
Liabilities				
Current Liabilities				
Accounts payable	104,901	36,504	141,405	48,139
Accrued expenses	1,948	-	1,948	-
Compensated absences payable	76,931	-	76,931	-
Customer deposits	-	160,080	160,080	-
Accrued interest	1,103	18,508	19,611	-
GEFA loans payable	-	180,837	180,837	-
Capital leases payable	81,988	-	81,988	-
USDA bonds payable	-	102,291	102,291	-
General obligation bonds payable	85,000	-	85,000	-
Total Current Liabilities	351,871	498,220	850,091	48,139
Long-term Liabilities: (net of current portion) (Note 3G)				
Compensated absences payable	25,643	-	25,643	-
GEFA loans payable	-	1,937,604	1,937,604	-
Capital leases payable	247,791	-	247,791	-
USDA bonds payable	-	6,210,004	6,210,004	-
General obligation bonds payable	300,000	-	300,000	-
Total Long-term Liabilities	573,434	8,147,608	8,721,042	-
Total Liabilities	925,305	8,645,828	9,571,133	48,139
Net Position				
Net investment in capital assets (Note 3I)	8,022,655	15,007,552	23,030,207	-
Restricted for debt service	980,757	313,173	1,293,930	-
Unrestricted	3,826,335	526,168	4,352,503	(48,026)
Total Position	\$ 12,829,747	\$ 15,846,893	\$ 28,676,640	\$ (48,026)

See accompanying notes to the basic financial statements

City of Swainsboro, Georgia
Statement of Activities
For the Year Ended November 30, 2012

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit
		Charges for Services and Sales	Operating Grants	Capital Grants	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
Primary Government								
Governmental Activities								
General government	\$ 660,474	\$ 252,971	\$ 24,503	\$ -	\$ (383,000)	\$ -	\$ (383,000)	\$ -
Public safety	2,664,738	285,451	52,867	95,646	(2,230,774)	-	(2,230,774)	-
Public works	1,856,775	849,007	-	130,802	(876,966)	-	(876,966)	-
Health and welfare	19,930	-	-	-	(19,930)	-	(19,930)	-
Culture and recreation	979,321	61,590	331,888	-	(585,843)	-	(585,843)	-
Housing and development	479,873	83,208	143,955	-	(252,710)	-	(252,710)	-
Interest	45,123	-	-	-	(45,123)	-	(45,123)	-
Total Governmental Activities	6,706,234	1,532,227	553,213	226,448	(4,394,346)	-	(4,394,346)	-
Business-type Activities:								
Water and sewerage	2,104,143	2,219,895	-	5,792,232	-	5,907,984	5,907,984	-
Total - Primary Government	\$ 8,810,377	\$ 3,752,122	\$ 553,213	\$ 6,018,680	(4,394,346)	5,907,984	1,513,638	-
Component Unit								
Downtown Development Authority	\$ 4,515	\$ 7,642	\$ 1,500	\$ -	\$ -	-	-	4,627
General Revenues								
Property taxes levied for general government purposes					2,388,886	-	2,388,886	-
Sales tax					1,156,579	-	1,156,579	-
Insurance premium tax					362,541	-	362,541	-
Franchise tax					525,873	-	525,873	-
Beer and liquor tax					219,129	-	219,129	-
Hotel/motel tax					56,177	-	56,177	-
Investment earnings					26,210	5,447	31,657	-
Miscellaneous					67,114	18,062	85,176	-
Transfers					(216,253)	216,253	-	-
Total General Revenues and Transfers					4,586,256	239,762	4,826,018	-
Change in Net Assets					191,910	6,147,746	6,339,656	4,627
Net Position Beginning of Year					12,637,837	9,699,147	22,336,984	(52,653)
Net Position End of Year					\$ 12,829,747	\$ 15,846,893	\$ 28,676,640	\$ (48,026)

See accompanying notes to the basic financial statements

City of Swainsboro, Georgia
Balance Sheet
Governmental Fund
November 30, 2012

	General	SPLOST	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 498,872	\$ 971,391	\$ 32,005	\$ 1,502,268
Investments	792,474	-	-	792,474
Receivables:				
Accounts	91,977	-	-	91,977
Taxes	1,978,441	-	-	1,978,441
Intergovernmental	90,929	-	-	90,929
Interfund	638,285	-	-	638,285
Inventories	26,615	-	-	26,615
Total Assets	<u>\$ 4,117,593</u>	<u>\$ 971,391</u>	<u>\$ 32,005</u>	<u>\$ 5,120,989</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 104,901	\$ -	\$ -	\$ 104,901
Payroll liabilities payable	1,948	-	-	1,948
Interfund payable	103,371	-	-	103,371
Total Liabilities	210,220	-	-	210,220
Deferred Inflows of Resources - Property Taxes	<u>420,074</u>	<u>-</u>	<u>-</u>	<u>420,074</u>
Total Liabilities and Deferred Inflows of Resources	<u>630,294</u>	<u>-</u>	<u>-</u>	<u>630,294</u>
Fund Balances				
Nonspendable	26,615	-	-	26,615
Restricted	-	971,391	32,005	1,003,396
Unassigned	3,460,684	-	-	3,460,684
Total Fund Balances	<u>3,487,299</u>	<u>971,391</u>	<u>32,005</u>	<u>4,490,695</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,117,593</u>	<u>\$ 971,391</u>	<u>\$ 32,005</u>	<u>\$ 5,120,989</u>

See accompanying notes to the basic financial statements

City of Swainsboro, Georgia
*Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
November 30, 2012*

Total Governmental Fund Balances		\$ 4,490,695
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.		
Cost of capital assets	\$ 13,778,396	
Less accumulated depreciation	<u>(5,040,962)</u>	8,737,434
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		420,074
Accrued interest is not reported on the fund financial statements but is reported on the government-wide financial statements.		(1,103)
Liabilities not due and payable in the current period and therefore are not reported in the governmental fund balance sheets but are reported on the government-wide statement of net position.		
Compensated absences	\$ (102,574)	
Capital lease payable	(329,779)	
Revenue bonds payable	<u>(385,000)</u>	(817,353)
Net Position of Governmental Activities		<u><u>\$ 12,829,747</u></u>

See accompanying notes to the basic financial statements

City of Swainsboro, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Fund
For the Year Ended November 30, 2012

	General	SPLOST	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 4,450,853	\$ 187,581	\$ 56,177	\$ 4,694,611
Licenses and permits	222,707	-	-	222,707
Intergovernmental	779,661	-	-	779,661
Charges for services	973,704	-	28,942	1,002,646
Fines and forfeitures	285,451	-	-	285,451
Investment earnings	15,447	10,691	72	26,210
Miscellaneous	88,537	-	-	88,537
Total Revenues	6,816,360	198,272	85,191	7,099,823
Expenditures				
Current:				
General government	641,089	11,793	-	652,882
Public safety	2,514,696	-	-	2,514,696
Public works	1,798,573	-	-	1,798,573
Health and welfare	17,180	-	-	17,180
Culture and recreation	913,295	-	-	913,295
Housing and development	324,517	-	33,479	357,996
Debt Service:				
Principal	91,762	-	80,000	171,762
Interest	15,810	-	30,500	46,310
Total Expenditures	6,316,922	11,793	143,979	6,472,694
Excess (Deficiency) of Revenues Over (Under) Expenditures	499,438	186,479	(58,788)	627,129
Other Financing Sources (Uses)				
Transfers in	-	-	86,900	86,900
Transfers (out)	(86,900)	(216,253)	-	(303,153)
Total Other Financing Sources (Uses)	(86,900)	(216,253)	86,900	(216,253)
Net Change in Fund Balances	412,538	(29,774)	28,112	410,876
Fund Balances Beginning of Year	3,074,761	1,001,165	3,893	4,079,819
Fund Balances End of Year	\$ 3,487,299	\$ 971,391	\$ 32,005	\$ 4,490,695

See accompanying notes to the basic financial statements

City of Swainsboro, Georgia
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended November 30, 2012

Net Changes In Fund Balances - Total Governmental Funds	\$	410,876
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**Amounts reported for governmental activities in the
statement of activities are different because:**

Governmental funds report capital outlays as expenditures on the governmental fund type operating statement. 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 depreciation expense exceeded the capital outlay capitalized in the current period.

Depreciation expense	\$ (451,115)		
Other capital item	84		
Capital outlay	<u>33,746</u>		(417,285)

Property tax revenues in the government-wide statement of activities do not provide current financial resources are not reported as revenues in the governmental fund operating statement.

Liability @ 11/30/12	\$ (405,500)		
Liability @ 11/30/11	<u>420,074</u>		14,574

Accrued interest is reported in the government-wide statement of activities, but does not require the use of financial resources and therefore are not reported as expenditures in governmental funds.

1,103

Repayment of general obligation debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

171,762

Compensated absences are reported in the government-wide statement of activities, but do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Liability @ 11/30/12	\$ (102,574)		
Liability @ 11/30/11	<u>113,454</u>		10,880

Change In Net Position of Governmental Activities	\$	<u>191,910</u>
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See accompanying notes to the basic financial statements

City of Swainsboro, Georgia
Statement of Net Position
Proprietary Fund - Water and Sewerage Fund
November 30, 2012

Assets

Current Assets:

Cash and cash equivalents	\$ 768,597
Investments	337,914
Accounts receivable (net)	271,954
Interfund receivable	103,371
Restricted assets:	
Cash and cash equivalents	313,173

Total Current Assets 1,795,009

Noncurrent Assets:

Capital assets:	
Nondepreciable	14,045,691
Depreciable, net	9,290,306

Total Noncurrent Assets 23,335,997

Total Assets 25,131,006

Liabilities

Current Liabilities:

Accounts payable	36,504
Customer deposits payable	160,080
Interfund payable	638,285
GEFA loans payable	180,837
USDA bonds payable	102,291
Accrued interest	18,508

Total Current Liabilities 1,136,505

Long-term Liabilities (net of current portion):

GEFA loans payable	1,937,604
USDA bonds payable	6,210,004

Total Long-term Liabilities 8,147,608

Total Liabilities 9,284,113

Net Position

Net investment in capital assets	15,007,552
Restricted for debt service	313,173
Unrestricted	526,168

Total Net Position \$ 15,846,893

See accompanying notes to the basic financial statements

City of Swainsboro, Georgia
*Statement of Revenues, Expenses
and Changes in Fund Net Assets*
Proprietary Fund - Water and Sewerage Fund
For the Year Ended November 30, 2012

Operating Revenues	
Charges for services	\$ 2,141,276
Service charges	78,619
Miscellaneous	<u>18,062</u>
Total Operating Revenues	<u>2,237,957</u>
Operating Expenses	
Personal services - salaries	30,198
Personal services - benefits	15,288
Purchased services - professional and technical	1,295,910
Materials and supplies	197,063
Depreciation	<u>357,285</u>
Total Operating Expenses	<u>1,895,744</u>
Operating Income	<u>342,213</u>
Non-Operating Revenues (Expenses)	
Investment earnings	5,447
Interest and fiscal charges	<u>(208,399)</u>
Total Non-Operating Revenues (Expenses)	<u>(202,952)</u>
Income Before Contributions and Transfers In	139,261
Contributions	5,792,232
Transfers In	<u>216,253</u>
Change in Net Assets	6,147,746
Net Position Beginning of Year	<u>9,699,147</u>
Net Position End of Year	<u><u>\$ 15,846,893</u></u>

See accompanying notes to the basic financial statements

City of Swainsboro, Georgia
Statement of Cash Flows
Proprietary Fund - Water and Sewerage Fund
For the Year Ended November 30, 2012

Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash received from customers	\$ 2,191,393
Cash payments to employees for services	(45,486)
Cash payments for goods and services	<u>(1,473,201)</u>
Net Cash Provided by (Used in) Operating Activities	<u>672,706</u>
Cash Flows from Noncapital Financing Activities	
Interfund receivable	184,190
Interfund payable	(4,009)
Transfers in	<u>216,253</u>
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>396,434</u>
Cash Flows from Capital and Related Financing Activities	
Capital grants	5,792,232
GEFA notes proceeds	150,421
USDA note proceeds	6,413,000
Principal paid on notes and capital leases	(5,719,939)
Interest paid on notes and capital leases	(209,452)
Acquisition of capital assets	<u>(7,109,387)</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(683,125)</u>
Cash Flows from Investing Activities	
Investment earnings	<u>5,447</u>
Net Cash Flows from Investing Activities	<u>5,447</u>
Net Increase (Decrease) in Cash and Cash Equivalents	391,462
Cash and Cash Equivalents Beginning of Year	<u>690,308</u>
Cash and Cash Equivalents End of Year	<u><u>\$ 1,081,770</u></u>
Reconciliation to Statement of Net Assets	
Cash and cash equalivalents	\$ 768,597
Restricted assets	<u>313,173</u>
Total Cash and Cash Equivalents	<u><u>\$ 1,081,770</u></u>

City of Swainsboro, Georgia
Statement of Cash Flows
Proprietary Fund - Water and Sewerage Fund
For the Year Ended November 30, 2012

(continued)

**Reconciliation of Operating Income to Net Cash
Provided by (Used in) Operating Activities**

Operating Income (Loss)	\$ 342,213
Adjustments:	
Depreciation	357,285
(Increase) Decrease in Assets:	
Accounts receivable	(39,872)
Increase (Decrease) in Liabilities:	
Accounts payable	19,772
Customer deposits	<u>(6,692)</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ 672,706</u></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, 2012

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City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2012

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 has elected not to follow private-sector guidance issued after November 30, 1989.

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

1-A. Reporting Entity

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

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

The following separate entity is the discretely presented component unit of the City.

The City of Swainsboro Downtown Development Authority (Development Authority) – The Development Authority is a public body, corporate and politic, and was created upon the adoption and approval of the Development Authorities Law of the State of Georgia. The Mayor and City Council appoint all members of the Development Authority. Financial statements of the Downtown Development Authority, if material, are required to be included in the City's basic financial statements as a discretely presented component unit. This is in accordance with a determination made for such entities by the Georgia Department of Audits and Accounts. Specific information relative to the Authority may be obtained at City Hall, Swainsboro, Georgia as the Development Authority does not issue a separate financial report.

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 any financial responsibility for them.

1-B. Basis of Presentation

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

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

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2012

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

The three major individual funds, the general fund, the SPLOST fund and the water and sewer system enterprise fund are reported in separate columns.

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 is the City's major governmental fund:

The General Fund - The general fund should be used to account for and report all financial resources not accounted for and reported in another fund. The general fund's fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of State of Georgia.

SPLOST Fund - This fund accounts for the cost of certain improvements to the following projects in the City that are financed with the 2005 Special Purpose Local Option Sales Tax (SPLOST) revenues (i.e., the City's share) including a sewer construction project, LAS and water tower, public safety building and equipment and upgrade to recreation irrigation.

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2012

Note 1 - Summary of Significant Accounting Policies (Continued)

Proprietary Fund - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The City's proprietary fund is classified as a major enterprise fund, which is the water and sewer fund, which provides utility services to the City's citizens.

The 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 position. The statement of activities reports revenues and expenses.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund 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 a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, the proprietary fund type is accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statements of net position. The statements of changes in fund net position present increases (i.e., revenues) and decreases (i.e., expenses) in net 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, the governmental funds use the modified accrual basis of accounting. The proprietary fund uses the accrual basis of accounting at both reporting levels and the fiduciary fund uses the accrual basis of accounting. 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 sixty days of year-end.

Revenues - Non-exchange Transactions - Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (Note 3C) Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within sixty days) before it can be recognized.

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2012

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Deferred Revenue/Unearned 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.

Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) also are recorded as deferred revenue.

Deferred revenues are reclassified as “*unearned revenue*” on the statement of net position.

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

1-E-2 Receivables

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable. Unbilled utility charges are accrued as receivables and revenue at November 30, 2012.

1-E-3 Interfund Balances

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

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2012

Note 1 - Summary of Significant Accounting Policies (Continued)

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).

On the fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure 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 position but does not report these assets in the government fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activities column of the government-wide statement of net position and in the enterprise fund's statement of net position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of five thousand dollars for equipment and vehicles, fifty thousand dollars for buildings, and two hundred and fifty thousand dollars for infrastructure. The City began capitalizing its infrastructure in December 2003. The City is not capitalizing their infrastructure retroactively to 1980. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized by the enterprise fund is capitalized.

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.

Depreciation is computed using the straight-line method over the following useful lives:

Asset Class	Estimated Lives	
	Governmental Activities	Business-type Activities
Buildings and improvements	30-50 Years	30-50 Years
Infrastructure	15-50 Years	N/A
Utility plant and lines	N/A	40 Years
Machinery and equipment	5-10 Years	N/A

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.

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2012

Note 1 - Summary of Significant Accounting Policies (Continued)

The total compensated absence liability is reported on the government-wide financial statements. The enterprise fund reports the total compensated liability in the 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. Capital leases are recognized as a liability in the governmental fund financial statements when due.

1-E-8 Fund Equity

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

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

- ***Nonspendable*** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the approval of a motion. Only, the City also may modify or rescind the commitment.
- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. By motion, the City Council has authorized the Mayor or City Clerk or designee to assign fund balances.
- ***Unassigned*** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds. Currently, the City only reports unassigned fund balance.

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2012

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

- Committed
- Assigned
- Unassigned

Net position - Net position represent the difference between assets and liabilities. Net position 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. This net asset amount also is adjusted by any bond issuance deferral amounts. Net position 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 net position is reported as unrestricted.

1-E-9. Bond Premiums, Discounts, Issuance Costs and Bond Refunding Gains and Losses

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

Debt refunding gains and losses are reported as deferred inflows or outflows of resources on the statements of net position. These gains and losses are deferred and amortized over the shorter of the life of the refunding debt (new debt) and the refunded debt (the old debt).

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

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 sanitation services. Operating expenses are necessary costs incurred to provide the water and sewerage services. All other revenues and expenses are classified as nonoperating and include interest expense, operating grants, gains and the losses on the disposition of capital assets and earnings on investments.

1-E-11 Contributions of Capital

Contributions of capital reported in proprietary fund financial statements and the government-wide financial statements arise from outside contributions of capital assets (e.g. developers), and 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 the after 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).

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2012

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

1-E-14 Comparative Data

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

1-E-15 Implementation of New GASB Standards

In fiscal year 2012, the City implemented the following GASB Statements:

Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The adoption of this statement does not have any impact on the City's financial statements.

Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. The adoption of this statement resulted in the statement of net position being renamed the statement of net position. Additionally, the "invested in capital assets, net of related debt" component of net position was redefined as "net investment in capital assets."

Statement No. 65, *Items Previously Reported as Assets and Liabilities* clarifies the use of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. This statement also requires certain items which were previously reported as assets and liabilities to be reported as deferred outflows of resources, deferred inflows of resources and as revenues or expenditures. As a result of implementing this statement, the City changed the classification of certain liabilities to deferred inflows of resources.

Note 2 – Stewardship, Compliance, and Accountability

2-A. Budgetary Information – The City adopts an annual operating budget for the general fund, each special revenue and the water and sewer system fund. The City also adopts a project length budget for the SPLOST capital projects fund.

All budgets are adopted on a basis consistent with GAAP, except the SPLOST capital projects fund, which is adopted on a project length basis, rather than an annual basis.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund. The City Administrator may transfer appropriations between line items within a department. Any change in total to a fund or departmental appropriation within a fund requires approval of the Mayor and City Council, as a budget amendment. The 2012 budget was not amended.

All unexpended annual appropriations lapse at year-end.

*City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2012*

Note 2 – Stewardship, Compliance, and Accountability (Continued)

2-B. Excess of Expenditures over Appropriations

The following departments had expenditures in excess of departmental appropriations:

General fund:

Mayor commission	\$ 3,307
Financial administration	99,787
Fire	37,529
Downtown Development Authority	654

Debt service fund:

Principal	40,626
Interest and fiscal charges	10,802

Note 3 - Detailed Notes on All Funds

3-A. Deposits

Custodial Credit Risk – Deposits – The custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits may not be recovered.

The City's bank balances of deposits as of November 30, 2012, are entirely insured or collateralized with securities held by the City's agent in the City's name.

State statutes require banks holding public funds to secure these funds by FDIC insurance, securities pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held.

Investments – The fair value of investments of the City is as follows at November 30, 2012:

Maturity

Certificates of deposit	<u>\$ 1,418,116</u>	current to one year
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3-B. Receivables

Receivables at November 30, 2010, consisted of taxes, accounts (billings for user charges), and intergovernmental receivables arising from grants.

Receivables and payables are recorded on the City's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectibility. At November 30, 2012, allowances for uncollectibles were reported as follows:

General fund (property taxes)	\$ 17,000
General fund (other accounts receivable)	45,067
Water and sewerage fund (charges for services)	405,607

3-C. Property Taxes

The City Council levied property taxes September 10, 2012. Property taxes attach as an enforceable lien on property as of January 1, 2012. Property taxes are billed on September 14, 2012 and were payable on December 31, 2012.

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2012

Note 3 - Detailed Notes on All Funds (Continued)

3-D. Capital Assets

Capital asset activity for governmental activities for the year ended November 30, 2012, was as follows:

	Balance 12/1/2011	Additions	Deductions	Balance 11/30/2012
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,077,250	\$ -	\$ -	\$ 1,077,250
Other capital assets:				
Buildings and improvements	6,168,769	-	-	6,168,769
Machinery and equipment	2,689,921	13,653	-	2,703,574
Infrastructure	3,808,710	20,093	-	3,828,803
Total other capital assets	12,667,400	33,746	-	12,701,146
Total capital assets	13,744,650	33,746	-	13,778,396
Accumulated depreciation:				
Buildings and improvements	2,211,351	159,240	-	2,370,591
Machinery and equipment	1,925,621	174,733	-	2,100,354
Infrastructure	452,875	117,142	-	570,017
Total accumulated depreciation	4,589,847	451,115	-	5,040,962
Governmental activities capital assets, net	<u>\$ 9,154,803</u>	<u>\$ (417,369)</u>	<u>\$ -</u>	<u>\$ 8,737,434</u>
Governmental activities depreciation expense:				
General government		\$ 10,324		
Public safety		167,554		
Public works		82,103		
Health and welfare		2,750		
Culture and recreation		66,448		
Housing and development		121,936		
Total governmental activities depreciation expense		<u>\$ 451,115</u>		

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2012

Note 3 - Detailed Notes on All Funds (Continued)

Capital asset activity for business-type activities for the year ended November 30, 2012, was as follows:

	Balance 12/1/2011	Additions	Deductions	Balance 11/30/2012
Water and sewerage fund				
Nondepreciable capital assets				
Land	\$ 520,300	\$ -	\$ -	\$ 520,300
Construction in progress	6,401,955	7,123,436	-	13,525,391
Total nondepreciable capital assets	6,922,255	7,123,436	-	14,045,691
Other capital assets:				
Buildings	31,319	-	-	31,319
Utility plant and lines	16,391,360	-	-	16,391,360
Machinery and equipment	811,103	-	-	811,103
Total other capital assets	17,233,782	-	-	17,233,782
Total capital assets	24,156,037	7,123,436	-	31,279,473
Accumulated depreciation:				
Buildings	17,014	1,081	-	18,095
Utility plant and lines	6,796,621	341,144	-	7,137,765
Machinery and equipment	772,556	15,060	-	787,616
Total accumulated depreciation	7,586,191	357,285	-	7,943,476
Water and sewerage fund capital assets, net	\$ 16,569,846	\$ 6,766,151	\$ -	\$ 23,335,997

3-E. Interfund Balances

Interfund Balances – The general fund reported an interfund receivable from the water fund in the amount of \$638,285 at November 30, 2012. This amount relates to water fund costs paid by the general fund. The general fund owes the water fund \$103,371.

3-F. 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, 2012

Note 3 - Detailed Notes on All Funds (Continued)

3-G. Long-Term Debt

The following is a summary of the outstanding long-term debt issues at November 30, 2012:

Governmental Activities Debt – The County reports one outstanding general obligation bond issue and one capital leases for governmental activities.

Sales Tax General Obligation Bonds, Series 1996 – On July 1, 1996, the City issued the *Georgia Sales Tax General Obligation Bonds, Series 1996* in the original aggregate principal amount of \$1,250,000 at interest rate range of 5.55% - 6.50%. The final payment is due August 1, 2016. Principal is payable annually on August 1 and interest is due semi-annually February 1 and August 1. The purpose of the bonds was to extend and improve the Swainsboro Municipal Golf Course.

These bonds are being retired from the debt service fund.

Annual debt service requirements for these general obligation bonds payable as of November 30, 2012 follow:

Fiscal Year Ended November 30,	Principal	Interest	Total
2013	\$ 85,000	\$ 24,665	\$ 109,665
2014	95,000	19,310	114,310
2015	100,000	13,325	113,325
2016	105,000	6,825	111,825
Total	<u>\$ 385,000</u>	<u>\$ 64,125</u>	<u>\$ 449,125</u>

Capital Leases Payable – The City has four outstanding capital leases.

2004 BB&T Bank Capital Lease #1 - In 2004, the City entered into a capital lease for airplane hangars with BB&T bank. The financing period is 40 quarterly payments of \$4,643 (which includes interest expense) at a 4.30% interest rate. The equipment cost was \$205,000, with accumulated depreciation of \$41,854 and a book value at November 30, 2012 is \$235,896.

Annual debt service requirements to amortize this debt, as of November 30, 2012 follow:

Year	Principal	Interest	Total
2013	\$ 17,325	\$ 1,246	\$ 18,571
2014	18,098	473	18,571
Total	<u>\$ 35,423</u>	<u>\$ 1,719</u>	<u>\$ 37,142</u>

2006 BB&T Bank Capital Lease #2 - In 2006, the City entered into a capital lease for fire truck pumper with BB&T bank. The financing period is 30 quarterly payments of \$5,611 (which includes interest expense) at 4.48% interest rate. The equipment cost was \$135,000, with accumulated depreciation of \$62,250 and a book value at November 30, 2012 is \$72,500.

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2012

Note 3 - Detailed Notes on All Funds (Continued)

Annual debt service requirements to amortize this debt, as of November 30, 2012 follow:

Year	Principal	Interest	Total
2013	\$ 5,549	\$ 62	\$ 5,611

2009 BB&T Capital Lease #3 - In 2009, the City entered into a capital lease for bull dozer with BB&T bank. The financing period is 5 annual payments of \$15,129 (which includes interest expense) at a 3.45% interest rate. The equipment cost was \$68,300, with accumulated depreciation of \$26,181 and a book value at November 30, 2012 is \$42,119.

Annual debt service requirements to amortize this debt, as of November 30, 2012 follow:

Year	Principal	Interest	Total
2013	\$ 14,122	\$ 1,007	\$ 15,129
2014	14,617	512	15,129
Total	\$ 28,739	\$ 1,519	\$ 30,258

2011 BB&T Capital Lease #4 - In 2011, the City entered into a capital lease for a fire truck with BB&T bank for \$300,000. The financing period is 26 quarterly payments of \$12,587 (which includes interest expense) at a 2.97% interest rate. The equipment cost was \$293,739, with accumulated depreciation of \$88,122 and a book value at November 30, 2012 is \$205,617.

Annual debt service requirements to amortize this debt, as of November 30, 2012 follow:

Year	Principal	Interest	Total
2013	\$ 44,192	\$ 7,235	\$ 51,427
2014	45,520	5,908	51,428
2015	46,887	4,541	51,428
2016	48,295	3,133	51,428
2017	49,745	1,682	51,427
2018	25,429	283	25,712
Total	\$ 260,068	\$ 22,782	\$ 282,850

Business-type Activities – November 30, 2012, the City has four loans outstanding with the Georgia Environmental Finance Authority (GEFA).

GEFA Loan — 98-662-SW – On May 19, 1999, the City borrowed \$500,000 at a 4.1% interest rate for extending the water system. Payments of \$9,189, which includes principal and interest, are due quarterly with a final maturity date of April 1, 2019. This loan was retired fully in this fiscal year.

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2012

Note 3 - Detailed Notes on All Funds (Continued)

GEFA Loan — CW 98-006 – On April 1, 2003 the City borrowed \$2,876,436 at a 3% interest rate for extending the water system. Payments of \$50,792, which includes principal and interest, are due quarterly with a final maturity date of January 1, 2022.

Annual debt service requirements to amortize this debt, as of November 30, 2012 follow:

Fiscal Year	Principal	Interest	Total
2013	\$ 155,837	\$ 47,331	\$ 203,168
2014	160,565	42,603	203,168
2015	165,437	37,731	203,168
2016	170,456	32,712	203,168
2017	175,627	27,541	203,168
2018-2022	807,848	55,615	863,463
Total	<u>\$ 1,635,770</u>	<u>\$ 243,533</u>	<u>\$ 1,879,303</u>

GEFA Loan — DW09034—During fiscal year 2011, the City was advanced \$349,579 on a \$500,000 construction loan for a water tank project. The additional \$150,421 was advanced resulting in a total loan of \$500,000. Loan was converted to a fixed amortization loan on March 1 2012. Payments are being made at \$2,917 for 240 months at a 0% interest rate.

Annual debt service requirements to amortize this debt, as of November 30, 2012 follow:

Fiscal Year	Principal
2013	\$ 25,000
2014	25,000
2015	25,000
2016	25,000
2017	25,000
2018-2022	125,000
2023-2027	125,000
2028-2032	108,333
Total	<u>\$ 483,333</u>

GEFA Loan — Water Treatment Plant—During fiscal year 2011, the City was advanced \$5,213,696 on a GEFA loan for a Water Treatment Plant. The loan will be retired in 2012 through a USDA grant. The interest rate on the loan is 3.81% and interest will be paid at repayment date. This loan was retired in full in this fiscal year.

USDA Rural Development Loan – On December 21, 2011, the USDA loaned the City \$6,413,000 to construct a water treatment plant. A portion of the loan proceeds were used to repay the advance funding from the GEFA which was used to begin this project. Payments of \$20,330, which includes principal and interest, are due monthly with a final maturity date of November 21, 2051.

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2012

Note 3 - Detailed Notes on All Funds (Continued)

Annual debt service requirements to amortize this debt, as of November 30, 2012 follow:

Fiscal Year	Principal	Interest	Total
2013	\$ 102,991	\$ 140,969	\$ 243,960
2014	105,332	138,628	243,960
2015	107,727	136,233	243,960
2016	110,176	133,784	243,960
2017	112,681	131,279	243,960
2018-2022	603,013	616,787	1,219,800
2023-2027	674,743	545,057	1,219,800
2028-2032	755,007	464,793	1,219,800
2033-2037	844,819	374,981	1,219,800
2038-2042	945,314	274,486	1,219,800
2043-2047	1,057,762	162,038	1,219,800
2048-2051	892,730	39,733	932,463
Total	<u>\$ 6,312,295</u>	<u>\$ 3,158,768</u>	<u>\$ 9,471,063</u>

Changes in Long-term Debt - Changes in the City's long-term obligations consisted of the following for the year ended November 30, 2012:

	Outstanding 12/1/2011	Additions	Reductions	Outstanding 11/30/2012	Amounts Due in One Year
Governmental Activities:					
General obligation bonds	\$ 465,000	\$ -	\$ 80,000	\$ 385,000	\$ 85,000
Capital leases:					
BT&T Bank#1	52,022	-	16,599	35,423	17,325
BT&T Bank#2	27,136	-	21,587	5,549	5,549
BT&T Bank#3	42,383	-	13,644	28,739	14,922
BT&T Bank#4	300,000	-	39,932	260,068	44,192
Compensated absences	113,454	74,210	85,090	102,574	76,931
Total Governmental Activities	<u>\$ 999,995</u>	<u>\$ 74,210</u>	<u>\$ 256,852</u>	<u>\$ 817,353</u>	<u>\$ 243,919</u>
Business-type Activities:					
GEFA loan - 96-662-SW	\$ 236,285	\$ -	\$ 236,285	\$ -	\$ -
GEFA loan - CW 98-006	1,786,356	-	150,586	1,635,770	155,837
GEFA loan - DW09034	349,579	150,421	16,667	483,333	25,000
GEFA loan - 2010C22WQ	5,213,696	-	5,213,696	-	-
USDA loan	-	6,413,000	100,705	6,312,295	102,291
Total Business-Type Activities	<u>\$ 7,585,916</u>	<u>\$ 6,563,421</u>	<u>\$ 5,717,939</u>	<u>\$ 8,431,398</u>	<u>\$ 283,128</u>

The capital leases payable and revenue bonds payable of the City's governmental funds are retired by general fund revenues. Principal and interest payments related to the City's GEFA loans payable and USDA bonds are being repaid from the City's water and sewerage fund.

*City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2012*

The compensated absences liability will be paid from the fund from which the employees' salaries are paid, normally the general fund.

3-H. Pension

Plan Description - The City contributes to the Georgia Municipal Employees Benefit System (GMEBS), a defined benefit plan, an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for cities in the State of Georgia. GMEBS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The plan, adopted by a City Council Ordinance dated September 24, 1973, established the benefit provisions and has the authority to amend these provisions through City ordinance. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for the City. That report may be obtained by writing to:

Georgia Municipal Employees Benefit System
201 Pryor Street SW
Atlanta, Georgia 30303-3606
404/688-0472

All full-time City employees (i.e., 30 hours per week) with one year of service are eligible to participate in the plan with benefits vesting after 10 years of service. The plans provide either:

- Normal retirement benefit, whereas the employee retires at age 65 with five years of service
- Early retirement benefit, whereas the employee may retire at age 55 or older with ten years of service

Employees who retire at 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.

Membership in the plan is as follows:

Non-vested active members	20
Fully vested active members	33
Retirees and beneficiaries currently receiving benefits	41
Terminated plan members entitled to but not currently receiving benefits	<u>16</u>
Total membership	<u><u>110</u></u>

Funding Policy – The obligations to contribute for both the City and its employees are established by the City council through ordinance. City employees are not required to contribute to GMEBS. The City is required to contribute 100% of the amounts necessary to fund the System using the actuarial basis specified by statute. The current contribution rate is 8.23% of annual covered payroll.

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2012

Note 3 - Detailed Notes on All Funds (Continued)

Annual Pension Cost - For 2012, the City's annual pension cost of \$156,035 for GMEBS was equal to the City's required and actual contributions.

Schedule of Employer Contributions				
Year Ended November 30,	Annual Pension Cost	Annual Pension Contribution	Percentage Contributed	Net Pension Obligation
2010	\$ 155,230	\$ 155,230	100%	\$ -
2011	156,196	156,196	100%	-
2012	156,035	156,035	100%	-

Plan Funded Status – The City's funding status based upon the most recent actuarial valuation follows:

Schedule of Funding Progress						
Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Unfunded AAL/(UAAL) (2)-(1)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll
1/1/2013	\$ 6,783,026	\$ 5,724,960	118.5%	\$ (1,058,066)	\$ 1,631,240	-64.9%

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

Actuarial Valuation Information – The City's actuarial valuation information is as follows:

Current Valuation Date	January 1, 2013
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percentage of Pay (Closed)
Remaining Amortization Period	Varies for the Bases
Asset Valuation Method	See Note Below
Actuarial Assumptions:	
Investment Rate of Return	7.75%
Projected Salary Increases	3.50%
Cost of Living Adjustments	3.50%
Actuarial Value of Assets	See Note Below

Note: Sum of the actuarial value at the beginning of the year and the cash flow during the year plus the assumed investment return, with various adjustments.

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2012

Note 3 - Detailed Notes on All Funds (Continued)

3-I. Fund Equity

- **Nonspendable** – The following fund balances are nonspendable because they are not in spendable form:

General Fund:

Inventories	<u>\$ 26,615</u>
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- **Restricted** – The following fund balances are legally restricted to specified purposes:

Nonmajor Debt Service Funds:

Principal and interest on long-term bonds	<u>\$ 9,366</u>
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Major Capital Projects Fund:

Capital projects	<u>\$ 983,184</u>
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Nonmajor Special Revenue Fund:

Housing and development	<u>\$ 22,538</u>
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- **Unassigned** – The following fund balances include the general fund unassigned amount:

Unassigned	<u>\$ 3,464,693</u>
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Net Investment in Capital Assets

Net investment in capital assets on the government-wide statement of net position as of November 30, 2012 are as follows:

	Governmental Activities	Business Type Activities
Net investment in capital assets:		
Cost of capital assets	\$ 13,778,396	\$ 31,279,473
Less accumulated depreciation	<u>5,040,962</u>	<u>7,943,476</u>
Book value	8,737,434	23,335,997
Less capital related debt	<u>714,779</u>	<u>8,430,736</u>
Net investment in capital assets	<u>\$ 8,022,655</u>	<u>\$ 14,905,261</u>

Note 4 - Other Notes

4-A. Risk Management

Both 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 with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA) for its property and liability insurance. The City manages its risk of potential loss from injuries to employees by participating in the Workers' Compensation Self-Insurance Fund (WCSIF), public entity risk pools currently operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association (GMA) administers both risk pools. There have been no significant reductions in insurance coverage during the current year.

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2012

Note 4 - Other Notes (Continued)

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 pools' 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 to allow the pools' agents and attorneys to represent them in investigation, settlement discussions and all levels of litigation arising out of any claim made against them within the scope of loss protection provided by the funds.

The funds are to defend and protect the members of the funds against any liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The Funds are to pay all costs assessed to its 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 last three years have not exceeded 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 a defendant in several lawsuits at November 30, 2012. In the opinion of City management, the outcome of these contingencies will not have a material effect on the financial position of the City.

4-C. OPED

The City of Swainsboro, Georgia currently considers the OPED/GASB 45 liability immaterial. They have decided not to implement this, based on immateriality at this time. They will monitor this liability and consider implementation each year.

4-D. Joint Ventures

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) 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

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2012

4-D. Hotel/Motel Taxes

The City levies a 5% lodging tax. A summary of the transactions in the hotel/motel tax fund for the year ended November 30, 2012 follows:

Fund balance (deficit), December 1, 2011	\$	(90)
Add hotel/motel taxes and investment earnings		56,208
Less expenditures		<u>(33,479)</u>
Fund balance, November 30, 2012	\$	<u>22,639</u>

Expenditures of \$34,479 (59.6% 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, Georgia
Schedule of Revenues - Budget and Actual - General Fund
For the Year Ended November 30, 2012
(With Comparative Actual Amounts for the Year Ended November 30, 2011)

	2012			2011	
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Real and personal property taxes					
General property tax - current	\$ 2,088,506	\$ 2,088,506	\$ 2,102,860	\$ 14,354	\$ 2,241,357
Vehicle property tax - current	200,000	200,000	193,979	(6,021)	199,315
Mobile home - personal property	3,700	3,700	1,912	(1,788)	2,935
Other - personal property	15,000	15,000	7,541	(7,459)	12,968
Real estate transfer taxes	3,000	3,000	1,666	(1,334)	1,693
Railroad taxes	2,000	2,000	1,951	(49)	1,895
Penalties and interest on taxes	55,000	55,000	64,403	9,403	73,439
Total real and personal property taxes	2,367,206	2,367,206	2,374,312	7,106	2,533,602
Selective taxes:					
Sales tax	950,000	950,000	968,998	18,998	927,963
Franchise tax	470,000	470,000	525,873	55,873	501,226
Alcoholic beverage tax	190,000	190,000	219,129	29,129	194,659
Insurance premium tax	380,000	380,000	362,541	(17,459)	341,322
Total selective taxes	1,990,000	1,990,000	2,076,541	86,541	1,965,170
Licenses and permits:					
Alcoholic beverages	40,000	40,000	34,600	(5,400)	38,800
General business license	145,000	145,000	141,782	(3,218)	115,011
General business license - insurance	34,000	34,000	35,105	1,105	35,845
Building structure and equipment permit	5,000	5,000	1,925	(3,075)	5,469
Inspections	12,000	12,000	5,370	(6,630)	8,440
Business license penalties	2,500	2,500	3,925	1,425	4,425
Total Licenses and permits:	238,500	238,500	222,707	(15,793)	207,989
Intergovernmental					
Federal	160,684	160,684	226,448	65,764	381,946
State and local	585,395	585,395	553,213	(32,182)	673,570
Total Intergovernmental	746,079	746,079	779,661	33,582	1,055,516
Fines and forfeitures:					
Court fines	200,000	200,000	285,451	85,451	221,238
Charges for services:					
Garbage collections	400,000	400,000	486,835	86,835	380,172
Dumpster	345,000	345,000	313,850	(31,150)	311,648
Recycled materials	25,000	25,000	48,322	23,322	51,247
Administration fee	-	-	-	-	-
Airport	36,200	36,200	83,208	47,008	68,371
Culture and recreation	15,000	15,000	32,648	17,648	28,907
Miscellaneous	2,300	2,300	8,841	6,541	3,471
Total charges for services:	823,500	823,500	973,704	150,204	843,816
Investment earnings	20,000	20,000	15,447	(4,553)	25,596
Miscellaneous:					
Rents and royalties	16,200	16,200	21,423	5,223	53,423
Reimbursements for damaged properties	5,000	5,000	-	(5,000)	68,313
Miscellaneous	9,219	9,219	67,114	57,895	10,825
Total miscellaneous	30,419	30,419	88,537	58,118	132,561
Total revenues	6,415,704	6,415,704	6,816,360	400,656	6,985,488
Other financing sources:					
Inception of capital lease	-	-	-	-	300,000
Total revenues and other financing sources	\$ 6,415,704	\$ 6,415,704	\$ 6,816,360	\$ 400,656	\$ 7,285,488

City of Swainsboro, Georgia
City of Swainsboro Retirement Plan
Required Supplementary Information
For the Fiscal Year Ended November 30, 2012

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (c) (b - a)	Funded Ratio (a/b)	Covered Payroll (d)	UAAL as a Percentage of Covered Payroll [(b - a)(d)]
March 1, 2008	\$ 5,933,233	\$ 5,442,824	\$ (490,409)	109.0%	\$ 1,723,490	-28.5%
March 1, 2009	4,809,635	5,645,209	835,574	85.2%	1,914,967	43.6%
January 1, 2010	6,188,901	4,873,936	(1,314,965)	127.0%	1,794,886	-73.3%
January 1, 2011	6,503,655	5,332,720	(1,170,935)	122.0%	1,806,058	-64.8%
January 1, 2012	6,577,386	5,477,964	(1,099,422)	120.1%	1,694,392	-64.9%
January 1, 2013	6,783,026	5,724,960	(1,058,066)	118.5%	1,631,240	-64.9%

See notes to the basic financial statements for actuarial assumptions used in the above calculations.

City of Swainsboro, Georgia
Combining Balance Sheet
Nonmajor Governmental Funds - By Fund Type
November 30, 2012

	Nonmajor Special Revenue Fund	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
Assets			
Equity in pooled cash and investments	\$ 22,639	\$ 9,366	\$ 32,005
Liabilities and Fund Balances			
Liabilities			
Interfund payable	\$ -	\$ -	\$ -
Fund Balances			
Restricted for debt service	-	9,366	9,366
Restricted for housing and development	22,639	-	22,639
Fund Balances	22,639	9,366	32,005
Total Liabilities and Fund Balances	\$ 22,639	\$ 9,366	\$ 32,005

City of Swainsboro, Georgia
Schedule of Revenues and Changes in Fund Balances - Budget and Actual
Nonmajor Governmental Funds - By Fund Type
For the Year Ended November 30, 2012

	Nonmajor Special Revenue Fund	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
Revenues:			
Taxes	\$ 56,177	\$ -	\$ 56,177
Charges for services	-	28,942	28,942
Investment earnings	31	41	72
Total Revenues	<u>56,208</u>	<u>28,983</u>	<u>85,191</u>
Expenditures			
Current:			
Housing and development	33,479	-	33,479
Debt Service:			
Principal	-	80,000	80,000
Interest and fiscal charges	-	30,500	30,500
Total Expenditures	<u>33,479</u>	<u>110,500</u>	<u>143,979</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	22,729	(81,517)	(58,788)
Other Financing Sources			
Transfers in	-	86,900	86,900
Net Change in Fund Balances	22,729	5,383	28,112
Fund Balances Beginning of Year	<u>(90)</u>	<u>3,983</u>	<u>3,893</u>
Fund Balances End of Year	<u>\$ 22,639</u>	<u>\$ 9,366</u>	<u>\$ 32,005</u>

City of Swainsboro, Georgia
General Fund
Comparative Balance Sheet
November 30, 2012 and 2011

	2012	2011
Assets		
Cash and cash equivalents	\$ 498,872	\$ 377,919
Investments	792,474	692,143
Receivables (net, where applicable):		
Property taxes	1,822,823	1,899,709
Sales taxes	155,618	160,131
Accounts	91,977	45,468
Intergovernmental	90,929	81,480
Interfund	638,285	442,403
Inventories	26,615	25,807
Total Assets	<u>\$ 4,117,593</u>	<u>\$ 3,725,060</u>
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities		
Accounts payable	\$ 104,901	\$ 143,878
Accrued expenditures	1,948	1,559
Interfund payable	103,371	99,362
Total Liabilities	210,220	244,799
Deferred Inflows of Resources - Property Taxes	<u>420,074</u>	<u>405,500</u>
Total Liabilities and Deferred Inflows of Resources	<u>630,294</u>	<u>650,299</u>
Fund Balances		
Nonspendable	26,615	25,807
Unassigned	3,460,684	3,048,954
Total Fund Balances	<u>3,487,299</u>	<u>3,074,761</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,117,593</u>	<u>\$ 3,725,060</u>

City of Swainsboro, Georgia
General Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended November 30, 2012 and 2011

	2012	2011
Revenues		
Taxes	\$ 4,450,853	\$ 4,498,772
Licenses and permits	222,707	207,989
Intergovernmental	779,661	1,055,516
Charges for services	973,704	843,816
Fines and forfeitures	285,451	221,238
Investment earnings	15,447	25,596
Miscellaneous	88,537	132,561
Total Revenues	<u>6,816,360</u>	<u>6,985,488</u>
Expenditures		
Current:		
General government	641,089	522,810
Public safety	2,514,696	2,812,634
Public works	1,798,573	2,057,593
Health and welfare	17,180	16,680
Culture and recreation	913,295	904,773
Housing and development	324,517	592,963
Debt Service:		
Principal retirement	91,762	56,485
Interest and fiscal charges	15,810	6,488
Total Expenditures	<u>6,316,922</u>	<u>6,970,426</u>
Excess of Revenues Over Expenditures	<u>499,438</u>	<u>15,062</u>
Other Financing Sources (Uses)		
Inception of capital leases	-	300,000
Proceeds from the disposition of capital assets	-	-
Transfers out	(86,900)	(84,694)
Total Other Financing Sources (Uses)	<u>(86,900)</u>	<u>215,306</u>
Net Change in Fund Balances	412,538	230,368
Fund Balances Beginning of Year	<u>3,074,761</u>	<u>2,844,393</u>
Fund Balances End of Year	<u>\$ 3,487,299</u>	<u>\$ 3,074,761</u>

City of Swainsboro, Georgia
Schedule of Revenues - Budget and Actual - General Fund
For the Year Ended November 30, 2012
(With Comparative Actual Amounts for the Year Ended November 30, 2011)

	2012			2011	
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Real and personal property taxes					
General property tax - current	\$ 2,088,506	\$ 2,088,506	\$ 2,102,860	\$ 14,354	\$ 2,241,357
Vehicle property tax - current	200,000	200,000	193,979	(6,021)	199,315
Mobile home - personal property	3,700	3,700	1,912	(1,788)	2,935
Other - personal property	15,000	15,000	7,541	(7,459)	12,968
Real estate transfer taxes	3,000	3,000	1,666	(1,334)	1,693
Railroad taxes	2,000	2,000	1,951	(49)	1,895
Penalties and interest on taxes	55,000	55,000	64,403	9,403	73,439
Total real and personal property taxes	2,367,206	2,367,206	2,374,312	7,106	2,533,602
Selective taxes:					
Sales tax	950,000	950,000	968,998	18,998	927,963
Franchise tax	470,000	470,000	525,873	55,873	501,226
Alcoholic beverage tax	190,000	190,000	219,129	29,129	194,659
Insurance premium tax	380,000	380,000	362,541	(17,459)	341,322
Total selective taxes	1,990,000	1,990,000	2,076,541	86,541	1,965,170
Licenses and permits:					
Alcoholic beverages	40,000	40,000	34,600	(5,400)	38,800
General business license	145,000	145,000	141,782	(3,218)	115,011
General business license - insurance	34,000	34,000	35,105	1,105	35,845
Building structure and equipment permit	5,000	5,000	1,925	(3,075)	5,469
Inspections	12,000	12,000	5,370	(6,630)	8,440
Business license penalties	2,500	2,500	3,925	1,425	4,425
Total Licenses and permits:	238,500	238,500	222,707	(15,793)	207,989
Intergovernmental					
Federal	160,684	160,684	226,448	65,764	381,946
State and local	585,395	585,395	553,213	(32,182)	673,570
Total Intergovernmental	746,079	746,079	779,661	33,582	1,055,516
Fines and forfeitures:					
Court fines	200,000	200,000	285,451	85,451	221,238
Charges for services:					
Garbage collections	400,000	400,000	486,835	86,835	380,172
Dumpster	345,000	345,000	313,850	(31,150)	311,648
Recycled materials	25,000	25,000	48,322	23,322	51,247
Administration fee	-	-	-	-	-
Airport	36,200	36,200	83,208	47,008	68,371
Culture and recreation	15,000	15,000	32,648	17,648	28,907
Miscellaneous	2,300	2,300	8,841	6,541	3,471
Total charges for services:	823,500	823,500	973,704	150,204	843,816
Investment earnings	20,000	20,000	15,447	(4,553)	25,596
Miscellaneous:					
Rents and royalties	16,200	16,200	21,423	5,223	53,423
Reimbursements for damaged properties	5,000	5,000	-	(5,000)	68,313
Miscellaneous	9,219	9,219	67,114	57,895	10,825
Total miscellaneous	30,419	30,419	88,537	58,118	132,561
Total revenues	6,415,704	6,415,704	6,816,360	400,656	6,985,488
Other financing sources:					
Inception of capital lease	-	-	-	-	300,000
Total revenues and other financing sources	\$ 6,415,704	\$ 6,415,704	\$ 6,816,360	\$ 400,656	\$ 7,285,488

City of Savannah, Georgia
General Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended November 30, 2012
(With Comparative Actual Amounts for the Year Ended November 30, 2011)

	2012			2011		
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual	
General government						
Governing body:						
Personal services	\$ 101,213	\$ 101,213	\$ 92,260	\$ 8,453	\$ 97,160	
Capital outlay	14,432	14,432	12,436	1,996	14,129	
Total	-	-	-	-	2,500	
Total governing body	115,645	115,645	105,596	10,449	113,896	
Mayor and commission:						
Personal services	30,349	30,349	28,020	1,410	29,312	
Operating	9,355	9,355	14,091	(4,736)	9,315	
Total mayor and commission	39,704	39,704	43,011	(3,307)	38,727	
Financial administration:						
Personal services	338,063	338,063	323,207	14,856	318,771	
Operating	50,623	50,623	165,266	(114,643)	51,414	
Total financial administration	388,686	388,686	488,473	(99,787)	370,187	
Total general government	544,435	544,435	637,080	(92,645)	522,810	
Public safety:						
Police:						
Personal services	1,368,441	1,368,441	1,175,811	\$ 192,630	1,178,030	
Operating	266,978	266,978	405,604	(138,626)	374,214	
Capital outlay	3,675	3,675	9,973	(7,298)	21,221	
Total police	1,638,094	1,638,094	1,591,388	46,706	1,573,465	
Fire:						
Personal services	760,471	760,471	702,212	(1,741)	715,818	
Operating	84,334	84,334	118,112	(33,778)	132,890	
Capital outlay	-	-	-	-	293,739	
Total fire	762,805	762,805	820,334	(57,529)	1,140,087	
Animal control:						
Personal services	65,798	65,798	62,368	3,430	58,852	
Operating	55,601	55,601	40,606	14,995	50,130	
Capital outlay	5,000	5,000	-	5,000	-	
Total animal control	126,399	126,399	102,974	23,425	109,082	
Total public safety	2,547,298	2,547,298	2,514,696	32,602	2,812,634	
Public works:						
Public works - operations:						
Operating	1,086,745	1,086,745	1,150,943	(64,198)	1,118,213	
Capital outlay	125,000	125,000	29,093	95,907	352,471	
Total public works - operations	1,211,745	1,211,745	1,180,036	31,709	1,470,684	
Sanitation and recycling:						
Personal services	31,001	31,001	28,432	2,440	27,066	
Operating	624,531	624,531	586,705	37,826	559,803	
Capital outlay	-	-	3,680	-	-	
Total sanitation and recycling	655,532	655,532	618,817	40,675	586,969	
Total public works	1,867,277	1,867,277	1,798,853	72,384	2,057,653	
Health and welfare						
Culture and recreation						
Recreation	474,447	474,447	439,669	35,378	450,511	
Personal services	261,632	261,632	252,162	9,470	234,135	
Operating	2,000	2,000	-	2,000	-	
Capital outlay	-	-	-	-	684,646	
Total recreation	738,079	738,079	691,831	46,848	1,369,292	
Sports facilities:						
Operating	85,100	85,100	89,771	(1,671)	87,854	
Libraries:						
Operating	135,405	135,405	132,293	3,112	132,293	
Total culture and recreation	961,584	961,584	913,295	48,289	904,773	
Housing and development:						
Protective inspection						
Personal services	61,574	61,574	60,793	781	59,817	
Operating	10,702	10,702	3,084	7,618	5,584	
Total protective inspection	72,276	72,276	65,877	6,402	65,401	
City Downtown Development Authority:						
Personal services	48,702	48,702	50,050	(1,348)	48,140	
Operating	28,855	28,855	25,161	694	32,870	
Total City Downtown Development Authority:	77,557	77,557	75,211	2,346	81,010	
Airport:						
Personal services	423	424	964	(540)	463	
Operating	235,469	235,469	179,465	56,425	377,749	
Capital outlay	35,000	35,000	-	35,000	69,340	
Total airport	251,314	251,314	180,429	70,885	446,552	
Total housing and development:	401,150	401,150	324,517	76,633	592,963	
Debt Service:						
Principal retirement	51,136	51,136	91,762	(40,626)	56,485	
Interest and fiscal charges	5,000	5,000	13,810	(10,810)	6,488	
Total Debt Service	56,144	56,144	107,572	(51,428)	62,973	
Contingency	20,636	20,636	-	20,636	-	
Total Expenditures	\$ 6,415,704	\$ 6,415,704	\$ 6,312,913	\$ 85,835	\$ 6,079,426	

City of Swainsboro, Georgia
Comparative Balance Sheet
Hotel/Motel Tax Fund
November 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets		
Equity in pooled cash and investments	\$ 22,639	\$ 11
Liabilities and Fund Balances		
Liabilities		
Interfund payable	\$ -	\$ 101
Fund Balances		
Restricted for housing and development	22,639	-
Unassigned	-	(90)
Total Fund Balances	22,639	(90)
Total Liabilities and Fund Balances	\$ 22,639	\$ 11

City of Swainsboro, Georgia
Schedule of Revenues and Changes in Fund Balances - Budget and Actual
Hotel/Motel Tax Fund
For the Year Ended November 30, 2012
(With Comparative Actual Amounts for the Year Ended November 30, 2011)

	2012				2011
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Revenues:					
Hotel/Motel taxes	\$ 60,000	\$ 60,000	\$ 56,177	\$ (3,823)	\$ 60,832
Investment earnings	-	-	31	31	131
Total Revenues	60,000	60,000	56,208	(3,792)	60,963
Expenditures					
Current:					
Housing and development	40,136	40,136	33,479	6,657	68,436
Excess (Deficiency) of Revenues Over (Under) Expenditures	19,864	19,864	22,729	2,865	(7,473)
Other Financing Sources					
Transfer in	-	-	-	-	194
Net Change in Fund Balances	\$ 19,864	\$ 19,864	22,729	\$ 2,865	(7,279)
Fund Balances Beginning of Year			(90)		7,189
Fund Balances End of Year			\$ 22,639		\$ (90)

City of Swainsboro, Georgia
Comparative Balance Sheet
Debt Service Fund
November 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets		
Equity in pooled cash and investments	<u>\$ 9,366</u>	<u>\$ 3,983</u>
Fund Balances		
Restricted for debt service	<u>\$ 9,366</u>	<u>\$ 3,983</u>

City of Swainsboro, Georgia
Schedule of Revenues and Changes in Fund Balances - Budget and Actual
Debt Service Fund
For the Year Ended November 30, 2012
(With Comparative Actual Amounts for the Year Ended November 30, 2011)

	2012				2011
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Revenues:					
Charges for services	\$ 45,000	\$ 45,000	\$ 28,942	\$ (16,058)	\$ 17,888
Investment earnings	-	-	41	41	35
Total Revenues	<u>45,000</u>	<u>45,000</u>	<u>28,983</u>	<u>(16,017)</u>	<u>17,923</u>
Expenditures					
Debt Service:					
Principal	80,000	80,000	80,000	-	80,000
Interest and fiscal charges	<u>30,500</u>	<u>30,500</u>	<u>30,500</u>	<u>-</u>	<u>35,300</u>
Total Expenditures	<u>110,500</u>	<u>110,500</u>	<u>110,500</u>	<u>-</u>	<u>115,300</u>
(Deficiency) of Revenues (Under) Expenditures	(65,500)	(65,500)	(81,517)	(16,017)	(97,377)
Other Financing Sources					
Transfers in	<u>-</u>	<u>-</u>	<u>86,900</u>	<u>86,900</u>	<u>84,500</u>
Net Change in Fund Balances	<u>\$ (65,500)</u>	<u>\$ (65,500)</u>	<u>5,383</u>	<u>\$ 70,883</u>	<u>(12,877)</u>
Fund Balances Beginning of Year			<u>3,983</u>		<u>16,860</u>
Fund Balances End of Year			<u>\$ 9,366</u>		<u>\$ 3,983</u>

City of Swainsboro, Georgia
Comparative Balance Sheet
SPLOST Fund
November 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets		
Equity in pooled cash and investments	\$ 971,391	\$ 989,372
Interfund receivable	<u>-</u>	<u>11,793</u>
Total Assets	<u>\$ 971,391</u>	<u>\$ 1,001,165</u>
Fund Balances		
Restricted for capital	<u>\$ 971,391</u>	<u>\$ 1,001,165</u>

City of Swainsboro, Georgia
Comparative Statement of Revenues, Expenditures
and Changes in Fund Balances
SPLOST Fund
For the Fiscal Years Ended November 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenues		
Sales taxes	\$ 187,581	\$ 266,604
Investment earnings	10,691	8,359
Miscellaneous	<u>-</u>	<u>362,064</u>
Total Revenues	<u>198,272</u>	<u>637,027</u>
Expenditures		
General government	11,793	-
Capital Outlay:	<u>-</u>	<u>51,395</u>
Total Expenditures	<u>11,793</u>	<u>51,395</u>
Excess of Revenues Over Expenditures	186,479	585,632
Other Financing Uses		
Transfers out	<u>(216,253)</u>	<u>-</u>
Net Change in Fund Balances	(29,774)	585,632
Fund Balances Beginning of Year	<u>1,001,165</u>	<u>415,533</u>
Fund Balances End of Year	<u><u>\$ 971,391</u></u>	<u><u>\$ 1,001,165</u></u>

City of Swainsboro, Georgia
Comparative Statement of Net Position
Proprietary Fund - Water and Sewerage Fund
November 30, 2012 and 2011

Assets	2012	2011
Current Assets:		
Cash and cash equivalents	\$ 768,597	\$ 422,938
Investments	337,914	350,625
Receivable:		
Accounts (net)	271,954	232,082
Interfund	103,371	99,362
Restricted assets:		
Cash and cash equivalents	313,173	267,370
Total Current Assets	<u>1,795,009</u>	<u>1,372,377</u>
Noncurrent Assets:		
Capital assets:		
Nondepreciable	14,045,691	6,922,255
Depreciable, net	9,290,306	9,647,591
Total Noncurrent Assets	<u>23,335,997</u>	<u>16,569,846</u>
Total Assets	<u>25,131,006</u>	<u>17,942,223</u>
Liabilities		
Current Liabilities:		
Accounts payable	36,504	16,732
Customer deposits payable	160,080	166,772
Interfund payable	638,285	454,095
GEFA loans payable	180,837	5,411,182
USDA bonds payable	102,291	-
Accrued interest	18,508	19,561
Total Current Liabilities	<u>1,136,505</u>	<u>6,068,342</u>
Long-term Liabilities (net of current portion):		
GEFA loans payable	1,937,604	2,174,734
USDA bonds payable	6,210,004	-
Total Long-term Liabilities	<u>8,147,608</u>	<u>2,174,734</u>
Total Liabilities	<u>9,284,113</u>	<u>8,243,076</u>
Net Position		
Net investment in capital assets	15,007,552	8,983,930
Restricted for debt service	313,173	267,370
Unrestricted	526,168	447,847
Total Net Position	<u>\$ 15,846,893</u>	<u>\$ 9,699,147</u>

City of Swainsboro, Georgia
*Comparative Statement of Revenues,
Expenses and Changes in Fund Net Assets
Proprietary Fund - Water and Sewerage Fund
For the Years Ended November 30, 2012 and 2011*

	2012	2011
Operating Revenues		
Charges for services	\$ 2,141,276	\$ 1,793,534
Service charges	78,619	74,115
Miscellaneous	18,062	13,508
Total Operating Revenues	<u>2,237,957</u>	<u>1,881,157</u>
Operating Expenses		
Personal services - salaries	30,198	30,173
Personal services - benefits	15,288	14,701
Purchased services	1,295,910	1,321,862
Materials and supplies	197,063	37,582
Depreciation	357,285	363,482
Total Operating Expenses	<u>1,895,744</u>	<u>1,767,800</u>
Operating Income	<u>342,213</u>	<u>113,357</u>
Non-Operating Revenues (Expenses)		
Investment earnings	5,447	24,055
Interest and fiscal charges	(208,399)	(74,188)
Total Non-Operating Revenues (Expenses)	<u>(202,952)</u>	<u>(50,133)</u>
Income Before Contributions and Transfers In	139,261	63,224
Contributions	5,792,232	353,989
Transfers In	216,253	-
Change in Net Position	6,147,746	417,213
Net Position Beginning of Year	<u>9,699,147</u>	<u>9,281,934</u>
Net Position End of Year	<u><u>\$ 15,846,893</u></u>	<u><u>\$ 9,699,147</u></u>

City of Swainsboro, Georgia
Comparative Statement of Cash Flows
Proprietary Fund - Water and Sewerage Fund
For the Year Ended November 30, 2012

	2012	2011
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash received from customers	\$ 2,191,393	\$ 1,843,414
Cash payments to employees for services	(45,486)	(44,874)
Cash payments for goods and services	(1,473,201)	(1,361,352)
Net Cash Provided by (Used in) Operating Activities	672,706	437,188
Cash Flows from Noncapital Financing Activities		
Interfund receivable	184,190	354,733
Interfund payable	(4,009)	(110,921)
Transfers in	216,253	-
Net Cash Provided by (Used in) Noncapital Financing Activities	396,434	243,812
Cash Flows from Capital and Related Financing Activities		
Capital grants	5,792,232	353,989
GEFA notes proceeds	150,421	5,563,275
USDA loan proceeds	6,413,000	-
Principal paid on notes and loans	(5,719,939)	(173,847)
Interest paid on notes and capital leases	(209,452)	(66,091)
Acquisition of capital assets	(7,109,387)	(6,080,246)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(683,125)	(402,920)
Cash Flows from Investing Activities		
Sale of investments	-	252,234
Investment earnings	5,447	24,055
Net Cash Flows from Investing Activities	5,447	276,289
Net Increase (Decrease) in Cash and Cash Equivalents	391,462	554,369
Cash and Cash Equivalents Beginning of Year	690,308	135,939
Cash and Cash Equivalents End of Year	\$ 1,081,770	\$ 690,308
Reconciliation to Statement of Net Assets		
Cash and cash equivalents	\$ 768,597	\$ 422,938
Restricted assets	313,173	267,370
Total Cash and Cash Equivalents	\$ 1,081,770	\$ 690,308

- (continued)

City of Swainsboro, Georgia
Comparative Statement of Cash Flows
Proprietary Fund - Water and Sewerage Fund
For the Year Ended November 30, 2012

(continued)

	<u>2012</u>	<u>2011</u>
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities		
Operating Income	\$ 342,213	\$ 113,357
Adjustments:		
Depreciation	357,285	363,482
(Increase) Decrease in Assets:		
Accounts receivable	(39,872)	(42,529)
Increase (Decrease) in Liabilities:		
Accounts payable	19,772	(1,908)
Customer deposits	<u>(6,692)</u>	<u>4,786</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 672,706</u>	<u>\$ 437,188</u>

CITY OF SWAINSBORO, GA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED NOVEMBER 30, 2012

<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	14.219	10p-x-053-5280	149,378.00
Community Development Block Grants/State's Program-Nordson	14.219	11q-x-053-2-5428	359,211.00
Department of Justice Direct Program:			
Public Safety Partnership	16.710		27,291.00
Edward Byrne	16.738		8,955.00
Cops Grant	16.710		46,298.00
Department of Transportation Pass-through program: Highway Planning & Construction T-Sidewalk Project	20.205	PEHPP-0007-00(582)	100,550.00
USDA Water Treatment Plant Project	10.760		6,353,833.00
GEFA Tank Project	66.468		<u>383,800.00</u>
Total			<u><u>7,429,316.00</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, 2012

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, 2012

SUMMARY OF AUDIT RESULTS

1. The auditor's report expressed an unqualified opinion on the financial statements of the City of Swainsboro, Georgia.
2. No significant deficiencies in internal control were reported during the audit of the financial statements of the 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 significant deficiencies were disclosed during the audit of internal control over major federal awards 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 Grant/State's Program, CFDA 14.219; U.S. Department of Housing and Urban Development, Community Development Block Grant/State's Program-EIP-Nordson, CFDA 14.219; Department of Justice, Cops Grant, CFDA 16.710; Department of Transportation, Highway Planning and Construction, CFDA 20.205; USDA Water Treatment Plant Project, CFDA 10.760; and GEFA Tank Project, CFDA 66.468.
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.

FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARDS PROGRAM AUDIT

None Reported.

City of Swainsboro, Georgia
Schedule of Projects Constructed with Special Purpose Local Option Sales Tax
For the Year Ended November 30, 2012

	Original Estimated Cost	Current Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
2011 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>1,565,160</u>	<u>11,793</u>	<u>1,576,953</u>
Total			<u>\$ 2,638,191</u>	<u>\$ 11,793</u>	<u>\$ 2,649,984</u>

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

MEMBER
AMERICAN INSTITUTE OF CPAS
GEORGIA SOCIETY OF CPAS

STACIE W. AVERY
Certified Public Accountant
322 WEST MAIN STREET
SWAINSBORO, GEORGIA 30401

TELEPHONE (478) 237-7366
FAX (478) 237-8119

MAILING ADDRESS
P.O. BOX 189
SWAINSBORO, GEORGIA 30401

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, Georgia

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 of Swainsboro, Georgia, as of and for the year ended November 30, 2012, which collectively comprise the City of Swainsboro, Georgia's basic financial statements and have issued my report thereon dated May 31, 2013. 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

Management of City of Swainsboro, Georgia is responsible for establishing and maintaining effective internal control. 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Swainsboro, Georgia's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the City of Swainsboro, Georgia's internal control over financial reporting.

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

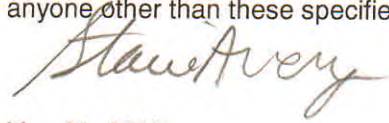
My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses.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

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*.

I noted certain matters that I reported to management of City of Swainsboro, Georgia, in a separate letter dated May 31, 2013.

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.

A handwritten signature in dark ink, appearing to read "Staw Avery". The signature is written in a cursive, flowing style.

May 31, 2013

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 City of Swainsboro, Georgia's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of City of Swainsboro Georgia's major federal programs for the year ended November 30, 2012. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended November 30, 2012..

Internal Control Over Compliance

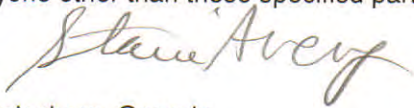
Management of City of Swainsboro, Georgia, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered City of Swainsboro, Georgia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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 over compliance that might be

deficiencies, 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, 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.

A handwritten signature in dark ink, appearing to read "Stan Avery". The signature is fluid and cursive, with the first name "Stan" and last name "Avery" clearly distinguishable.

Swainsboro, Georgia

May 31, 2013

CITY OF SWAINSBORO, GEORGIA
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED NOVEMBER 30, 2012

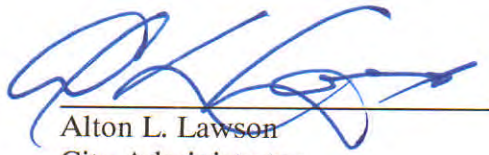
The following conditions were reported to City of Swainsboro, Georgia by the auditor Stacie W. Avery, CPA. The City concurs with Ms. Avery's findings and has designed the corrective action indicated.

Condition: The City exceeded the budget in several departments.

Corrective Action: The City continues to have a review of each department's expenditures on a periodic basis to prevent expenditures in excess of appropriations.

Condition: The City of Swainsboro, Georgia currently has a possible OPED liability under GASB 45.

Corrective Action: The City currently considers the OPED liability immaterial. They will monitor this liability and consider implementation by using an Actuary this year.



Alton L. Lawson
City Administrator
05/31/13