

**CITY OF SWAINSBORO, GEORGIA**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED NOVEMBER 30, 2014**

**City of Swainsboro, Georgia**  
**Annual Financial Report**  
**For The Fiscal Year Ended November 30, 2014**

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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, 2014, 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 and the standards applicable to financial audits contained in Government Audit Standards issued by the Comptroller 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I do not express such an opinion. And audit also includes evaluation 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 we 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, 2014, 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 May 31, 2015, 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**

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 do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Matters**

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



May 31, 2015

## 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, 2014. 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 \$31,441,084 (net position) for the fiscal year reported. ,
- Total net position are comprised of the following:
  - (1) Net investment in capital assets, of \$26,272,334 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 \$786,013 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
  - (3) Unrestricted net position of \$4,382,747 represent the portion available to maintain the City's continuing obligations to citizens and creditors.
- The City's governmental funds reported total ending fund balance of \$3,674,591 this year. This compares to the prior year ending fund balance of \$4,424,525 showing a decrease of \$749,931 during the current year. Unassigned fund balance of \$3,217,182 at November 30, 2014 shows a \$507,070 decrease from the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,217,182 or 37.1% of total General Fund expenditures, as compared to 53.4% at November 30, 2014.
- 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 \$31,441,084 as compared to a restated \$31,036,463 at November 30, 2014. The following table provides a summary of the City's net position:

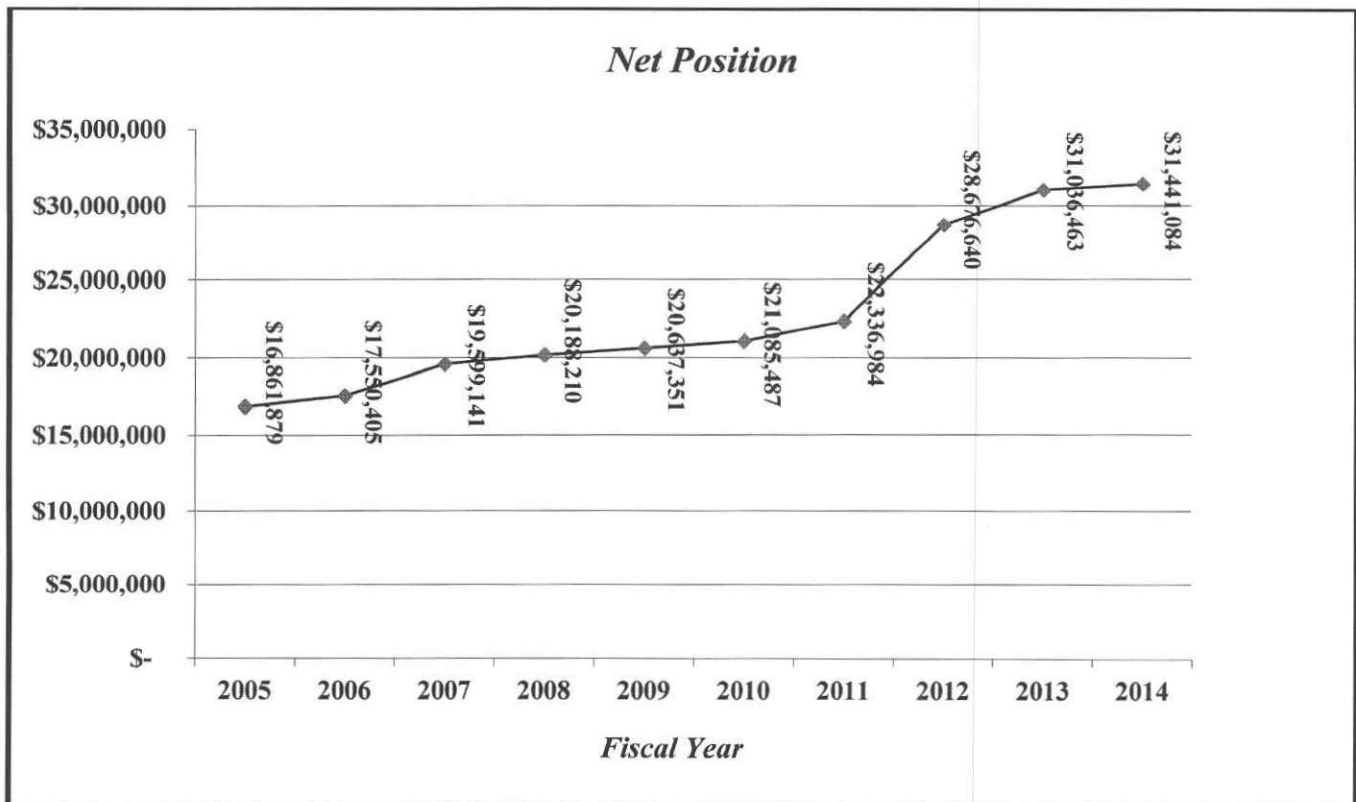
	Summary of Net Position					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets:						
Current assets	\$ 4,401,536	\$ 5,361,249	\$ 1,240,618	\$ 1,220,718	\$ 5,642,154	\$ 6,581,967
Capital assets	11,979,371	9,935,745	23,691,934	24,156,448	35,671,305	34,092,193
Total assets	16,380,907	15,296,994	24,932,552	25,377,166	41,313,459	40,674,160
Liabilities:						
Current liabilities	340,918	389,665	478,342	305,605	819,260	695,270
Long-term liabilities	1,469,603	900,454	7,583,512	8,043,973	9,053,115	8,944,427
Total liabilities	1,810,521	1,290,119	8,061,854	8,349,578	9,872,375	9,639,697
Net position:						
Net investment in capital assets	10,437,066	8,906,748	15,835,258	16,009,650	26,272,324	24,916,398
Restricted	418,826	669,023	367,187	367,187	786,013	1,036,210
Unrestricted	3,714,494	4,433,104	668,253	650,751	4,382,747	5,083,855
Total net position	\$ 14,570,386	\$ 14,008,875	\$ 16,870,698	\$ 17,027,588	\$ 31,441,084	\$ 31,036,463

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 12.9 to 1 as compared to 13.8 to 1 at November 30, 2013. The current ratio for business-type activities is 2.6 to 1 as compared to 4 to 1 at November 30, 2013.

The City reported positive balances in net position for both governmental and business-type activities. Net position increased \$561,511 or 4% for governmental activities, and decreased \$156,890 or 9/10<sup>th</sup> of 1% for business-type activities. The City's overall financial position improved during fiscal year 2014.

Note that approximately 71.6% 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 93.6 % 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. 83.6% of the City's total net position is included in capital assets.

The following chart reports the total net position balances from November 30, 2005 – 2014:



**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**As of and For The Year Ended November 30, 2014**

**City of Swainsboro, Georgia**

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

<b>Summary of Changes in Net Position</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Revenues:						
Program:						
Charges for services & fines	\$ 1,361,042	\$ 1,469,673	\$ 2,017,634	\$ 1,968,490	\$ 3,378,676	\$ 3,438,163
Operating grants	691,353	674,727	-	-	691,353	674,727
Capital grants	182,540	666,968	688,292	1,937,940	870,832	2,604,908
General:						
Taxes	5,501,470	4,800,643	-	-	5,501,470	4,800,643
Other	118,525	124,314	17,201	26,745	135,726	151,059
Total revenues	7,854,930	7,736,325	2,723,127	3,933,175	10,578,057	11,669,500
Program Expenses:						
General government	596,830	589,533	-	-	596,830	589,533
Public safety	2,878,597	2,741,620	-	-	2,878,597	2,741,620
Public works	2,042,963	1,946,098	-	-	2,042,963	1,946,098
Health and welfare	19,430	18,950	-	-	19,430	18,950
Culture and recreation	1,086,767	895,513	-	-	1,086,767	895,513
Housing and development	624,206	527,763	-	-	624,206	527,763
Interest	44,626	33,017	-	-	44,626	33,017
Water and sewer	-	-	2,880,017	2,752,480	2,880,017	2,752,480
Total expenses	7,293,419	6,752,494	2,880,017	2,752,480	10,173,436	9,504,974
Revenues over (under) expenses	561,511	983,831	(156,890)	1,180,695	404,621	2,164,526
Transfers in (out)	-	-	-	-	-	-
Net changes in net position	561,511	983,831	(156,890)	1,180,695	404,621	2,164,526
Beginning net position	14,008,875	13,025,044	17,027,588	15,846,893	31,036,463	28,871,937
Ending net position	\$ 14,570,386	\$ 14,008,875	\$ 16,870,698	\$ 17,027,588	\$ 31,441,084	\$ 31,036,463

**GOVERNMENTAL REVENUES**

The City is heavily reliant on property taxes and sales taxes to support governmental operations and capital. Property taxes provided 31.1% of the City's total governmental revenues as compared to 35% in fiscal year 2014. Sales taxes make up 15.7% of the City's total governmental revenues as compared to 11% in fiscal year 2014.



User charges and fines are the second largest revenue source totaling over \$1.4 million or 17.3% of total governmental revenues. This percentage compared to 19% in fiscal year 2014. Because of the City's healthy financial position, we have been able to earn \$1,769 in interest earnings to support governmental activities. Also, note that program revenues cover 30.6% of governmental operating expenses. This means that the government's taxpayers and the City's other general governmental revenues fund 69.4% of the governmental activities.

### **GOVERNMENTAL FUNCTIONAL EXPENSES**

The public safety and the public works functions make up approximately 57.5% of the total governmental activities expenses as compared to 69.4% in fiscal year 2014. General government totals over \$596 thousand and the culture and recreation costs the City over \$1 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.

<b>Governmental Activities</b>				
	<b>Total Cost of Services</b>	<b>%</b>	<b>Net Cost of Services</b>	<b>%</b>
General government	\$ 596,830	8.2%	\$ 349,817	6.9%
Public safety	2,878,597	39.5%	2,592,939	51.3%
Public works	2,042,963	28.0%	1,072,937	21.2%
Health and welfare	19,430	0.3%	19,430	0.4%
Culture and recreation	1,086,767	14.9%	620,336	12.3%
Housing and development	624,206	8.6%	358,399	7.1%
Interest	44,626	0.6%	44,626	0.9%
<b>Total</b>	<b>\$ 7,293,419</b>	<b>100.0%</b>	<b>\$ 5,058,484</b>	<b>100.0%</b>

The public safety totals 51.3% of the net cost of services and public works totals 21.2% 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 \$1,923,065 or up \$40,268, or 2.1%. There was a minor increase in usage in fiscal 2014.

Operating expenses increased \$135,269 or 5.3% more than fiscal year 2014. Materials and supplies increased \$124,898, as there were more expenses associated with the water plant. Depreciation expense increased \$10,079 over last year.

### **Financial Analysis of the City's Funds**

#### **Governmental Funds**

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$3,674,594 as compared to the 2013 fiscal year amount of \$4,424,525. Of this year-end total, \$1,217,182 is unassigned indicating availability for continuing City service requirements. Fund balance includes \$302,602 restricted for capital outlay, \$9,575 restricted for debt service and \$83,649 for housing and development. Fund balance includes assets not available for current expenditure of \$38,586, which is tied up in inventory.

The total ending fund balances of governmental funds show a decrease of \$749,931 or a decrease of 16.9% 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 decreased \$499,734 in fiscal year 2014. In fiscal year 2013, the fund balance increased \$268,203.

Total revenues increased \$746,593 or 10.9% from that of fiscal year 2014.

General property taxes increased \$204,516 or 9.7% over that of fiscal year 2013 because of less deferred taxes, resulting from more timely tax collections. In total, motor vehicle taxes increased \$35,523 due to the change on how these taxes are levied. Ultimately, this revenue should level off.

Fines were down \$54,001 or 19.4% from last year. Dumpster fees were \$25,584 or 8.1% below fiscal year 2013, primarily due to some businesses closing and vacancy of home in the City.

Total expenditures increased \$1,717,503 or 24.7% below the fiscal year 2014 total, mostly related to capital items.

Under financial administration, personal services increased \$452,250 or 13.6% over fiscal year 2013, primarily due to adding a full-time IT person.

Police operating costs increased \$176,454 or 10.9% because of increased purchases of equipment. Fire department expenditures also increased by \$85,242, mostly because of capital outlay purchases. Public works operating costs increased \$818,140 or 64.7% due to projects funded with TIA that were not included in fiscal year 2013. Recreation personal costs increased \$148,772 or 47.2% since additional staff were hired, primary to operate the new SPLASH pad.

Expenditures for the airport increased \$346,671 due to grant funded capital projects.

The expenditures for the other functions were approximately equal to the fiscal year 2013 amount.

The general fund's ending unassigned fund balance decreased \$507,070 or 13.6% over the November 30, 2013 balance. This balance is considered adequate, representing the equivalent of 37.1% of annual expenditures, as compared to 54% last year.

**2005 SPLOST Fund** – In fiscal year 2014, this fund reported interest earnings of just \$180. The City spent just \$115,815. The ending fund balance totals \$126,582.

**2012 SPLOST Fund** – In fiscal year 2014, this fund reported revenues of \$395,095, of which \$394,717 was SPLOST taxes received from the County. The City spent \$573,632. The ending fund balance totals \$199,020.

### ***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 2014, the City Council did not amend the general fund budget.

The City recognized \$935,870 more than anticipated total revenues, primarily in the intergovernmental and TIA tax, which was not budgeted. Total tax revenue was \$670,515 above the budget, resulting from property taxes and TIA taxes.



The expenditure side, both the police and fire department budgets were over expended, due primarily to capital expenditures not budgeted completely.

The public works function was over expended by \$745,845, due to capital expenditures. It should be noted that grant funded capital projects are not budgeted. The payment to the library was budgeted in the community services budget.

\$1.1 million, resulting from the construction of the airplane hangar, which was not budgeted, overspent the housing and development budget.

In total, the City overspent the budget by \$2,064,078\_ 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, 2014, was \$11,979,371 and \$23,691,934 respectively. The increase in net investment was 20.6% for governmental activities and a 1.9% decrease 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	
	2014	2013	2014	2013	2014	2013
Non-depreciable assets:						
Land	\$ 1,139,999	\$ 1,077,250	\$ 520,300	\$ 520,300	\$ 1,660,299	\$ 1,597,550
Depreciable assets:						
Buildings	8,333,949	6,958,944	31,319	31,319	8,365,268	6,990,263
Utility plant	-	-	32,403,459	31,797,549	32,403,459	31,797,549
Machinery and equipment	2,839,183	2,722,343	811,103	811,103	3,650,286	3,533,446
Infrastructure	5,788,902	4,711,221	-	-	5,788,902	4,711,221
Total depreciable assets	16,962,034	14,392,508	33,245,881	32,639,971	50,207,915	47,032,479
Less accumulated depreciation	6,122,662	5,534,013	10,074,247	9,003,822	16,196,909	14,537,835
Book value - depreciable assets	10,839,372	8,858,495	23,171,634	23,636,149	34,011,006	32,494,644
Percentage depreciated	36%	38%	30%	28%	32%	31%
Book value - all assets	\$ 11,979,371	\$ 9,935,745	\$ 23,691,934	\$ 24,156,449	\$ 35,671,305	\$ 34,092,194

At November 30, 2014, the depreciable capital assets for governmental activities were 36% depreciated. This compares to 38% at the November 30, 2013 percentage. This comparison indicates that the City is replacing its assets at about the same rate as they are depreciating which is a positive indicator.

With the City's business type activities, 30% of the asset values were depreciated at November 30, 2014, which compares to 28% at November 30, 2013.

The \$1.4 addition to governmental activities buildings include:

- Airport hangar project
- A new fire house
- Recreation department improvements including SPLASH pad

The increase to the infrastructure account included streets, sidewalks and roadwork.

During this fiscal year, there was a \$600,000 addition to the utility plant.

### **Long-term Debt**

During the year, the City retired \$95,000 or 31.6% of the beginning outstanding governmental activities general obligation bonds.

Governmental Activities		Business-type Activities		Totals	
2014	2013	2014	2013	2014	2013
\$ 205,000	\$ 300,000		\$ -	\$ 205,000	\$ 300,000
252,282	247,791	-	-	252,282	247,791
1,085,023	481,206	-	-	1,085,023	481,206
-	-	1,752,701	1,938,266	1,752,701	1,938,266
-	-	6,103,975	6,209,307	6,103,975	6,209,307
\$ 1,542,305	\$ 1,028,997	\$ 7,856,676	\$ 8,147,573	9,398,981	\$ 9,176,570

The fiscal year 2014, 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 2014, 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, 2014

	Primary Government			Downtown Development Authority Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents (Note 3A)	\$ 643,000	\$ 444,509	\$ 1,087,509	\$ 2,657
Investments	870,574	358,826	1,229,400	-
Receivables:				
Accounts	109,541	193,524	303,065	-
Taxes	2,376,947	-	2,376,947	-
Intergovernmental	239,460	-	239,460	-
Interfund	123,428	(123,428)	0	-
Inventories	38,586	-	38,586	-
Restricted assets	-	367,187	367,187	-
<b>Total Current Assets</b>	<b>4,401,536</b>	<b>1,240,618</b>	<b>5,642,154</b>	<b>2,657</b>
<b>Noncurrent Assets</b>				
Capital assets (Note 3D)				
Nondepreciable	1,139,999	520,300	1,660,299	-
Depreciable, net	10,839,372	23,171,634	34,011,006	-
<b>Total Noncurrent Assets</b>	<b>11,979,371</b>	<b>23,691,934</b>	<b>35,671,305</b>	<b>-</b>
<b>Total Assets</b>	<b>16,380,907</b>	<b>24,932,552</b>	<b>41,313,459</b>	<b>2,657</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts payable	144,240	63,272	207,512	42,805
Accrued expenses	14,783	-	14,783	-
Compensated absences payable	81,895	-	81,895	-
Customer deposits	-	141,906	141,906	-
Promissory note payable	-	-	-	-
GEFA loans payable	-	165,437	165,437	-
Capital leases payable	-	-	-	-
USDA bonds payable	-	107,727	107,727	-
General obligation bonds payable	100,000	-	100,000	-
<b>Total Current Liabilities</b>	<b>340,918</b>	<b>478,342</b>	<b>819,260</b>	<b>42,805</b>
<b>Long-term Liabilities: (net of current portion) (Note 3G)</b>				
Compensated absences payable	27,298	-	27,298	-
GEFA loans payable	-	1,587,264	1,587,264	-
Capital leases payable	252,282	-	252,282	-
USDA bonds payable	-	5,996,248	5,996,248	-
Promissory note payable	1,085,023	-	1,085,023	-
General obligation bonds payable	105,000	-	105,000	-
<b>Total Long-term Liabilities</b>	<b>1,469,603</b>	<b>7,583,512</b>	<b>9,053,115</b>	<b>-</b>
<b>Total Liabilities</b>	<b>1,810,521</b>	<b>8,061,854</b>	<b>9,872,375</b>	<b>42,805</b>
<b>Net Position</b>				
Net investment in capital assets (Note 3I)	10,437,066	15,835,258	26,272,324	-
Restricted for debt service	9,575	367,187	376,762	-
Restricted for housing and development	83,649	-	83,649	-
Restricted for capital outlay	325,602	-	325,602	-
Unrestricted	3,714,494	668,253	4,382,747	(40,148)
<b>Total Position</b>	<b>\$ 14,570,386</b>	<b>\$ 16,870,698</b>	<b>\$ 31,441,084</b>	<b>\$ (40,148)</b>
See accompanying notes to the basic financial statements	\$ 0	\$ -	\$ 0	\$ -

City of Swainsboro, Georgia  
Statement of Activities  
For the Year Ended November 30, 2014

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			
					Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental Activities								
General government	\$ 596,830	\$ 225,228	\$ 21,785	\$ -	\$ (349,817)	\$ -	\$ (349,817)	\$ -
Public safety	2,878,597	224,621	61,037	-	(2,592,939)	-	(2,592,939)	-
Public works	2,042,963	765,776	93,684	110,566	(1,072,937)	-	(1,072,937)	-
Health and welfare	19,430	-	-	-	(19,430)	-	(19,430)	-
Culture and recreation	1,086,767	70,797	323,660	71,974	(620,336)	-	(620,336)	-
Housing and development	624,206	74,620	191,187	-	(358,399)	-	(358,399)	-
Interest	44,626	-	-	-	(44,626)	-	(44,626)	-
Total Governmental Activities	7,293,419	1,361,042	691,353	182,540	(5,058,484)	-	(5,058,484)	-
Business-type Activities:								
Water and sewerage	2,880,017	2,017,634	-	688,292	-	(174,091)	(174,091)	-
Total - Primary Government	\$ 10,173,436	\$ 3,378,676	\$ 691,353	\$ 870,832	(5,058,484)	(174,091)	(5,232,575)	-
Component Unit								
Downtown Development Authority	\$ 3,785	\$ 11,655	\$ -	\$ -	\$ -	-	-	7,870
General Revenues								
Property taxes levied for general government purposes					2,443,778	-	2,443,778	-
Sales tax					1,234,359	-	1,234,359	-
T-SPLOST					87,011	-	87,011	-
TIA					583,596	-	583,596	-
Insurance premium tax					392,268	-	392,268	-
Franchise tax					500,720	-	500,720	-
Beer and liquor tax					183,809	-	183,809	-
Hotel/motel tax					75,929	-	75,929	-
Investment earnings					1,769	1,157	2,926	-
Miscellaneous					116,756	16,044	132,800	-
Total General Revenues					5,619,995	17,201	5,637,196	-
Change in Net Position					561,511	(156,890)	404,621	7,870
Net Position Beginning of Year					14,008,875	17,027,588	31,036,463	(48,018)
Net Position End of Year					\$ 14,570,386	\$ 16,870,698	\$ 31,441,084	\$ (40,148)

See accompanying notes to the basic financial statements

City of Swainsboro, Georgia  
*Balance Sheet*  
*Governmental Fund*  
*November 30, 2014*

	General	2005 SPLOST	2012 SPLOST	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 293,626	\$ 126,582	\$ 129,568	\$ 93,224	\$ 643,000
Investments	870,574	-	-	-	870,574
Receivables:					
Accounts	109,541	-	-	-	109,541
Taxes	2,376,947	-	-	-	2,376,947
Intergovernmental	239,460	-	-	-	239,460
Interfund	314,884	-	69,452	-	384,336
Inventories	38,586	-	-	-	38,586
<b>Total Assets</b>	<u>\$ 4,243,618</u>	<u>\$ 126,582</u>	<u>\$ 199,020</u>	<u>\$ 93,224</u>	<u>\$ 4,662,444</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 144,240	\$ -	\$ -	\$ -	\$ 144,240
Payroll liabilities payable	14,783	-	-	-	14,783
Interfund payable	260,908	-	-	-	260,908
<b>Total Liabilities</b>	419,931	-	-	-	419,931
<b>Deferred Inflows of Resources - Property Taxes</b>	<u>567,919</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>567,919</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>987,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>987,850</u>
<b>Fund Balances</b>					
Nonspendable	38,586	-	-	-	38,586
Restricted	-	126,582	199,020	93,224	418,826
Unassigned	3,217,182	-	-	-	3,217,182
<b>Total Fund Balances</b>	<u>3,255,768</u>	<u>126,582</u>	<u>199,020</u>	<u>93,224</u>	<u>3,674,594</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 4,243,618</u>	<u>\$ 126,582</u>	<u>\$ 199,020</u>	<u>\$ 93,224</u>	<u>\$ 4,662,444</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, 2014*

<b>Total Governmental Fund Balances</b>		\$ 3,674,594
<b>Amounts reported for governmental activities in the statement of net position are different because:</b>		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.		
Cost of capital assets	\$ 18,102,033	
Less accumulated depreciation	<u>(6,122,662)</u>	11,979,371
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		567,919
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	\$ (109,193)	
Promissory note payable	(1,085,023)	
Capital lease payable	(252,282)	
Revenue bonds payable	<u>(205,000)</u>	<u>(1,651,498)</u>
<b>Net Position of Governmental Activities</b>		<u>\$ 14,570,386</u>
See accompanying notes to the basic financial statements		14,570,386
		\$ -

City of Swainsboro, Georgia  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
**Governmental Fund**  
*For the Year Ended November 30, 2014*

	General	2005 SPLOST	2012 SPLOST	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 5,243,684	\$ -	\$ -	\$ 75,929	\$ 5,319,613
Licenses and permits	188,087	-	-	-	188,087
Intergovernmental	873,893	-	394,717	-	1,268,610
Charges for services	908,122	-	-	24,012	932,134
Fines and forfeitures	224,621	-	-	-	224,621
Investment earnings	1,133	180	378	78	1,769
Miscellaneous	132,956	-	-	-	132,956
<b>Total Revenues</b>	<b>7,572,496</b>	<b>180</b>	<b>395,095</b>	<b>100,019</b>	<b>8,067,790</b>
<b>Expenditures</b>					
<b>Current:</b>					
General government	584,455	-	-	-	584,455
Public safety	2,846,207	-	-	-	2,846,207
Public works	2,707,287	-	-	-	2,707,287
Health and welfare	16,680	-	-	-	16,680
Culture and recreation	983,216	-	-	-	983,216
Housing and development	1,424,525	-	-	34,586	1,459,111
<b>Capital Outlay</b>	<b>-</b>	<b>115,815</b>	<b>573,632</b>	<b>-</b>	<b>689,447</b>
<b>Debt Service:</b>					
Principal	84,571	-	-	95,000	179,571
Interest	24,468	-	-	20,158	44,626
<b>Total Expenditures</b>	<b>8,671,409</b>	<b>115,815</b>	<b>573,632</b>	<b>149,744</b>	<b>9,510,600</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(1,098,913)</b>	<b>(115,635)</b>	<b>(178,537)</b>	<b>(49,725)</b>	<b>(1,442,810)</b>
<b>Other Financing Sources (Uses)</b>					
Issuance of promissory note	603,817	-	-	-	603,817
Inception of capital lease	89,062	-	-	-	89,062
Transfers in	-	-	-	93,700	93,700
Transfers (out)	(93,700)	-	-	-	(93,700)
<b>Total Other Financing Sources (Uses)</b>	<b>599,179</b>	<b>-</b>	<b>-</b>	<b>93,700</b>	<b>692,879</b>
<b>Net Change in Fund Balances</b>	<b>(499,734)</b>	<b>(115,635)</b>	<b>(178,537)</b>	<b>43,975</b>	<b>(749,931)</b>
<b>Fund Balances Beginning of Year</b>	<b>3,755,502</b>	<b>242,217</b>	<b>377,557</b>	<b>49,249</b>	<b>4,424,525</b>
<b>Fund Balances End of Year</b>	<b>\$ 3,255,768</b>	<b>\$ 126,582</b>	<b>\$ 199,020</b>	<b>\$ 93,224</b>	<b>\$ 3,674,594</b>

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, 2014**

<b>Net Changes In Fund Balances - Total Governmental Funds</b>		<b>\$ (749,931)</b>
<b>Amounts reported for governmental activities in the statement of activities are different because:</b>		
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	\$ (588,649)	
Capital outlay	<u>2,632,275</u>	2,043,626
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	\$ (780,779) <u>567,919</u>	(212,860)
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.		(603,817)
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.		179,571
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.		-
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 @ 11/30/14	\$ (109,193)	
Liability @ 11/30/13	<u>103,177</u>	(6,016)
<b>Change In Net Position of Governmental Activities</b>		<b><u>\$ 650,573</u></b>

See accompanying notes to the basic financial statements

City of Swainsboro, Georgia  
Statement of Net Position  
Proprietary Fund - Water and Sewerage Fund  
November 30, 2014

<b>Assets</b>	
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 444,509
Investments	358,826
Accounts receivable (net)	193,524
Interfund receivable	191,456
Restricted assets:	
Cash and cash equivalents	<u>367,187</u>
<b>Total Current Assets</b>	<u>1,555,502</u>
<b>Noncurrent Assets:</b>	
Capital assets:	
Nondepreciable	520,300
Depreciable, net	<u>23,171,634</u>
<b>Total Noncurrent Assets</b>	<u>23,691,934</u>
<b>Total Assets</b>	<u>25,247,436</u>
<b>Liabilities</b>	
<b>Current Liabilities:</b>	
Accounts payable	63,272
Customer deposits payable	141,906
Interfund payable	314,884
GEFA loans payable	165,437
USDA bonds payable	<u>107,727</u>
<b>Total Current Liabilities</b>	<u>793,226</u>
<b>Long-term Liabilities (net of current portion):</b>	
GEFA loans payable	1,587,264
USDA bonds payable	<u>5,996,248</u>
<b>Total Long-term Liabilities</b>	<u>7,583,512</u>
<b>Total Liabilities</b>	<u>8,376,738</u>
<b>Net Position</b>	
Net investment in capital assets	15,835,258
Restricted for debt service	367,187
Unrestricted	<u>668,253</u>
<b>Total Net Position</b>	<u>\$ 16,870,698</u>

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, 2014**

<b>Operating Revenues</b>	
Charges for services	\$ 1,923,065
Service charges	94,569
Miscellaneous	<u>16,044</u>
Total Operating Revenues	<u>2,033,678</u>
<b>Operating Expenses</b>	
Personal services - salaries	33,028
Personal services - benefits	15,819
Purchased services - professional and technical	1,167,965
Materials and supplies	411,549
Depreciation	<u>1,070,425</u>
Total Operating Expenses	<u>2,698,786</u>
Operating Income	<u>(665,108)</u>
<b>Non-Operating Revenues (Expenses)</b>	
Investment earnings	1,157
Interest and fiscal charges	<u>(181,231)</u>
Total Non-Operating Revenues (Expenses)	<u>(180,074)</u>
Income Before Contributions and Transfers In	(845,182)
Contributions	688,292
Transfers In	<u></u>
Change in Net Assets	(156,890)
Net Position Beginning of Year	<u>17,027,588</u>
Net Position End of Year	<u>\$ 16,870,698</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, 2014

<b>Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities</b>	
Cash received from customers	\$ 2,032,502
Cash payments to employees for services	(48,847)
Cash payments for goods and services	(1,576,342)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>407,313</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Interfund receivable	(92,094)
Interfund payable	(535,457)
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>	<u>(627,551)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Capital grants	688,292
Principal paid on USDA loan	(105,332)
Principal paid on notes and capital leases	(185,565)
Interest paid on notes and capital leases	(181,231)
Acquisition of capital assets	(605,910)
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<u>(389,746)</u>
<b>Cash Flows from Investing Activities</b>	
Net increase in investments	(12,573)
Investment earnings	1,157
<b>Net Cash Flows from Investing Activities</b>	<u>(11,416)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(621,400)
<b>Cash and Cash Equivalents Beginning of Year</b>	<u>1,433,096</u>
<b>Cash and Cash Equivalents End of Year</b>	<u><u>\$ 811,696</u></u>
<b>Reconciliation to Statement of Net Assets</b>	
Cash and cash equivalents	\$ 444,509
Restricted assets	367,187
<b>Total Cash and Cash Equivalents</b>	<u><u>\$ 811,696</u></u>

City of Swainsboro, Georgia  
Statement of Cash Flows  
Proprietary Fund - Water and Sewerage Fund  
For the Year Ended November 30, 2014

(continued)

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

Operating Income (Loss)	\$ (665,108)
Adjustments:	
Depreciation	1,070,425
(Increase) Decrease in Assets:	
Accounts receivable	(1,176)
Increase (Decrease) in Liabilities:	
Accounts payable	3,172
Customer deposits	-
	<hr/>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ 407,313</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, 2014*

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*City of Swainsboro, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended November 30, 2014*

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, 2014*

***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.



*City of Swainsboro, Georgia  
Notes to the Basic Financial Statements  
For the Year Ended November 30, 2014*

***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.



*City of Swainsboro, Georgia  
Notes to the Basic Financial Statements  
For the Year Ended November 30, 2014*

***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, 2014.

***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, 2014*

***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, 2014*

***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, 2014*

***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, 2014*

***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.

***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 2014 budget was not amended.

All unexpended annual appropriations lapse at year-end.

***2-B. Excess of Expenditures over Appropriations***

The following departments had expenditures in excess of departmental appropriations:

General fund:

Governing body	\$ 1,459
Mayor and commission	9,386
Police	65,025
Fire	91,254
Public works operations	745,845
Culture and recreation	17,340
Libraries	112,293
Downtown Development Authority	8,226
Airport	1,152,702
Debt service	93,910

*City of Swainsboro, Georgia  
Notes to the Basic Financial Statements  
For the Year Ended November 30, 2014*

**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, 2014, 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, 2014:

	<u>Maturity</u>
Certificates of deposit	<u>\$1,047,512</u> current to one year

**3-B. Receivables**

Receivables at November 30, 2014, 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, 2014, allowances for uncollectibles were reported as follows:

General fund (property taxes)	\$ 22,500
Water and sewerage fund (charges for services)	394,404

**3-C. Property Taxes**

The City Council levied property taxes October 15, 2014. Property taxes attach as an enforceable lien on property as of January 1, 2014. Property taxes are billed on October 20, 2014 and were payable on December 31, 2014.

*City of Swainsboro, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended November 30, 2014*

**Note 3 - Detailed Notes on All Funds (Continued)**

**3-D. Capital Assets**

Capital asset activity for governmental activities for the year ended November 30, 2014, was as follows:

	Balance 12/1/2013	Additions	Deductions	Balance 11/30/2014
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,077,250	\$ 62,749	\$ -	\$ 1,139,999
Other capital assets:				
Buildings and improvements	6,959,144	1,375,005	-	8,334,149
Machinery and equipment	2,722,343	116,840	-	2,839,183
Infrastructure	4,711,021	1,077,681	-	5,788,702
Total other capital assets	14,392,508	2,569,526	-	16,962,034
Total capital assets	15,469,758	2,632,275	-	18,102,033
Accumulated depreciation:				
Buildings and improvements	2,551,211	230,193	-	2,781,404
Machinery and equipment	2,272,738	183,409	-	2,456,147
Infrastructure	710,064	175,047	-	885,111
Total accumulated depreciation	5,534,013	588,649	-	6,122,662
Governmental activities capital assets, net	<u>\$ 9,935,745</u>	<u>\$ 2,043,626</u>	<u>\$ -</u>	<u>\$ 11,979,371</u>
Governmental activities depreciation expense:				
General government		\$ 8,614		
Public safety		192,072		
Public works		119,572		
Health and welfare		2,750		
Culture and recreation		107,521		
Housing and development		158,120		
Total governmental activities depreciation expense		<u>\$ 588,649</u>		



**City of Swainsboro, Georgia**  
**Notes to the Basic Financial Statements**  
**For the Year Ended November 30, 2014**

**Note 3 - Detailed Notes on All Funds (Continued)**

Capital asset activity for business-type activities for the year ended November 30, 2014, was as follows:

	Balance 12/1/2013	Additions	Deductions	Balance 11/30/2014
Water and sewerage fund				
Nondepreciable capital assets				
Land	\$ 520,300	\$ -	\$ -	\$ 520,300
Other capital assets:				
Buildings	31,319	-	-	31,319
Utility plant and lines	31,797,549	605,910	-	32,403,459
Machinery and equipment	811,103	-	-	811,103
Total other capital assets	32,639,971	605,910	-	33,245,881
Total capital assets	33,160,271	605,910	-	33,766,181
Accumulated depreciation:				
Buildings	19,176	1,081	-	20,257
Utility plant and lines	8,190,051	1,062,365	-	9,252,416
Machinery and equipment	794,595	6,979	-	801,574
Total accumulated depreciation	9,003,822	1,070,425	-	10,074,247
Water and sewerage fund capital assets, net	\$ 24,156,449	\$ (464,515)	\$ -	\$ 23,691,934

**3-E. Interfund Balances**

**Interfund Receivables/Payables** – The following are interfund balances between funds:

Receivable to:	Payable from:		
	General	Water and sewer	Total
General	\$ -	\$ 314,884	\$ 314,884
Water and sewer	191,456	-	191,456
2012 SPLOST	69,452	-	69,452
Total	\$ 260,908	\$ 314,884	\$ 575,792

Interfund balances at November 30, 2014, consisted of interfund loans between funds for cash flow purposes and for other budgeted purposes.

**Interfund Transfers** – The general fund transferred \$95,000 to debt service fund to cover the cost of the annual debt service for the general obligation bonds.

*City of Swainsboro, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended November 30, 2014*

**Note 3 - Detailed Notes on All Funds (Continued)**

**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.

**3-G. Long-Term Debt**

The following is a summary of the outstanding long-term debt issues at November 30, 2014:

**Governmental Activities Debt** – The County reports one outstanding general obligation bond issue, two capital leases and one promissory note 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, 2014 follow:

Fiscal Year Ended November 30,	Principal	Interest	Total
2015	\$ 100,000	\$ 13,325	\$ 113,325
2016	105,000	6,825	111,825
Total	\$ 205,000	\$ 20,150	\$ 225,150

**Capital Leases Payable** – The City has three outstanding capital leases at November 30, 2014.

**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. This lease was retired in fiscal year 2014.

**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. This lease was retired in fiscal year 2014.

**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 \$205,618 and a book value at November 30, 2014 is \$88,121

*City of Swainsboro, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended November 30, 2014*

**Note 3 - Detailed Notes on All Funds (Continued)**

Annual debt service requirements to amortize this debt, as of November 30, 2014 follow:

Year	Principal	Interest	Total
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	<u>\$ 170,356</u>	<u>\$ 9,639</u>	<u>\$ 179,995</u>

DBC Finance Capital Lease #5 – On July 21, 2014 the City entered into a capital lease for three police vehicles with DBC Finance for \$89,062. The financing period is 12 quarterly payments \$7,769 (with includes interest expense) at a 2.84% interest rate. The equipment cost was \$89,062, with accumulated depreciation of \$0 and a book value at November 30, 2014 is \$89,062.

Annual debt service requirements to amortize this debt, as of November 30, 2014 follow:

Year	Principal	Interest	Total
2015	\$ 29,056	\$ 2,019	\$ 31,075
2016	29,890	1,185	31,075
2017	22,980	327	23,307
Total	<u>\$ 81,926</u>	<u>\$ 3,531</u>	<u>\$ 85,457</u>

**Citizens Bank of Swainsboro Promissory Note** – On June 11, 2014, the City entered into a promissory note for \$1 million to finance the construction of an airport hanger. The City drew down \$481,206 in fiscal year 2013. The note is due in full at June 11, 2015, and carries an interest rate of 3.25%. The loan is secured by a land parcel at 23 Airport Road.

Annual debt service requirements to amortize this debt, as of November 30, 2014 follow:

**Business-type Activities** – November 30, 2014, 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.

**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, 2023.

*City of Swainsboro, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended November 30, 2014*

**Note 3 - Detailed Notes on All Funds (Continued)**

Annual debt service requirements to amortize this debt, as of November 30, 2014 follow:

Fiscal Year	Principal	Interest	Total
2015	\$ 165,437	\$ 37,731	\$ 203,168
2016	170,456	32,712	203,168
2017	175,627	27,541	203,168
2018	180,956	22,212	203,168
2019	186,446	16,722	203,168
2020-2024	440,446	16,680	457,126
Total	<u>\$ 1,319,368</u>	<u>\$ 153,598</u>	<u>\$ 1,472,966</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, 2014 follow:

Fiscal Year	Principal
2015	\$ 25,000
2016	25,000
2017	25,000
2018	25,000
2019	25,000
2020-2024	123,000
2025-2029	125,000
2030-2032	60,333
Total	<u>\$ 433,333</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, 2014*

**Note 3 - Detailed Notes on All Funds (Continued)**

Annual debt service requirements to amortize this debt, as of November 30, 2014 follow:

Fiscal Year	Principal	Interest	Total
2015	\$ 107,727	\$ 136,233	\$ 243,960
2016	110,176	133,784	243,960
2017	112,681	131,279	243,960
2018	115,242	128,718	243,960
2019	117,862	126,098	243,960
2020-2024	631,041	588,759	1,219,800
2025-2029	707,771	512,029	1,219,800
2030-2034	789,725	430,075	1,219,800
2035-2039	887,667	332,133	1,219,800
2040-2044	972,197	247,603	1,219,800
2045-2049	1,073,310	146,490	1,219,800
2050-2051	478,576	9,344	487,920
Total	<u>\$ 6,103,975</u>	<u>\$ 2,922,545</u>	<u>\$ 9,026,520</u>

**Changes in Long-term Debt** - Changes in the City's long-term obligations consisted of the following for the year ended November 30, 2014:

	Outstanding 12/1/2013	Additions	Reductions	Outstanding 11/30/2014	Amounts Due in One Year
Governmental Activities:					
General obligation bonds	\$ 300,000	\$ -	\$ 95,000	\$ 205,000	\$ 100,000
Capital leases:					
BT&T Bank#1	18,098	-	18,098	-	-
BT&T Bank#3	13,817	-	13,817	-	-
BT&T Bank#4	215,876	-	45,520	170,356	46,887
DBC Finance	-	89,062	7,136	81,926	29,056
Promissory note	481,206	603,817	-	1,085,023	-
Compensated absences	103,177	83,399	77,383	109,193	81,895
Total Governmental Activities	<u>\$ 1,132,174</u>	<u>\$ 776,278</u>	<u>\$ 256,954</u>	<u>\$ 1,651,498</u>	<u>\$ 257,838</u>
Business-type Activities:					
GEFA loan - CW 98-006	\$ 1,479,933	\$ -	\$ 160,565	\$ 1,319,368	\$ 165,437
GEFA loan - DW09034	458,333	-	25,000	433,333	25,000
USDA loan	6,209,307	-	105,332	6,103,975	107,727
Total Business-Type Activities	<u>\$ 8,147,573</u>	<u>\$ -</u>	<u>\$ 290,897</u>	<u>\$ 7,856,676</u>	<u>\$ 298,164</u>

The capital leases payable, the promissory note 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, 2014*

**Note 3 - Detailed Notes on All Funds (Continued)**

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	26
Fully vested active members	32
Retirees and beneficiaries currently receiving benefits	45
Terminated plan members entitled to but not currently receiving benefits	<u>13</u>
Total membership	<u><u>116</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 7.72% of annual covered payroll.

*City of Swainsboro, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended November 30, 2014*

**Note 3 - Detailed Notes on All Funds (Continued)**

**Annual Pension Cost** - For 2014, the City's annual pension cost of \$180,000 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
2012	\$ 156,035	\$ 156,035	100%	\$ -
2013	173,771	173,771	100%	-
2014	180,000	180,000	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
1/1/2014	\$ 6,958,466	\$ 6,120,951	113.7%	\$ (837,515)	\$ 1,735,614	0.0%

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, 2014
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, 2014*

**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>\$ 38,586</u>
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- **Restricted** – The following fund balances are legally restricted to specified purposes:

**Nonmajor Funds:**

Principal and interest on long-term bonds	\$ 9,575
Housing and development	<u>83,649</u>

**Total Nonmajor Funds**

<u>\$ 93,224</u>
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**Major Capital Projects SPLOST Funds:**

SPLOST 2005 Capital projects	\$ 126,582
SPLOST 2005 Capital projects	<u>199,020</u>

**Total Major Capital Projects Funds**

<u>\$ 325,602</u>
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- **Unassigned** – The following fund balances include the general fund unassigned amount:

Unassigned	<u>\$ 3,217,182</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, 2014 are as follows:

	Governmental Activities	Business Type Activities
Net investment in capital assets:		
Cost of capital assets	\$ 18,102,033	\$ 33,766,181
Less accumulated depreciation	<u>6,122,662</u>	<u>10,074,247</u>
Book value	11,979,371	23,691,934
Less capital related debt	<u>1,542,305</u>	<u>7,856,676</u>
Net investment in capital assets	<u>\$ 10,437,066</u>	<u>\$ 15,835,258</u>



*City of Swainsboro, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended November 30, 2014*

***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.

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, 2014. 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. 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, 2014*

***Note 4 - Other Notes (Continued)***

***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, 2014 follows:

Fund balance, December 1, 2013	\$ 42,242
Add hotel/motel taxes and investment earnings	75,993
Less expenditures	<u>(35,586)</u>
Fund balance, November 30, 2014	<u>\$ 82,649</u>

Expenditures of \$35,568 (84.2% 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  
**General Fund**  
*Schedule of Revenues, Expenditures and  
Changes in Fund Balances - Budget and Actual  
For the Year Ended November 30, 2014*

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Taxes	\$ 4,573,169	\$ 4,573,169	\$ 5,243,684	\$ 670,515
Licenses and permits	216,000	216,000	188,087	(27,913)
Intergovernmental	737,849	737,849	873,893	136,044
Charges for services	848,950	848,950	908,122	59,172
Fines and forfeitures	226,000	226,000	224,621	(1,379)
Investment earnings	10,000	10,000	1,133	(8,867)
Miscellaneous	24,658	24,658	132,956	108,298
<b>Total Revenues</b>	<u>6,636,626</u>	<u>6,636,626</u>	<u>7,572,496</u>	<u>935,870</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government	639,972	639,972	584,455	55,517
Public safety	2,697,011	2,697,011	2,846,207	(149,196)
Public works	2,006,340	2,006,340	2,707,287	(700,947)
Health and welfare	16,200	16,200	16,680	(480)
Culture and recreation	834,083	834,083	983,216	(149,133)
Housing and development	243,550	243,550	1,424,525	(1,180,975)
<b>Debt Service:</b>				
Principal retirement	14,617	14,617	84,571	(69,954)
Interest and fiscal charges	512	512	24,468	(23,956)
<b>Total Expenditures</b>	<u>6,452,285</u>	<u>6,452,285</u>	<u>8,671,409</u>	<u>(2,219,124)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>184,341</u>	<u>184,341</u>	<u>(1,098,913)</u>	<u>(1,283,254)</u>
<b>Other Financing Sources (Uses)</b>				
Issuance of promissory note	-	-	603,817	603,817
Inception of capital lease	-	-	89,062	89,062
Transfers out	-	-	(93,700)	(93,700)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>599,179</u>	<u>599,179</u>
<b>Net Change in Fund Balances</b>	<u>\$ 184,341</u>	<u>\$ 184,341</u>	<u>(499,734)</u>	<u>\$ (684,075)</u>
<b>Fund Balances Beginning of Year</b>			<u>3,755,502</u>	
<b>Fund Balances End of Year</b>			<u>\$ 3,255,768</u>	

City of Swainsboro, Georgia  
Notes to the required supplementary information  
For the year ended November 30, 2014

Note 1-Budgetary Information

The budget for the general fund was adopted on a basis that is consistent with accounting principles generally accepted in the United States as applied to governments. The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget is the department level within fund.

City of Swainsboro, Georgia  
City of Swainsboro Retirement Plan  
*Required Supplementary Information*  
For the Fiscal Year Ended November 30, 2014

**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)]
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%
January 1, 2014	6,958,466	6,120,951	(837,515)	113.7%	1,735,614	-48.3%
	-	-	-		-	

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, 2014

	Nonmajor Special Revenue Fund	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
<b>Assets</b>			
Equity in pooled cash and investments	\$ 83,649	\$ 9,575	\$ 93,224
<b>Fund Balances</b>			
Restricted for debt service	\$ -	\$ 9,575	\$ 9,575
Restricted for housing and development	83,649	-	83,649
<b>Fund Balances</b>	\$ 83,649	\$ 9,575	\$ 93,224

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, 2014*

	Nonmajor Special Revenue Fund	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 75,929	\$ -	\$ 75,929
Charges for services	-	24,012	24,012
Investment earnings	64	14	78
<b>Total Revenues</b>	<u>75,993</u>	<u>24,026</u>	<u>100,019</u>
<b>Expenditures</b>			
<b>Current:</b>			
Housing and development	34,586	-	34,586
<b>Debt Service:</b>			
Principal	-	95,000	95,000
Interest and fiscal charges	-	20,158	20,158
<b>Total Expenditures</b>	<u>34,586</u>	<u>115,158</u>	<u>149,744</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	41,407	(91,132)	(49,725)
<b>Other Financing Sources</b>			
Transfers in	-	93,700	93,700
<b>Net Change in Fund Balances</b>	41,407	2,568	43,975
<b>Fund Balances Beginning of Year</b>	<u>42,242</u>	<u>7,007</u>	<u>49,249</u>
<b>Fund Balances End of Year</b>	<u>\$ 83,649</u>	<u>\$ 9,575</u>	<u>\$ 93,224</u>

City of Swainsboro, Georgia  
General Fund  
Comparative Balance Sheet  
November 30, 2014 and 2013

	2104	2013
<b>Assets</b>		
Cash and cash equivalents	\$ 293,626	\$ 428,518
Investments	870,574	778,753
Receivables (net, where applicable):		
Property taxes	2,226,822	2,165,964
Sales taxes	150,125	146,638
Accounts	109,541	124,851
Intergovernmental	239,460	272,304
Interfund	314,884	850,341
Inventories	38,586	31,250
<b>Total Assets</b>	<u>\$ 4,243,618</u>	<u>\$ 4,798,619</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 144,240	\$ 150,647
Accrued expenditures	14,783	7,298
Interfund payable	260,908	104,393
<b>Total Liabilities</b>	419,931	262,338
<b>Deferred Inflows of Resources - Property Taxes</b>	567,919	780,779
<b>Total Liabilities and Deferred Inflows of Resources</b>	987,850	1,043,117
<b>Fund Balances</b>		
Nonspendable	38,586	31,250
Unassigned	3,217,182	3,724,252
<b>Total Fund Balances</b>	3,255,768	3,755,502
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 4,243,618</u>	<u>\$ 4,798,619</u>
	\$ 0	



City of Swainsboro, Georgia  
General Fund  
*Comparative Statement of Revenues, Expenditures and  
Changes in Fund Balances  
For the Years Ended November 30, 2014 and 2013*

	2014	2013
<b>Revenues</b>		
Taxes	\$ 5,243,684	\$ 4,382,830
Licenses and permits	188,087	219,395
Intergovernmental	873,893	874,727
Charges for services	908,122	932,376
Fines and forfeitures	224,621	278,622
Investment earnings	1,133	4,352
Miscellaneous	132,956	133,601
<b>Total Revenues</b>	<u>7,572,496</u>	<u>6,825,903</u>
<b>Expenditures</b>		
<b>Current:</b>		
General government	584,455	584,044
Public safety	2,846,207	2,572,148
Public works	2,707,287	1,882,209
Health and welfare	16,680	16,200
Culture and recreation	983,216	829,588
Housing and development	1,424,525	979,069
<b>Debt Service:</b>		
Principal retirement	84,571	81,988
Interest and fiscal charges	24,468	8,660
<b>Total Expenditures</b>	<u>8,671,409</u>	<u>6,953,906</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(1,098,913)</u>	<u>(128,003)</u>
<b>Other Financing Sources (Uses)</b>		
Issuance of promissory note	603,817	481,206
Inception of capital lease	89,062	
Transfers out	(93,700)	(85,000)
<b>Total Other Financing Sources (Uses)</b>	<u>599,179</u>	<u>396,206</u>
<b>Net Change in Fund Balances</b>	(499,734)	268,203
<b>Fund Balances Beginning of Year</b>	<u>3,755,502</u>	<u>3,487,299</u>
<b>Fund Balances End of Year</b>	<u><u>\$ 3,255,768</u></u>	<u><u>\$ 3,755,502</u></u>

City of Swainsboro, Georgia  
*Schedule of Revenues - Budget and Actual - General Fund*  
*For the Year Ended November 30, 2014*  
*(With Comparative Actual Amounts for the Year Ended November 30, 2013)*

	2014			2013	
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Real and personal property taxes					
General property tax - current	\$ 2,300,169	\$ 2,300,169	\$ 2,315,305	\$ 15,136	\$ 2,110,789
Motor vehicle property tax - current	180,000	180,000	132,200	(47,800)	161,964
Timber tax	-	-	5,158	5,158	6,138
Motor vehicle title adv tax	-	-	134,248	134,248	68,961
Mobile home - personal property	3,000	3,000	2,127	(873)	2,578
Other - personal property	7,000	7,000	9,160	2,160	7,824
Real estate transfer taxes	1,000	1,000	2,722	1,722	2,401
Railroad taxes	2,000	2,000	1,947	(53)	1,955
Penalties and interest on taxes	60,000	60,000	53,771	(6,229)	57,385
Total real and personal property taxes	2,553,169	2,553,169	2,656,638	103,469	2,419,995
Selective taxes:					
Sales tax	950,000	950,000	839,642	(110,358)	847,966
TIA	-	-	583,596	583,596	-
Franchise tax	505,000	505,000	500,720	(4,280)	497,502
Alcoholic beverage tax	205,000	205,000	183,809	(21,191)	185,379
Insurance premium tax	360,000	360,000	392,268	32,268	375,377
T-SPLOST	-	-	87,011	87,011	56,611
Total selective taxes	2,020,000	2,020,000	2,587,046	567,046	1,962,835
Licenses and permits:					
Alcoholic beverages	35,000	35,000	31,100	(3,900)	31,700
General business license	135,000	135,000	114,647	(20,353)	140,215
General business license - insurance	35,000	35,000	31,850	(3,150)	35,850
Building structure and equipment permit	2,000	2,000	4,495	2,495	3,985
Inspections	6,000	6,000	3,745	(2,255)	3,520
Business license penalties	3,000	3,000	2,250	(750)	4,125
Total licenses and permits:	216,000	216,000	188,087	(27,913)	219,395
Intergovernmental					
Federal	150,000	150,000	276,224	126,224	45,226
State and local	587,849	587,849	597,669	9,820	829,501
Total intergovernmental	737,849	737,849	873,893	136,044	874,727
Fines and forfeitures:					
Court fines	226,000	226,000	224,621	(1,379)	278,622
Charges for services:					
Garbage collections	400,000	400,000	429,331	29,331	458,842
Dumpster	345,000	345,000	292,106	(52,894)	317,690
Recycled materials	40,000	40,000	44,339	4,339	41,690
Airport	41,200	41,200	74,620	33,420	70,781
Culture and recreation	14,500	14,500	46,785	32,285	33,440
Miscellaneous	8,250	8,250	20,941	12,691	9,933
Total charges for services:	848,950	848,950	908,122	59,172	932,376
Investment earnings	10,000	10,000	1,133	(8,867)	4,352
Miscellaneous:					
Rents and royalties	16,200	16,200	16,200	-	16,200
Reimbursements for damaged properties	-	-	-	-	6,444
Miscellaneous	8,458	8,458	116,756	108,298	110,957
Total miscellaneous	24,658	24,658	132,956	108,298	133,601
Total revenues	\$ 6,636,626	\$ 6,636,626	\$ 7,572,496	\$ 935,870	\$ 6,825,903

City of Swainsboro, Georgia  
General Fund  
Schedule of Expenditures - Budget and Actual  
For the Year Ended November 30, 2014  
(With Comparative Actual Amounts for the Year Ended November 30, 2013)

	2014			Variance With Final Budget	2013
	Original Budget	Final Budget	Actual		Actual
General government					
Governing body:					
Personal services	\$ 95,879	\$ 95,879	\$ 97,429	\$ (1,550)	\$ 97,350
Operating	12,153	12,153	12,062	91	14,347
Total governing body	108,032	108,032	109,491	(1,459)	111,697
Mayor and commission:					
Personal services	29,502	29,502	29,742	(240)	29,963
Operating	9,009	9,009	18,155	(9,146)	15,806
Total mayor and commission	38,511	38,511	47,897	(9,386)	45,769
Financial administration:					
Personal services	347,077	347,077	353,620	(6,543)	311,370
Operating	146,352	146,352	121,447	24,905	115,208
Less reimbursement from other funds	-	-	(48,000)	48,000	-
Total financial administration	493,429	493,429	427,067	66,362	426,578
Total general government	639,972	639,972	584,455	55,517	584,044
Public safety:					
Police:					
Personal services	1,273,813	1,273,813	1,190,264	83,549	1,154,067
Operating	352,483	352,483	409,705	(57,222)	453,806
Capital outlay	100,331	100,331	191,683	(91,352)	7,325
Total police	1,726,627	1,726,627	1,791,652	(65,025)	1,615,198
Fire:					
Personal services	749,490	749,490	761,102	(11,612)	735,368
Operating	91,523	91,523	108,416	(16,893)	111,657
Capital outlay	-	-	62,749	(62,749)	-
Total fire	841,013	841,013	932,267	(91,254)	847,025
Animal control:					
Personal services	72,345	72,345	78,034	(5,689)	69,271
Operating	52,026	52,026	44,254	7,772	40,654
Capital outlay	5,000	5,000	-	5,000	-
Total animal control	129,371	129,371	122,288	7,083	109,925
Total public safety	2,697,011	2,697,011	2,846,207	(149,196)	2,572,148
Public works:					
Public works - operations:					
Operating	1,186,273	1,186,273	1,298,428	(112,155)	1,243,423
Capital outlay	150,000	150,000	783,690	(633,690)	20,555
Total - public works - operations	1,336,273	1,336,273	2,082,118	(745,845)	1,263,978
Sanitation and recycling:					
Personal services	27,949	27,949	30,631	(2,682)	28,604
Operating	642,118	642,118	594,538	47,580	589,627
Capital outlay	-	-	-	-	-
Total sanitation and recycling	670,067	670,067	625,169	44,898	618,231
Total public works	2,006,340	2,006,340	2,707,287	(700,947)	1,882,209
Health and welfare	16,200	16,200	16,200	-	16,200
Community services	132,773	132,773	480	132,293	-
Total health and welfare	148,973	148,973	16,680	132,293	16,200
Culture and recreation					
Recreation:					
Personal services	490,633	490,633	463,658	26,975	314,886
Operating	255,350	255,350	299,665	(44,315)	294,809
Total recreation	745,983	745,983	763,323	(17,340)	609,695
Sports facilities:					
Operating	88,100	88,100	87,600	500	87,600
Libraries:					
Operating	-	-	132,293	(132,293)	132,293
Total culture and recreation	834,083	834,083	983,216	(149,133)	829,588
Housing and development:					
Protective inspection:					
Personal services	66,163	66,163	66,117	46	69,264
Operating	9,759	9,759	6,453	3,306	6,099
Total protective inspection	75,922	75,922	72,570	3,352	75,363
City Downtown Development Authority:					
Personal services	53,611	53,611	53,745	(134)	52,312
Operating	21,758	21,758	29,850	(8,092)	34,329
Total City Downtown Development Authority:	75,369	75,369	83,595	(8,226)	86,641
Enterprise applications:					
Operating	-	-	22,273	(22,273)	-
Airport:					
Personal services	-	-	-	-	1,083
Operating	77,259	77,259	252,319	(175,060)	168,885
Capital outlay	15,000	15,000	993,768	(978,768)	647,097
Total airport	92,259	92,259	1,246,087	(1,153,828)	817,065
Total housing and development:	243,550	243,550	1,424,525	(1,180,975)	979,060
Debt Service:					
Principal retirement	14,617	14,617	84,571	(69,954)	81,098
Interest and fiscal charges	512	512	24,468	(23,956)	9,550
Total Debt Service	15,129	15,129	109,039	(93,910)	90,648
Total Expenditures	\$ 6,585,058	\$ 6,585,058	\$ 8,671,409	\$ (2,086,351)	\$ 6,953,906

City of Swainsboro, Georgia  
*Comparative Balance Sheet*  
*Hotel/Motel Tax Fund*  
*November 30, 2014 and 2013*

	<u>2014</u>	<u>2013</u>
<b>Assets</b>		
Equity in pooled cash and investments	\$ 83,649	\$ 37,211
Interfund receivable	<u>-</u>	<u>5,031</u>
<b>Total Assets</b>	<u>\$ 83,649</u>	<u>\$ 42,242</u>
<b>Fund Balances</b>		
Restricted for housing and development	<u>\$ 83,649</u>	<u>\$ 42,242</u>

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, 2014*  
*(With Comparative Actual Amounts for the Year Ended November 30, 2013)*

	2014				2013
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
<b>Revenues:</b>					
Hotel/motel taxes	\$ 60,000	\$ 60,000	\$ 75,929	\$ 15,929	\$ 57,108
Investment earnings	-	-	64	64	37
<b>Total Revenues</b>	60,000	60,000	75,993	15,993	57,145
<b>Expenditures</b>					
<b>Current:</b>					
Housing and development	40,136	40,136	34,586	5,550	37,542
<b>Excess of Revenues Over Expenditures</b>	19,864	19,864	41,407	21,543	19,603
<b>Other Financing Uses</b>					
Transfers out	19,864	19,864	-	19,864	-
<b>Net Change in Fund Balances</b>	<u>\$ -</u>	<u>\$ -</u>	41,407	<u>\$ 1,679</u>	19,603
<b>Fund Balances Beginning of Year</b>			42,242		22,639
<b>Fund Balances End of Year</b>			<u>\$ 83,649</u>		<u>\$ 42,242</u>

**City of Swainsboro, Georgia**  
**Comparative Balance Sheet**  
**Debt Service Fund**  
**November 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>Assets</b>		
Equity in pooled cash and investments	<u>\$ 9,575</u>	<u>\$ 7,007</u>
<b>Fund Balances</b>		
Restricted for debt service	<u>\$ 9,575</u>	<u>\$ 7,007</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, 2014*  
*(With Comparative Actual Amounts for the Year Ended November 30, 2013)*

	2014				2013
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
<b>Revenues:</b>					
Charges for services	\$ 35,000	\$ 35,000	\$ 24,012	\$ (10,988)	\$ 23,080
Investment earnings	50	50	14	(36)	21
Miscellaneous	750	750	-	(750)	-
<b>Total Revenues</b>	<u>35,050</u>	<u>35,050</u>	<u>24,026</u>	<u>(11,024)</u>	<u>23,101</u>
<b>Expenditures</b>					
<b>Debt Service:</b>					
Principal	95,000	95,000	95,000	-	85,000
Interest and fiscal charges	20,105	20,105	20,158	(53)	25,460
<b>Total Expenditures</b>	<u>115,105</u>	<u>115,105</u>	<u>115,158</u>	<u>(53)</u>	<u>110,460</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	(80,055)	(80,055)	(91,132)	(10,971)	(87,359)
<b>Other Financing Sources</b>					
Transfers in	79,305	79,305	93,700	-	85,000
<b>Net Change in Fund Balances</b>	<u>\$ (750)</u>	<u>\$ (750)</u>	<u>2,568</u>	<u>\$ (10,971)</u>	<u>(2,359)</u>
<b>Fund Balances Beginning of Year</b>			<u>7,007</u>		<u>9,366</u>
<b>Fund Balances End of Year</b>			<u>\$ 9,575</u>		<u>\$ 7,007</u>

City of Swainsboro, Georgia  
*Comparative Balance Sheet*  
 2005 SPLOST Fund  
 November 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>Assets</b>		
Equity in pooled cash and investments	<u>\$ 126,582</u>	<u>\$ 242,217</u>
<b>Fund Balances</b>		
Restricted for capital projects	<u>\$ 126,582</u>	<u>\$ 242,217</u>

**City of Swainsboro, Georgia**  
***Comparative Statement of Revenues, Expenditures***  
***and Changes in Fund Balances***  
***2005 SPLOST Fund***  
***For the Fiscal Years Ended November 30, 2014 and 2013***

	<u>2014</u>	<u>2013</u>
<b>Revenues</b>		
Investment earnings	\$ 180	\$ 2,250
<b>Expenditures</b>		
<i>Current:</i>		
<i>Capital Outlay</i>	<u>115,815</u>	<u>731,424</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	(115,635)	(729,174)
<b>Fund Balances Beginning of Year</b>	<u>242,217</u>	<u>971,391</u>
<b>Fund Balances End of Year</b>	<u><u>\$ 126,582</u></u>	<u><u>\$ 242,217</u></u>

City of Swainsboro, Georgia  
*Comparative Balance Sheet*  
 2012 SPLOST Fund  
 November 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>Assets</b>		
Equity in pooled cash and investments	\$ 129,568	\$ 377,557
Interfund receivable	69,452	-
<b>Total Assets</b>	<u>\$ 199,020</u>	<u>\$ 377,557</u>
<b>Fund Balances</b>		
Restricted for capital projects	<u>\$ 199,020</u>	<u>\$ 377,557</u>

**City of Swainsboro, Georgia**  
**Comparative Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**2012 SPLOST Fund**  
**For the Fiscal Years Ended November 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>Revenues</b>		
Intergovernmental	\$ 394,717	\$ 466,968
Investment earnings	378	253
<b>Total Revenues</b>	<u>395,095</u>	<u>467,221</u>
<b>Expenditures</b>		
<i>Capital Outlay:</i>	<u>573,632</u>	<u>284,961</u>
<b>Total Expenditures</b>	<u>573,632</u>	<u>284,961</u>
<b>Excess (Deficiency) of Revenues</b>		
<b>Over (Under) Expenditures</b>	(178,537)	182,260
<b>Fund Balances Beginning of Year</b>	<u>377,557</u>	<u>195,297</u>
<b>Fund Balances End of Year</b>	<u><u>\$ 199,020</u></u>	<u><u>\$ 377,557</u></u>

City of Swainsboro, Georgia  
*Comparative Statement of Net Position*  
*Proprietary Fund - Water and Sewerage Fund*  
*November 30, 2014 and 2013*

<b>Assets</b>	<b>2014</b>	<b>2013</b>
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 444,509	\$ 1,065,909
Investments	358,826	346,253
Receivable:		
Accounts (net)	193,524	192,348
Interfund	191,456	99,362
Restricted assets:		
Cash and cash equivalents	367,187	367,187
<b>Total Current Assets</b>	<b>1,555,502</b>	<b>2,071,059</b>
<b>Noncurrent Assets:</b>		
Capital assets:		
Nondepreciable	520,300	520,300
Depreciable, net	23,171,634	23,636,149
<b>Total Noncurrent Assets</b>	<b>23,691,934</b>	<b>24,156,449</b>
<b>Total Assets</b>	<b>25,247,436</b>	<b>26,227,508</b>
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts payable	63,272	60,100
Customer deposits payable	141,906	141,906
Interfund payable	314,884	850,341
GEFA loans payable	165,437	7,825
USDA bonds payable	107,727	95,000
<b>Total Current Liabilities</b>	<b>793,226</b>	<b>1,155,172</b>
<b>Long-term Liabilities (net of current portion):</b>		
GEFA loans payable	1,587,264	1,930,441
USDA bonds payable	5,996,248	6,114,307
<b>Total Long-term Liabilities</b>	<b>7,583,512</b>	<b>8,044,748</b>
<b>Total Liabilities</b>	<b>8,376,738</b>	<b>9,199,920</b>
<b>Net Position</b>		
Net investment in capital assets	15,835,258	16,008,876
Restricted for debt service	367,187	367,187
Unrestricted	668,253	651,525
<b>Total Net Position</b>	<b>\$ 16,870,698</b>	<b>\$ 17,027,588</b>

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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, 2014 and 2013*

	2014	2013
<b>Operating Revenues</b>		
Charges for services	\$ 1,923,065	\$ 1,882,797
Service charges	94,569	85,693
Miscellaneous	16,044	21,042
<b>Total Operating Revenues</b>	<u>2,033,678</u>	<u>1,989,532</u>
<b>Operating Expenses</b>		
Personal services - salaries	33,028	32,014
Personal services - benefits	15,819	15,495
Purchased services	1,167,965	1,169,011
Materials and supplies	411,549	286,651
Depreciation	1,070,425	1,060,346
<b>Total Operating Expenses</b>	<u>2,698,786</u>	<u>2,563,517</u>
<b>Operating Income (Loss)</b>	<u>(665,108)</u>	<u>(573,985)</u>
<b>Non-Operating Revenues (Expenses)</b>		
Investment earnings	1,157	5,703
Interest and fiscal charges	(181,231)	(188,963)
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(180,074)</u>	<u>(183,260)</u>
<b>Income (Loss) Before Contributions</b>	(845,182)	(757,245)
<b>Contributions</b>	<u>688,292</u>	<u>1,937,940</u>
<b>Change in Net Position</b>	(156,890)	1,180,695
<b>Net Position Beginning of Year</b>	<u>17,027,588</u>	<u>15,846,893</u>
<b>Net Position End of Year</b>	<u><u>\$ 16,870,698</u></u>	<u><u>\$ 17,027,588</u></u>

City of Swainsboro, Georgia  
*Comparative Statement of Cash Flows*  
*Proprietary Fund - Water and Sewerage Fund*  
*For the Years Ended November 30, 2014 and 2013*

	2014	2013
<b>Increase (Decrease) in Cash and Cash Equivalents</b>		
<b>Cash Flows from Operating Activities</b>		
Cash received from customers	\$ 2,032,502	\$ 2,050,964
Cash payments to employees for services	(48,847)	(47,509)
Cash payments for goods and services	(1,576,342)	(1,432,066)
<b>Net Cash Provided by (Used in) Operating Activities</b>	407,313	571,389
<b>Cash Flows from Noncapital Financing Activities</b>		
Interfund receivable	(92,094)	4,009
Interfund payable	(535,457)	212,056
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>	(627,551)	216,065
<b>Cash Flows from Capital and Related Financing Activities</b>		
Capital grants	688,292	1,937,940
Principal paid on USDA loan	(105,332)	(102,991)
Principal paid on notes and loans	(185,565)	(180,837)
Interest paid on notes and capital leases	(181,231)	(207,471)
Acquisition of capital assets	(605,910)	(1,888,472)
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	(389,746)	(441,831)
<b>Cash Flows from Investing Activities</b>		
Net increase in investments	(12,573)	-
Investment earnings	1,157	5,703
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(621,400)	351,326
<b>Cash and Cash Equivalents Beginning of Year</b>	1,433,096	1,081,770
<b>Cash and Cash Equivalents End of Year</b>	\$ 811,696	\$ 1,433,096
<b>Reconciliation to Statement of Net Position</b>		
Cash and cash equivalents	\$ 444,509	\$ 1,065,909
Restricted assets	367,187	367,187
<b>Total Cash and Cash Equivalents</b>	\$ 811,696	\$ 1,433,096

- (continued)

City of Swainsboro, Georgia  
*Comparative Statement of Cash Flows*  
*Proprietary Fund - Water and Sewerage Fund*  
*For the Years Ended November 30, 2014 and 2013*

(continued)

	<u>2014</u>	<u>2013</u>
<b>Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities</b>		
<b>Operating Income</b>	\$ (665,108)	\$ (573,985)
<b>Adjustments:</b>		
Depreciation	1,070,425	1,060,346
<b>(Increase) Decrease in Assets:</b>		
Accounts receivable	(1,176)	79,606
<b>Increase (Decrease) in Liabilities:</b>		
Accounts payable	3,172	23,596
Customer deposits	-	(18,174)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$ 407,313</u>	<u>\$ 571,389</u>

CITY OF SWAINSBORO, GA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED NOVEMBER 30, 2014

<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>
Department of Transportation, Highway Planning and Construction	20.205		186,921.00
United States Dept of Agriculture USDA Water Treatment Plant Project	10.760		396,009.00
Department of Community Affairs CDBG	14.225	13p-x-053-2-5582	<u>209,901.00</u>
Total			<u><u>792,831.00</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, 2014

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, 2014

**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: Department of Transportation, Highway Planning and Construction, CFDA 20.205; USDA Water Treatment Plant Project, CFDA 10.760; Department of Community Affairs CFDA 14.225
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, 2014

	Original Estimated Cost	Current Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
2005 SPLOST	\$2,383,835	\$2,383,835			
Public Safety Buildings and Equipment			\$ 1,071,991		\$ 1,071,991
Recreation Equipment			1,040	78,605	79,645
Water and Sewer System Improvements			<u>2,524,630</u>	<u>37,209</u>	<u>2,561,839</u>
Total not including transfers out			<u>\$ 3,597,661</u>	\$ 115,814	<u>\$ 3,713,475</u>
			TOTAL	<u>\$ 115,814</u>	

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

	Original Estimated Cost	Current Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
2012 SPLOST	\$3,000,000	\$3,000,000			
Public Safety Buildings and Equipment				\$ 316,851	\$ 316,851
Recreation Equipment				-	-
Water and Sewer System Improvements			<u>305,340</u>	<u>256,781</u>	<u>305,340</u>
			<u>\$ 305,340</u>	\$ 573,632	<u>\$ 878,972</u>
			TOTAL	<u>\$ 573,632</u>	

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

Stacie W. Avery  
Certified Public Accountant  
P.O. Box 189  
Swainsboro, GA 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 Mayor and Council  
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, 2014, which collectively comprise City of Swainsboro, Georgia's basic financial statements and have issued my report thereon dated May 31, 2015. 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 over financial reporting. In planning and performing my audit, I considered City of Swainsboro, Georgia's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the City of Swainsboro, Georgia's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the City 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. A significant deficiency is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 above. However material weaknesses may exist that have not been identified.

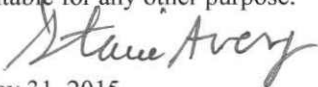
Compliance and Other Matters

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, 2015.

**Purpose of this Report**

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

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

May 31, 2015

**Stacie W. Avery  
Certified Public Accountant  
P.O. Box 189  
241 W. Main Street  
Swainsboro, GA 30401**

**Report on Compliance for Each Major Program and Report  
On Internal Control over Compliance**

To the Mayor and Council,

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, 2014. 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.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

My responsibility is to express an opinion on compliance for each of City of Swainsboro, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. 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 we considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of City of Swainsboro, Georgia's compliance.

In my opinion, City of Swainsboro, Georgia complied, in all material respects, with the types of 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, 2014.

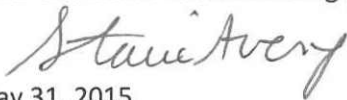
## Report on Internal Control over Compliance

Management of City of Swainsboro, Georgia is responsible for establishing and maintaining effective internal control over compliance with the type so compliance requirements referred to above. In planning and performing my audit of compliance, I considered City of Swainsboro, Georgia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on the 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'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 non compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal controls over compliance and the results of the testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



May 31, 2015