CITY OF SWAINSBORO, GEORGIA

FINANCIAL STATEMENTS

NOVEMBER 30, 2017

City of Swainsboro, Georgia
Annual Financial Report
For The Fiscal Year Ended November 30, 2017

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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 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, 2017 which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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. According, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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 units, each major fund, and the aggregate remaining fund information of City of Swainsboro, Georgia as of November 30, 2017, and the respective change in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated May 31, 2018 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.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express and opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Swainsboro, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements, the SPLOST schedule and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and other supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The combining and individual non major fund financial statements and other supplementary information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements as a whole. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 and other supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Steve W Avery, CPA

May 31, 2018

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, 2017. 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 $30,973,066 (net position) for the fiscal year reported.

- Total net position is comprised of the following:

    1) Net investment in capital assets, of $27,092,857 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 $820,935 is restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
    3) Unrestricted net position of $3,059,274 represents 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 $2,424,242 this year. This compares to the prior year ending fund balance of $2,463,899, showing a decrease of $39,657 during the current year. Unassigned fund balance of $1,973,924 at November 30, 2017 shows a $68,041 decrease from the prior year.

- At the end of the current fiscal year, unassigned fund balance for the general fund was $1,973,924 or 26.4% of total General Fund expenditures, as compared to 27.3% at November 30, 2016.

- 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 \$30,973,066 as compared to a \$31,300,830 at November 30, 2017. The following table provides a summary of the City's net position:

Summary of Net Position

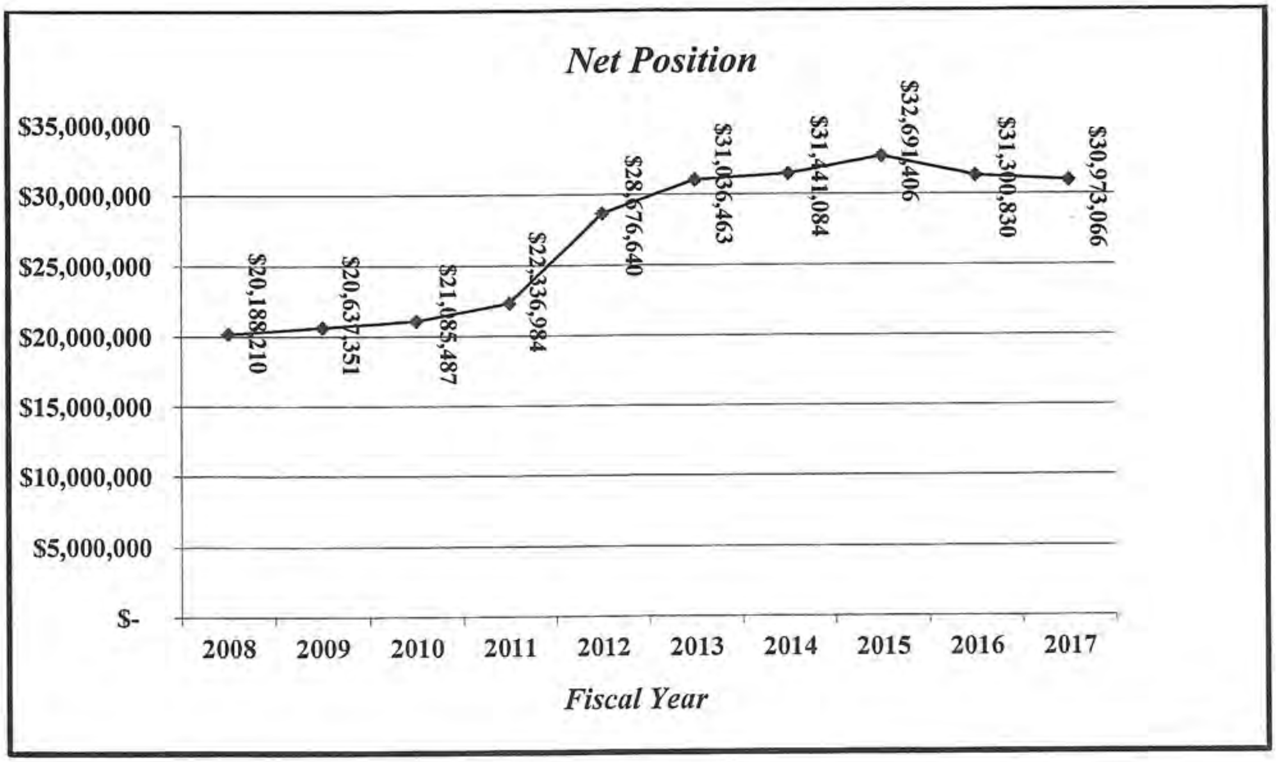
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets:						
Current assets	$ 3,431,850	$ 3,054,900	$ 833,350	$ 1,183,532	$ 4,265,200	$ 4,238,432
Capital assets	14,049,029	13,182,527	20,871,393	21,898,167	34,920,422	35,080,694
Net pension assets	135,345	179,536	-	-	135,345	179,536
Total assets	17,616,224	16,416,963	21,704,743	23,081,699	39,320,967	39,498,662
Deferred outflows of resources	286,714	310,284	-	-	286,714	310,284
Liabilities:						
Current liabilities	1,065,766	684,765	572,737	509,446	1,638,503	1,194,211
Long-term liabilities	481,473	572,281	6,645,003	6,966,045	7,126,476	7,538,326
Total liabilities	1,547,239	1,257,046	7,217,740	7,475,491	8,764,979	8,732,537
Deferred inflows of resources	(130,364)	(224,421)	-	-	(130,364)	(224,421
Net position:						
Net investment in capital assets	13,197,315	12,187,753	13,895,542	14,609,008	27,092,857	26,796,761
Restricted	418,691	384,813	402,244	350,570	820,935	735,383
Unrestricted	2,870,057	3,122,056	189,217	646,630	3,059,274	3,768,686
Total net position	$ 16,486,063	$ 15,694,622	$ 14,487,003	$ 15,606,208	$ 30,973,066	$ 31,300,830

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 3.4 to 1 as compared to 4.5 to 1 at November 30, 2016. The current ratio for business-type activities is 1.5 to 1 as compared to 2.3 to 1 at November 30, 2016.

The City reported positive balances in net position for both governmental and business-type activities. Net position increased $791,440 or 5% for governmental activities, and decreased $1,119,205 or 7.2% for business-type activities. The City's overall financial position improved during fiscal year 2017.

Note that approximately 80% 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 95.9% 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. 87.5% of the City's total net position is included in capital assets.

The following chart reports the total net position balances from November 30, 2008 – 2017:



In this ten-year period, the net position increased $10,784,856 or 53.4%. The addition of infrastructure beginning in fiscal year 2012 is the primary reason for the growth.

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

Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
Revenues:						
Program:						
Charges for services & fines	$ 1,792,311	$ 1,701,210	$ 1,891,995	$ 2,086,113	$ 3,684,306	$ 3,787,32
Operating grants	652,413	858,535	-	-	652,413	858,53
Capital grants	161,058	67,392	-	-	161,058	67,39
General:						
Taxes	5,857,114	5,025,692	-	-	5,857,114	5,025,69
Other	35,774	1,334	7,802	6,027	43,576	7,36
Total revenues	8,498,670	7,654,163	1,899,797	2,092,140	10,398,467	9,746,30
Program Expenses:						
General government	664,603	755,543	-	-	664,603	755,54
Public safety	3,104,833	3,360,633	-	-	3,104,833	3,360,63
Public works	2,062,302	2,401,289	-	-	2,062,302	2,401,28
Health and welfare	16,683	42,958	-	-	16,683	42,95
Culture and recreation	1,171,617	1,295,432	-	-	1,171,617	1,295,43
Housing and development	681,258	578,826	-	-	681,258	578,82
Interest	5,934	39,675	-	-	5,934	39,67
Water and sewer	-	-	3,019,002	2,662,522	3,019,002	2,662,52
Total expenses	7,707,230	8,474,356	3,019,002	2,662,522	10,726,232	11,136,87
Revenues over (under) expenses	791,440	(820,193)	(1,119,205)	(570,382)	(327,765)	(1,390,57
Transfers in (out)	-	-	-	-	-	-
Net changes in net position	791,440	(820,193)	(1,119,205)	(570,382)	(327,765)	(1,390,57
Beginning net position	15,694,623	16,514,815	15,606,208	16,176,590	31,300,831	32,691,4(
Ending net position	$ 16,486,063	$ 15,694,622	$ 14,487,003	$ 15,606,208	$ 30,973,066	$ 31,300,8:

GOVERNMENTAL REVENUES

The City is heavily reliant on property taxes and sales taxes to support governmental operations and capital. Property taxes provided 29.4% of the City's total governmental revenues as compared to 31.6% in fiscal year 2017. Sales taxes, including T-SPLOST and TIA, make up 23.8% of the City's total governmental revenues as compared to 14.9% in fiscal year 2017.

User charges and fines are the second largest revenue source totaling over $1.7 million or 21.1% of total governmental revenues. This percentage compared to 22.2% in fiscal year 2017. Because of the City's healthy financial position, we have been able to earn $2,303 in interest earnings to support governmental activities. Also, note that program revenues cover 33.8% of governmental operating expenses. This means that the government's taxpayers and the City's other general governmental revenues fund 66.2% of the governmental activities.

GOVERNMENTAL FUNCTIONAL EXPENSES

The public safety and the public works functions make up approximately 67.1% of the total governmental activities expenses as compared to 68% in fiscal year 2017. General government totals over $600 thousand and the culture and recreation costs the City almost $1.2 million annually.
This table presents the cost of each of the City's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the City's taxpayers by each of these functions.

Governmental Activities

	Total Cost of Services	%	Net Cost of Services	%
General government	$ 664,603	8.6%	$ 323,616	6.3%
Public safety	3,104,833	40.3%	2,678,293	52.5%
Public works	2,062,302	26.8%	986,419	19.3%
Health and welfare	16,683	0.2%	16,683	0.3%
Culture and recreation	1,171,617	15.2%	704,230	13.8%
Housing and development	681,258	8.8%	386,273	7.6%
Interest	5,934	0.1%	5,934	0.1%
Total	$ 7,707,230	100.0%	$ 5,101,448	100.0%

The public safety totals 52.5% of the net cost of services and public works totals 19.3% of these costs.

BUSINESS-TYPE ACTIVITIES

The major enterprise fund is the City's water and sewer system. Charges for services for the water and sewer fund were $1,786,382 or down $211,126, or 10.6%.

Operating expenses increased $396,751 or 16.1% more than fiscal year 2017. Purchased services increased $392,694 or 36.7% and materials and supplies increased $57,656 or 21.3%.

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 $2,424,242 as compared to the 2016 fiscal year amount of $2,463,898. Of this year-end total, $1,973,924 is unassigned indicating availability for continuing City service requirements. Fund balance includes $388,440 restricted for capital outlay, $9 restricted for debt service and $30,242 for housing and development. Fund balance includes assets not available for current expenditure of $31,627, which is tied up in inventory.

The total ending fund balances of governmental funds show a decrease of $39,657 or a decrease of 1.6% below 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 $73,535 in fiscal year 2017. In fiscal year 2016, the fund balance decreased $268,433.

Total revenues increased $1,123,883 or 15.6% from that of fiscal year 2017.

Total property taxes increased $300,401 or 12.3% above that of fiscal year 2016. In total, general property taxes increased $246,259 due to an increase in the millage rate.

Sales taxes decreased $7,837 or 1%, because of a stagnant economy. TIA increased $851,711 as a full year of taxes were recognized in this fiscal year. Franchise taxes decreased $71,446.

Licenses and permits increased $79,318 or 38.8% over fiscal year 2016.

Federal and state revenue decreased by $112,455 from fiscal year 2016. Fines were up $205,871 or 102.2% from last year, due to increased crime within the community. Garbage fees were $106,455 or 24.4% above fiscal year 2016, primarily due to a small increase in the fee. The sale of timber of $294,636 in fiscal 2016 was not duplicated in fiscal year 2017.

Total expenditures increased $949,635 or 12.7% above fiscal year 2016 total. Personal service costs for financial administration exceeded the budget by $30,213 because of an increase in group insurance costs that was not budgeted.

Operating costs for financial administration were almost the same as the prior year.

Police operating costs increased $51,658 over fiscal year 2016 because of increased crime within the community. Public works operations exceeded the budget by $74,659 due to an increase in project costs that was not budgeted.

The general fund's ending unassigned fund balance decreased $68,041 or 3.3% below the November 30, 2016 balance. This balance is considered adequate, representing the equivalent of 23.5% of annual expenditures, as compared to 27.3% last year.

2005 SPLOST Fund – In fiscal year 2017, this fund reported interest earnings of just $209. The City spend $2,536 in this fiscal year. The ending fund balance totals $99,491.

2012 SPLOST Fund – In fiscal year 2017, this fund reported revenues of $299,674, of which $299,114 was SPLOST taxes received from the County. The City spent $213,456, which included road paving. The ending fund balance totals $288,949.

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 2017, the City Council did not amend the general fund budget.

The City recognized $623,314 more than anticipated total revenues. Total tax revenue was $985,008 below the budget. Property taxes were $238,832 above the final budget over budget. The local option sales tax was $61,554 below the budget, indicating a stagnant economy.

On the expenditure side, fire personal services over expended the budget by $64,496 due to an increase in group costs.

The public works operating budget was over expended by $74,359, as explained above. There was no budget for sanitation and recycling costs.

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, 2017, was $14,079,029 and $20,871,392 respectively. The increase in net investment was 6.8% for governmental activities and a 4.7% 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	
	2017	2016	2017	2016	2017	2016
Non-depreciable assets:						
Land	$ 1,139,999	$ 1,139,999	$ 520,300	$ 520,300	$ 1,660,299	$ 1,660,299
Depreciable assets:						
Buildings	10,213,587	10,113,587	31,319	31,319	10,244,906	10,144,906
Utility plant	-	-	32,708,187	32,708,187	32,708,187	32,708,187
Machinery and equipment	3,054,973	2,995,669	875,834	875,434	3,930,807	3,871,103
Infrastructure	7,760,764	6,359,946	-	-	7,760,764	6,359,946
Total depreciable assets	21,029,324	19,469,202	33,615,340	33,614,940	54,644,664	53,084,142
Less accumulated depreciation	8,090,294	7,426,674	13,264,248	12,237,473	21,354,542	19,664,147
Book value - depreciable assets	12,939,030	12,042,528	20,351,092	21,377,467	33,290,122	33,419,995
Percentage depreciated	38%	38%	39%	36%	39%	37%
Book value - all assets	$ 14,079,029	$ 13,182,527	$ 20,871,392	$ 21,897,767	$ 34,950,421	$ 35,080,294

At November 30, 2017, the depreciable capital assets for governmental activities were 38% depreciated. This compares equally to 38% at the November 30, 2016 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, 39% of the asset values were depreciated at November 30, 2017, which compares to 36% at November 30, 2016.

The addition to the general government buildings was $100,000 for the Dixie theater. The increase in infrastructure relates to the paving of roads.

Long-term Debt

The debt balances at November 30, 2017 and 2016 follow:

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Capital leases	$ 25,429	$ 98,154	$ -	$ -	$ 25,429	$ 98,154
Promissory note	826,284	896,619	29,029	38,836	855,313	935,455
GEFA loans	-	-	1,163,634	1,364,251	1,163,634	1,364,251
USDA loan	-	-	5,773,391	5,886,072	5,773,391	5,886,072
Net pension liability (excess)	(135,345)	(179,536)	-	-	(135,345)	(179,536)
Compensated absences	115,661	112,988	-	-	115,661	112,988
Total	$ 832,029	$ 928,225	$ 6,966,054	$ 7,289,159	7,798,083	$ 8,217,384

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 2017, there are 8,761 employed in the County.

City of Swainsboro, Georgia
Statement of Net Position
November 30, 2017

	Primary Government			Downtown Development Authority
	Governmental Activities	Business-type Activities	Total	Component Unit
Assets				
Current Assets				
Cash and cash equivalents (Note 3A)	$ 477,183	$ 252,054	$ 729,237	$ 47,153
Investments	775,097	-	775,097	-
Receivables:				
Accounts	135,491	179,052	314,543	-
Taxes	2,012,452	-	2,012,452	-
Intergovernmental	-	-	-	-
Interfund	-	-	-	-
Inventories	31,627	-	31,627	-
Restricted assets	-	402,244	402,244	-
Total Current Assets	3,431,850	833,350	4,265,200	47,153
Noncurrent Assets				
Net pension liability (excess)	135,345	-	135,345	-
Capital assets (Note 3D)				
Nondepreciable	1,139,999	520,300	1,660,299	-
Depreciable, net	12,909,030	20,351,093	33,260,123	-
Total Noncurrent Assets	14,184,374	20,871,393	35,055,767	-
Deferred Outflows of Resources	286,714	-	286,714	-
Total Assets	17,902,938	21,704,743	39,607,681	47,153
Liabilities				
Current Liabilities				
Accounts payable	579,864	11,511	591,375	-
Accrued expenses	-	-	-	-
Compensated absences payable	86,746	-	86,746	-
Customer deposits	-	230,378	230,378	-
Note payable	-	9,650	9,650	-
Promissory notes payable	373,727	-	373,727	-
GEFA loans payable	-	205,956	205,956	-
Capital leases payable	25,429	-	25,429	-
USDA bonds payable	-	115,242	115,242	-
Total Current Liabilities	1,065,766	572,737	1,638,503	-
Long-term Liabilities: (net of current portion) (Note 3G)				
Compensated absences payable	28,915	-	28,915	-
Loan payable	-	29,186	29,186	-
GEFA loans payable	-	957,668	957,668	-
Capital leases payable	-	-	-	-
USDA bonds payable	-	5,658,149	5,658,149	-
Promissory note payable	452,558	-	452,558	77,693
Total Long-term Liabilities	481,473	6,645,003	7,126,476	77,693
Total Liabilities	1,547,239	7,217,740	8,764,979	77,693
Deferred Inflows of Resources	(130,364)	-	(130,364)	-
Total Liabilities and Deferred Inflows of Resources	1,416,875	7,217,740	8,634,615	77,693
Net Position				
Net investment in capital assets (Note 3I)	13,197,315	13,895,542	27,092,857	-
Restricted for debt service	9	402,244	402,253	-
Restricted for housing and development	30,242	-	30,242	-
Restricted for capital outlay	388,440	-	388,440	-
Unrestricted (deficit)	2,870,057	189,217	3,059,274	(30,540)
Total Position	$ 16,486,063	$ 14,487,003	$ 30,973,066	$ (30,540)

City of Swainsboro, Georgia
Statement of Activities
For the Year Ended November 30, 2017

Function/Program	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants	Program Revenues: Capital Grants	Net (Expense) Revenue and Changes in Net Position — Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit
Primary Government								
Governmental Activities								
General government	$ 664,603	$ 306,078	$ 34,909	$ -	$ (323,616)	$ -	$ (323,616)	$ -
Public safety	3,104,833	422,957	3,583	-	(2,678,293)	-	(2,678,293)	-
Public works	2,062,302	917,075	-	158,808	(986,419)	-	(986,419)	-
Health and welfare	16,683	-	-	-	(16,683)	-	(16,683)	-
Culture and recreation	1,171,617	54,126	411,011	2,250	(704,230)	-	(704,230)	-
Housing and development	681,258	92,075	202,910	-	(386,273)	-	(386,273)	-
Interest	5,934	-	-	-	(5,934)	-	(5,934)	-
Total Governmental Activities	7,707,230	1,792,311	652,413	161,058	(5,101,448)	-	(5,101,448)	-
Business-type Activities:								
Water and sewerage	3,019,002	1,891,995	-	-	-	(1,127,007)	(1,127,007)	-
Total - Primary Government	$ 10,726,232	$ 3,684,306	$ 652,413	$ 161,058	(5,101,448)	(1,127,007)	(6,228,455)	-
Component Unit								
Downtown Development Authority	$ 157,611	$ 172,442	$ -	$ -	$ -	-	-	14,831
		General Revenues						
		Property taxes levied for general government purposes			2,497,289	-	2,497,289	-
		Sales tax			1,062,560	-	1,062,560	-
		T-SPLOST			105,821	-	105,821	-
		TIA			851,711		851,711	
		Insurance premium tax			483,371	-	483,371	-
		Franchise tax			571,319	-	571,319	-
		Beer and liquor tax			190,508	-	190,508	-
		Hotel/motel tax			94,535	-	94,535	-
		Investment earnings			2,303	1,297	3,600	31
		Miscellaneous			33,471	6,505	39,976	-
		Total General Revenues			5,892,888	7,802	5,900,690	31
		Change in Net Position			791,440	(1,119,205)	(327,765)	14,862
		Net Position (Deficit) Beginning of Year, aas Restated			15,694,623	15,606,208	31,300,831	(45,402)
		Net Position (Deficit) End of Year			$ 16,486,063	$ 14,487,003	$ 30,973,066	$ (30,540)

See accompanying notes to the basic financial statements

City of Swainsboro, Georgia

Balance Sheet

Governmental Fund

November 30, 2017

	General	2005 SPLOST	2012 SPLOST	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 58,492	$ 99,491	$ 288,949	$ 30,251	$ 477,183
Investments	775,097	-	-	-	775,097
Receivables:					
Accounts	135,491	-	-	-	135,491
Taxes	2,012,452	-	-	-	2,012,452
Intergovernmental	-	-	-	-	-
Interfund	-	-	-	-	-
Inventories	31,627	-	-	-	31,627
Total Assets	$ 3,013,159	$ 99,491	$ 288,949	$ 30,251	$ 3,431,850
		$ -			
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	$ 579,864	$ -	$ -	$ -	$ 579,864
Payroll liabilities payable	-	-	-	-	-
Interfund payable	-	-	-	-	-
Total Liabilities	579,864	-	-	-	579,864
Deferred Inflows of Resources - Property Taxes	427,744	-	-	-	427,744
Total Liabilities and Deferred Inflows of Resources	1,007,608	-	-	-	1,007,608
Fund Balances					
Nonspendable	31,627	-	-	-	31,627
Restricted	-	99,491	288,949	30,251	418,691
Unassigned	1,973,924	-	-	-	1,973,924
Total Fund Balances	2,005,551	99,491	288,949	30,251	2,424,242
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 3,013,159	$ 99,491	$ 288,949	$ 30,251	$ 3,431,850

City of Swainsboro, Georgia
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
November 30, 2017

Total Governmental Fund Balances			$	2,424,242
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.				
Cost of capital assets	$	22,169,323		
Less accumulated depreciation		(8,120,294)		14,049,029
Deferred inflows of resources for pensions reported on the government-wide statement of position but not reported on the govermental fund balance sheet.				130,364
Deferred outflows of resources for pensions reported on the government-wide statement of position but not reported on the govermental fund balance sheet.				286,714
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.				427,744
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	$	(115,661)		
Promissory note payable		(826,285)		
Capital lease payable		(25,429)		
Net pension liability payable (excess)		135,345		(832,030)
Net Position of Governmental Activities			$	16,486,063

See accompanying notes to the basic financial statements

City of Swainsboro, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Fund
For the Year Ended November 30, 2017

	General	2005 SPLOST	2012 SPLOST	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	$ 5,708,731	$ -	$ 299,114	$ 94,535	$ 6,102,380
Licenses and permits	283,683	-	-	-	283,683
Intergoverrnmental	813,471	-	-	-	813,471
Charges for services	1,084,135	-	-	-	1,084,135
Fines and forfeitures	407,293	-	-	-	407,293
Investment earnings	1,390	209	560	144	2,303
Miscellaneous	43,802	-	-	-	43,802
Total Revenues	8,342,504	209	299,674	94,679	8,737,066
Expenditures					
Current:					
General government	662,883	-	-	-	662,883
Public safety	2,982,745	-	-	-	2,982,745
Public works	3,082,187	-	-	-	3,082,187
Health and welfare	16,680	-	-	-	16,680
Culture and recreation	1,041,904	-	-	-	1,041,904
Housing and development	480,646	-	-	44,692	525,338
Capital Outlay	-	2,536	213,456	100,000	315,992
Debt Service:					
Principal	143,060	-	-	-	143,060
Interest	5,934	-	-	-	5,934
Total Expenditures	8,416,039	2,536	213,456	144,692	8,776,723
Excess (Deficiency) of Revenues Over (Under) Expenditures	(73,535)	(2,327)	86,218	(50,013)	(39,657)
Other Financing Sources (Uses)					
Issuance of promissory note	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	(73,535)	(2,327)	86,218	(50,013)	(39,657)
Fund Balances Beginning of Year	2,079,086	101,818	202,731	80,264	2,463,899
Fund Balances End of Year	$ 2,005,551	$ 99,491	$ 288,949	$ 30,251	$ 2,424,242

See accompanying note's 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, 2017

Net Changes In Fund Balances - Total Governmental Funds			$ (39,657)
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures on the governmental fund type operating statement. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded the depreciation expense in the current period.			
	Depreciation expense	$ (693,620)	
	Capital outlay	1,560,122	866,502
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 @ 11/30/17	$ (441,719)	
	Liability @ 11/30/16	203,323	(238,396)
Pensions costs reported on the government-wide statement of activities but not reported on the govermental fund operating statement. These amounts are negative expenses.			62,603
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.			143,060
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 @ 11/30/17	$ (115,661)	
	Liability @ 11/30/16	112,989	(2,672)
Change In Net Position of Governmental Activities			$ 791,440

See accompanying notes to the basic financial statements

City of Swainsboro, Georgia
Statement of Net Position
Proprietary Fund - Water and Sewerage Fund
November 30, 2017

Assets	
Current Assets:	
Cash and cash equivalents	$ 252,054
Investments	-
Accounts receivable (net)	179,052
Interfund receivable	-
Restricted assets:	
Cash and cash equivalents	402,244
Total Current Assets	833,350
Noncurrent Assets:	
Capital assets:	
Nondepreciable	520,300
Depreciable, net	20,351,093
Total Noncurrent Assets	20,871,393
Total Assets	21,704,743
Liabilities	
Current Liabilities:	
Accounts payable	11,511
Customer deposits payable	230,378
Interfund payable	-
Note payable	9,650
GEFA loans payable	205,956
USDA bonds payable	115,242
Total Current Liabilities	572,737
Long-term Liabilities (net of current portion):	
Note payable	29,186
GEFA loans payable	957,668
USDA bonds payable	5,658,149
Total Long-term Liabilities	6,645,003
Total Liabilities	7,217,740
Net Position	
Net investment in capital assets	13,895,542
Restricted for debt service	402,244
Unrestricted	189,217
Total Net Position	$ 14,487,003

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, 2017

Operating Revenues	
Charges for services	$ 1,786,382
Service charges	105,613
Miscellaneous	6,505
Total Operating Revenues	1,898,500
Operating Expenses	
Personal services - salaries	20,252
Personal services - benefits	23,008
Purchased services - professional and technical	1,461,547
Materials and supplies	328,444
Depreciation	1,026,775
Total Operating Expenses	2,860,026
Operating (Loss)	(961,526)
Non-Operating Revenues (Expenses)	
Investment earnings	1,297
Interest and fiscal charges	(158,976)
Total Non-Operating Revenues (Expenses)	(157,679)
Income Before Contributions	(1,119,205)
Contributions	-
Change in Net Position	(1,119,205)
Net Position Beginning of Year	15,606,208
Net Position End of Year	$ 14,487,003

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, 2017

Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash received from customers	$ 1,974,032
Cash payments to employees for services	(43,260)
Cash payments for goods and services	(1,778,480)
Net Cash Provided by (Used in) Operating Activities	152,292
Cash Flows from Noncapital Financing Activities	
Interfund receivable	548,669
Interfund payable	(133,326)
Net Cash Provided by (Used in) Noncapital Financing Activities	415,343
Cash Flows from Capital and Related Financing Activities	
Capital grants	-
Principal paid on notes and capital leases	(313,254)
Interest paid on notes and capital leases	(158,976)
Accquisition of capital assets	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	(472,230)
Cash Flows from Investing Activities	
Net decrease (increase) in investments	-
Investment earnings	1,297
Net Cash Flows from Investing Activities	1,297
Net Increase (Decrease) in Cash and Cash Equivalents	96,702
Cash and Cash Equivalents Beginning of Year	557,596
Cash and Cash Equivalents End of Year	$ 654,298
Reconciliation to Statement of Net Assets	
Cash and cash equalivalents	$ 252,054
Restricted assets	402,244
Total Cash and Cash Equivalents	$ 654,298

City of Swainsboro, Georgia
Statement of Cash Flows
Proprietary Fund - Water and Sewerage Fund
For the Year Ended November 30, 2017

(continued)

Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities		
Operating Income (Loss)	$	(961,526)
Adjustments:		
Depreciation		1,026,775
(Increase) Decrease in Assets:		
Accounts receivable		31,486
Increase (Decrease) in Liabilities:		
Accounts payable		11,511
Customer deposits		44,046
Net Cash Provided by (Used in) Operating Activities	$	152,292

See accompanying notes to the basic financial statements

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

Note 1 - Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The City has elected not to follow private-sector guidance issued after November 30, 1989.

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

1-A. Reporting Entity

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

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

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

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

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

1-B. Basis of Presentation

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

Fund Financial Statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds 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.

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 water improvements, public safety equipment, fire building, recreation site improvements.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

1-C. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net position. The statement of activities reports revenues and expenses.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the way the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, the proprietary fund type is accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statements of net position. The statements of changes in fund net position present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

1-D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. The proprietary fund uses the accrual basis of accounting at both reporting levels and the fiduciary fund uses the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the phrase "available for exchange transactions" means expected to be received within sixty days of year-end.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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, 2017.

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.

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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:

	Estimated Lives	
Asset Class	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.

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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 for reporting purposes. On the government-wide and proprietary fund type statement of activities, debt premiums and discounts are deferred and amortized over the life of the debt 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) or 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 with the exception of prepaid bond insurance costs which are deferred and amortized over the life of the debt as amortization expense.

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

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 expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business-type activities column are eliminated.

Note 1 - Summary of Significant Accounting Policies (Continued)

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 2017 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	$ 13,490
Mayor and Commission	2,334
Vehicles	12,502
Fire	37,534
Public works operations	131,437
Sanitation and recycling	696,046
Enterprise applications	11,455
Protective inspection	874
Hotel/motel fund	85,192

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, 2017, are entirely insured or collateralized with securities held by the City's agent in the City's name.

Note 3 - Detailed Notes on All Funds

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, 2017:

		Maturity
Certificates of deposit	$689,925	current to one year

3-B. Receivables

Receivables at November 30, 2017, 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, 2017, allowances for uncollectibles were reported as follows:

General fund (property taxes)	$31,585
Water and sewerage fund (charges for services)	13,198

3-C. Property Taxes

The City Council levied property taxes October 15, 2016. Property taxes attach as an enforceable lien on property as of Janary 1 2017. Property taxes are billed on October 18, 2017 and were payable on December 30, 2017.

(This page continued on the subsequent page)

Note 3 - Detailed Notes on All Funds (Continued)

3-D. Capital Assets

Capital asset activity for governmental activities for the year ended November 30, 2017, was as follows:

	Balance 12/1/2016	Additions	Deductions	Balance 11/30/2017
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 1,139,999	$ -	$ -	$ 1,139,999
Other capital assets:				
Buildings and improvements	10,113,587	100,000	-	10,213,587
Machinery and equipment	2,995,669	59,304	-	3,054,973
Infrastructure	6,359,946	1,400,818	-	7,760,764
Total other capital assets	19,469,202	1,560,122	-	21,029,324
Total capital assets	20,609,201	1,560,122	-	22,169,323
Accumulated depreciation:				
Buildings and improvements	3,308,168	272,450	-	3,580,618
Machinery and equipment	2,859,816	215,750	-	3,075,566
Infrastructure	1,258,690	205,420	-	1,464,110
Total accumulated depreciation	7,426,674	693,620	-	8,120,294
Governmental activities capital assets, net	$ 13,182,527	$ 866,502	$ -	$ 14,049,029

Governmental activities depreciation expense:

General government	$ 9,825
Public safety	215,652
Public works	164,911
Health and welfare	2,750
Culture and recreation	142,362
Housing and development	158,120
Total governmental activities depreciation expense	$ 693,620

Note 3 - Detailed Notes on All Funds (Continued)

Capital asset activity for business-type activities for the year ended November 30, 2017, was as follows:

	Balance 12/1/2016	Additions	Deductions	Balance 11/30/2017
Water and sewerage fund				
Nondepreciable capital assets				
Land	$ 520,300	$ -	$ -	$ 520,300
Other capital assets:				
Buildings	31,319	-	-	31,319
Utility plant and lines	32,708,187	-	-	32,708,187
Machinery and equipment	875,834	-	-	875,834
Total other capital assets	33,615,340	-	-	33,615,340
Total capital assets	34,135,640	-	-	34,135,640
Accumulated depreciation:				
Buildings	22,419	1,081	-	23,500
Utility plant and lines	11,396,910	1,017,744	-	12,414,654
Machinery and equipment	818,144	7,950	-	826,094
Total accumulated depreciation	12,237,473	1,026,775	-	13,264,248
Water and sewerage fund capital assets, net	$ 21,898,167	$ (1,026,775)	$ -	$ 20,871,392

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 more than 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, 2017:

Governmental Activities Debt – The County reports two capital leases and four promissory notes for governmental activities.

Capital Leases Payable – The City has two outstanding capital leases at November 30, 2017.

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 $265,940 and a book value at November 30, 2016 is $27,799.

Note 3 - Detailed Notes on All Funds (Continued)

Annual debt service requirements to amortize this debt, as of November 30, 2017 follow:

Year	Principal	Interest	Total
2018	$ 25,429	$ 283	$ 25,712

DBC Finance Capital Lease #5 – On July 21, 2016 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. This lease was retired in fiscal year 2017.

Bancorp Promissory Note – On June 11, 2015, the City entered into a promissory note for $1 million to finance the construction of an airport hanger. The City drawn down $790,387 through fiscal year 2016. The note carries an interest rate of 3.25%. The loan is secured by a land parcel at 23 Airport Road.

Year	Principal	Interest	Total
2018	$ 350,000	28,625	$ 378,625
2019	440,387	19,785	460,172
Total	$ 790,387	$ 48,410	$ 838,797

Promissory Note – Marion L. Sowell - On August 1, 2015, the City entered into a promissory note for the purchased a "movies to go," building with Marion L. Sowell for $79,722. The financing period is 60 monthly payments $1,527 (with includes monthly interest expense) at a 3.0032% interest rate. This note was retired in fiscal year 2017.

Promissory Note BB&T – On April 16, 2016, the City borrowed $70,000 to purchase a 2003 Ford F550 mini-pumper fire truck. The financing period is 12 quarterly payments $6,164 (with includes monthly interest expense) at a 3.43% interest rate. The truck cost was $70,000, with accumulated depreciation of $21,000 and a book value at November 30, 2016 is $49,000.

Annual debt service requirements to amortize this debt, as of November 30, 2017 follow:

Year	Principal	Interest	Total
2018	$ 23,727	928	$ 24,655
2019	12,170	157	12,327
Total	$ 35,897	$ 1,085	$ 36,982

Business-type Activities – November 30, 2017, the City has four loans outstanding.

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.

Note 3 - Detailed Notes on All Funds (Continued)

Annual debt service requirements to amortize this debt, as of November 30, 2017 follow:

Fiscal Year	Principal	Interest	Total
2018	$ 180,956	$ 22,212	$ 230,709
2019	186,446	16,722	225,380
2020	191,248	11,920	219,890
2021	197,528	5,640	215,088
2022	49,113	1,880	50,993
Total	$ 805,291	$ 58,374	$ 942,060

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, 2017 follow:

Fiscal Year	Principal
2018	$ 25,000
2019	25,000
2020	25,000
2021	25,000
2022	25,000
2023-2027	125,000
2028-2032	108,333
Total	$ 358,333

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.

Note 3 - Detailed Notes on All Funds (Continued)

Annual debt service requirements to amortize this debt, as of November 30, 2017 follow:

Fiscal Year	Principal	Interest	Total
2018	$ 115,242	$ 128,718	$ 243,960
2019	117,862	126,098	243,960
2020	120,542	123,418	243,960
2021	124,112	119,848	243,960
2022	129,146	114,814	243,960
2023-2027	648,150	571,650	1,219,800
2028-2032	726,485	493,315	1,219,800
2033-2037	815,923	403,877	1,219,800
2038-2042	910,365	309,435	1,219,800
2043-2047	1,040,365	179,435	1,219,800
2048-2051	1,025,199	110,325	1,135,524
Total	$ 5,773,391	$ 2,680,933	$ 8,454,324

International Decision Systems, Inc. - On March 22, 2016, the City entered into a promissory note for one Mini-excavator with Bancorp Equipment Finance for $48,447. The financing period is six annual payments $9,806 (with includes monthly interest expense) at a .40% interest rate. The equipment cost was $48,447, with accumulated depreciation of $19,378 and a book value at November 30, 2015 is $29,069. This note was originally reported in governmental activities but was moved to debt in the water and sewer fund in this fiscal year.

Annual debt service requirements to amortize this debt, as of November 30, 2015 follow:

Year	Principal	Interest	Total
2018	$ 9,689	$ 117	$ 9,806
2019	9,728	78	9,806
2020	9,767	39	9,806
Total	$ 29,184	$ 234	$ 29,418

Note 3 - Detailed Notes on All Funds (Continued)

Changes in Long-term Debt - Changes in the City's long-term obligations consisted of the following for the year ended November 30, 2017:

	Outstanding 12/1/2016	Additions	Reductions	Outstanding 11/30/2017	Amounts Due in One Year
Governmental Activities:					
Capital leases:					
BT&T Bank#4	$ 75,174	$ -	$ 49,745	$ 25,429	$ 25,429
DBC Finance#5	22,980	-	22,980	-	-
Promissory note - Airport hanger	790,387	-	-	790,387	300,000
Promissory note - Martin Sowell	47,406	-	47,406	-	-
Promissory note - fire pumper	58,826	-	22,929	35,897	23,727
Net pension liability (excess)	(179,536)	-	44,191	(135,345)	-
Compensated absences	112,988	87,414	84,741	115,661	86,746
Total Governmental Activities	$ 928,225	$ 87,414	$ 271,992	$ 832,029	$ 435,902
Business-type Activities:					
GEFA loan - CW 98-006	$ 980,918	$ -	$ 175,627	$ 805,291	$ 180,956
GEFA loan - DW09034	383,333	-	25,000	358,333	25,000
USDA loan	5,886,072	-	112,681	5,773,391	115,242
Promissory note - International	48,642	-	9,806	38,836	9,650
Total Business-Type Activities	$ 7,298,965	$ -	$ 323,114	$ 6,975,851	$ 330,848

The amortization of the capital assets acquired via capital leases is included in the depreciation expense reported.

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

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

3-J. Pensions

Defined Benefit Pension Plan

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.

Note 3 - Detailed Notes on All Funds (Continued)

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) have immediate participation 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

Membership in the plan is as follows:

Active participants	27
Fully vested former participants	17
Retirees and beneficiaries currently receiving benefits	46
Active elected officials	33
Total membership	123

Benefits Provided.

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.

Contributions. City employees are not required to contribute to the Plan. The City contributes the entire cost of the Plan, using the actuarial basis described in the annual valuation report. The City's actuarially determined contribution rate for the fiscal year ended December 31, 2017 was 6.97% of covered-employee payroll. The City's covered payroll for employees participating in the Plan as of January 1, 2017, (the most recent actuarial valuation date) was $2,104,254 (based on covered earnings for the preceding year). The City's contributions were $151,061

The Georgia Constitution enables the governing authority of the City, the City Council, to establish, and amend from time-to-time contribution rates for the City and its Plan participants.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At December 31, 2017, the City reported a net pension liability of $135,345 (an excess). The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. For the year ended December 31, 2017, the City recognized pension expense of $103,752.

Note 3 - Detailed Notes on All Funds (Continued)

The components of the net pension liability are as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at November 30, 2016	$ 6,881,575	$ 7,061,111	$ (179,536)
Changes for the year:			
Service cost	89,074	-	89,074
Interest	517,174	-	517,174
Differences between expected and actual experience	(82,695)	-	(82,695)
Employer contributions	-	130,048	(130,048)
Net investment income	-	361,391	(361,391)
Benefit payments	(416,726)	(416,726)	-
Administrative expense	-	(12,077)	12,077
Other changes	-	-	-
Net changes	106,827	62,636	44,191
Balances at November 30, 2016	$ 6,988,402	$ 7,123,747	$ (135,345)

Plan fiduciary net position as a percentage of the total pension liability	101.94%
Covered employee payroll	$ 2,104,249
Net pension liability as a percentage of covered employee payroll	-6.43%

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	$ (74,720)	$ 33,144
Assumption change	(55,644)	-
Net difference between projected and actual earnings on pension plan investments	-	253,570
Total	$ (130,364)	286,714

The $156,350 of deferred inflows and deferred outflows of resources resulting from the City's demographic changes, assumption changes and investment changes will be recognized as an increase or decrease of the net pension liability in the fiscal year ending November 30, 2017.

Note 3 - Detailed Notes on All Funds (Continued)

Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending December 31		
2019	$	21,087
2020		21,087
2021		79,322
2022		34,854
Totals	$	156,350

Actuarial Assumptions. The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Future salary increases	3.25% plus service merit increases
Cost of living adjustments	3.25%
Net investment rate of return	7.75%

Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table. Disabled rates were derived from a 1977 Social Security Administration study.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	45%	6.75%
International equity	20%	7.45%
Fixed income	20%	1.75%
Real estate	10%	4.55%
Global fixed income	5%	3.30%
Total	100%	

Note 3 - Detailed Notes on All Funds (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.75%t) or one percentage-point higher (8.75%) than the current rate:

	Discount Rate	Net Pension Liability
1% decrease	6.75%	$ 651,620
Current discount rate	7.75%	(135,345)
1% increase	8.75%	(800,000)

Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued Association County Commissioners of Georgia GEBCorp financial report.

3-I. Fund Equity

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

General Fund:	
Inventories	$ 37,120

- *Restricted* – The following fund balances are legally restricted to specified purposes:

Nonmajor Funds:	
Principal and interest on long-term bonds	$ 9
Housing and development	80,255
Total Nonmajor Funds	$ 80,264
Major Capital Projects SPLOST Funds:	
SPLOST 2005 Capital projects	$ 101,818
SPLOST 2012 Capital projects	202,731
Major Capital Projects SPLOST Funds	$ 304,549

- *Unassigned* – The following fund balances include the general fund unassigned amount:

General Fund:	
General Fund	$ 1,973,924

Note 3 - Detailed Notes on All Funds (Continued)

Net Investment in Capital Assets

Net investment in capital assets on the government-wide statement of net position as of November 30, 2017 are as follows:

Net investment in capital assets:	Governmental Activities	Business Type Activities
Cost of capital assets	$ 22,169,323	$ 34,135,640
Less accumulated depreciation	8,120,294	13,264,248
Book value	14,049,029	20,871,392
Less capital related debt	851,714	6,975,850
Net investment in capital assets	$ 13,197,315	$ 13,895,542

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, 2017. 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

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, 2017 follows:

Fund balance, December 1, 2016	$	80,255
Add hotel/motel taxes and investment earnings		94,679
Less expenditures		144,692
Fund balance, November 30, 2017	$	30,242

Expenditures of $46,475 (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 opf Swainsboro, Georgia
Required Supplementary Information
Schedule of Contributions
City of Swainsboro Retirement Plan
For the Last Ten Fiscal Years

Fiscal Year Ended November 30, 2017	*Actuarially Determined Contribution*	*Actual Employer Contribution*	*Contribution Deficiency (Excess)*	*Covered Payroll*	*Contributions as a % of Covered Payroll*
2017	$ 130,048	$ 130,048	$ -	$ 2,104,254	6.18%

Notes to The Schedule:

Methods and Assumptions Used to Determine Contribution Rates:

Valuation Timing	Actuarially determined contribution rates are calculated as of January 1, 2016, with an interest adjustment to the fiscal year. Contributions in relation to this actuariaslly contribution rate will be reported for the fiscal year
Actuarial Cost Method	Entry Age Normal
Amortization Method	Closed Level Dollar for the remaining unfunded liability
Remaining Amortization Period	N/A
Asset Valuation Method	Some of actuarial value at beginning of year and the cash flow during the year plud the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at year end. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Inflation Rate	3.25%
Salary Increases	3.25% plus service based merit increases
Investment Rate of Return	7.75%
Cost of Living Adjustments	3.25%
Retirement Age	Rates Based on Age and History
Mortality	RP-2000 mortality with sex-distinct rates, set forward 2 years for males and one year for females.

City of Swainsboro, Georgia

Required Supplementary Information

Schedule of Changes in the County's Net Pension Liability and Related Ratios

City of Swainsboro Retirement Plan

For the Year Ended November 30, 2017

Total Pension Liability		**November 30, 2017**
Service cost	$	89,074
Interest on total pension liability		517,174
Differences between expected and actual experience		(82,695)
Benefit payments, including refunds of employee contributions		(416,726)
Net Change in Total Pension Liability		106,827
Total Pension Liability - Beginning of Fiscal Year		6,881,575
Total Pension Liability - End of Fiscal Year	$	6,988,402
Plan Fiduciary Net Position		
Employer contributions	$	130,048
Net investment income		361,391
Benefit payments, including refunds of employee contributions		(416,726)
Administrative expenses		(12,077)
Net Change in Plan Fiduciary Net Position		62,636
Total Plan Fiduciary Net Position - Beginning of Fiscal Year		7,061,111
Fiduciary Net Position - End of Fiscal Year	$	7,123,747
City's Net Pension Liability - End of Fiscal Year	$	(135,345)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		101.94%
Covered Employee Payroll	$	2,104,254
Net Pension Liability as a Percentage of Covered Employee Payroll		-6.43%

Notes to this Schedule:

This schedule will present 10 years of information once it is accumulated.

Schedule of Investment Returns	
Annual money-weighted 20 rate of return, net of investment expensed	0.00%

Notes to this Schedule:

This schedule will present 10 years of information once it is accumulated.

City of Swainsboro, Georgia
Notes to the Required Supplementary Information
For the year ended November 30, 2017

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 the fund.

City of Swainsboro, Georgia
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended November 30, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes	$ 4,729,984	$ 4,729,984	$ 5,708,731	$ 978,747
Licenses and permits	225,000	233,000	283,683	50,683
Intergovernmental	1,199,883	1,199,872	813,471	(386,401)
Charges for services	1,246,950	1,246,950	1,084,135	(162,815)
Fines and forfeitures	236,000	236,000	407,293	171,293
Investment earnings	1,000	1,000	1,390	390
Miscellaneous	78,646	78,646	43,802	(34,844)
Total Revenues	7,717,463	7,725,452	8,342,504	617,052
Expenditures				
Current:				
General government	702,644	-	662,883	(662,883)
Public safety	2,984,961	3,002,955	2,982,745	20,210
Public works	2,254,704	2,254,704	3,082,187	(827,483)
Health and welfare	149,473	149,473	16,680	132,793
Culture and recreation	1,069,374	1,069,374	1,041,904	27,470
Housing and development	473,700	473,700	480,646	(6,946)
Debt Service:				
Principal retirement	155,637	155,637	143,060	12,577
Interest and fiscal charges	6,249	6,249	5,934	315
Total Expenditures	7,796,742	7,112,092	8,416,039	(1,303,947)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(79,279)	613,360	(73,535)	(686,895)
Other Financing Sources (Uses)				
Proceeds from the sale of capital;asset	8,000	8,000		(8,000)
Issuance of promissory note	510,000	510,000	-	(510,000)
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	518,000	518,000	-	(518,000)
Net Change in Fund Balances	$ 438,721	$ 1,131,360	(73,535)	$ (1,204,895)
Fund Balances Beginning of Year			2,079,086	
Fund Balances End of Year			$ 2,005,551	

City of Swainsboro, Georgia
Combining Balance Sheet
Nonmajor Governmental Funds - By Fund Type
November 30, 2017

	Nonmajor Special Revenue Fund	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
Assets			
Equity in pooled cash and investments	$ 30,242	$ 9	$ 30,251
Liabilities and Fund Balances			
Liabilities			
Interfund payable	$ -	$ -	$ -
Fund Balances			
Restricted for debt service	-	9	9
Restricted for housing and development	30,242	-	30,242
Total Fund Balances	30,242	9	30,251
Liabilities and Fund Balances	$ 30,242	$ 9	$ 30,251

City of Swainsboro, Georgia

Combining Statement of Revenues Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds - By Fund Type

For the Year Ended November 30, 2017

	Nonmajor Special Revenue Fund	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
Revenues:			
Taxes	$ 94,535	$ -	$ 94,535
Charges for services	-	-	-
Investment earnings	144	-	144
Total Revenues	94,679	-	94,679
Expenditures			
Current:			
Housing and development	44,692	-	44,692
Capital Outlay	100,000	-	100,000
Debt Service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	144,692	-	144,692
Excess (Deficiency) of Revenues Over (Under) Expenditures	(50,013)	-	(50,013)
Other Financing Sources			
Transfers in	-	-	-
Net Change in Fund Balances	(50,013)	-	(50,013)
Fund Balances Beginning of Year	80,255	9	80,264
Fund Balances End of Year	$ 30,242	$ 9	$ 30,251

City of Swainsboro, Georgia
General Fund
Comparative Balance Sheet
November 30, 2017 and 2016

	2107	2106
Assets		
Cash and cash equivalents	$ 58,492	$ 60,735
Investments	775,097	859,041
Receivables (net, where applicable):		
Property taxes	1,861,486	1,985,924
Sales taxes	150,966	130,100
Federal excise taxes	-	18,584
Accounts	135,491	205,547
Interfund	-	1,812
Inventories	31,627	37,120
Total Assets	$ 3,013,159	$ 3,298,863
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities		
Accounts payable	$ 579,864	$ 147,419
Accrued expenditures	-	1,864
Interfund payable	-	628,776
Total Liabilities	579,864	778,059
Deferred Inflows of Resources - Property Taxes	427,744	441,719
Total Liabilities and Deferred Inflows of Resources	1,007,608	1,219,778
Fund Balances		
Nonspendable	31,627	37,120
Unassigned	1,973,924	2,041,965
Total Fund Balances	2,005,551	2,079,085
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 3,013,159	$ 3,298,863
	$ -	

City of Swainsboro, Georgia
General Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended November 30, 2017 and 2016

	2017	2016
Revenues		
Taxes	$ 5,708,731	$ 4,601,348
Licenses and permits	283,683	204,365
Intergovernmental	813,471	925,926
Charges for services	1,084,135	1,259,521
Fines and forfeitures	407,293	201,422
Investment earnings	1,390	664
Miscellaneous	43,802	25,375
Total Revenues	8,342,504	7,218,621
Expenditures		
Current:		
General government	662,883	695,218
Public safety	2,982,745	3,037,151
Public works	3,082,187	2,132,873
Health and welfare	16,680	16,680
Culture and recreation	1,041,904	1,093,550
Housing and development	480,646	353,415
Debt Service:		
Principal retirement	143,060	105,515
Interest and fiscal charges	5,934	32,002
Total Expenditures	8,416,039	7,466,404
(Deficiency) of Revenues (Under) Expenditures	(73,535)	(247,783)
Other Financing Sources (Uses)		
Issuance of promissory notes	-	70,000
Transfers out	-	(90,649)
Total Other Financing Sources (Uses)	-	(20,649)
Net Change in Fund Balances	(73,535)	(268,432)
Fund Balances Beginning of Year	2,079,086	2,347,518
Fund Balances End of Year	$ 2,005,551	$ 2,079,086

City of Swainsboro, Georgia
Schedule of Revenues - Budget and Actual - General Fund
For the Year Ended November 30, 2017
(With Comparative Actual Amounts for the Year Ended November 30, 2016)

	2017				2016
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Real and personal property taxes					
General property tax - current	$ 2,269,984	$ 2,269,984	$ 2,360,818	$ 90,834	$ 2,114,559
Motor vehicle property tax - current	-	-	108,754	108,754	74,721
Timber tax	-	-	-	-	-
Motor vehicle title adv tax (TAVT)	150,000	150,000	182,969	32,969	176,063
Mobile home - personal property	2,500	2,500	2,529	29	2,737
Other - personal property	13,000	13,000	12,034	(966)	43
AAVT	10,000	10,000	6,869	3,131	
Real estate transfer taxes	2,500	2,500	3,051	551	3,591
Railroad taxes	2,000	2,000	2,223	223	2,125
Heavy equipment taxes	-	-	-	-	5,681
Penalties and interest on taxes	60,000	60,000	63,307	3,307	62,634
Total real and personal property taxes	2,509,984	2,509,984	2,742,555	238,832	2,442,154
Selective taxes:					
Sales tax	825,000	825,000	763,446	(61,554)	771,283
TIA	68,000	68,000	851,711	783,711	-
Franchise tax	600,000	600,000	571,319	(28,681)	642,765
Alcholic beverage tax	200,000	200,000	190,508	(9,492)	188,049
Insurance premium tax	420,000	420,000	483,371	63,371	453,938
Lost excise	20,000	20,000	25,149	5,149	19,052
T-SPLOST	87,000	87,000	80,671	(6,329)	84,107
Total selective taxes	2,220,000	2,220,000	2,966,176	746,176	2,159,194
Licenses and permits:					
Alcoholic beverages	35,000	35,000	35,275	275	27,175
General business license	140,000	140,000	148,995	8,995	151,205
General business license - insurance	35,000	35,000	54,150	19,150	17,100
Building structure and equipment permit	8,000	8,000	39,143	31,143	4,385
Inspections	7,000	15,000	6,120	(8,880)	4,500
Business license penalties	-	-	-	-	-
Total licenses and permits:	225,000	233,000	283,683	50,683	204,365
Intergovernmental					
Federal	363,091	363,091	2,250	(360,841)	67,392
State and local	836,792	836,781	811,221	(25,560)	858,534
Total intergovernmental	1,199,883	1,199,872	813,471	(386,401)	925,926
Fines and forfeitures:					
Court - superior	1,000	1,000	746	(254)	201,355
Court - recorders	235,000	235,000	406,547	171,547	67
Total fines and forfeitures:	236,000	236,000	407,293	171,293	201,422
Charges for services:					
Garbage collections	667,000	667,000	542,554	(124,446)	436,099
Dumpster	428,000	428,000	338,439	(89,561)	359,329
Recycled materials	50,000	50,000	36,082	(13,918)	27,242
Airport	47,200	47,200	92,075	44,875	44,981
Public safety	18,750	18,750	15,664	(3,086)	7,820
Culture and recreation	33,000	33,000	54,126	21,126	51,261
Sale of timber	-	-	-	-	294,636
Miscellaneous	3,000	3,000	5,195	2,195	38,153
Total charges for services:	1,246,950	1,246,950	1,084,135	(162,815)	1,259,521
Investment earnings	1,000	1,000	1,390	390	664
Miscellaneous:					
Rents and royalities	20,200	20,200	17,200	(3,000)	25,000
Reimbursements for damaged properties	-	-	-	-	-
Reimburement for administrative costs	-	-	-	-	-
Miscellaneous	58,446	58,446	26,602	(31,844)	375
Total miscellaneous	78,646	78,646	43,802	(34,844)	25,375
Total revenues	$ 7,717,463	$ 7,725,452	$ 8,342,504	$ 623,314	$ 7,218,621

City of Swainsboro, Georgia
General Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended November 30, 2017
(With Comparative Actual Amounts for the Year Ended November 30, 2016)

	2017				2016
	Original Budget	**Final Budget**	**Actual**	**Variance With Final Budget**	**Actual**
General government					
Governing body:					
Personal services	$ 114,406	$ 114,406	$ 140,374	$ (25,968)	$ 123,221
Operating	12,478	12,478	-	12,478	19,173
Total governing body	126,884	126,884	140,374	(13,490)	142,394
Mayor and commission:					
Personal services	32,593	32,593	36,437	(3,844)	33,305
Operating	12,744	12,744	11,234	1,510	20,768
Total mayor and commission	45,337	45,337	47,671	(2,334)	54,073
Financial administration:					
Personal services	372,795	372,795	403,008	(30,213)	386,802
Operating	157,628	157,628	104,328	53,300	111,949
Capital outlay	-		-	-	-
Less reimbursement from other funds	-	-	(45,000)	45,000	-
Total financial administration	530,423	530,423	462,336	68,087	498,751
Vehicles	-	-	12,502	(12,502)	-
Total general government	702,644	702,644	662,883	39,761	695,218
Public safety:					
Police:					
Personal services	1,391,220	1,391,220	1,382,777	8,443	1,374,549
Operating	399,335	399,335	371,058	28,277	319,400
Capital outlay	10,000	10,000	42,143	(32,143)	8,000
Total police	1,800,555	1,800,555	1,795,978	4,577	1,701,949
Criminal investigation and other					
Personal services	73,351	73,351	63,643	9,708	-
Operating	15,800	33,794	3,692	30,102	-
Capital outlay	10,000	10,000	5,000	5,000	-
Total criminal investigation and other	99,151	117,145	72,335	44,810	-
Fire:					
Personal services	791,501	791,501	855,997	(64,496)	853,900
Operating	126,389	126,389	102,267	24,122	159,620
Capital outlay	15,000	15,000	12,160	2,840	181,386
Total fire	932,890	932,890	970,424	(37,534)	1,194,906
Animal control:					
Personal services	97,877	97,877	98,192	(315)	100,075
Operating	49,488	49,488	45,816	3,672	40,221
Capital outlay	5,000	5,000	-	5,000	-
Total animal control	152,365	152,365	144,008	8,357	140,296
Total public safety	2,984,961	3,002,955	2,982,745	(24,600)	3,037,151
Public works:					
Public works - operations:					
Operating	1,119,846	1,119,846	1,194,505	(74,659)	1,492,433

Capital outlay	1,130,583	1,130,583	1,187,361	(56,778)	-
Total - public works - operations	2,250,429	2,250,429	2,381,866	(131,437)	1,492,433
Sanitation and recycling:					
Personal services	4,275	4,275	31,167	(26,892)	31,228
Operating	-		669,154	(669,154)	609,212
Total sanitation and recycling	4,275	4,275	700,321	(696,046)	640,440
Total public works	2,254,704	2,254,704	3,082,187	(827,483)	2,132,873
Health and welfare	-	-	-	-	-
Community services					
Operating	149,473	149,473	16,680	132,793	16,680
Capital outlay	-	-	-	-	-
Community services	149,473	149,473	16,680	132,793	16,680
Total health and welfare	149,473	149,473	16,680	132,793	16,680
Culture and recreation					
Recreation					
Personal services	517,012	517,012	510,953	6,059	545,212
Operating	328,969	328,969	308,058	20,911	309,716
Capital outlay	-	-	-	-	15,729
Total recreation	845,981	845,981	819,011	26,970	870,657
Sports facilities:					
Operating	88,100	88,100	87,600	500	87,600
Libraries:					
Operating	135,293	135,293	135,293	-	135,293
Total culture and recreation	1,069,374	1,069,374	1,041,904	27,470	1,093,550
Housing and development:					
Protective inspection					
Personal services	70,369	70,369	76,822	(6,453)	72,761
Operating	9,994	9,994	4,415	5,579	4,974
Total protective inspection	80,363	80,363	81,237	(874)	77,735
City Downtown Development Authority:					
Personal services	58,098	58,098	61,621	(3,523)	60,134
Operating	24,494	24,494	18,134	6,360	22,772
Total City Downtown Development Authority:	82,592	82,592	79,755	2,837	82,906
Enterprise applications					
Operating	19,873	19,873	31,328	(11,455)	26,907
Airport:					
Personal services	834	834	877	(43)	1,102
Operating	253,354	253,354	246,022	7,332	138,410
Capital outlay	56,557	56,557	41,427	15,130	26,355
Total airport	310,745	310,745	288,326	22,419	165,867
Total housing and development:	473,700	473,700	480,646	24,382	353,415
Debt Service:					
Principal retirement	155,637	155,637	143,060	12,577	105,515
Interest and fiscal charges	6,249	6,249	5,934	315	32,002
Total Debt Service	161,886	161,886	148,994	12,892	137,517
Total Expenditures	$ 7,796,742	$ 7,814,736	$ 8,416,039	$ (614,785)	$ 7,466,404

City of Swainsboro, Georgia
Comparative Balance Sheet
Hotel/Motel Tax Fund
November 30, 2017 and 2016

	2017	2016
Assets		
Equity in pooled cash and investments	$ 30,242	$ 82,076
Liabilities and Fund Balances		
Liabilities		
Interfund payable	$ -	$ 1,821
Fund Balances		
Restricted for housing and development	30,242	80,255
Total Liabilities and Fund Balances	$ 30,242	$ 82,076

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, 2017

(With Comparative Actual Amounts for the Year Ended November 30, 2016)

	2017				2016
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Revenues:					
Hotel/motel taxes	$ 135,000	$ 135,000	$ 94,535	$ (40,465)	$ 75,899
Investment earnings	-	-	144	144	69
Total Revenues	135,000	135,000	94,679	(40,321)	75,968
Expenditures					
Current:					
Housing and development	59,500	59,500	44,692	14,808	55,196
Capital Outlay	-	-	100,000	(100,000)	-
Total Expenditures	59,500	59,500	144,692	(85,192)	55,196
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 75,500	$ 75,500	$ (50,013)	$ (125,513)	20,772
Fund Balances Beginning of Year			80,255		59,483
Fund Balances End of Year			$ 30,242		$ 80,255

City of Swainsboro, Georgia
Comparative Balance Sheet
Debt Service Fund
November 30, 2017 and 2016

	2017	2016
Assets		
Equity in pooled cash and investments	$ 9	$ 9
Fund Balances		
Restricted for debt service	$ 9	$ 9

City of Swainsboro, Georgia
Schedule of Revenues and Changes in Fund Balances - Budget and Actual
Debt Service Fund
For the Year Ended November 30, 2017
(With Comparative Actual Amounts for the Year Ended November 30, 2016)

	2017				2016
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Revenues:					
Charges for services	$ 25,000	$ 25,000	$ -	$ (25,000)	$ 10,902
Investment earnings	-	-	-	-	25
Miscellaneous	-	-	-	-	-
Total Revenues	25,000	25,000	-	(25,000)	10,927
Expenditures					
Debt Service:					
Principal	-	-	-	-	105,000
Interest and fiscal charges	-	-	-	-	7,673
Total Expenditures	-	-	-	-	112,673
Excess (Deficiency) of Revenues Over (Under) Expenditures	25,000	25,000	-	(25,000)	(101,746)
Other Financing Sources					
Transfers in	-	-	-	-	90,649
Net Change in Fund Balances	$ 25,000	$ 25,000	-	$ (25,000)	(11,097)
Fund Balances Beginning of Year			9		11,106
Fund Balances End of Year			$ 9		$ 9

City of Swainsboro, Georgia
Comparative Balance Sheet
2005 SPLOST Fund
November 30, 2017 and 2016

	2017	2016
Assets		
Equity in pooled cash and investments	$ 99,491	$ 101,818
Fund Balances		
Restricted for capital projects	$ 99,491	$ 101,818

City of Swainsboro, Georgia

Comparative Statement of Revenues, Expenditures

and Changes in Fund Balances

2005 SPLOST Fund

For the Fiscal Years Ended November 30, 2017 and 2016

		2017		2016
Revenues				
Investment earnings	$	209	$	119
Expenditures				
Capital Outlay		2,536		25,009
Excess (Deficiency) of Revenues Over (Under) Expenditures		(2,327)		(24,890)
Fund Balances Beginning of Year		101,818		126,708
Fund Balances End of Year	$	99,491	$	101,818

City of Swainsboro, Georgia
Comparative Balance Sheet
2012 SPLOST Fund
November 30, 2017 and 2016

	2017	2016
Assets		
Equity in pooled cash and investments	$ 288,949	$ 122,615
Interfund receivable	-	80,116
Total Assets	$ 288,949	$ 202,731
Liabilities and Fund Balances		
Liabilities		
Interfund payable	$ -	$ -
Fund Balances		
Restricted for capital projects	288,949	202,731
Unassigned (deficit)	-	-
Total Liabilities and Fund Balances	$ 288,949	$ 202,731

City of Swainsboro, Georgia
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
2012 SPLOST Fund
For the Fiscal Years Ended November 30, 2017 and 2016

	2017	2016
Revenues		
Sales taxes	$ 299,114	$ 372,295
Investment earnings	560	83
Total Revenues	299,674	372,378
Expenditures		
Current		
Public works	-	1,535
Capital Outlay:	213,456	164,950
Total Expenditures	213,456	166,485
Excess of Revenue Over Expenditures	86,218	205,893
Fund Balances Beginning of Year	202,731	(3,162)
Fund Balances End of Year	$ 288,949	$ 202,731

City of Swainsboro, Georgia
Comparative Statement of Net Position
Proprietary Fund - Water and Sewerage Fund
November 30, 2017 and 2016

	2017	2016
Assets		
Current Assets:		
Cash and cash equivalents	$ 252,054	$ 73,755
Investments	-	-
Receivable:		
Accounts (net)	179,052	210,538
Interfund	-	548,669
Restricted assets:		
Cash and cash equivalents	402,244	350,570
Total Current Assets	833,350	1,183,532
Noncurrent Assets:		
Capital assets:		
Nondepreciable	520,300	520,300
Depreciable, net	20,351,093	21,377,867
Total Noncurrent Assets	20,871,393	21,898,167
Total Assets	21,704,743	23,081,699
Liabilities		
Current Liabilities:		
Accounts payable	11,511	-
Customer deposits payable	230,378	186,332
Interfund payable	-	-
Note payable	9,650	9,806
GEFA loans payable	205,956	200,627
USDA bonds payable	115,242	112,681
Total Current Liabilities	572,737	509,446
Long-term Liabilities (net of current portion):		
Note payable	29,186	29,030
Loan payable	-	-
GEFA loans payable	957,668	1,163,624
USDA bonds payable	5,658,149	5,773,391
Total Long-term Liabilities	6,645,003	6,966,045
Total Liabilities	7,217,740	7,475,491
Net Position		
Net investment in capital assets	13,895,542	14,609,008
Restricted for debt service	402,244	350,570
Unrestricted	189,217	646,630
Total Net Position	$ 14,487,003	$ 15,606,208

City of Swainsboro, Georgia
Comparative Statement of Revenues,
Expenses and Changes in Fund Position
Proprietary Fund - Water and Sewerage Fund
For the Fiscal Years Ended November 30, 2017 and 2016

	2017	2016
Operating Revenues		
Charges for services	$ 1,786,382	$ 1,997,508
Service charges	105,613	88,605
Miscellaneous	6,505	5,376
Total Operating Revenues	1,898,500	2,091,489
Operating Expenses		
Personal services - salaries	20,252	21,041
Personal services - benefits	23,008	19,366
Purchased services	1,461,547	1,068,853
Materials and supplies	328,444	270,788
Depreciation	1,026,775	1,083,227
Total Operating Expenses	2,860,026	2,463,275
Operating (Loss)	(961,526)	(371,786)
Non-Operating Revenues (Expenses)		
Investment earnings	1,297	651
Interest and fiscal charges	(158,976)	(199,247)
Total Non-Operating Revenues (Expenses)	(157,679)	(198,596)
(Loss)	(1,119,205)	(570,382)
Change in Net Position	(1,119,205)	(570,382)
Net Position Beginning of Year	15,606,208	16,176,590
Net Position End of Year	$ 14,487,003	$ 15,606,208

City of Swainsboro, Georgia
Comparative Statement of Cash Flows
Proprietary Fund - Water and Sewerage Fund
For the Fiscal Years Ended November 30, 2017 and 2016

Increase (Decrease) in Cash and Cash Equivalents	**2017**	**2016**
Cash Flows from Operating Activities		
Cash received from customers	$ 1,974,032	$ 1,753,775
Cash payments to employees for services	(43,260)	(34,889)
Cash payments for goods and services	(1,778,480)	(1,512,731)
Net Cash Provided by (Used in) Operating Activities	152,292	206,155
Cash Flows from Noncapital Financing Activities		
Interfund receivable	548,669	(108,580)
Interfund payable	(133,326)	(245,432)
Net Cash Provided by (Used in) Noncapital Financing Activities	415,343	(354,012)
Cash Flows from Capital and Related Financing Activities		
Capital grants	-	327,169
Principal paid on USDA loan		(107,727)
Principal paid on notes and loans	(313,254)	(192,994)
Interest paid on notes and capital leases	(158,976)	(171,407)
Accquisition of capital assets	-	(321,012)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(472,230)	(465,971)
Cash Flows from Investing Activities		
Net decrease (increase) in investments	-	358,826
Investment earnings	1,297	902
Net Cash Flows from Investing Activities	1,297	359,728
Net Increase (Decrease) in Cash and Cash Equivalents	96,702	(254,100)
Cash and Cash Equivalents Beginning of Year	557,596	811,696
Cash and Cash Equivalents End of Year	$ 654,298	$ 557,596
Reconciliation to Statement of Net Position		
Cash and cash equalivalents	$ 252,054	$ 87,577
Restricted assets	402,244	470,019
Total Cash and Cash Equivalents	$ 654,298	$ 557,596

(continued)

City of Swainsboro, Georgia
Comparative Statement of Cash Flows
Proprietary Fund - Water and Sewerage Fund
For the Fiscal Years Ended November 30, 2017 and 2016

(continued)

		2017		2016
Reconciliation of Operating (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating (Loss)	$	(961,526)	$	(850,772)
Adjustments:				
Depreciation		1,026,775		1,079,998
(Increase) Decrease in Assets:				
Accounts receivable		31,486		(53,866)
Increase (Decrease) in Liabilities:				
Accounts payable		11,511		(10,511)
Customer deposits		44,046		41,306
Net Cash Provided by (Used in) Operating Activities	$	152,292	$	206,155

City of Swainsboro, Georgia
Schedule of Projects Constructed with Special Purpose Local Option Sales Tax
For the Year Ended November 30, 2017

	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			79,645		79,645
Water and Sewer System Improvements			2,586,848	2,536	2,589,384
Total not including transfers out			$ 3,738,484	$ 2,536	$ 3,741,020
			TOTAL	$ 2,536	

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			$ 770,303	$ -	$ 770,303
Recreation Equipment				-	-
Water and Sewer System Improvements			471,825	213,456	$ 685,281
			$ 1,242,128	$ 213,456	$ 1,455,584
			TOTAL	$ 213,456	

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

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Mayor and Council
City of Swainsboro, Georgia

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Governmental Audit Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Swainsboro, Georgia, as of and for the year ended November 30, 2017 and the related notes to the financial statements, which collectively comprise the City of Swainsboro, Georgia's basic financial statements and have issued my report thereon dated May 31, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, I considered City of Swainsboro, Georgia's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Swainsboro, Georgia's internal control. Accordingly, I do not express an opinion on the effectiveness of City of Swainsboro, Georgia's internal control.

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 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 charge 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 material weaknesses or significant deficiencies. Given these limitations, during our audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our 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 with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Stacie W. Avery, CPA

Stacie W. Avery, Certified Public Accountant
Swainsboro, GA
May 31, 2018