CITY OF SWAINSBORO, GEORGIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED NOVEMBER 30, 2013

City of Swainsboro, Georgia
Annual Financial Report
For The Fiscal Year Ended November 30, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council
City of Swainsboro, Georgia

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate 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, 2013, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but nor for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I do not express such an opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Swainsboro, Georgia as of November 30, 2013, and the respective changes in financial position and where applicable, cash flows 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 October 31, 2014, on my consideration of the City's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report

is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

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

Other Matters
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and analysis and budgetary comparison information on pages 3-12 and 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operation, 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 basis 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 to not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

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 and the SPLOST schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments and Non-Profit Organizations, and is also not a required part of the financial statements.

The combining and individual nonmajor fund financial statements, the SPLOST schedule, and the Schedule of Federal Expenditures is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining individual nonmajor fund financial statements, the SPLOST schedule, and the Schedule of Federal Expenditures, is fairly state, in all material respects, in relation to the basic financial statements as a whole.

Stacie Avery

October 31, 2014

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, 2013. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

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- The City's assets exceeded its liabilities by $31,036,463 (net position) for the fiscal year reported. ,
- Total net position are comprised of the following:
  - (1) Net investment in capital assets, of $24,915,624 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 $1,036,210 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
  - (3) Unrestricted net position of $5,084,629 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 $4,424,525 this year. This compares to the restated prior year ending fund balance of $4,685,992 showing a decrease of $261,467 during the current year. Unassigned fund balance of $3,724,252 at November 30, 2013 shows a $263,568 increase from the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was $3,724,252 or 53.4% of total General Fund expenditures, as compared to 54.8% at November 30, 2013.
- 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 $31,037,237 as compared to a restated $28,871,937 at November 30, 2013. The following table provides a summary of the City's net position:

Summary of Net Position

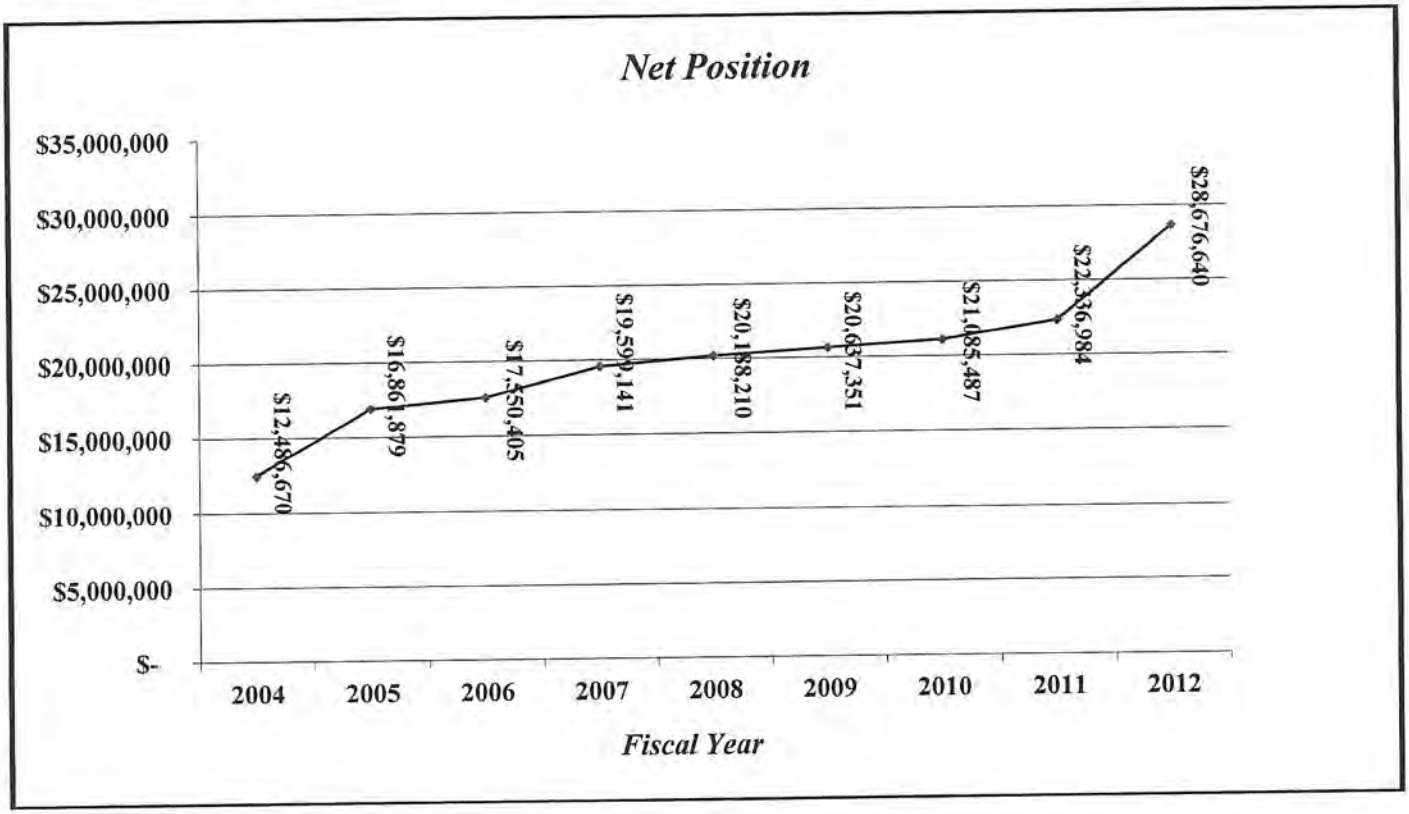
	Governmental Activities		Business-type Activities		Total	
	2013	Restated 2012	2013	2012	2013	Restated 2012
Assets:						
Current assets	$ 5,363,249	$ 5,212,915	$ 1,220,718	$ 1,156,724	$ 6,583,967	$ 6,369,639
Capital assets	9,935,745	8,737,434	24,156,449	23,335,997	34,092,194	32,073,431
Total assets	15,298,994	13,950,349	25,377,167	24,492,721	40,676,161	38,443,070
Liabilities:						
Current liabilities	389,665	351,871	304,831	498,220	694,496	850,091
Long-term liabilities	900,454	573,434	8,044,748	8,147,608	8,945,202	8,721,042
Total liabilities	1,290,119	925,305	8,349,579	8,645,828	9,639,698	9,571,133
Net position:						
Net investment in capital assets	8,906,748	8,022,655	16,008,876	14,905,261	24,915,624	22,927,916
Restricted	669,023	980,757	367,187	313,173	1,036,210	1,293,930
Unrestricted	4,433,104	4,021,632	651,525	628,459	5,084,629	4,650,091
Total net position	$ 14,008,875	$ 13,025,044	$ 17,027,588	$ 15,846,893	$ 31,036,463	$ 28,871,937

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 13.8 to 1 as compared to 14.3 to 1 at November 30, 2012. The current ratio for business-type activities is 4 to 1 as compared to 2.3 to 1 at November 30, 2012.

The City reported positive balances in net position for both governmental and business-type activities. Net position increased $983,831 or 7.6% for governmental activities, and increased $1,180,695 or 7.5% for business-type activities. The City's overall financial position improved during fiscal year 2013.

Note that approximately 63.6% 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% 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. 80.3% of the City's total net position is included in capital assets.

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



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

Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program:						
Charges for services & fines	$ 1,469,673	$ 1,532,227	$ 1,968,490	$ 2,219,895	$ 3,438,163	$ 3,752,122
Operating grants	674,727	553,213	-	-	674,727	553,213
Capital grants	666,968	226,448	1,937,940	5,792,232	2,604,908	6,018,680
General:						
Taxes	4,800,643	4,709,185	-	-	4,800,643	4,709,185
Other	124,314	93,324	26,745	23,509	151,059	116,833
Total revenues	7,736,325	7,114,397	3,933,175	8,035,636	11,669,500	15,150,033
Program Expenses:						
General government	589,533	660,474	-	-	589,533	660,474
Public safety	2,741,620	2,664,738	-	-	2,741,620	2,664,738
Public works	1,946,098	1,856,775	-	-	1,946,098	1,856,775
Health and welfare	18,950	19,930	-	-	18,950	19,930
Culture and recreation	895,513	979,321	-	-	895,513	979,321
Housing and development	527,763	479,873	-	-	527,763	479,873
Interest	33,017	45,123	-	-	33,017	45,123
Water and sewer	-	-	2,752,480	2,104,143	2,752,480	2,104,143
Total expenses	6,752,494	6,706,234	2,752,480	2,104,143	9,504,974	8,810,377
Revenues over (under) expenses	983,831	408,163	1,180,695	5,931,493	2,164,526	6,339,656
Transfers in (out)	-	(216,253)	-	216,253	-	-
Net changes in net position	983,831	191,910	1,180,695	6,147,746	2,164,526	6,339,656
Beginning net assets	13,025,044	12,833,134	15,846,893	9,699,147	28,871,937	22,532,281
Ending net assets	$ 14,008,875	$ 13,025,044	$ 17,027,588	$ 15,846,893	$ 31,036,463	$ 28,871,937

GOVERNMENTAL REVENUES

The City is heavily reliant on property taxes and sales taxes to support governmental operations and capital. Property taxes provided 70.6% of the City's total governmental revenues as compared to 66.6% in fiscal year 2013. Sales taxes make up 11% of the City's total governmental revenues as compared to 16.3% in fiscal year 2013.

User charges and fines are the second largest revenue source totaling over $1.4 million or 19% of total governmental revenues. This percentage compared to 21.5% in fiscal year 2013. Because of the City's healthy financial position, we have been able to earn $6,913 in interest earnings to support governmental activities. Also, note that program revenues cover 41.6% of governmental operating expenses. This means that the government's taxpayers and the City's other general governmental revenues fund 58.4 % of the governmental activities.

GOVERNMENTAL FUNCTIONAL EXPENSES

The public safety and the public works functions make up approximately 69.4% of the total governmental activities expenses as compared to 67.4% in fiscal year 2013. General government totals over $589 thousand and the culture and recreation costs the City over $527 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	$ 589,533	8.7%	$ 323,393	8.2%
Public safety	2,741,620	40.6%	2,369,741	60.1%
Public works	1,946,098	28.8%	444,348	11.3%
Health and welfare	18,950	0.3%	18,950	0.5%
Culture and recreation	895,513	13.3%	363,580	9.2%
Housing and development	527,763	7.8%	388,097	9.8%
Interest	33,017	0.5%	33,017	0.8%
Total	$ 6,752,494	100.0%	$ 3,941,126	100.0%

The public safety totals 60.1% of the net cost of services and public works totals 11.3% 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 $1,968,490 or up $251,405, or 12.1%. There was more usage in fiscal 2013.

Operating expenses increased $667,773 or 35.2% more than fiscal year 2013. Purchased services were $126,899 or 9.8% below the 2012 actual amounts. The OMI contract fee covers most of this reduction. Materials and supplies increased $89,589. The primary increase relates to depreciation expense, which increased $703,061.

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 $4,424,525 as compared to the restated 2012 fiscal year amount of $4,685,997. Of this year-end total, $3,724,252 is unassigned indicating availability for continuing City service requirements. Fund balance includes $619,774 restricted for capital outlay, $7,007 restricted for debt service and $42,242 for housing and development. Fund balance includes assets not available for current expenditure of $31,250, which is tied up in inventory.

The total ending fund balances of governmental funds show a decrease of $261,467 or a decrease of 5.6% 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 $268,203 in fiscal year 2013. In fiscal year 2012, the fund balance increased over $412,538.

Total revenues increased $490,749 or 7.2% from that of fiscal year 2013.

General property taxes increased just $7,929 from that of fiscal year 2013. Alcoholic beverage taxes decreased $33,750 or 15.4% due to the restaurant that sold the majority of the liquor lost much of its business.

Intergovernmental revenues were up $95,066. Federal revenue was below the 2012 amount by $181,222, as a grant reported on fiscal year 2012 was not duplicated in fiscal year 2013. State and local revenue increased $276,288 or 49.9%, due to the transportation local option and special local option sales taxes.

Total expenditures increased $640,993 or 10.2% below the fiscal year 2012 total.

Police operating costs increased $48.202 or 11.9% because of increased purchases of small equipment. Public works operating costs increased $92,480 or 8% due to increased repair and maintenance. Recreation recreation personal costs decreased $124,183 or 28.3% since the former recreation director retired and was paid for his accumulated vacation and the replacement director made less than the retired director.

The expenditures for the other functions were approximately equal to the fiscal year 2012 amount.

The general fund's ending unassigned fund balance increased $263,568 or 7.7% over the November 30, 2012 balance. This balance is considered adequate, representing the equivalent of 54% of annual expenditures, as compared to 54.8% last year.

2005 SPLOST Fund – In fiscal year 2013, this fund reported interest earnings of $2,250. The City spent just $731,424. The ending fund balance totals approximately over $242,217.
2012 SPLOST Fund – In fiscal year 2013, this fund reported revenues of $467,221, of which $466,968 was SPLOST taxes received from the County. The City spent $284,961. The ending fund balance totals $377,557.

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 2013, the City Council did not amend the general fund budget.

The City recognized $263,114 more than anticipated total revenues, primarily in the intergovernmental and charges for services classifications. Total tax revenue was $110,676 below the budget, resulting from property taxes and sales taxes. Unfortunately, the economy has not fully recovered yet.

In total, the City realized 104% of the estimated revenues, primarily because of the above-mentioned intergovernmental revenue.

The expenditure side, the financial administration personal services was under expended primarily due to an employee with an extended illness that was not paid completely during her illness. The police personnel services budget was under expended by $96,350 or 7.7%. This budget was not accurate.

The housing and development budget was overspent by $588,409 resulting from the construction of the airplane hangar, which was not budgeted.

In total, the City overspent the budget by $279,293 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, 2013, was $9,935,745 and $24,156,449 respectively. The increase in net investment was 13.7% for governmental activities and a 3.5% 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.

The following table provides a summary of capital asset activity.

Capital Assets

	Governmental Activities		Business Activities		Total	
	2013	2012	2013	2012	2013	2012
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	-	13,525,391
Total non-depreciable assets:	1,077,250	1,077,250	520,300	14,045,691	1,597,550	15,122,941
Depreciable assets:						
Buildings	6,959,144	6,168,769	31,319	31,319	6,990,463	6,200,088
Utility plant	-	-	31,797,549	16,391,360	31,797,549	16,391,360
Machinery and equipment	2,722,343	2,703,574	811,103	811,103	3,533,446	3,514,677
Infrastructure	4,711,021	3,828,803	-	-	4,711,021	3,828,803
Total depreciable assets	14,392,508	12,701,146	32,639,971	17,233,782	47,032,479	29,934,928
Less accumulated depreciation	5,534,013	5,040,962	9,003,822	7,943,476	14,537,835	12,984,438
Book value - depreciable assets	8,858,495	7,660,184	23,636,149	9,290,306	32,494,644	16,950,490
Percentage depreciated	38%	40%	28%	46%	31%	43%
Book value - all assets	$ 9,935,745	$ 8,737,434	$ 24,156,449	$ 23,335,997	$ 34,092,194	$ 32,073,431

At November 30, 2013, the depreciable capital assets for governmental activities were 38% depreciated. This compares to 40% 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, 28% of the asset values were depreciated at November 30, 2013, which compares to 46% at November 30, 2012. This decrease relates to the new utility plant put into service in 2013.

Long-term Debt

At the end of this fiscal year, the City reported $300,000 of outstanding general obligation bonds relating to improvements made to the Swainsboro Municipal Golf Course. The water and sewer fund reported $1,938,266 in revenue notes relating to extension of the water and sewer system and a USDA loan for a new water treatment plant, totaling $6,209,307.

During the year, the City retired $85,000 or 22.1% of the beginning outstanding governmental activities general obligation bonds.

Outstanding Borrowings

	Governmental Activities		Business-type Activities		Totals		% Change
	2013	2012	2013	2011	2013	2011	
General obligation bonds	$ 300,000	$ 385,000	$ -	$ -	$ 300,000	$ 385,000	-22%
Water & sewer notes	-	-	1,938,266	2,119,103	1,938,266	2,119,103	-9%
USDA loan	-	-	6,209,307	6,312,295	6,209,307	6,312,295	100%
Capital leases	247,791	329,779	-	-	247,791	329,779	-25%
Promissory note	481,206	-	-				
Compensated absences	103,177	102,574	-	-	103,177	102,574	1%
Total	$ 1,132,174	$ 817,353	$ 8,147,573	$ 8,431,398	$ 8,798,541	$ 9,248,751	-5%

The fiscal year 2013, the new promissory in governmental activities relates to the construction of a new airplane hangar.

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 favorably 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 2013, 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, 2013

	Primary Government			Downtown Development Authority Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Current Assets				
Cash and cash equivalents (Note 3A)	$ 1,092,510	$ 1,065,909	$ 2,158,419	$ 113
Investments	778,753	346,253	1,125,006	-
Receivables:				
Accounts	124,851	192,348	317,199	-
Taxes	2,312,602	-	2,312,602	-
Intergovernmental	272,304	-	272,304	-
Interfund	750,979	(750,979)	-	-
Inventories	31,250	-	31,250	-
Restricted assets	-	367,187	367,187	-
Total Current Assets	5,363,249	1,220,718	6,583,967	113
Noncurrent Assets				
Capital assets (Note 3D)				
Nondepreciable	1,077,250	520,300	1,597,550	-
Depreciable, net	8,858,495	23,636,149	32,494,644	-
Total Noncurrent Assets	9,935,745	24,156,449	34,092,194	-
Total Assets	15,298,994	25,377,167	40,676,161	113
Liabilities				
Current Liabilities				
Accounts payable	150,647	60,100	210,747	48,139
Accrued expenses	7,298	-	7,298	-
Compensated absences payable	77,383	-	77,383	-
Customer deposits	-	141,906	141,906	-
GEFA loans payable	-	7,825	7,825	
Capital leases payable	59,337	-	59,337	-
USDA bonds payable	-	95,000	95,000	-
General obligation bonds payable	95,000	-	95,000	-
Total Current Liabilities	389,665	304,831	694,496	48,139
Long-term Liabilities: (net of current portion) (Note 3G)				
Compensated absences payable	25,794	-	25,794	-
GEFA loans payable	-	1,930,441	1,930,441	
Capital leases payable	188,454	-	188,454	-
USDA bonds payable	-	6,114,307	6,114,307	-
Promissory note payable	481,206	-	481,206	-
General obligation bonds payable	205,000	-	205,000	-
Total Long-term Liabilities	900,454	8,044,748	8,945,202	-
Total Liabilities	1,290,119	8,349,579	9,639,698	48,139
Net Position				
Net investment in capital assets (Note 3I)	8,906,748	16,008,876	24,915,624	-
Restricted for debt service	7,007	367,187	374,194	-
Restricted for housing and development	42,242	-	42,242	-
Restricted for capital outlay	619,774	-	619,774	-
Unrestricted	4,433,104	651,525	5,084,629	(48,026)
Total Position	$ 14,008,875	$ 17,027,588	$ 31,036,463	$ (48,026)
See accompanying notes to the basic financial statements	$ -	$ -	$ -	$ -

City of Swainsboro, Georgia
Statement of Activities
For the Year Ended November 30, 2013

Function/Program	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants	Program Revenues: Capital Grants	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit
Primary Government								
Governmental Activities								
General government	$ 589,533	$ 245,528	$ 20,612	$ -	$ (323,393)	$ -	$ (323,393)	$ -
Public safety	2,741,620	278,622	93,257	-	(2,369,741)	-	(2,369,741)	-
Public works	1,946,098	818,222	216,560	466,968	(444,348)	-	(444,348)	-
Health and welfare	18,950	-	-	-	(18,950)	-	(18,950)	-
Culture and recreation	895,513	56,520	275,413	200,000	(363,580)	-	(363,580)	-
Housing and development	527,763	70,781	68,885	-	(388,097)	-	(388,097)	-
Interest	33,017	-	-	-	(33,017)	-	(33,017)	-
Total Governmental Activities	6,752,494	1,469,673	674,727	666,968	(3,941,126)	-	(3,941,126)	-
Business-type Activities:								
Water and sewerage	2,752,480	1,968,490	-	1,937,940	-	1,153,950	1,153,950	-
Total - Primary Government	$ 9,504,974	$ 3,438,163	$ 674,727	$ 2,604,908	(3,941,126)	1,153,950	(2,787,176)	-
Component Unit								
Downtown Development Authority	$ 4,515	$ 7,642	$ 1,500	$ -	$ -	-	-	4,627
		General Revenues						
		Property taxes levied for general government purposes			2,780,700	-	2,780,700	-
		Sales tax			847,966	-	847,966	-
		T-SPLOST			56,611	-	56,611	-
		Insurance premium tax			375,377	-	375,377	-
		Franchise tax			497,502	-	497,502	-
		Beer and liquor tax			185,379	-	185,379	-
		Hotel/motel tax			57,108	-	57,108	-
		Investment earnings			6,913	5,703	12,616	-
		Miscellaneous			117,401	21,042	138,443	-
		Total General Revenues and Transfers			4,924,957	26,745	4,951,702	-
		Change in Net Position			983,831	1,180,695	2,164,526	4,627
		Net Position Beginning of Year, As Restated			13,025,044	15,846,893	28,871,937	(52,653)
		Net Position End of Year			$ 14,008,875	$ 17,027,588	$ 31,036,463	$ (48,026)
See accompanying notes to the basic financial statements					14,008,875	17,027,588	31,036,463	(48,026)
					$ -	$ -	$ -	$ -

City of Swainsboro, Georgia
Balance Sheet
Governmental Fund
November 30, 2013

	General	2005 SPLOST	2012 SPLOST	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 428,518	$ 242,217	$ 377,557	$ 44,218	$ 1,092,510
Investments	778,753	-	-	-	778,753
Receivables:					
Accounts	124,851	-	-	-	124,851
Taxes	2,312,602	-	-	-	2,312,602
Intergovernmental	272,304	-	-	-	272,304
Interfund	850,341	-	-	5,031	855,372
Inventories	31,250	-	-	-	31,250
Total Assets	$ 4,798,619	$ 242,217	$ 377,557	$ 49,249	$ 5,467,642
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	$ 150,647	$ -	$ -	$ -	$ 150,647
Payroll liabilities payable	7,298	-	-	-	7,298
Interfund payable	104,393	-	-	-	104,393
Total Liabilities	262,338	-	-	-	262,338
Deferred Inflows of Resources - Property Taxes	780,779	-	-	-	780,779
Total Liabilities and Deferred Inflows of Resources	1,043,117	-	-	-	1,043,117
Fund Balances					
Nonspendable	31,250	-	-	-	31,250
Restricted	-	242,217	377,557	49,249	669,023
Unassigned	3,724,252			-	3,724,252
Total Fund Balances	3,755,502	242,217	377,557	49,249	4,424,525
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 4,798,619	$ 242,217	$ 377,557	$ 49,249	$ 5,467,642

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, 2013

Total Governmental Fund Balances			$ 4,424,525
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	$ 15,469,758		
Less accumulated depreciation	(5,534,013)		9,935,745
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			780,779
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	$ (103,177)		
Capital lease payable	(728,997)		
Revenue bonds payable	(300,000)		(1,132,174)
Net Position of Governmental Activities			$ 14,008,875
See accompanying notes to the basic financial statements			14,008,875
			$ -

City of Swainsboro, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Fund
For the Year Ended November 30, 2013

	General	2005 SPLOST	2012 SPLOST	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	$ 4,382,830	$ -	$ -	$ 57,108	$ 4,439,938
Licenses and permits	219,395	-	-	-	219,395
Intergoverrnmental	874,727	-	466,968	-	1,341,695
Charges for services	932,376	-	-	23,080	955,456
Fines and forfeitures	278,622	-	-	-	278,622
Investment earnings	4,352	2,250	253	58	6,913
Miscellaneous	133,601	-	-	-	133,601
Total Revenues	6,825,903	2,250	467,221	80,246	7,375,620
Expenditures					
Current:					
General government	584,044	-	-	-	584,044
Public safety	2,572,148	-	-	-	2,572,148
Public works	1,882,209	-	-	-	1,882,209
Health and welfare	16,200	-	-	-	16,200
Culture and recreation	829,588	-	-	-	829,588
Housing and development	979,069	-	-	37,542	1,016,611
Capital Outlay	-	731,424	284,961	-	1,016,385
Debt Service:					
Principal	81,988	-	-	85,000	166,988
Interest	8,660	-	-	25,460	34,120
Total Expenditures	6,953,906	731,424	284,961	148,002	8,118,293
Excess (Deficiency) of Revenues Over (Under) Expenditures	(128,003)	(729,174)	182,260	(67,756)	(742,673)
Other Financing Sources (Uses)					
Issuance of promissory note	481,206	-	-	-	481,206
Transfers in	-	-	-	85,000	85,000
Transfers (out)	(85,000)	-	-	-	(85,000)
Total Other Financing Sources (Uses)	396,206	-	-	85,000	481,206
Net Change in Fund Balances	268,203	(729,174)	182,260	17,244	(261,467)
Fund Balances Beginning of Year, as Restated	3,487,299	971,391	195,297	32,005	4,685,992
Fund Balances End of Year	$ 3,755,502	$ 242,217	$ 377,557	$ 49,249	$ 4,424,525

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, 2013

Net Changes In Fund Balances - Total Governmental Funds		$ (261,467)
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 capitalized capital outlay exceeded the depreciation expense in the current period.		
Depreciation expense	$ (493,051)	
Capital outlay	1,691,362	1,198,311
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 @ 11/30/13	$ (420,074)	
Liability @ 11/30/12	780,779	360,705
governmental funds report the inception of the capital lease as an other financing source at the fund financial reporting level but the capital lease is reported as a long-term liability at the government-wide statement of net position.		(481,206)
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.		166,988
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 reported as expenditures in governmental funds.		1,103
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 @ 11/30/13	$ (103,177)	
Liability @ 11/30/12	102,574	(603)
Change In Net Position of Governmental Activities		$ 983,831

See accompanying notes to the basic financial statements

City of Swainsboro, Georgia
Statement of Net Position
Proprietary Fund - Water and Sewerage Fund
November 30, 2013

Assets	
Current Assets:	
Cash and cash equivalents	$ 1,065,909
Investments	346,253
Accounts receivable (net)	192,348
Interfund receivable	99,362
Restricted assets:	
Cash and cash equivalents	367,187
Total Current Assets	2,071,059
Noncurrent Assets:	
Capital assets:	
Nondepreciable	520,300
Depreciable, net	23,636,149
Total Noncurrent Assets	24,156,449
Total Assets	26,227,508
Liabilities	
Current Liabilities:	
Accounts payable	60,100
Customer deposits payable	141,906
Interfund payable	850,341
GEFA loans payable	7,825
USDA bonds payable	95,000
Total Current Liabilities	1,155,172
Long-term Liabilities (net of current portion):	
GEFA loans payable	1,930,441
USDA bonds payable	6,114,307
Total Long-term Liabilities	8,044,748
Total Liabilities	9,199,920
Net Position	
Net investment in capital assets	16,008,876
Restricted for debt service	367,187
Unrestricted	651,525
Total Net Position	$ 17,027,588

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, 2013

Operating Revenues	
Charges for services	$ 1,882,797
Service charges	85,693
Miscellaneous	21,042
Total Operating Revenues	1,989,532
Operating Expenses	
Personal services - salaries	32,014
Personal services - benefits	15,495
Purchased services - professional and technical	1,169,011
Materials and supplies	286,651
Depreciation	1,060,346
Total Operating Expenses	2,563,517
Operating Income	(573,985)
Non-Operating Revenues (Expenses)	
Investment earnings	5,703
Interest and fiscal charges	(188,963)
Total Non-Operating Revenues (Expenses)	(183,260)
Income Before Contributions and Transfers In	(757,245)
Contributions	1,937,940
Transfers In	-
Change in Net Assets	1,180,695
Net Position Beginning of Year	15,846,893
Net Position End of Year	$ 17,027,588

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, 2013

Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash received from customers	$	2,050,964
Cash payments to employees for services		(47,509)
Cash payments for goods and services		(1,432,066)
Net Cash Provided by (Used in) Operating Activities		571,389
Cash Flows from Noncapital Financing Activities		
Interfund receivable		4,009
Interfund payable		212,056
Transfers in		-
Net Cash Provided by (Used in) Noncapital Financing Activities		216,065
Cash Flows from Capital and Related Financing Activities		
Capital grants		1,937,940
Principal paid on USDA loan		(102,991)
Principal paid on notes and capital leases		(180,837)
Interest paid on notes and capital leases		(207,471)
Accquisition of capital assets		(1,888,472)
Net Cash Provided by (Used in) Capital and Related Financing Activities		(441,831)
Cash Flows from Investing Activities		
Investment earnings		5,703
Net Cash Flows from Investing Activities		5,703
Net Increase (Decrease) in Cash and Cash Equivalents		351,326
Cash and Cash Equivalents Beginning of Year		1,081,770
Cash and Cash Equivalents End of Year	$	1,433,096
Reconciliation to Statement of Net Assets		
Cash and cash equalivalents	$	1,065,909
Restricted assets		367,187
Total Cash and Cash Equivalents	$	1,433,096

City of Swainsboro, Georgia
Statement of Cash Flows
Proprietary Fund - Water and Sewerage Fund
For the Year Ended November 30, 2013

(continued)

Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities		
Operating Income (Loss)	$	(573,985)
Adjustments:		
Depreciation		1,060,346
(Increase) Decrease in Assets:		
Accounts receivable		79,606
Increase (Decrease) in Liabilities:		
Accounts payable		23,596
Customer deposits		(18,174)
Net Cash Provided by (Used in) Operating Activities	$	571,389

See accompanying notes to the basic financial statements

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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.

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.
> >
> > ***2005 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

2012 SPLOST Fund - This fund accounts for the cost of certain improvements to the following projects in the City that are financed with the 2012 Special Purpose Local Option Sales Tax (SPLOST) revenues (i.e., the City's share) including a Water improvements , public safety equipment, fire building, recreation site improvements.

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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.

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, 2013.

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.