

CITY OF SWAINSBORO, GEORGIA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED NOVEMBER 30, 2018

City of Swainsboro, Georgia
Annual Financial Report
For The Fiscal Year Ended November 30, 2018

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

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, 2018 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, 2018, 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 an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Swainsboro, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements, the SPLOST schedule and other supplementary information are presented for purposes of additional analysis and are not a required part of the 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.

Stacie Avery, CPA

May 31, 2019

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, 2018. 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 \$33,178,951 (net position) for the fiscal year reported.
- Total net position is comprised of the following:
 - 1) Net investment in capital assets, of \$26,084,644 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 \$871,752 is restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
 - 3) Unrestricted net position of \$6,222,555 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 \$4,092,329 this year. This compares to the prior year ending fund balance of \$2,424,242, showing an increase of \$1,668,087 during the current year. Unassigned fund balance of \$3,644,308 at November 30, 2018 shows a \$1,670,384 increase from the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,644,308 or 45.8% of total General Fund expenditures, as compared to 26.4% at November 30, 2017.
- Overall, the City continues to maintain a strong financial position, despite 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 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 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 12 & 13 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 14 - 17 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 18-21 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 22 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 \$32,894,990 as compared to a \$30,973,066 at November 30, 2018. The following table provides a summary of the City's net position:

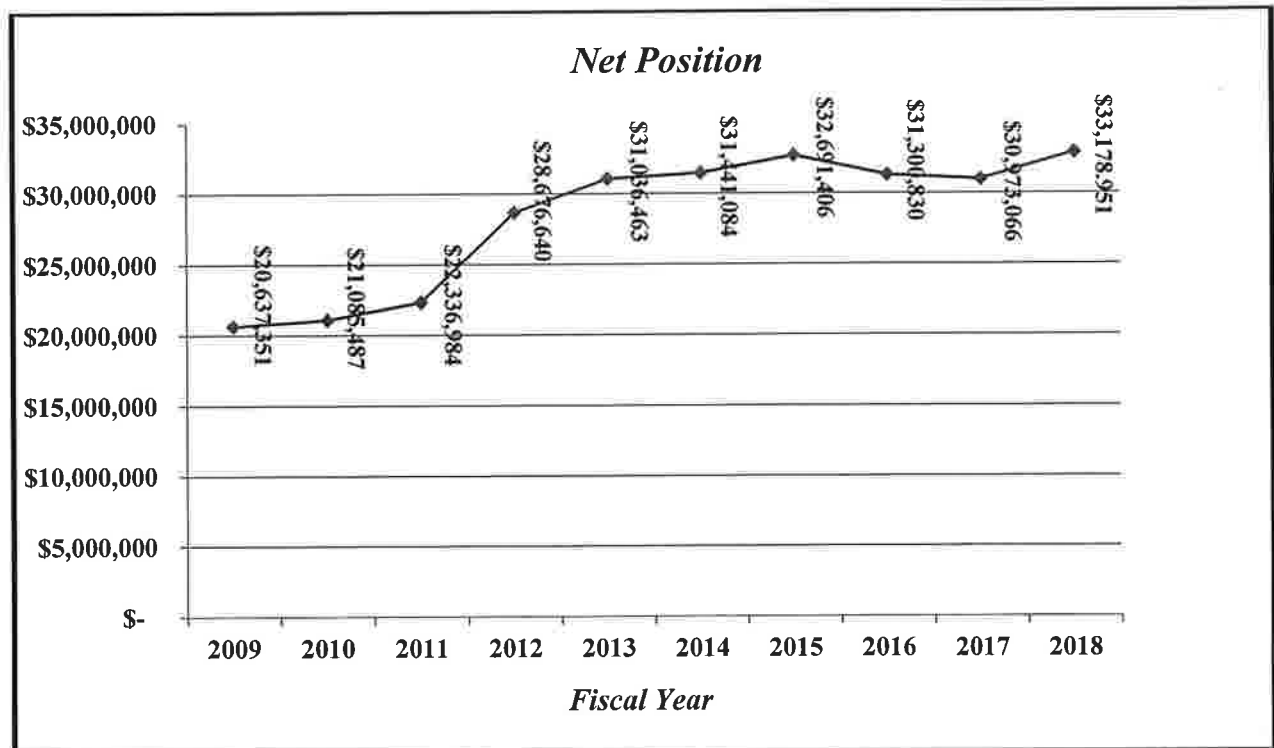
	Summary of Net Position					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets:						
Current assets	\$ 4,926,402	\$ 3,431,850	\$ 965,172	\$ 833,350	\$ 5,891,574	\$ 4,265,200
Capital assets	13,610,027	14,049,029	19,855,513	20,871,393	33,465,540	34,920,422
Net pension assets	1,199,564	135,345	-	-	1,199,564	135,345
Total assets	19,735,993	17,616,224	20,820,685	21,704,743	40,556,678	39,320,967
Deferred outflows of resources	16,572	286,714	-	-	16,572	286,714
Liabilities:						
Current liabilities	1,238,997	1,065,766	529,251	572,737	1,768,248	1,638,503
Long-term liabilities	17,658	481,473	6,835,257	6,645,003	6,852,915	7,126,476
Total liabilities	1,256,655	1,547,239	7,364,508	7,217,740	8,621,163	8,764,979
Deferred inflows of resources	(697,613)	(130,364)	-	-	(697,613)	(130,364)
Net position:						
Net investment in capital assets	12,874,134	13,197,315	13,210,510	13,895,542	26,084,644	27,092,857
Restricted	142,003	418,691	445,788	402,244	587,791	820,935
Unrestricted	5,893,425	2,870,057	329,130	189,217	6,222,555	3,059,274
Total net position	\$ 18,909,562	\$ 16,486,063	\$ 13,985,428	\$ 14,487,003	\$ 32,894,990	\$ 30,973,066

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 4 to 1 as compared to 3.4 to 1 at November 30, 2017. The current ratio for business-type activities is 1.8 to 1 as compared to 1.5 to 1 at November 30, 2017.

The City reported positive balances in net position for both governmental and business-type activities. Net position increased \$2,684,227 or 16.5% for governmental activities and decreased \$505,575 or 3.5% for business-type activities. The City's overall financial position improved during fiscal year 2018.

Note that approximately 68.1% of the governmental activities' net position is tied up in capital. The City uses these capital assets to provide services to its citizens. However, with business type activities, the City has spent approximately 94.4% 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. 79.3% of the City's total net position is included in capital assets.

The following chart reports the total net position balances from November 30, 2009 – 2018:



In this ten-year period, the net position increased \$12,541,600 or 60.8%. 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	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program:						
Charges for services & fines	\$ 1,996,550	\$ 1,792,311	\$ 2,016,865	\$ 1,891,995	\$ 4,013,415	\$ 3,684,30
Operating grants	714,461	652,413	-	-	714,461	652,41
Capital grants	1,270,525	460,941	-	-	1,270,525	460,94
General:						
Taxes	5,997,440	5,782,421	-	-	5,997,440	5,782,42
Other	432,712	35,005	8,799	7,802	441,511	42,80
Total revenues	10,411,688	8,723,091	2,025,664	1,899,797	12,437,352	10,622,88
Program Expenses:						
General government	510,231	692,501	-	-	510,231	692,50
Public safety	2,660,295	3,277,173	-	-	2,660,295	3,277,17
Public works	2,672,004	2,286,723	-	-	2,672,004	2,286,72
Health and welfare	17,449	26,070	-	-	17,449	26,07
Culture and recreation	974,426	1,213,333	-	-	974,426	1,213,33
Housing and development	570,297	690,645	-	-	570,297	690,64
Interest	38,798	5,934	-	-	38,798	5,93
Water and sewer	-	-	2,527,239	3,019,002	2,527,239	3,019,00
Total expenses	7,443,500	8,192,379	2,527,239	3,019,002	9,970,739	11,211,38
Revenues over (under) expenses	2,968,188	530,712	(501,575)	(1,119,205)	2,466,613	(588,49
Transfers in (out)	-	-	-	-	-	-
Net changes in net position	2,968,188	530,712	(501,575)	(1,119,205)	2,466,613	(588,49
Beginning net position	16,225,335	15,694,623	14,487,003	15,606,208	30,712,338	31,300,83
Ending net position	\$ 19,193,523	\$ 16,225,335	\$ 13,985,428	\$ 14,487,003	\$ 33,178,951	\$ 30,712,33

GOVERNMENTAL REVENUES

The City is heavily reliant on property taxes and sales taxes to support governmental operations and capital. Property taxes provided 31.5% of the City's total governmental revenues as compared to 29.4% in fiscal year 2018. Sales taxes, including T-SPLOST and TIA, make up 10.2% of the City's total governmental revenues as compared to 23.8% in fiscal year 2018.

User charges and fines are the second largest revenue source totaling almost \$2 million or 20.1% of total governmental revenues. This percentage compared to 21.1% in fiscal year 2018. Because of the City's healthy financial position, we have been able to earn \$4,124 in interest earnings to support governmental activities. Also, note that program revenues cover 55.1% of governmental operating expenses. This means that the government's taxpayers and the City's other general governmental revenues fund 44.9% of the governmental activities.

GOVERNMENTAL FUNCTIONAL EXPENSES

The public safety and the public works functions make up approximately 71.6% of the total governmental activities expenses as compared to 67.1% in fiscal year 2018. General government totals over \$500 thousand and the culture and recreation costs the City over 3/4th of a 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	\$ 510,231	6.9%	\$ 483,026	13.9%
Public safety	2,660,295	35.7%	1,815,188	52.4%
Public works	2,672,004	35.9%	644,522	18.6%
Health and welfare	17,449	0.2%	17,449	0.5%
Culture and recreation	974,426	13.1%	125,188	3.6%
Housing and development	570,297	7.7%	340,793	9.8%
Interest	38,798	0.5%	38,798	1.1%
Total	\$ 7,443,500	100.0%	\$ 3,464,964	100.0%

The public safety totals 56% of the net cost of services and public works totals 18.6% 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 \$1,919,425 or up \$133,043, or 7.4%. This increase relates to additional businesses within our community and a minor increase in the rates.

Operating expenses decreased \$483,834 or 16.9% less than fiscal year 2017. Purchased services decreased \$536,834 or 36.7% as much of the fiscal year 2017 costs were funded from TIA funds which were not duplicated this year. Materials and supplies increased \$62,924 or 19.2% through normal usage.

Financial Analysis of the City's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$3,808,368 as compared to the 2017 fiscal year amount of \$2,424,242. Of this year-end total, \$3,644,308 is unassigned indicating availability for continuing City service requirements. Fund balance includes \$28,095 restricted for capital outlay, \$3 restricted for debt service and \$113,905 for housing and development. Fund balance includes assets not available for current expenditure of \$22,057, which is tied up in inventory.

The total ending fund balances of governmental funds show an increase of \$1,384,126 or an increase of 57.1% above 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 \$1,660,814 in fiscal year 2018. In fiscal year 2017, the fund balance decreased \$73,535.

Total revenues increased \$1,263,897 or 15.2% over that of fiscal year 2018.

Total property taxes increased \$511,271 18.6% above that of fiscal year 2017. In total, general property taxes increased \$476,030 or 20.2% due to new construction within our community and improved collection rates. In this fiscal year, the millage rate remained the same as last year.

Sales taxes decreased \$70,284 or 9.2%, because of an improvement in our economy. TIA decreased \$596,559 as a full year of taxes were recognized in this fiscal year. This amount can vary from year to year contingent upon the amount of approved projects.

Licenses and permits increased \$19,904 or 7% over fiscal year 2017. General business licenses increased \$60,971 or 40.9% over the prior year due to the opening of new businesses. Fines were down \$90,207 from last year, as there was more compliance with the law, and fewer tickets issued.

Garbage fees were \$131,793 or 24.3% above fiscal year 2017, primarily due to a small increase in the fee and new businesses. Dumpster fees increased \$147,722 or 43.6% for the same reasons.

Total expenditures decreased \$456,052 or 6.4% below fiscal year 2017 total.

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

Police operating costs decreased \$39,074 below fiscal year 2017 because of increased efforts to control these costs. Fire personnel costs increased \$67,007 over the prior year to properly staff the new station that was built a few years ago.

The general fund's ending unassigned fund balance increased \$1,671,384 or 84.7% over the November 30, 2017 balance. This balance is considered adequate, representing the equivalent of 45.8% of annual expenditures, as compared to 23.5% last year.

2005 SPLOST Fund – In fiscal year 2018, this fund reported interest earnings of just \$233. The City spent \$71,629 in this fiscal year. The ending fund balance totals \$28,095.

2012 SPLOST Fund – In fiscal year 2018, this fund reported revenues of \$176,329, of which \$175,622 was SPLOST taxes received from the County. The City spent \$465,275, which included road paving. The ending fund balance totals just \$3.

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 2018, the City Council did not amend the general fund budget.

The City recognized \$1,230,095 more than anticipated total revenues. Total tax revenue was \$537,929 above the budget. Property taxes were \$511,271 above the final budget over budget.

On the expenditure side, personal service costs for the governing body exceeded the budget by \$122,865. The original budget should have been amended to cover actual cost. Police personnel costs exceeded the budget by \$125,907. Again, the budget should have been amended to cover actual costs.

The public works operating budget was under expended by \$566,721 due to grant funds budgeted but they did not occur. The community development operating budget was underspent by \$132,739. The airport capital outlay budget was over expended by \$100,569. Grant funds covered this overage, but they were not budgeted.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of November 30, 2018, was \$13,610,027 and \$19,855,513 respectively. The decrease in net investment was 3.1% for governmental activities and a 4.9% decrease for business-type activities. See Note 3-E 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	
	2018	2017	2018	2017	2018	2017
Non-depreciable assets:						
Land	\$ 1,139,999	\$ 1,139,999	\$ 520,300	\$ 520,300	\$ 1,660,299	\$ 1,660,299
Depreciable assets:						
Buildings	10,424,642	10,213,587	31,319	31,319	10,455,961	10,244,906
Utility plant	-	-	32,708,187	32,708,187	32,708,187	32,708,187
Machinery and equipment	3,111,136	3,054,973	875,834	875,834	3,986,970	3,930,807
Infrastructure	7,760,764	7,760,764	-	-	7,760,764	7,760,764
Total depreciable assets	21,296,542	21,029,324	33,615,340	33,615,340	54,911,882	54,644,664
Less accumulated depreciation	8,826,514	8,090,294	14,280,128	13,264,248	23,106,642	21,354,542
Book value - depreciable assets	12,470,028	12,939,030	19,335,212	20,351,092	31,805,240	33,290,122
Percentage depreciated	41%	38%	42%	39%	42%	39%
Book value - all assets	\$ 13,610,027	\$ 14,079,029	\$ 19,855,512	\$ 20,871,392	\$ 33,465,539	\$ 34,950,421

At November 30, 2018, the depreciable capital assets for governmental activities were 41% depreciated. This compares equally to 38% at the November 30, 2017 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, 42% of the asset values were depreciated at November 30, 2018, which compares to 39% at November 30, 2017.

The addition to the general government buildings was \$211,055 for improvements to the Dixie theater. The increase in machinery and equipment relates to \$5,500 for the purchase of under-cover vehicle, \$8,638 for police equipment and \$42,025 for fire equipment.

Long-term Debt

The debt balances at November 30, 2018 and 2017 follow:

	Governmental		Business-type Activities		Totals	
	Activities					
	2018	2017	2018	2017	2018	2017
Capital leases	\$ -	\$ 25,429	\$ -	\$ -	\$ -	\$ 25,429
Promissory notes	735,893	826,284	29,186	29,029	765,079	855,313
GEFA loans	-	-	957,668	1,163,634	957,668	1,163,634
USDA loan	-	-	5,658,149	5,773,391	5,658,149	5,773,391
Net pension liability (excess)	(1,139,999)	(135,345)	-	-	(1,139,999)	(135,345)
Compensated absences	117,719	115,661	-	-	117,719	115,661
Total	\$ (286,387)	\$ 832,029	\$ 6,645,003	\$ 6,966,054	6,358,616	\$ 7,798,083

See Note 3-I 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 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 can 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 2018, there are 8,761 employed in the County.

City of Swainsboro, Georgia
Statement of Net Position
November 30, 2018

	Primary Government			Downtown Development Authority Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Current Assets				
Cash and cash equivalents (Note 3A)	\$ 965,833	\$ 453,464	\$ 1,419,297	\$ 47,153
Investments	591,204	-	591,204	-
Receivables:				
Accounts	170,664	174,769	345,433	-
Taxes	2,396,183	-	2,396,183	-
Other	148,443	-	148,443	-
Interfund	108,849	(108,849)	-	-
Inventories	22,057	-	22,057	-
Restricted assets	523,169	445,788	968,957	-
Total Current Assets	4,926,402	965,172	5,891,574	47,153
Noncurrent Assets				
Net pension liability (excess)	1,199,564	-	1,199,564	-
Capital assets (Note 3D)				
Nondepreciable	1,139,999	520,300	1,660,299	-
Depreciable, net	12,470,028	19,335,213	31,805,241	-
Total Noncurrent Assets	14,809,591	19,855,513	34,665,104	-
Deferred Outflows of Resources	16,572	-	16,572	-
Total Assets	19,752,565	20,820,685	40,573,250	47,153
Liabilities				
Current Liabilities				
Accounts payable	374,434	19,676	394,110	-
Compensated absences payable	100,061	-	100,061	-
Customer deposits	-	170,578	170,578	-
Other payable	28,609	-	28,609	-
Promissory notes payable	735,893	9,689	745,582	-
GEFA loans payable	-	211,446	211,446	-
USDA bonds payable	-	117,862	117,862	-
Total Current Liabilities	1,238,997	529,251	1,768,248	-
Long-term Liabilities: (net of current portion) (Note 3G)				
Compensated absences payable	17,658	-	17,658	-
GEFA loans payable	-	746,222	746,222	-
USDA bonds payable	-	5,540,287	5,540,287	-
Promissory note payable	-	19,497	19,497	77,693
Total Long-term Liabilities	17,658	6,306,006	6,323,664	77,693
Total Liabilities	1,256,655	6,835,257	8,091,912	77,693
Deferred Inflows of Resources	(697,613)	-	(697,613)	-
Total Liabilities and Deferred Inflows of Resources	559,042	6,835,257	7,394,299	77,693
Net Position				
Net investment in capital assets (Note 3I)	12,874,134	13,210,510	26,084,644	-
Restricted for debt service	9	445,788	445,797	-
Restricted for housing and development	113,896	-	113,896	-
Restricted for capital outlay	312,059	-	312,059	-
Unrestricted (deficit)	5,893,425	329,130	6,222,555	(30,540)
Total Position	\$ 19,193,523	\$ 13,985,428	\$ 33,178,951	\$ (30,540)

City of Swainsboro, Georgia
Statement of Activities
For the Year Ended November 30, 2018

Function/Program	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services and Sales		Operating Grants	Capital Grants	Primary Government		
		Governmental Activities	Business-Type Activities			Total		
Primary Government								
Governmental Activities								
General government	\$ 510,231	\$ -	\$ 27,205	\$ -	\$ (483,026)	\$ -	\$ (483,026)	\$ -
Public safety	2,660,295	652,574	192,533	-	(1,815,188)	-	(1,815,188)	-
Public works	2,672,004	1,200,277	-	830,205	(641,522)	-	(641,522)	-
Health and welfare	17,449	-	-	-	(17,449)	-	(17,449)	-
Culture and recreation	974,426	50,804	358,114	440,320	(125,188)	-	(125,188)	-
Housing and development	570,297	92,895	136,609	-	(340,793)	-	(340,793)	-
Interest	38,798	-	-	-	(38,798)	-	(38,798)	-
Total Governmental Activities	7,443,500	1,996,550	714,461	1,270,525	(3,461,964)	-	(3,461,964)	-
Business-type Activities:								
Water and sewerage	2,527,239	2,016,865	-	-	-	(510,374)	(510,374)	-
Total - Primary Government	\$ 9,970,739	\$ 4,013,415	\$ 714,461	\$ 1,270,525	(3,461,964)	(510,374)	(3,972,338)	-
Component Unit								
Downtown Development Authority	\$ 157,611	\$ 172,442	\$ -	\$ -	\$ -	-	-	14,831
General Revenues								
Property taxes levied for general government purposes					3,124,855	-	3,124,855	-
Sales tax					1,009,352	-	1,009,352	-
T-SPLOST					118,516	-	118,516	-
TIA					255,152	-	255,152	-
Insurance premium tax					521,292	-	521,292	-
Franchise tax					578,584	-	578,584	-
Beer and liquor tax					187,438	-	187,438	-
Hotel/motel tax					202,251	-	202,251	-
Proceeds from the sale of capital assets					14,400	-	14,400	-
Investment earnings					4,143	3,199	7,342	31
Miscellaneous					414,169	5,600	419,769	-
Total General Revenues					6,430,152	8,799	6,438,951	31
Change in Net Position					2,968,188	(501,575)	2,466,613	14,862
Net Position (Deficit) Beginning of Year, as Restated					16,225,335	14,487,003	30,712,338	(45,402)
Net Position (Deficit) End of Year					\$ 19,193,523	\$ 13,985,428	\$ 33,178,951	\$ (30,540)

See accompanying notes to the basic financial statements

City of Swainsboro, Georgia
Balance Sheet
Governmental Fund
November 30, 2018

	General	2005 SPLOST	2012 SPLOST	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 571,106	\$ 28,095	\$ 3	\$ 366,629	\$ 965,833
Investments	591,204	-	-	-	591,204
Receivables:					
Accounts	139,427	-	-	31,237	170,664
Taxes	2,396,183	-	-	-	2,396,183
Intergovernmental	-	-	-	-	-
Other	148,443	-	-	-	148,443
Interfund	108,849	-	-	-	108,849
Inventories	22,057	-	-	-	22,057
Restricted cash and cash equivalents	523,169	-	-	-	523,169
Total Assets	\$ 4,500,438	\$ 28,095	\$ 3	\$ 397,866	\$ 4,926,402
		\$ -			
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 374,434	\$ -	\$ -	\$ -	\$ 374,434
Other payable	28,609	-	-	-	28,609
Interfund payable	-	-	-	-	-
Total Liabilities	403,043	-	-	-	403,043
Deferred Inflows of Resources - Property Taxes	431,030	-	-	-	431,030
Total Liabilities and Deferred Inflows of Resources	834,073	-	-	-	834,073
Fund Balances					
Nonspendable	22,057	-	-	-	22,057
Restricted	-	28,095	3	397,866	425,964
Unassigned	3,644,308	-	-	-	3,644,308
Total Fund Balances	3,666,365	28,095	3	397,866	4,092,329
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,500,438	\$ 28,095	\$ 3	\$ 397,866	\$ 4,926,402

See accompanying notes to the basic financial statements

City of Swainsboro, Georgia
*Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
November 30, 2018*

Total Governmental Fund Balances	\$ 4,092,329
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	\$ 22,436,541
Less accumulated depreciation	<u>(8,826,514)</u>
	13,610,027
Deferred inflows of resources for pensions reported on the government-wide statement of position but not reported on the governmental fund balance sheet.	697,613
Deferred outflows of resources for pensions reported on the government-wide statement of position but not reported on the governmental fund balance sheet.	16,572
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	431,030
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	\$ (117,719)
Promissory note payable	(735,893)
Net pension liability payable (excess)	<u>1,199,564</u>
	<u>345,952</u>
Net Position of Governmental Activities	\$ 19,193,523

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, 2018

	General	2005 SPLOST	2012 SPLOST	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 5,616,281	\$ -	\$ 175,622	\$ 202,251	\$ 5,994,154
Licenses and permits	263,779	-	-	-	263,779
Intergovernmental	1,984,986	-	-	-	1,984,986
Charges for services	1,395,885	-	-	-	1,395,885
Fines and forfeitures	317,086	-	-	-	317,086
Investment earnings	2,889	233	707	314	4,143
Miscellaneous	25,495	-	-	408,474	433,969
Total Revenues	9,606,401	233	176,329	611,039	10,394,002
Expenditures					
Current:					
General government	633,071	-	-	-	633,071
Public safety	3,154,413	-	-	-	3,154,413
Public works	2,484,017	-	-	-	2,484,017
Health and welfare	18,420	-	-	-	18,420
Culture and recreation	1,034,265	-	-	-	1,034,265
Housing and development	481,182	-	-	25,592	506,774
Capital Outlay	-	71,629	465,275	217,832	754,736
Debt Service:					
Principal	115,821	-	-	-	115,821
Interest	38,798	-	-	-	38,798
Total Expenditures	7,959,987	71,629	465,275	243,424	8,740,315
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,646,414	(71,396)	(288,946)	367,615	1,653,687
Other Financing Sources (Uses)					
Proceeds from the sale of capital assets	14,400	-	-	-	14,400
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
Total Other Financing Sources (Uses)	14,400	-	-	-	14,400
Net Change in Fund Balances	1,660,814	(71,396)	(288,946)	367,615	1,668,087
Fund Balances Beginning of Year	2,005,551	99,491	288,949	30,251	2,424,242
Fund Balances End of Year	\$ 3,666,365	\$ 28,095	\$ 3	\$ 397,866	\$ 4,092,329

See accompanying notes to the basic financial statements

City of Swainsboro, Georgia
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended November 30, 2018

Net Changes In Fund Balances - Total Governmental Funds		\$ 1,668,087
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	\$ (706,220)	
Capital outlay	<u>267,218</u>	(439,002)
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 @ 11/30/18	\$ (427,744)	
Liability @ 11/30/17	<u>431,030</u>	3,286
Deferred outflows and deferred inflows for pensions reported on the government-wide statement of activities but not reported on the governmental fund statement of revenues, expenditures and changes in fund balances.		1,622,054
Pensions costs reported on the government-wide statement of activities but not reported on the governmental fund operating statement. These amounts are negative expenses.		
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.		115,821
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 @ 11/30/18	\$ (117,719)	
Liability @ 11/30/17	<u>115,661</u>	(2,058)
Change In Net Position of Governmental Activities		<u>\$ 2,968,188</u>
See accompanying notes to the basic financial statements		

City of Swainsboro, Georgia
Statement of Net Position
Proprietary Fund - Water and Sewerage Fund
November 30, 2018

Assets

Current Assets:

Cash and cash equivalents	\$ 453,464
Investments	-
Accounts receivable (net)	174,769
Interfund receivable	-
Restricted assets:	
Cash and cash equivalents	<u>445,788</u>

Total Current Assets 1,074,021

Noncurrent Assets:

Capital assets:	
Nondepreciable	520,300
Depreciable, net	<u>19,335,213</u>

Total Noncurrent Assets 19,855,513

Total Assets 20,929,534

Liabilities

Current Liabilities:

Accounts payable	19,676
Customer deposits payable	170,578
Interfund payable	108,849
Note payable	9,689
GEFA loans payable	211,446
USDA bonds payable	<u>117,862</u>

Total Current Liabilities 638,100

Long-term Liabilities (net of current portion):

Note payable	19,497
GEFA loans payable	746,222
USDA bonds payable	<u>5,540,287</u>

Total Long-term Liabilities 6,306,006

Total Liabilities 6,944,106

Net Position

Net investment in capital assets	13,210,510
Restricted for debt service	445,788
Unrestricted	<u>329,130</u>

Total Net Position \$ 13,985,428

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, 2018

Operating Revenues	
Charges for services	\$ 1,919,425
Service charges	97,440
Miscellaneous	<u>5,600</u>
Total Operating Revenues	<u>2,022,465</u>
Operating Expenses	
Personal services - salaries	21,531
Personal services - benefits	22,700
Purchased services - professional and technical	924,713
Materials and supplies	391,368
Depreciation	<u>1,015,880</u>
Total Operating Expenses	<u>2,376,192</u>
Operating (Loss)	<u>(353,727)</u>
Non-Operating Revenues (Expenses)	
Investment earnings	3,199
Interest and fiscal charges	<u>(151,047)</u>
Total Non-Operating Revenues (Expenses)	<u>(147,848)</u>
Income Before Contributions	(501,575)
Contributions	<u>-</u>
Change in Net Position	(501,575)
Net Position Beginning of Year	<u>14,487,003</u>
Net Position End of Year	<u>\$ 13,985,428</u>

See accompanying notes to the basic financial statements

City of Swainsboro, Georgia
Statement of Cash Flows
Proprietary Fund - Water and Sewerage Fund
For the Year Ended November 30, 2018

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities

Cash received from customers	\$ 1,966,948
Cash payments to employees for services	(44,231)
Cash payments for goods and services	<u>(1,307,916)</u>

Net Cash Provided by (Used in) Operating Activities	<u>614,801</u>
--	----------------

Cash Flows from Noncapital Financing Activities

Interfund receivable	-
Interfund payable	<u>(133,326)</u>

Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(133,326)</u>
---	------------------

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	(151,047)
Acquisition of capital assets	<u>-</u>

Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(464,301)</u>
--	------------------

Cash Flows from Investing Activities

Net decrease (increase) in investments	-
Investment earnings	<u>3,199</u>

Net Cash Flows from Investing Activities	<u>3,199</u>
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Net Increase (Decrease) in Cash and Cash Equivalents	20,373
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Cash and Cash Equivalents Beginning of Year	<u>557,596</u>
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Cash and Cash Equivalents End of Year	<u><u>\$ 577,969</u></u>
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Reconciliation to Statement of Net Assets

Cash and cash equivalents	\$ 453,464
Restricted assets	<u>445,788</u>

Total Cash and Cash Equivalents	<u><u>\$ 899,252</u></u>
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City of Swainsboro, Georgia
Statement of Cash Flows
Proprietary Fund - Water and Sewerage Fund
For the Year Ended November 30, 2018

(continued)

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

Operating Income (Loss)	\$ (353,727)
Adjustments:	
Depreciation	1,015,880
(Increase) Decrease in Assets:	
Accounts receivable	4,283
Increase (Decrease) in Liabilities:	
Accounts payable	8,165
Customer deposits	<u>(59,800)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 614,801</u>

See accompanying notes to the basic financial statements

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2018

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City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2018

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

Note 1 - Summary of Significant Accounting Policies

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

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

1-A. Reporting Entity

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

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

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

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

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

1-B. Basis of Presentation

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

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

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2018

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.

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2018

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.

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2018

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, 2018.

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.

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2018

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:

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

1-E-6 Compensated Absences

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

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

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.

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2018

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

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2018

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.

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2018

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 various SPLOST capital projects funds.

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 2018 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	\$126,251
Police	172,342
Fire	43,176
Sanitation and recycling	56,060
Sports facilities	5,215
Protective inspection	648
City downtown development authority	3,585
Airport	92,583
Debt service	104,683

Note 3 – Detailed Notes on All Funds

3-A. Deposits

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

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2018

Note 3 - Detailed Notes on All Funds (Continued)

The City's bank balances of deposits as of November 30, 2018, are entirely insured or collateralized with securities held by the City's agent in the City's name.

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

Investments – The fair value of investments of the City is as follows at November 30, 2018:

		<u>Maturity</u>
Certificates of deposit	\$580,592	current to one year

3-B. Receivables

Receivables at November 30, 2018, 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, 2018, allowances for uncollectibles were reported as follows:

General fund (property taxes)	\$68,850
Water and sewerage fund (charges for services)	11,259

3-C. Property Taxes

The City Council levied property taxes October 7, 2018. Property taxes attach as an enforceable lien on property as of January 1, 2018. Property taxes are billed on October 25, 2018 and were payable on January 18, 2019.

(This page continued on the subsequent page)

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2018

Note 3 - Detailed Notes on All Funds (Continued)

3-D. Capital Assets

Capital asset activity for governmental activities for the year ended November 30, 2018, was as follows:

	Balance 12/1/2017	Additions	Deductions	Balance 11/30/2018
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,139,999	\$ -	\$ -	\$ 1,139,999
Other capital assets:				
Buildings and improvements	10,213,587	211,055	-	10,424,642
Machinery and equipment	3,054,973	56,163	-	3,111,136
Infrastructure	7,760,764	-	-	7,760,764
Total other capital assets	21,029,324	267,218	-	21,296,542
Total capital assets	22,169,323	267,218	-	22,436,541
Accumulated depreciation:				
Buildings and improvements	3,580,618	283,450	-	3,864,068
Machinery and equipment	3,075,566	217,350	-	3,292,916
Infrastructure	1,464,110	205,420	-	1,669,530
Total accumulated depreciation	8,120,294	706,220	-	8,826,514
Governmental activities capital assets, net	\$ 14,049,029	\$ (439,002)	\$ -	\$ 13,610,027
Governmental activities depreciation expense:				
General government		\$ 9,825		
Public safety		217,252		
Public works		164,911		
Health and welfare		2,750		
Culture and recreation		153,362		
Housing and development		158,120		
Total governmental activities depreciation expense		\$ 706,220		

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2018

Note 3 - Detailed Notes on All Funds (Continued)

Capital asset activity for business-type activities for the year ended November 30, 2018, was as follows:

	Balance 12/1/2017	Additions	Deductions	Balance 11/30/2018
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	23,500	1,081	-	24,581
Utility plant and lines	12,414,654	1,006,849	-	13,421,503
Machinery and equipment	826,094	7,950	-	834,044
Total accumulated depreciation	13,264,248	1,015,880	-	14,280,128
Water and sewerage fund capital assets, net	\$ 20,871,392	\$ (1,015,880)	\$ -	\$ 19,855,512

3-E. Interfund Balances

The general fund has loaned the water and sewer fund \$108,849 for cash flow purposes.

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, 2018:

Governmental Activities Debt – The County reports two promissory notes for governmental activities.

Capital Leases Payable – The City has one outstanding capital lease at November 30, 2018, which was retired in fiscal year

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.

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2018

Note 3 - Detailed Notes on All Funds (Continued)

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.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 723,770	\$ 23,521	\$ 747,291

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, 2018 is \$49,000.

Annual debt service requirements to amortize this debt, as of November 30, 2018 follow:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 12,172	\$ 157	\$ 12,329

Business-type Activities – November 30, 2018, 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.

Annual debt service requirements to amortize this debt, as of November 30, 2018 follow:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	\$ 624,335	\$ 36,162	\$ 711,351

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.

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2018

Note 3 - Detailed Notes on All Funds (Continued)

Annual debt service requirements to amortize this debt, as of November 30, 2018 follow:

Fiscal Year	Principal
2019	\$ 25,000
2020	25,000
2021	25,000
2022	25,000
2023	25,000
2024-2029	125,000
2029-2032	<u>83,333</u>
Total	<u>\$ 333,333</u>

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.

Annual debt service requirements to amortize this debt, as of November 30, 2018 follow:

Fiscal Year	Principal	Interest	Total
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	134,890	109,070	243,960
2024-2028	653,785	566,015	1,219,800
2029-2033	733,280	486,520	1,219,800
2034-2038	822,960	396,840	1,219,800
2039-2043	917,450	302,350	1,219,800
2044-2048	1,048,743	171,057	1,219,800
2049-2051	<u>948,963</u>	<u>36,185</u>	<u>985,148</u>
Total	<u>\$ 5,751,733</u>	<u>\$ 2,552,215</u>	<u>\$ 8,303,948</u>

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 \$26,798 and a book value is \$21,649. value at November 30, 2018. This note was originally reported in governmental activities but was moved to debt in the water and sewer fund in this fiscal year.

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2018

Note 3 - Detailed Notes on All Funds (Continued)

Annual debt service requirements to amortize this debt, as of November 30, 2018 follow:

Year	Principal	Interest	Total
2019	\$ 9,689	\$ 117	\$ 9,806
2020	9,728	78	9,806
2021	9,767	39	9,806
Total	\$ 29,184	\$ 234	\$ 29,418

Changes in Long-term Debt - Changes in the City's long-term obligations consisted of the following for the year ended November 30, 2018:

	Outstanding 12/1/2017	Additions	Reductions	Outstanding 11/30/2018	Amounts Due in One Year
Governmental Activities:					
Capital leases:					
BT&T Bank#4-ladder truck	\$ 25,429	\$ -	\$ 25,429	\$ -	\$ -
Promissory note - Airport hanger	790,387	-	66,667	723,720	723,720
Promissory note - fire pumper	35,897	-	23,724	12,173	12,173
Net pension liability (excess)	(135,345)	(1,004,654)	-	(1,139,999)	-
Compensated absences	115,661	103,840	101,782	117,719	100,061
Total Governmental Activities	\$ 832,029	\$ (900,814)	\$ 217,602	\$ (286,387)	\$ 835,954
Business-type Activities:					
GEFA loan - CW 98-006	\$ 805,291	\$ -	\$ 180,956	\$ 624,335	\$ 186,446
GEFA loan - DW09034	358,333	-	25,000	333,333	25,000
USDA loan	5,773,391	-	115,242	5,658,149	117,862
Promissory note - International	38,836	-	9,650	29,186	9,689
Total Business-Type Activities	\$ 6,975,851	\$ -	\$ 330,848	\$ 6,645,003	\$ 338,997

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

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

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

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2018

Note 3 - Detailed Notes on All Funds (Continued)

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.

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	59
Fully vested former participants	17
Retirees and beneficiaries currently receiving benefits	46
Active elected officials	<u>7</u>
Total membership	<u><u>129</u></u>

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 .81% of covered-employee payroll. The City's covered payroll for employees participating in the Plan as of January 1, 2018, (the most recent actuarial valuation date) was \$2,435,693 (based on covered earnings for the preceding year). The City's contributions were \$20,184.

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.

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2018

Note 3 - Detailed Notes on All Funds (Continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At November 30, 2017 the City reported a net pension liability of \$1,199,564 (an excess). The net pension liability was measured as of November 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. For the year ended November 30, 2018, the City recognized pension expense of (\$76,741).

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	<u>\$ 6,988,402</u>	<u>\$ 7,123,747</u>	<u>\$ (135,345)</u>
Changes for the year:			
Service cost	101,808	-	101,808
Interest	525,326	-	525,326
Differences between expected and actual experience	(148,073)	-	(148,073)
Employer contributions	-	150,087	(150,087)
Net investment income	-	1,286,225	(1,286,225)
Benefit payments	(420,014)	(420,014)	-
Administrative expense	-	(19,965)	19,965
Other changes	(126,933)	-	(126,933)
Net changes	<u>(67,886)</u>	<u>996,333</u>	<u>(1,064,219)</u>
Balances at November 30, 2017	<u><u>\$ 6,920,516</u></u>	<u><u>\$ 8,120,080</u></u>	<u><u>\$ (1,199,564)</u></u>
Plan fiduciary net position as a percentage of the total pension liability		117.33%	
Covered employee payroll		\$ 2,435,693	
Net pension liability as a percentage of covered employee payroll		-49.25%	

At December 31, 2018, 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	\$ (402,086)	\$ -
Assumption change	(129,370)	-
Net difference between projected and actual earnings on pension plan investments	<u>(166,157)</u>	<u>16,572</u>
Total	<u><u>\$ (697,613)</u></u>	<u><u>16,572</u></u>

The \$681,041 of deferred inflows and deferred outflows of resources resulting from the City's demographic changes, assumption changes, experience difference and investment changes will be recognized as an increase or decrease of the net pension liability in the fiscal year ending November 30, 2018.

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2018

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 November 30	
2019	\$ (182,989)
2020	(124,754)
2021	(169,222)
2022	<u>(204,076)</u>
Totals	<u>\$ (681,041)</u>

Actuarial Assumptions. The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Projected salary increases	2.75% plus service based merit increases
Cost of living adjustments	2.75%
Net investment rate of return	7.00%

Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table.

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, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	45%	6.71%
International equity	20%	7.71%
Domestic fixed income	20%	2.11%
Real estate	10%	5.21%
Global fixed income	<u>5%</u>	3.36%
Total	<u>100%</u>	

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 (6.50%) or one percentage-point higher (8.50%) 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)

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2018

Note 3 - Detailed Notes on All Funds (Continued)

Changes in Actuary Assumptions. The following amounts reported in fiscal year ending in 2018 and later reflect the following assumption changes based upon an actuarial study conducted in September 2017.

- The investment return assumption was decreased from 7.75% to 7.50%
- The inflation assumption was decreased from 3.25% to 2.75%
- The cost-of-living assumption was decreased from 3.25% to 2.75%

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	<u>\$ 22,057</u>
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- **Restricted** – The following fund balances are legally restricted to specified purposes:

Nonmajor Funds:

Principal and interest on long-term bonds	\$ 9
Housing and development	<u>113,896</u>

Total Nonmajor Funds	<u><u>\$ 113,905</u></u>
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Major Capital Projects SPLOST Funds:

SPLOST 2005 Capital projects	\$ 28,095
SPLOST 2012 Capital projects	<u>3</u>

Major Capital Projects

SPLOST Funds	<u><u>\$ 28,098</u></u>
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- **Unassigned** – The following fund balances include the general fund unassigned amount:

General Fund	<u><u>\$ 3,644,308</u></u>
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City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2018

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, 2018 are as follows:

	Governmental Activities	Business Type Activities
Net investment in capital assets:		
Cost of capital assets	\$ 22,436,541	\$ 34,135,641
Less accumulated depreciation	<u>8,826,515</u>	<u>14,280,128</u>
Book value	13,610,026	19,855,513
Less capital related debt	<u>735,892</u>	<u>6,645,003</u>
Net investment in capital assets	<u><u>\$ 12,874,134</u></u>	<u><u>\$ 13,210,510</u></u>

Note 4 - Other Notes

4-A. Risk Management

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

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, 2018. In the opinion of City management, the outcome of these contingencies will not have a material effect on the financial position of the City.

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2018

Note 4 - Other Notes (Continued)

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, 2018 follows:

Fund balance, December 1, 2016	\$ 30,242
Add hotel/motel taxes and investment earnings	109,246
Less expenditures	<u>25,592</u>
Fund balance, November 30, 2017	<u><u>\$ 113,896</u></u>

Expenditures of \$25,592 (23.42% current year's receipts) were for promotion of tourism as required by OCGA 48-13-51. This complies with the expenditure requirements of OCGA 48-13-51.

City of Swainsboro, Georgia
Required Supplementary Information
Schedule of Contributions
City of Swainsboro Retirement Plan
For the Last Ten Fiscal Years

<i>Fiscal Year Ended November 30, 2017</i>	<i>Actuarially Determined Contribution</i>	<i>Actual Employer Contribution</i>	<i>Contribution Deficiency (Excess)</i>	<i>Covered Payroll</i>	<i>Contributions as a % of Covered Payroll</i>
2017	\$ 141,871	\$ 130,048	\$ 11,823	\$ 1,997,936	6.51%
2018	138,264	150,087	(11,823)	2,104,249	7.13%

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 actuarially 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 plus 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 December 31, 2018

	November 30, 2016	November 30, 2017	November 30, 2018
Total Pension Liability			
Service cost	\$ 91,846	\$ 89,074	\$ 101,808
Interest on total pension liability	498,108	517,174	525,326
Differences between expected and actual experience	66,286	(82,695)	(148,073)
Changes in assumptions	-	-	(126,933)
Benefit payments, including refunds of employee contributions	(403,729)	(416,726)	(420,014)
Net Change in Total Pension Liability	252,511	106,827	(67,886)
Total Pension Liability - Beginning of Fiscal Year	\$ 6,629,084	6,881,575	6,988,402
Total Pension Liability - End of Fiscal Year	\$ 6,881,595	\$ 6,988,402	\$ 6,920,516
Plan Fiduciary Net Position			
Employer contributions	\$ 138,271	\$ 130,048	\$ 150,087
Net investment income	215,620	361,391	1,286,225
Benefit payments, including refunds of employee contributions	(403,729)	(416,726)	(420,014)
Administrative expenses	(13,407)	(12,077)	(19,965)
Net Change in Plan Fiduciary Net Position	(63,245)	62,636	996,333
Total Plan Fiduciary Net Position - Beginning of Fiscal Year	7,124,366	7,061,111	7,123,747
Fiduciary Net Position - End of Fiscal Year	\$ 7,061,121	\$ 7,123,747	\$ 8,120,080
City's Net Pension Liability - End of Fiscal Year	\$ (179,526)	\$ (135,345)	\$ (1,199,564)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	102.61%	101.94%	117.33%
Covered Employee Payroll	\$ 1,997,936	\$ 2,104,249	\$ 2,435,693
Net Pension Liability as a Percentage of Covered Employee Payroll	-8.99%	-6.43%	-49.25%

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%	0.00%	0.00%
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Notes to this Schedule:

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

City of Swainsboro, Georgia
Notes to the Basic Financial Statements
For the Year Ended November 30, 2018

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, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes	\$ 5,078,352	\$ 5,078,352	\$ 5,616,281	\$ 537,929
Licenses and permits	207,000	207,000	263,779	56,779
Intergovernmental	1,342,204	1,342,204	1,984,986	642,782
Charges for services	1,437,050	1,437,050	1,395,885	(41,165)
Fines and forfeitures	236,000	236,000	317,086	81,086
Investment earnings	1,000	1,000	2,889	1,889
Miscellaneous	74,700	74,700	25,495	(49,205)
Total Revenues	8,376,306	8,376,306	9,606,401	1,230,095
Expenditures				
Current:				
General government	537,068	537,068	633,071	(96,003)
Public safety	2,953,443	2,953,443	3,154,413	(200,970)
Public works	2,994,678	2,994,678	2,484,017	510,661
Health and welfare	151,159	151,159	18,420	132,739
Culture and recreation	1,108,122	1,108,122	1,034,265	73,857
Housing and development	389,555	389,555	481,182	(91,627)
Debt Service:				
Principal retirement	48,725	48,725	115,821	(67,096)
Interest and fiscal charges	1,211	1,211	38,798	(37,587)
Total Expenditures	8,183,961	8,183,961	7,959,987	223,974
Excess (Deficiency) of Revenues Over (Under) Expenditures	192,345	192,345	1,646,414	1,454,069
Other Financing Sources				
Proceeds from the sale of capital;asset	-	-	14,400	14,400
Total Other Financing Sources (Uses)	-	-	14,400	14,400
Net Change in Fund Balances	\$ 192,345	\$ 192,345	1,660,814	\$ 1,468,469
Fund Balances Beginning of Year			2,005,551	
Fund Balances End of Year			\$ 3,666,365	

City of Swainsboro, Georgia
Combining Balance Sheet
Nonmajor Governmental Funds - By Fund Type
November 30, 2018

	Nonmajor Special Revenue Fund	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in pooled cash and investments	\$ 113,896	\$ 9	\$ 252,724	\$ 366,629
Accounts receivable			31,237	31,237
Total Assets	\$ 113,896	\$ 9	\$ 283,961	\$ 397,866
Fund Balances				
Restricted for debt service	\$ -	\$ 9	\$ -	\$ 9
Restricted for capital projects	-	-	283,961	283,961
Restricted for housing and development	113,896	-	-	113,896
Total Fund Balances	\$ 113,896	\$ 9	\$ 283,961	\$ 397,866

City of Swainsboro, Georgia
Schedule of Revenues and Changes in Fund Balances - Budget and Actual
Nonmajor Governmental Funds - By Fund Type
For the Year Ended November 30, 2018

	Nonmajor Special Revenue Fund	Nonmajor Capital Projects Fund	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 108,951	\$ 93,300	\$ -	\$ 202,251
Miscellaneous	-	408,474	-	408,474
Investment earnings	295	19	-	314
Total Revenues	<u>109,246</u>	<u>501,793</u>	<u>-</u>	<u>611,039</u>
Expenditures				
Current:				
Housing and development	25,592	-	-	25,592
Capital Outlay	-	217,832	-	217,832
Debt Service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>25,592</u>	<u>217,832</u>	<u>-</u>	<u>243,424</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	83,654	283,961	-	367,615
Other Financing Sources				
Transfers in	-	-	-	-
Net Change in Fund Balances	83,654	283,961	-	367,615
Fund Balances Beginning of Year	<u>30,242</u>	<u>-</u>	<u>9</u>	<u>30,251</u>
Fund Balances End of Year	<u>\$ 113,896</u>	<u>\$ 283,961</u>	<u>\$ 9</u>	<u>\$ 397,866</u>

City of Swainsboro, Georgia
General Fund
Comparative Balance Sheet
November 30, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	\$ 571,106	\$ 58,492
Investments	591,204	775,097
Receivables (net, where applicable):		
Property taxes	2,237,306	1,861,486
Sales taxes	132,640	150,966
Federal excise taxes	26,237	-
Accounts	139,427	135,491
Others	148,443	-
Interfund	108,849	-
Inventories	22,057	31,627
Restricted cash and cash equivalents	523,169	-
Total Assets	<u>\$ 4,500,438</u>	<u>\$ 3,013,159</u>
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities		
Accounts payable	\$ 374,434	\$ 579,864
Accrued expenditures	-	-
Others payable	28,609	-
Interfund payable	-	-
Total Liabilities	403,043	579,864
Deferred Inflows of Resources		
- Property Taxes	431,030	427,744
Total Liabilities and Deferred Inflows of Resources	<u>834,073</u>	<u>1,007,608</u>
Fund Balances		
Nonspendable	22,057	31,627
Unassigned	3,644,308	1,973,924
Total Fund Balances	<u>3,666,365</u>	<u>2,005,551</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,500,438</u>	<u>\$ 3,013,159</u>

City of Swainsboro, Georgia
General Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended November 30, 2018 and 2017

	2018	2017
Revenues		
Taxes	\$ 5,616,281	\$ 5,708,731
Licenses and permits	263,779	283,683
Intergovernmental	1,984,986	813,471
Charges for services	1,395,885	1,084,135
Fines and forfeitures	317,086	407,293
Investment earnings	2,889	1,390
Miscellaneous	25,495	43,802
Total Revenues	9,606,401	8,342,504
Expenditures		
Current:		
General government	633,071	662,883
Public safety	3,154,413	2,982,745
Public works	2,484,017	3,082,187
Health and welfare	18,420	16,680
Culture and recreation	1,034,265	1,041,904
Housing and development	481,182	480,646
Debt Service:		
Principal retirement	115,821	143,060
Interest and fiscal charges	38,798	5,934
Total Expenditures	7,959,987	8,416,039
(Deficiency) of Revenues (Under) Expenditures	1,646,414	(73,535)
Other Financing Sources (Uses)		
Proceeds from the sale of capital assets	14,400	-
Transfers out	-	-
Total Other Financing Sources (Uses)	14,400	-
Net Change in Fund Balances	1,660,814	(73,535)
Fund Balances Beginning of Year	2,005,551	2,079,086
Fund Balances End of Year	\$ 3,666,365	\$ 2,005,551

City of Swainsboro, Georgia
Schedule of Revenues - Budget and Actual - General Fund
For the Year Ended November 30, 2018
(With Comparative Actual Amounts for the Year Ended November 30, 2017)

	2018			2017	
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Real and personal property taxes					
General property tax - current	\$ 2,284,352	\$ 2,284,352	\$ 2,760,382	\$ 476,030	\$ 2,360,818
Motor vehicle property tax - current	75,000	75,000	46,751	(28,249)	108,754
Timber tax	-	-	-	-	-
Motor vehicle title adv tax (TAVT)	170,000	170,000	208,123	38,123	182,969
Mobile home - personal property	2,500	2,500	826	(1,674)	2,529
Other - personal property	6,000	6,000	11,678	5,678	12,034
AAVT	5,000	5,000	5,973	(973)	6,869
Real estate transfer taxes	3,500	3,500	4,405	905	3,051
Railroad taxes	2,000	2,000	2,724	724	2,223
Heavy equipment taxes	-	-	-	-	-
Penalties and interest on taxes	60,000	60,000	80,707	20,707	63,307
Total real and personal property taxes	2,608,352	2,608,352	3,121,569	511,271	2,742,555
Selective taxes:					
Sales tax	825,000	825,000	833,730	8,730	763,446
TIA	68,000	68,000	255,152	187,152	851,711
Franchise tax	800,000	800,000	578,584	(221,416)	571,319
Alcoholic beverage tax	200,000	200,000	187,438	(12,562)	190,508
Insurance premium tax	470,000	470,000	521,292	51,292	483,371
Lost excise	20,000	20,000	28,216	8,216	25,149
T-SPLOST	87,000	87,000	90,300	3,300	80,671
Total selective taxes	2,470,000	2,470,000	2,494,712	24,712	2,966,176
Licenses and permits:					
Alcoholic beverages	30,000	30,000	29,375	(625)	35,275
General business license	145,000	145,000	209,966	64,966	148,995
General business license - insurance	18,000	18,000	15,800	(2,200)	54,150
Building structure and equipment permit	5,000	5,000	5,748	748	39,143
Inspections	7,000	7,000	2,890	(4,110)	6,120
Business license penalties	2,000	2,000	-	(2,000)	-
Total licenses and permits:	207,000	207,000	263,779	56,779	283,683
Intergovernmental					
Federal	150,000	150,000	354,897	204,897	2,250
State and local	1,192,204	1,192,204	1,630,089	437,885	811,221
Total intergovernmental	1,342,204	1,342,204	1,984,986	642,782	813,471
Fines and forfeitures:					
Court - superior	235,000	235,000	315,572	80,572	406,547
Court - recorders	1,000	1,000	1,514	514	746
Total fines and forfeitures:	236,000	236,000	317,086	81,086	407,293
Charges for services:					
Garbage collections	667,000	667,000	674,347	7,347	542,554
Dumpster	498,800	498,800	486,131	(12,669)	338,439
Recycled materials	50,000	50,000	39,799	(10,201)	36,082
Airport	55,000	55,000	92,895	37,895	92,075
Public safety	7,250	7,250	17,598	10,348	15,664
Culture and recreation	66,000	66,000	50,804	(15,196)	54,126
Animal shelter fees	5,000	5,000	2,515	(2,485)	-
Sale of timber	85,000	85,000	31,706	(53,294)	-
Miscellaneous	3,000	3,000	90	(2,910)	5,195
Total charges for services:	1,437,050	1,437,050	1,395,885	(41,165)	1,084,135
Investment earnings	1,000	1,000	2,889	1,889	1,390
Miscellaneous:					
Rents and royalties	16,200	16,200	19,800	3,600	17,200
Reimbursement for administrative costs	48,000	48,000	-	(48,000)	-
Miscellaneous	10,500	10,500	5,695	(4,805)	26,602
Total miscellaneous	74,700	74,700	25,495	(49,205)	43,802
Total revenues	\$ 8,376,306	\$ 8,376,306	\$ 9,606,401	\$ 1,228,149	\$ 8,342,504

City of Swainsboro, Georgia
General Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended November 30, 2018
(With Comparative Actual Amounts for the Year Ended November 30, 2017)

	2018			2017	
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
General government					
Governing body:					
Personal services	\$ 19,262	\$ 19,262	\$ 142,127	\$ (122,865)	\$ 140,374
Operating	14,558	14,558	17,944	(3,386)	-
Total governing body	33,820	33,820	160,071	(126,251)	140,374
Mayor and commission:					
Personal services	37,753	37,753	37,070	683	36,437
Operating	12,744	12,744	10,669	2,075	11,234
Total mayor and commission	50,497	50,497	47,739	2,758	47,671
Financial administration:					
Personal services	401,439	401,439	402,844	(1,405)	403,008
Operating	99,912	99,912	117,817	(17,905)	104,328
Capital outlay	-	-	-	-	-
Less reimbursement from other funds	(48,600)	(48,600)	(95,400)	45,000	(45,000)
Total financial administration	452,751	452,751	425,261	25,690	462,336
Vehicles	-	-	-	-	12,502
Total general government	537,068	537,068	633,071	(97,803)	662,883
Public safety:					
Police:					
Personal services	1,434,790	1,434,790	1,560,697	(125,907)	1,382,777
Operating	285,549	285,549	331,984	(46,435)	371,058
Capital outlay	-	-	-	-	42,143
Total police	1,720,339	1,720,339	1,892,681	(172,342)	1,795,978
Criminal investigation and other					
Personal services	69,621	69,621	70,170	(549)	63,643
Operating	17,793	17,793	4,491	13,302	3,692
Capital outlay	-	-	5,500	(5,500)	5,000
Total criminal investigation and other	87,414	87,414	80,161	7,253	72,335
Fire:					
Personal services	890,777	890,777	923,004	(32,227)	855,997
Operating	108,595	108,595	119,544	(10,949)	102,267
Capital outlay	-	-	-	-	12,160
Total fire	999,372	999,372	1,042,548	(43,176)	970,424
Animal control:					
Personal services	107,232	107,232	107,839	(607)	98,192
Operating	39,086	39,086	31,184	7,902	45,816
Capital outlay	-	-	-	-	-
Total animal control	146,318	146,318	139,023	7,295	144,008
Total public safety	2,953,443	2,953,443	3,154,413	(208,223)	2,982,745
Public works:					
Public works - operations:					

Operating	2,333,524	2,333,524	1,766,803	566,721	1,194,505
Capital outlay	-	-	-	-	1,187,361
Total - public works - operations	2,333,524	2,333,524	1,766,803	566,721	2,381,866
Sanitation and recycling:					
Personal services	33,468	33,468	32,688	780	31,167
Operating	627,686	627,686	684,526	(56,840)	669,154
Total sanitation and recycling	661,154	661,154	717,214	(56,060)	700,321
Total public works	2,994,678	2,994,678	2,484,017	510,661	3,082,187
Community services					
Operating	151,159	151,159	18,420	132,739	16,680
Capital outlay	-	-	-	-	-
Community services	151,159	151,159	18,420	132,739	16,680
Total health and welfare	151,159	151,159	18,420	132,739	16,680
Culture and recreation					
Recreation					
Personal services	571,042	571,042	518,078	52,964	510,953
Operating	314,187	314,187	288,079	26,108	308,058
Capital outlay	-	-	-	-	-
Total recreation	885,229	885,229	806,157	79,072	819,011
Sports facilities:					
Operating	87,600	87,600	92,815	(5,215)	87,600
Libraries:					
Operating	135,293	135,293	135,293	-	135,293
Total culture and recreation	1,108,122	1,108,122	1,034,265	73,857	1,041,904
Housing and development:					
Protective inspection					
Personal services	76,075	76,075	78,624	(2,549)	76,822
Operating	9,393	9,393	7,492	1,901	4,415
Total protective inspection	85,468	85,468	86,116	(648)	81,237
City Downtown Development Authority:					
Personal services	64,684	64,684	65,071	(387)	61,621
Operating	20,993	20,993	24,191	(3,198)	18,134
Total City Downtown Development Authority:	85,677	85,677	89,262	(3,585)	79,755
Enterprise applications					
Operating	25,186	25,186	19,997	5,189	31,328
Airport:					
Personal services	-	-	877	(877)	877
Operating	93,224	93,224	84,361	8,863	246,022
Capital outlay	100,000	100,000	200,569	(100,569)	41,427
Total airport	193,224	193,224	285,807	(92,583)	288,326
Total housing and development:	389,555	389,555	481,182	(96,816)	480,646
Debt Service:					
Principal retirement	48,725	48,725	115,821	(67,096)	143,060
Interest and fiscal charges	1,211	1,211	38,798	(37,587)	5,934
Total Debt Service	49,936	49,936	154,619	(104,683)	148,994
Total Expenditures	\$ 8,183,961	\$ 8,183,961	\$ 7,959,987	\$ 209,732	\$ 8,416,039

City of Swainsboro, Georgia
Comparative Balance Sheet
Hotel/Motel Tax Fund
November 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Equity in pooled cash and investments	<u>\$ 113,896</u>	<u>\$ 30,242</u>
Liabilities and Fund Balances		
Liabilities		
Interfund payable	\$ -	\$ -
Fund Balances		
Restricted for housing and development	<u>113,896</u>	<u>30,242</u>
Total Liabilities and Fund Balances	<u>\$ 113,896</u>	<u>\$ 30,242</u>

City of Swainsboro, Georgia
Schedule of Revenues and Changes in Fund Balances - Budget and Actual
Hotel/Motel Tax Fund
For the Year Ended November 30, 2018
(With Comparative Actual Amounts for the Year Ended November 30, 2017)

	2018			2017
	Original Budget	Final Budget	Actual	Variance With Final Budget Actual
Revenues:				
Hotel/motel taxes	\$ 60,000	\$ 60,000	\$ 108,951	\$ 48,951
Investment earnings	-	-	295	295
Total Revenues	<u>60,000</u>	<u>60,000</u>	<u>109,246</u>	<u>49,246</u>
Expenditures				
Current:				
Housing and development	60,000	60,000	25,592	34,408
Capital Outlay	-	-	-	-
Total Expenditures	<u>60,000</u>	<u>60,000</u>	<u>25,592</u>	<u>34,408</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,654</u>	<u>\$ 83,654</u>
Fund Balances Beginning of Year			<u>30,242</u>	<u>80,255</u>
Fund Balances End of Year			<u>\$ 113,896</u>	<u>\$ 30,242</u>

City of Swainsboro, Georgia
Comparative Balance Sheet
Debt Service Fund
November 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
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, 2018
(With Comparative Actual Amounts for the Year Ended November 30, 2017)

	2018				2017
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Revenues:					
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Revenues	-	-	-	-	-
Expenditures					
Debt Service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	-	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Other Financing Sources					
Transfers in	-	-	-	-	-
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	-
Fund Balances Beginning of Year			9		9
Fund Balances End of Year			<u>\$ 9</u>		<u>\$ 9</u>

City of Swainsboro, Georgia
Comparative Balance Sheet
2005 SPLOST Fund
November 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Equity in pooled cash and investments	<u>\$ 28,095</u>	<u>\$ 99,491</u>
Fund Balances		
Restricted for capital projects	<u>\$ 28,095</u>	<u>\$ 99,491</u>

City of Swainsboro, Georgia
Comparative Statement of Revenues, Expenditures
and Changes in Fund Balances
2005 SPLOST Fund
For the Fiscal Years Ended November 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenues		
Investment earnings	\$ 233	\$ 209
Expenditures		
<i>Capital Outlay</i>	<u>71,629</u>	<u>2,536</u>
(Deficiency) of Revenues (Under) Expenditures	(71,396)	(2,327)
Fund Balances Beginning of Year	<u>99,491</u>	<u>101,818</u>
Fund Balances End of Year	<u><u>\$ 28,095</u></u>	<u><u>\$ 99,491</u></u>

City of Swainsboro, Georgia
Comparative Balance Sheet
2012 SPLOST Fund
November 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Equity in pooled cash and investments	\$ 3	\$ 288,949
Interfund receivable	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 3</u>	<u>\$ 288,949</u>
Liabilities and Fund Balances		
Liabilities		
Interfund payable	\$ -	\$ -
Fund Balances		
Restricted for capital projects	3	288,949
Unassigned (deficit)	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 3</u>	<u>\$ 288,949</u>

City of Swainsboro, Georgia
Comparative Statement of Revenues, Expenditures
and Changes in Fund Balances
2012 SPLOST Fund
For the Fiscal Years Ended November 30, 2018 and 2017

	2018	2017
Revenues		
Sales taxes	\$ 175,622	\$ 299,114
Investment earnings	707	560
Total Revenues	<u>176,329</u>	<u>299,674</u>
Expenditures		
<i>Current</i>		
Public works	-	-
<i>Capital Outlay:</i>	<u>465,275</u>	<u>213,456</u>
Total Expenditures	<u>465,275</u>	<u>213,456</u>
Excess of Revenue Over Expenditures	(288,946)	86,218
Fund Balances Beginning of Year	<u>288,949</u>	<u>202,731</u>
Fund Balances End of Year	<u><u>\$ 3</u></u>	<u><u>\$ 288,949</u></u>

City of Swainsboro, Georgia
Comparative Balance Sheet
2018 SPLOST Fund
November 30, 2018

Assets	
Equity in pooled cash and investments	\$ 62,082
Accounts receivable	<u>31,237</u>
Total Assets	<u><u>\$ 93,319</u></u>
 Fund Balances	
Restricted for capital projects	<u><u>\$ 93,319</u></u>

City of Swainsboro, Georgia
Comparative Statement of Revenues, Expenditures
and Changes in Fund Balances
2018 SPLOST Fund
For the Fiscal Years Ended November 30, 2018

Revenues	
Sales taxes	\$ 93,300
Investment earnings	19
Total Revenues	93,319
Expenditures	
<i>Current</i>	
<i>Capital Outlay:</i>	
Total Expenditures	-
Excess of Revenue Over Expenditures	93,319
Fund Balances Beginning of Year	-
Fund Balances End of Year	\$ 93,319

City of Swainesboro, Georgia
Combining Balance Sheet
Nonmajor Capital Projects Funds
November 30, 2018

	2018 SPLOST	Dixie Theater	Total Nonmajor Capital Projects Funds
Assets			
Equity in pooled cash and investments	\$ 62,082	\$ 190,642	\$ 252,724
Accounts receivable	31,237	-	31,237
Total Assets	<u>\$ 93,319</u>	<u>\$ 190,642</u>	<u>\$ 283,961</u>
Fund Balances			
Restricted	<u>\$ 93,319</u>	<u>\$ 190,642</u>	<u>\$ 283,961</u>

City of Swainesboro, Georgia
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended November 30, 2018

	2018 SPLOST	Dixie Theater	Total Nonmajor Capital Projects Funds
Revenues			
Sales taxes	\$ 93,300	\$ -	\$ 93,300
Investmeny earnings	19		19
Miscellaneous	-	408,474	408,474
Total Revenues	93,319	408,474	501,793
Expenditures			
Capital Outlay	-	217,832	217,832
Excess (Deficiency) of Revenues Over (Under) Expenditures	93,319	190,642	283,961
Fund Balances Beginning of Year	-	-	-
Fund Balances End of Year	\$ 93,319	\$ 190,642	\$ 283,961

service

City of Swainsboro, Georgia
Comparative Balance Sheet
Dixie Theater
November 30, 2018

Assets

Equity in pooled cash and investments

\$ 190,642

Fund Balances

Restricted for capital projects

\$ 190,642

City of Swainsboro, Georgia
Comparative Statement of Revenues, Expenditures
and Changes in Fund Balances
Dlxie Theater Fund
For the Fiscal Years Ended November 30, 2018

Revenues	
Miscellaneous-contributions	\$ 408,474
Expenditures	
<i>Current</i>	
<i>Capital Outlay:</i>	<u>217,832</u>
Excess of Revenue Over Expenditures	190,642
Fund Balances Beginning of Year	<u>-</u>
Fund Balances End of Year	<u><u>\$ 190,642</u></u>

City of Swainsboro, Georgia
Comparative Statement of Net Position
Proprietary Fund - Water and Sewerage Fund
November 30, 2018 and 2017

Assets	2018	2017
Current Assets:		
Cash and cash equivalents	\$ 453,464	\$ 252,054
Investments	-	-
Receivable:		
Accounts (net)	174,769	179,052
Interfund	-	-
Restricted assets:		
Cash and cash equivalents	445,788	402,244
Total Current Assets	1,074,021	833,350
Noncurrent Assets:		
Capital assets:		
Nondepreciable	520,300	520,300
Depreciable, net	19,335,213	20,351,093
Total Noncurrent Assets	19,855,513	20,871,393
Total Assets	20,929,534	21,704,743
Liabilities		
Current Liabilities:		
Accounts payable	19,676	11,511
Customer deposits payable	170,578	230,378
Interfund payable	108,849	-
Promissory note payable	9,689	9,650
GEFA loans payable	211,446	205,956
USDA bonds payable	117,862	115,242
Total Current Liabilities	638,100	572,737
Long-term Liabilities (net of current portion):		
Promissory note payable	19,497	29,186
GEFA loans payable	746,222	957,668
USDA bonds payable	5,540,287	5,658,149
Total Long-term Liabilities	6,306,006	6,645,003
Total Liabilities	6,944,106	7,217,740
Net Position		
Net investment in capital assets	13,210,510	13,895,542
Restricted for debt service	445,788	402,244
Unrestricted	329,130	189,217
Total Net Position	\$ 13,985,428	\$ 14,487,003

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, 2018 and 2017

	2018	2017
Operating Revenues		
Charges for services	\$ 1,919,425	\$ 1,786,382
Service charges	97,440	105,613
Miscellaneous	5,600	6,505
Total Operating Revenues	2,022,465	1,898,500
Operating Expenses		
Personal services - salaries	21,531	20,252
Personal services - benefits	22,700	23,008
Purchased services	924,713	1,461,547
Materials and supplies	391,368	328,444
Depreciation	1,015,880	1,026,775
Total Operating Expenses	2,376,192	2,860,026
Operating (Loss)	(353,727)	(961,526)
Non-Operating Revenues (Expenses)		
Investment earnings	3,199	1,297
Interest and fiscal charges	(151,047)	(158,976)
Total Non-Operating Revenues (Expenses)	(147,848)	(157,679)
(Loss)	(501,575)	(1,119,205)
Change in Net Position	(501,575)	(1,119,205)
Net Position Beginning of Year	14,487,003	15,606,208
Net Position End of Year	\$ 13,985,428	\$ 14,487,003

City of Swainsboro, Georgia
Comparative Statement of Cash Flows
Proprietary Fund - Water and Sewerage Fund
For the Fiscal Years Ended November 30, 2018 and 2017

	2018	2017
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash received from customers	\$ 1,966,948	\$ 1,753,775
Cash payments to employees for services	(44,231)	(34,889)
Cash payments for goods and services	(1,307,916)	(1,512,731)
Net Cash Provided by (Used in) Operating Activities	614,801	206,155
Cash Flows from Noncapital Financing Activities		
Interfund receivable	-	(108,580)
Interfund payable	(133,326)	(245,432)
Net Cash Provided by (Used in) Noncapital Financing Activities	(133,326)	(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	(151,047)	(171,407)
Acquisition of capital assets	-	(321,012)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(464,301)	(465,971)
Cash Flows from Investing Activities		
Net decrease (increase) in investments	-	358,826
Investment earnings	3,199	902
Net Cash Flows from Investing Activities	3,199	359,728
Net Increase (Decrease) in Cash and Cash Equivalents	20,373	(254,100)
Cash and Cash Equivalents Beginning of Year	557,596	811,696
Cash and Cash Equivalents End of Year	\$ 577,969	\$ 557,596
Reconciliation to Statement of Net Position		
Cash and cash equivalents	\$ 453,464	\$ 87,577
Restricted assets	445,788	470,019
Total Cash and Cash Equivalents	\$ 899,252	\$ 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, 2018 and 2017

(continued)

	<u>2018</u>	<u>2017</u>
Reconciliation of Operating (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating (Loss)	\$ (353,727)	\$ (850,772)
Adjustments:		
Depreciation	1,015,880	1,079,998
(Increase) Decrease in Assets:		
Accounts receivable	4,283	(53,866)
Increase (Decrease) in Liabilities:		
Accounts payable	8,165	(10,511)
Customer deposits	<u>(59,800)</u>	<u>41,306</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 614,801</u>	<u>\$ 206,155</u>

City of Swainsboro
Schedule of Projects Constructed with Special Purpose Local Option Sales Tax
For the Year Ended November 30, 2018

	Original Estimated Cost	Current Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
2005 SPLOST	\$2,383,835	\$2,383,835			
Public Safety Bldg and Equip			1,071,991		1,071,991
Water and Sewer Improvements			2,589,384	71,629	2,661,013
Recreation Equipment			79,645	-	79,645
TOTAL			<u>\$ 3,741,020</u>	<u>\$ 71,629</u>	<u>\$ 3,812,649</u>
2012 SPLOST	\$3,000,000	\$3,000,000			
Public Safety Bldg and Equip			770,303		770,303
Water and Sewer Improvements			685,281	465,275	1,150,556
Recreation Equipment			-	-	-
TOTAL			<u>\$ 1,455,584</u>	<u>\$ 465,275</u>	<u>\$ 1,920,859</u>
2018 SPLOST	\$ 250,000	\$ 250,000			
Public Safety Bldg and Equip			-	-	-
Water and Sewer Improvements			-	-	-
Recreation Equipment			-	-	-
TOTAL			<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

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, 2018 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, 2019.

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, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be 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.

A handwritten signature in blue ink that reads "Stacie W. Avery CPA". The signature is written in a cursive, flowing style.

Stacie W. Avery, Certified Public Accountant
Swainsboro, GA
May 31, 2019