

CITY OF SWAINSBORO, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED NOVEMBER 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Swainsboro, Georgia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Swainsboro, Georgia, as of and for the year ended November 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Swainsboro, Georgia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Swainsboro, Georgia, as of November 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and American Rescue Plan Act Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Swainsboro, Georgia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Swainsboro, Georgia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 City of Swainsboro, Georgia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Swainsboro, Georgia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in the Net Pension Liability and Related Ratios and the Schedule of Contributions on page 39 and 40 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Swainsboro, Georgia's basic financial statements. The accompanying combining and individual fund statements and schedules, schedule of projects paid with SPLOST proceeds, CDBG source and application of funds schedule, and CDBG project cost schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 our opinion, the accompanying combining and individual fund statements and schedules, schedule of projects paid with SPLOST proceeds, CDBG source and application of funds schedule, and CDBG project cost schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2024 on our consideration of the City of Swainsboro, Georgia's internal control over financial reporting and on our 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Swainsboro, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Swainsboro, Georgia's internal control over financial reporting and compliance.

Larrie, Deal, Proctor + Blaser

Statesboro, Georgia
July 15, 2024

CITY OF SWAINSBORO, GEORGIA
STATEMENT OF NET POSITION
NOVEMBER 30, 2023

	Primary Government			Component Unit
	Governmental	Business-type	Total	Downtown Development Authority
	Activities	Activities		
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 5,531,947	\$ 958,421	\$ 6,490,368	\$ 90,596
Restricted cash and cash equivalents	1,072,297	456,833	1,529,130	-
Certificates of deposit	619,848	104,947	724,795	-
Receivables:				
Accounts	96,933	214,800	311,733	-
Taxes	2,271,131	-	2,271,131	-
Intergovernmental	455,042	-	455,042	-
Interest	6,420	-	6,420	-
Internal balances	(495,728)	495,728	-	-
Inventory	13,623	-	13,623	-
Prepaid items	59,124	3,635	62,759	-
Net pension asset	1,196,598	-	1,196,598	-
Capital assets:				
Nondepreciable capital assets	2,978,856	621,911	3,600,767	-
Depreciable capital assets, net	11,398,153	14,700,285	26,098,438	49,500
Total Assets	25,204,244	17,556,560	42,760,804	140,096
DEFERRED OUTFLOWS OF RESOURCES				
Resources related to pensions	659,019	-	659,019	-
LIABILITIES				
Current Liabilities:				
Accounts payable	373,363	-	373,363	24,399
Unearned revenue	2,426,849	-	2,426,849	-
Accrued liabilities	125,683	2,190	127,873	-
Other liabilities	7,448	-	7,448	-
Compensated absences payable	68,806	-	68,806	-
Customer deposits	-	251,282	251,282	-
Leases payable	9,690	-	9,690	-
Bonds payable	-	131,299	131,299	-
Notes payable	48,180	25,000	73,180	-
Long-Term Liabilities:				
Compensated absences payable (net of current portion)	103,208	-	103,208	-
Leases payable (net of current portion)	46,818	-	46,818	-
Bonds payable (net of current portion)	-	4,922,391	4,922,391	-
Notes payable (net of current portion)	153,144	216,580	369,724	-
Total Liabilities	3,363,189	5,548,742	8,911,931	24,399
DEFERRED INFLOWS OF RESOURCES				
Resources related to pensions	445,803	-	445,803	-
NET POSITION				
Net investment in capital assets	14,119,177	10,026,926	24,146,103	-
Restricted for:				
Capital projects	1,725,989	-	1,725,989	-
Debt service	-	456,833	456,833	-
Program purposes	1,603,359	-	1,603,359	-
Unrestricted	4,605,746	1,524,059	6,129,805	115,697
Total Net Position	\$ 22,054,271	\$ 12,007,818	\$ 34,062,089	\$ 115,697

See accompanying notes to the basic financial statements.

CITY OF SWAINSBORO, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED NOVEMBER 30, 2023

Program/Function	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Governmental Activities:								
General government	\$ 792,597	\$ 263,410	\$ 40,673	-	\$ (488,514)	-	\$ (488,514)	-
Public safety	3,919,227	556,676	116,071	-	(3,246,480)	-	(3,246,480)	-
Public works	2,284,444	1,343,914	4,067	\$ 863,238	(73,225)	-	(73,225)	-
Culture and recreation	1,243,618	64,835	415,190	-	(763,593)	-	(763,593)	-
Airport	481,426	92,470	1,083,033	-	694,077	-	694,077	-
Housing and development	260,392	17,405	385,400	-	142,413	-	142,413	-
Interest	2,514	-	-	-	(2,514)	-	(2,514)	-
Total Governmental Activities	8,984,218	2,338,710	2,044,434	863,238	(3,737,836)	-	(3,737,836)	-
Business-Type Activities:								
Water and Sewer	2,975,323	2,994,249	-	-	-	\$ 18,926	18,926	-
Total Business-Type Activities	2,975,323	2,994,249	-	-	-	18,926	18,926	-
Total Primary Government	\$ 11,959,541	\$ 5,332,959	\$ 2,044,434	\$ 863,238	(3,737,836)	18,926	(3,718,910)	-
Component Unit								
Downtown Development Authority	\$ 250,443	\$ 273,527	\$ -	\$ -				\$ 23,084
General Revenues								
Property taxes levied for:								
General purposes					2,217,192	-	2,217,192	-
Sales taxes					1,680,543	-	1,680,543	-
Insurance premium tax					658,701	-	658,701	-
Other taxes					1,122,872	-	1,122,872	-
Interest earned					16,060	2,930	18,990	42
Gain on sale of capital assets					49,477	27,560	77,037	-
Other					28,594	-	28,594	7,490
Total General Revenues					5,773,439	30,490	5,803,929	7,532
Transfers					(72,140)	72,140	-	-
Total General Revenues and Transfers					5,701,299	102,630	5,803,929	7,532
Change in Net Position					1,963,463	121,556	2,085,019	30,616
Net Position, Beginning of Year					20,090,808	11,886,262	31,977,070	85,081
Net Position, End of Year					\$ 22,054,271	\$ 12,007,818	\$ 34,062,089	\$ 115,697

See accompanying notes to the basic financial statements.

CITY OF SWAINSBORO, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
NOVEMBER 30, 2023

	General	American Rescue Plan Act	SPLOST 6	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 629,859	\$ 2,651,379	\$ 1,552,903	\$ 697,806	\$ 5,531,947
Restricted cash and cash equivalents	1,072,297	-	-	-	1,072,297
Certificates of deposit	619,848	-	-	-	619,848
Receivables:					
Taxes	2,259,038	-	-	12,093	2,271,131
Accounts	96,933	-	-	-	96,933
Intergovernmental	344,814	-	110,228	-	455,042
Interest	6,420	-	-	-	6,420
Inventory	13,623	-	-	-	13,623
Prepaid items	59,124	-	-	-	59,124
TOTAL ASSETS	<u>\$ 5,101,956</u>	<u>\$ 2,651,379</u>	<u>\$ 1,663,131</u>	<u>\$ 709,899</u>	<u>\$ 10,126,365</u>
LIABILITIES					
Accounts payable	\$ 109,302	\$ 237,946	\$ 26,115	\$ -	\$ 373,363
Accrued liabilities	125,683	-	-	-	125,683
Interfund payable	493,714	-	-	2,014	495,728
Unearned revenue	13,416	2,413,433	-	-	2,426,849
Other liabilities	-	-	-	7,448	7,448
TOTAL LIABILITIES	<u>742,115</u>	<u>2,651,379</u>	<u>26,115</u>	<u>9,462</u>	<u>3,429,071</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	665,734	-	-	-	665,734
FUND BALANCES					
Nonspendable	72,747	-	-	-	72,747
Restricted	991,895	-	1,637,016	700,437	3,329,348
Assigned	80,403	-	-	-	80,403
Unassigned	2,549,062	-	-	-	2,549,062
TOTAL FUND BALANCES	<u>3,694,107</u>	<u>-</u>	<u>1,637,016</u>	<u>700,437</u>	<u>6,031,560</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 5,101,956</u>	<u>\$ 2,651,379</u>	<u>\$ 1,663,131</u>	<u>\$ 709,899</u>	<u>\$ 10,126,365</u>

See accompanying notes to the basic financial statements.

CITY OF SWAINSBORO, GEORGIA
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
NOVEMBER 30, 2023

**Amounts reported for governmental activities in the statement
of net position are different because:**

Total Governmental Fund Balances			\$ 6,031,560
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:			
	Cost	\$ 25,774,299	
	Less accumulated depreciation	<u>(11,397,290)</u>	14,377,009
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds:			
	Property taxes		665,734
Deferred outflows and deferred inflows related to pensions is not reported in the governmental funds:			
	Deferred outflows of revenues	659,019	
	Deferred inflows of revenues	<u>(445,803)</u>	213,216
The City's net pension asset is not reported in the governmental funds but is in the statement of net position.			1,196,598
Notes payable are not due and payable in the current period and, therefore, are not reported in the funds but are reported in the statement of net position			(201,324)
Leases payable are not due and payable in the current period and, therefore, are not reported in the funds but are reported in the statement of net position			(56,508)
Compensated absences payable are not due and payable in the current period and, therefore, are not reported in the funds but are reported in the statement of net position			<u>(172,014)</u>
Net Position Of Governmental Activities			<u><u>\$ 22,054,271</u></u>

See accompanying notes to the basic financial statements.

CITY OF SWAINSBORO, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED NOVEMBER 30, 2023

	General	American Rescue Plan Act	SPLOST 6	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 5,366,244	-	-	\$ 147,574	\$ 5,513,818
Intergovernmental	1,800,133	\$ 392,742	\$ 693,485	18,713	2,905,073
Licenses and permits	277,714	-	-	-	277,714
Charges for services	1,518,717	-	-	-	1,518,717
Fines and forfeitures	440,558	-	-	101,721	542,279
Interest	10,542	4,493	2,598	1,025	18,658
Other	22,426	-	-	6,168	28,594
Total revenues	<u>9,436,334</u>	<u>397,235</u>	<u>696,083</u>	<u>275,201</u>	<u>10,804,853</u>
EXPENDITURES					
Current:					
General government	687,496	-	-	-	687,496
Public safety	3,586,162	-	-	88,215	3,674,377
Public works	2,196,872	-	-	-	2,196,872
Culture and recreation	1,180,158	3,275	-	-	1,183,433
Airport	1,421,716	-	-	-	1,421,716
Housing and development	195,637	50,980	-	10,951	257,568
Capital outlay:					
General government	-	-	4,446	-	4,446
Public safety	-	-	285,210	31,846	317,056
Public works	-	-	568,464	-	568,464
Housing and development	-	334,420	-	160,883	495,303
Debt service:					
Principal	57,157	-	49,693	-	106,850
Interest	2,078	-	436	-	2,514
Total expenditures	<u>9,327,276</u>	<u>388,675</u>	<u>908,249</u>	<u>291,895</u>	<u>10,916,095</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>109,058</u>	<u>8,560</u>	<u>(212,166)</u>	<u>(16,694)</u>	<u>(111,242)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of debt	-	-	292,867	-	292,867
Sale of capital assets	29,658	-	-	19,819	49,477
Transfers out	-	(8,930)	(44,497)	(18,713)	(72,140)
Total other financing sources (uses)	<u>29,658</u>	<u>(8,930)</u>	<u>248,370</u>	<u>1,106</u>	<u>270,204</u>
NET CHANGE IN FUND BALANCES	138,716	(370)	36,204	(15,588)	158,962
FUND BALANCES, DECEMBER 1, 2022	<u>3,555,391</u>	<u>370</u>	<u>1,600,812</u>	<u>716,025</u>	<u>5,872,598</u>
FUND BALANCES, NOVEMBER 30, 2023	<u>\$ 3,694,107</u>	<u>\$ -</u>	<u>\$ 1,637,016</u>	<u>\$ 700,437</u>	<u>\$ 6,031,560</u>

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, 2023

**Amounts reported for governmental activities in the
statement of activities are different because:**

Net Change In Fund Balances - Total Governmental Funds	\$ 158,962
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Governmental funds report capital outlays as expenditures. 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 depreciation expense in the current period.

	Depreciation expense	\$ (779,997)	
	Capital outlay	<u>2,565,157</u>	1,785,160

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

	Property taxes:		
	Unavailable revenue @ 11/30/23	665,734	
	Unavailable revenue @ 11/30/22	<u>(500,244)</u>	165,490

Other financing sources from the issuance of debt are reported on the fund level operating statement but are reported as a liability on the government-wide financial statements.	(292,867)
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Repayment of principal on notes payable and leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	106,850
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The change in the net pension asset and pension related deferred outflows and deferred inflows is reported on the government-wide statement of activities but not in the governmental funds.	36,103
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Some expenses reported in the statement of activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	Liability @ 11/30/23	(172,014)	
	Liability @ 11/30/22	<u>175,779</u>	<u>3,765</u>

Change In Net Position of Governmental Activities	<u>\$ 1,963,463</u>
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See accompanying notes to the basic financial statements.

CITY OF SWAINSBORO, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED NOVEMBER 30, 2023

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 2,490,161	\$ 2,051,702	\$ (438,459)
Sales	1,348,000	1,680,543	332,543
Franchise	636,000	798,475	162,475
Insurance premium	600,000	658,701	58,701
Alcoholic beverage	198,000	175,646	(22,354)
Other	26,145	1,177	(24,968)
Licenses and permits	251,000	277,714	26,714
Intergovernmental	996,365	1,800,133	803,768
Charges for services	1,575,700	1,518,717	(56,983)
Fines and forfeitures	475,500	440,558	(34,942)
Interest	1,200	10,542	9,342
Other	12,800	22,426	9,626
Total revenues	<u>8,610,871</u>	<u>9,436,334</u>	<u>825,463</u>
EXPENDITURES			
Current:			
General government	633,188	687,496	(54,308)
Public safety:			
Police	2,462,731	2,314,403	148,328
Fire	1,143,591	1,087,518	56,073
Animal control	201,507	184,241	17,266
Public works:			
Streets	1,414,513	1,376,972	37,541
Sanitation	801,450	819,900	(18,450)
Culture and recreation	1,156,483	1,180,158	(23,675)
Airport	541,200	1,421,716	(880,516)
Community development	227,241	195,637	31,604
Debt service:			
Principal	57,157	57,157	-
Interest	2,078	2,078	-
Total expenditures	<u>8,641,139</u>	<u>9,327,276</u>	<u>(686,137)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(30,268)</u>	<u>109,058</u>	<u>139,326</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	-	29,658	29,658
Total other financing sources (uses)	<u>-</u>	<u>29,658</u>	<u>29,658</u>
NET CHANGE IN FUND BALANCE	<u>\$ (30,268)</u>	138,716	<u>\$ 168,984</u>
FUND BALANCE, DECEMBER 1, 2022		<u>3,555,391</u>	
FUND BALANCE, NOVEMBER 30, 2023		<u>\$ 3,694,107</u>	

See accompanying notes to the basic financial statements.

CITY OF SWAINSBORO, GEORGIA
AMERICAN RESCUE PLAN ACT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED NOVEMBER 30, 2023

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Interest	\$ -	\$ 4,493	\$ 4,493
Intergovernmental	-	392,742	392,742
Total revenues	-	397,235	397,235
EXPENDITURES			
Current:			
Culture and recreation	-	3,275	(3,275)
Housing and development	-	50,980	(50,980)
Capital outlay:			
Housing and development		334,420	(334,420)
Total expenditures	-	388,675	(388,675)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	8,560	8,560
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(8,930)	(8,930)
NET CHANGE IN FUND BALANCE	\$ -	(370)	\$ (370)
FUND BALANCE, DECEMBER 1, 2022		370	
FUND BALANCE, NOVEMBER 30, 2023		\$ -	

See accompanying notes to the basic financial statements.

CITY OF SWAINSBORO, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
NOVEMBER 30, 2023

	Water and Sewer
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 958,421
Restricted cash and cash equivalents	456,833
Certificates of deposit	104,947
Accounts receivable	214,800
Interfund receivable	495,728
Prepaid items	3,635
Total Current Assets	<u>2,234,364</u>
Noncurrent Assets	
Capital Assets, Net	15,322,196
Total Assets	<u>17,556,560</u>
LIABILITIES	
Current Liabilities	
Accrued liabilities	2,190
Customer deposits	251,282
Notes payable	25,000
Bonds payable	131,299
Total Current Liabilities	<u>409,771</u>
Long-term Liabilities	
Notes payable (net of current portion)	216,580
Bonds payable (net of current portion)	4,922,391
Total Long-term Liabilities	<u>5,138,971</u>
Total Liabilities	<u>5,548,742</u>
NET POSITION	
Net investment in capital assets	10,026,926
Restricted for debt service	456,833
Unrestricted	1,524,059
Total Net Position	<u>\$ 12,007,818</u>

See accompanying notes to the basic financial statements.

CITY OF SWAINSBORO, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED NOVEMBER 30, 2023

	Water and Sewer
OPERATING REVENUES	
Charges for services	\$ 2,989,699
Other	4,550
Total operating revenues	<u>2,994,249</u>
OPERATING EXPENSES	
Personal services	46,326
Purchased services	1,473,203
Materials and supplies	388,808
Other	111,635
Depreciation	839,844
Total operating expenses	<u>2,859,816</u>
OPERATING INCOME (LOSS)	<u>134,433</u>
NONOPERATING REVENUE (EXPENSE)	
Interest income	2,930
Interest expense	(115,507)
Gain on sale of capital assets	27,560
Total nonoperating revenue (expense)	<u>(85,017)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	49,416
Transfers in	<u>72,140</u>
CHANGE IN NET POSITION	121,556
NET POSITION, DECEMBER 1, 2022	<u>11,886,262</u>
NET POSITION, NOVEMBER 30, 2023	<u><u>\$ 12,007,818</u></u>

See accompanying notes to the basic financial statements.

CITY OF SWAINSBORO, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED NOVEMBER 30, 2023

	Water and Sewer
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 2,896,334
Cash payments for employees	(50,647)
Cash payments for goods and services	(1,973,646)
Net cash provided by (used by) operating activities	<u>872,041</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Advances from (to) other funds	(442,741)
Net cash provided by (used by) noncapital financing activities	<u>(442,741)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(62,164)
Payments on notes payable	(25,000)
Payments on bonds payable	(128,688)
Interest paid	(115,507)
Proceeds from sale of capital assets	27,560
Transfers from other funds	72,140
Net cash provided by (used by) capital and related financing activities	<u>(231,659)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Increase in certificates of deposit	(105)
Interest received	2,930
Net cash provided by (used by) investing activities	<u>2,825</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	200,466
CASH AND CASH EQUIVALENTS, DECEMBER 1, 2022	<u>1,214,788</u>
CASH AND CASH EQUIVALENTS, NOVEMBER 30, 2023	<u><u>\$ 1,415,254</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES	
Operating income (loss)	\$ 134,433
Adjustments:	
Depreciation	839,844
(Increase) decrease in operating assets:	
Accounts receivable	(102,365)
Prepaid items	(3,635)
Increase (decrease) in operating liabilities:	
Accrued liabilities	(686)
Customer deposits	4,450
Net cash provided by (used by) operating activities	<u><u>\$ 872,041</u></u>

See accompanying notes to the basic financial statements.

CITY OF SWAINSBORO, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2023

The City of Swainsboro, Georgia (the City) was established in 1822. The City operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, culture and recreation, water and sewer, and various administrative services.

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 also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its enterprise fund at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements.

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 organization; 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 component unit column included on the government-wide financial statements identifies the financial data of the City's discretely presented component unit. It is reported separately to emphasize that it is legally separate from the City.

A brief description of the City's discretely presented component unit follows:

City of Swainsboro Downtown Development Authority (the Authority) – The City of Swainsboro Downtown Development Authority was activated to invigorate the local economy and social strength of the community, while maintaining the historic charm and financial viability of the City. The City appoints the members of the Authority's board and assists with its funding. There are no separate financial statements for the Authority.

CITY OF SWAINSBORO, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes, grants and the City's general revenues, from business-type activities, generally financed in whole or part with service charges to external customers.

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

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

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

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

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

CITY OF SWAINSBORO, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major individual governmental funds 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 are the City’s major governmental funds:

General Fund – The general fund accounts for all financial resources except those required to be accounted for 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 the State of Georgia.

American Rescue Plan Act Fund – This fund accounts for all Local Fiscal Recovery Funds received by the City through the American Rescue Plan Act of 2021.

SPLOST Capital Projects Fund – This fund accounts for the special purpose local option sales tax collected pursuant to a referendum for various capital improvements within the City.

Proprietary Funds – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The proprietary funds are classified as enterprise funds and internal service funds. The City’s only major enterprise fund is the water and sewer fund which accounts for the water and sewer provided to its constituents.

1-C. Measurement Focus

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

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the

CITY OF SWAINSBORO, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, all proprietary fund types are 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 total net position. 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 in accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows, 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 60 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. 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 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, interest 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.

CITY OF SWAINSBORO, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1-E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position

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 United States 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

Receivables

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable. The general fund reported an allowance for uncollectible taxes of \$57,585 at November 30, 2023.

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 on 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 on this statement. These amounts are ultimately eliminated from the total column on the statement of net position.

Consumable Inventories

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).

Prepaid Items

Payments made to vendors for services that will benefit periods beyond November 30, 2023, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the

CITY OF SWAINSBORO, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reported as nonspendable since this amount is not available for general appropriation.

Restricted Assets – Cash and Cash Equivalents

Restricted cash includes amounts set aside for specific purposes and to meet the requirements of applicable debt covenants of the water and sewer debt.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary fund. 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 City fund financial statements. Capital assets utilized by the proprietary fund are reported in the business-type activities column of the government-wide statement of net position and in the proprietary 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. The City's infrastructure consists of roads, bridges and water and sewer lines. For roads and bridges, the City has only capitalized infrastructure constructed after December 31, 2003. 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.

All reported capital assets are depreciated except for land, right-of-ways and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Asset Class	Estimated Useful Lives	
	Governmental Activities	Business-type Activities
Building and improvements	30-50 years	20-35 years
Infrastructure	15-50 years	5-50 years
Machinery and equipment	5-15 years	5-15 years

Compensated Absences

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

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

CITY OF SWAINSBORO, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The total compensated absence liability is reported on the government-wide financial statements. The proprietary fund reports the total compensated liability at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only “*when due.*”

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of those 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.

Bond Premiums, Discounts and Issuance Costs

On the government-wide statement of net position and the proprietary fund type statement of net position, bond premiums and discounts are netted against bonds payable. On the government-wide and proprietary fund type statement of activities, bond premiums and discounts are amortized over the life of the bonds using the effective interest method and bond issuance costs are expensed in the current period.

At the governmental 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 an expenditure.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is resources related to pensions reported at the government-wide level for governmental and business-type activities and at the fund level for enterprise funds.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has an item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The City also has deferred inflows of resources related to its pension plan reported at the government-wide level for governmental and business-type activities and at the fund level for its proprietary funds.

CITY OF SWAINSBORO, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 adoption of a resolution. Only the City Council also may modify or rescind the commitment.

Assigned – Fund balances are reported as assigned when amounts are constrained by the City Council’s intent to be used for specific purposes, but are neither restricted nor committed.

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.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City’s policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Net Position – Net position represent the difference between assets and liabilities. Net investment in capital assets 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. Net position is 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.

CITY OF SWAINSBORO, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

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 water and sewer. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of each fund and include administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

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 after the non-operating revenues/expenses section in proprietary funds. Repayment from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

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 governmental and business-type activities are eliminated from the total column.

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.

Leases

Lessee - The City of Swainsboro recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements for noncancellable leases of equipment. The City of Swainsboro recognizes lease liabilities with an initial individual value of \$10,000 or more.

CITY OF SWAINSBORO, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

At the commencement of a lease, the City of Swainsboro initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City of Swainsboro determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City of Swainsboro uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City of Swainsboro generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City of Swainsboro is reasonably certain to exercise.

The City of Swainsboro monitors changes in circumstances that would require a remeasurement of a lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor –The City of Swainsboro had no lease receivables at November 30, 2023.

Implementation of GASB 96

The City has implemented GASB Statement 96, “Subscription-Based Information Technology Arrangements.” The primary objective of this statement is to enhance the relevance and consistency of information about governments’ subscription activities. This statement establishes a single model for subscription accounting based on the principles that subscriptions are financing of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset.

The City has no subscription-based information technology arrangements to report at November 30, 2023.

CITY OF SWAINSBORO, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The City adopts an annual operating budget for the general fund, special revenue fund, and the capital projects funds. The budget resolution reflects the total of each department's appropriation in each fund.

All budgets are adopted on a basis consistent with GAAP.

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. Any change in total to a fund or departmental appropriation within a fund requires approval of the City Council.

All unexpended annual appropriations lapse at year-end.

Excess of Expenditures over Appropriations

For the year ended November 30, 2023, expenditures exceed appropriations for the following departments within the general fund:

General government	\$ 54,308
Sanitation	18,450
Culture and recreation	23,675
Airport	880,516

These over expenditures were funded by additional revenues over amounts budgeted.

Expenditures exceeded appropriations for the following special revenue funds:

American Rescue Plan Act Fund	\$ 388,675
Hotel/Motel Tax Fund	126,334
Police Drug Fund	29,471
Police Special Funds	90,590

These over expenditures were funded by additional revenues over amounts budgeted and available fund balance.

CITY OF SWAINSBORO, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 – CASH AND CASH EQUIVALENTS

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk.

At November 30, 2023, the carrying amount of the City’s deposits (checking and certificates of deposit) was \$8,744,293 and the bank balance was \$9,657,880. Of the bank balance, \$637,686 was covered by federal depository insurance, and \$9,020,194 was collateralized with securities held by the pledging financial institution’s trust department or agent in the City’s name.

Discretely Presented Component Unit

At November 30, 2023, the carry amount of deposits for the City of Swainsboro Downtown Development Authority was \$90,596 and the bank balance was \$89,268 which was covered by federal depository insurance.

NOTE 4 – PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Property taxes were levied on November 6, 2023. The City bills and collects its own property taxes. Property tax revenues at the fund reporting level are recognized when levied to the extent that they result in current receivables (i.e., collectible in 60 days). For the year ended November 30, 2023, property taxes were billed on December 1, 2023, and were due January 31, 2024.

NOTE 5 – RECEIVABLES

Receivables at November 30, 2023, consisted of taxes, accounts (billings for user charges) and intergovernmental receivables arising from grants.

Receivables 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 collectability.

NOTE 6 – INTERFUND BALANCES AND TRANSFERS

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water Sewer	Hotel Motel Tax	\$ 2,014
	General Fund	493,714
		<u>\$ 495,728</u>

Interfund balances at November 30, 2023 represent charges for services or reimbursable expenses. The City expects to repay all interfund balances within one year.

CITY OF SWAINSBORO, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 – INTERFUND BALANCES AND TRANSFERS (continued)

Interfund transfers for the year ended November 30, 2023, consisted of the following:

Transfer To:	Transfers from:			
	American Rescue Plan Act Fund	SPLOST 6 Fund	Community Development Block Grant Fund	Total
Water and Sewer Fund	\$ 8,930	\$ 44,497	\$ 18,713	\$ 72,140

The interfund transfers of \$72,140 made to the water and sewer fund were to help fund water and sewer system improvements.

NOTE 7 – FUND BALANCES – GOVERNMENTAL FUNDS

As of November 30, 2023, fund balances are composed of the following:

	General Fund	American Rescue Plan Act Fund	SPLOST 6 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Inventory	\$ 13,623	-	-	-	\$ 13,623
Prepaid items	59,124	-	-	-	59,124
Restricted:					
Capital projects	-	-	\$ 1,637,016	-	1,637,016
Police	-	-	-	\$ 130,221	130,221
Streets	795,604	-	-	-	795,604
Community development	-	-	-	570,216	570,216
Cemetery	196,291	-	-	-	196,291
Assigned:					
Employee benefits	80,403	-	-	-	80,403
Unassigned	2,549,062	-	-	-	2,549,062
Total fund balances	<u>\$ 3,694,107</u>	<u>\$ -</u>	<u>\$ 1,637,016</u>	<u>\$ 700,437</u>	<u>\$ 6,031,560</u>

CITY OF SWAINSBORO, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended November 30, 2023 was as follows:

	Balance 12/1/2022	Additions	Deletions	Balance 11/30/2023
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,207,930	\$ -	\$ -	\$ 1,207,930
Construction in progress	158,327	1,612,599	-	1,770,926
Total capital assets not being depreciated	1,366,257	1,612,599	-	2,978,856
Capital assets being depreciated:				
Building and improvements	10,249,780	43,330	-	10,293,110
Machinery and equipment	3,442,562	746,028	45,000	4,143,590
Infrastructure	8,195,543	100,853	-	8,296,396
Right-to-use leased equipment	-	62,347	-	62,347
Total capital assets being depreciated	21,887,885	952,558	45,000	22,795,443
Total capital assets	23,254,142	2,565,157	45,000	25,774,299
Accumulated depreciation				
Building and improvements	4,307,695	282,891	-	4,590,586
Machinery and equipment	3,017,364	195,098	45,000	3,167,462
Infrastructure	3,337,234	300,969	-	3,638,203
Right-to-use leased equipment	-	1,039	-	1,039
Total accumulated depreciation	10,662,293	779,997	45,000	11,397,290
Governmental activities capital assets, net	\$12,591,849	\$ 1,785,160	\$ -	\$14,377,009

Governmental activities depreciation expense:

General government	\$ 99,089
Public safety	200,511
Public works	173,395
Airport	168,751
Culture and recreation	86,002
Housing and development	52,249
Total governmental activities depreciation expense	<u>\$ 779,997</u>

CITY OF SWAINSBORO, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 – CAPITAL ASSETS (Continued)

The following table presents the changes in capital assets for the City's enterprise fund:

	Balance 12/1/2022	Additions	Deletions	Balance 11/30/2023
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 520,300	\$ -	\$ -	\$ 520,300
Construction in progress	73,968	27,643	-	101,611
Total capital assets not being depreciated	594,268	27,643	-	621,911
Capital assets being depreciated				
Buildings	31,319	-	-	31,319
Infrastructure	32,708,187	-	-	32,708,187
Machinery and equipment	937,717	34,521	54,321	917,917
Total capital assets being depreciated	33,677,223	34,521	54,321	33,657,423
Total capital assets	34,271,491	62,164	54,321	34,279,334
Accumulated depreciation				
Buildings	28,853	1,029	-	29,882
Infrastructure	17,277,924	822,125	-	18,100,049
Machinery and equipment	864,838	16,690	54,321	827,207
Total accumulated depreciation	18,171,615	839,844	54,321	18,957,138
Business-type capital assets, net	\$16,099,876	\$(777,680)	\$ -	\$15,322,196

The following table presents the changes in capital assets for the City's component unit:

	Balance 12/1/2022	Additions	Deletions	Balance 11/30/2023
Component Unit - City of Swainsboro				
Downtown Development Authority				
Capital assets being depreciated:				
Building and improvements	\$ 110,000	\$ -	\$ -	\$ 110,000
Accumulated depreciation				
Building and improvements	57,750	2,750	-	60,500
Component unit capital assets, net	\$ 52,250	\$ 2,750	\$ -	\$ 49,500

CITY OF SWAINSBORO, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 – LEASES

City as Lessee

The City, as a lessee, has entered into lease agreements for police vehicles.

The total of the City's leased assets are recorded at \$62,347, less accumulated depreciation of \$1,039.

The future lease payments under lease agreements are as follows:

Year Ending November 30	Leases - Governmental Activities		
	Principal	Interest	Total
2024	\$ 9,690	\$ 4,379	\$ 14,069
2025	10,536	3,533	14,069
2026	11,456	2,613	14,069
2027	12,456	1,613	14,069
2028	12,370	527	12,897
	<u>\$ 56,508</u>	<u>\$ 12,665</u>	<u>\$ 69,173</u>

NOTE 10 – NOTES PAYABLE

Notes payable at November 30, 2023 consisted of the following:

Governmental Activities

\$266,495 note payable to Truist Bank for a pumper truck, payable in 20 quarterly installments of \$14,809 including interest at 4.11%, through January 2024. \$ 14,658

\$117,070 note payable to JCB Finance for a 3CX-14 backhoe loader, payable in 6 yearly installments of \$22,223 including interest at 5.52%, through March 2028. 94,847

\$113,950 note payable to JCB Finance for a 3CX-15 backhoe loader, payable in 6 yearly installments of \$21,631 including interest at 5.52%, through February 2028. 91,819
\$ 201,324

Business- type Activities

\$500,000 loan from Georgia Environmental Facilities Authority (GEFA) for water tank construction project, payable in monthly installments of \$2,803 with 0% interest, through September 2032. \$ 220,833

\$1,261,000 loan from GEFA for water tank construction project, \$20,747 drawn on loan as of November 30, 2023, repayment to be over 240 months with interest at 1.13% starting after loan is fully disbursed. 20,747
\$ 241,580

CITY OF SWAINSBORO, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 – NOTES PAYABLE (continued)

As of November 30, 2023, annual debt service requirements for notes payable are as follows:

Year Ending November 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 48,180	\$ 10,482	\$ 58,662	\$ 25,000	\$ -	\$ 25,000
2025	35,373	8,481	43,854	45,747	-	45,747
2026	37,326	6,528	43,854	25,000	-	25,000
2027	39,386	4,468	43,854	25,000	-	25,000
2028	41,059	2,795	43,854	25,000	-	25,000
2029-2032	-	-	-	95,833	-	95,833
	<u>\$ 201,324</u>	<u>\$ 32,754</u>	<u>\$ 234,078</u>	<u>\$ 241,580</u>	<u>\$ -</u>	<u>\$ 241,580</u>

NOTE 11 – WATER AND SEWER SYSTEM REVENUE BOND

In 2011, the City issued \$6,413,000 in a City of Swainsboro Water and Sewer System Revenue Bond, Series 2011. The bond was issued to construct a water treatment plant.

The bond is secured by a lien on the revenues of the water and sewer system. The City is required to maintain a reserve account and a renewal/short-lived assets account. \$2,033 per month is to be deposited in the reserve account until \$243,960 is accumulated. \$26,700 annually is to be deposited in the renewal/short-lived asset account until \$165,500 is accumulated.

The bond has an interest rate of 2.25 percent. The bond requires monthly principal and interest payments of \$20,330.

As of November 30, 2023, annual debt service requirements for the series 2011 revenue bond is as follows:

Year Ending November 30	Principal	Interest	Total
2024	131,299	112,661	243,960
2025	134,899	109,061	243,960
2026	137,655	106,305	243,960
2027	140,784	103,176	243,960
2028	143,708	100,252	243,960
2029-2033	770,273	449,527	1,219,800
2034-2038	861,937	357,863	1,219,800
2039-2043	964,512	255,288	1,219,800
2044-2048	1,079,240	140,160	1,219,400
2049-2051	689,383	22,167	711,550
	<u>\$ 5,053,690</u>	<u>\$ 1,756,460</u>	<u>\$ 6,810,150</u>

CITY OF SWAINSBORO, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 – CHANGES IN LONG-TERM DEBT

	Outstanding December 1, 2022	Additions	Deletions	Outstanding November 30, 2023	Amounts Due in One Year
Governmental Activities					
Notes Payable	\$ 71,815	\$ 230,520	\$ 101,011	\$ 201,324	\$ 48,180
Leases Payable	-	62,347	5,839	56,508	9,690
Compensated absences	175,779	-	3,765	172,014	68,806
Total governmental activities	<u>\$ 247,594</u>	<u>\$ 292,867</u>	<u>\$ 110,615</u>	<u>\$ 429,846</u>	<u>\$ 126,676</u>
Business-Type Activities					
Bonds payable	\$ 5,182,378	-	\$ 128,688	\$ 5,053,690	\$ 131,299
Notes payable	266,580	\$ -	25,000	241,580	25,000
Total business-type activities	<u>\$ 5,448,958</u>	<u>\$ -</u>	<u>\$ 153,688</u>	<u>\$ 5,295,270</u>	<u>\$ 156,299</u>

Notes payable for governmental activities will be paid from the General Fund and SPLOST 6 fund. Principal and interest payments related to bonds payable and notes payable for the City's Water and Sewer System are financed from income derived from the operation of the Water and Sewer System. Compensated absences will be paid from the General Fund.

NOTE 13 – EMPLOYEE RETIREMENT PLAN

Plan Description

The City's defined benefit pension plan, the City of Swainsboro Retirement Plan (the "Plan"), provides retirement and disability benefits and death benefits to plan members and beneficiaries. The Plan is affiliated with the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for cities in the State of Georgia. The City is assigned the authority to establish and amend benefit provisions of the Plan. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information. The report can be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, SW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

Benefits Provided

The Plan provides retirement benefits to eligible employees of the City. All regular employees meeting the eligibility requirements are covered under the plan. Elected or appointed members of the City and municipal legal officers are not eligible to participate in the plan. In order to be eligible for participation, regular employees must work a minimum of twenty hours per week for at least five months per year. Regular employees qualify for immediate participation in the plan and participation is mandatory for all eligible employees.

Plan participants are eligible to receive early retirement benefits at the age of fifty-five with the completion of ten years of total credited service. Normal retirement benefits may be received at the age of sixty-five with five years of total credited service.

CITY OF SWAINSBORO, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 13 – EMPLOYEE RETIREMENT PLAN (Continued)

Normal retirement benefits are calculated based on a percentage of 1.00-1.75 percent of final average earnings multiplied by years of total credited service as an eligible regular employee. The number of years of total credited service which may be used to calculate the benefit is not limited. Monthly benefits are paid at 1/12th of the calculated amount. The same formula is used for all participants who are regular employees. Final average earnings are the annual average of earnings paid to a participant by the City for the five consecutive years of credited service preceding the participant's most recent termination in which the participant's earnings were the highest.

Final average earnings for participants electing to receive early retirement benefits are reduced by a percentage ranging from 50 percent to 93 percent depending on the number of years benefits are received prior to normal retirement age.

Disability retirement benefits shall be computed in the same manner as the normal retirement benefit, based upon the participant's accrued benefit as of his disability retirement date. The minimum disability benefit will be no less than 20% of the participant's average monthly earnings for the twelve calendar month period immediately preceding his termination of employment as a result of a disability.

In-service death benefits are payable to the participant's pre-retirement beneficiary, equal to the decreased monthly retirement benefit that would have otherwise been payable to the participant, had he elected a 100% joint and survivor benefit under the plan. In order to be eligible for this benefit, a participant must be eligible for early or normal retirement.

Employees Covered by Benefit Terms

At January 1, 2023, the most recent actuarial valuation, there were 120 participants as follows:

Active participants	46
Retirees and beneficiaries	48
Vested former employees	21
Active elected officials	5
	<u>120</u>

Contributions

The Plan is subject to minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The estimated minimum annual contribution under these standards is \$0. This minimum contribution has been determined as the sum of 1) the normal cost (including administrative expenses), 2) the 30-year level percentage of payroll amortization of the unfunded actuarial accrued liability or the 10-year level percentage of payroll amortization of the surplus, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). The GMEBS Board of Trustees has adopted an actuarial funding policy that requires a different funding level than the estimated minimum annual contribution to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the Plan. If the employer contributes the recommended contribution developed under the actuarial funding policy each year, the Plan will meet applicable state funding standards.

CITY OF SWAINSBORO, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 13 – EMPLOYEE RETIREMENT PLAN (Continued)

Net Pension Liability

The City's net pension liability was measured as of January 1, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of November 30, 2022.

Actuarial Assumptions

The total pension liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Range of 3.00 to 8.50 percent, including inflation
Investment rate of return	7.375 percent, net of pension plan investment expenses, including inflation

Mortality rates were based on the Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.

The actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2015 to June 30, 2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.40%
International equity	20%	6.80%
Domestic fixed income	20%	0.40%
Real estate	10%	3.65%
Global fixed income	5%	0.46%
	<u>100%</u>	

CITY OF SWAINSBORO, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 13 – EMPLOYEE RETIREMENT PLAN (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.375 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (c)=(a) - (b)
Balance at November 30, 2021	\$ 8,129,190	\$ 10,304,150	\$ (2,174,960)
Changes for the year:			
Service cost	101,189	-	101,189
Interest	589,815	-	589,815
Contributions from employer	-	21,254	(21,254)
Net investment income	-	(882,927)	882,927
Difference between expected and actual experience	(594,403)	-	(594,403)
Benefit payments, including refunds of employee contributions	(465,779)	(465,779)	-
Administrative expenses	-	(20,088)	20,088
Other	-	-	-
Net Changes	(369,178)	(1,347,540)	978,362
Balance at November 30, 2022	\$ 7,760,012	\$ 8,956,610	\$ (1,196,598)

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.375 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.375 percent) or one percentage point higher (8.375 percent) than the current rate:

	Discount Rate - 1% (6.375%)	Current Discount Rate (7.375%)	Discount Rate + 1% (8.375%)
City's net pension liability	(\$315,228)	(\$1,196,598)	(\$1,933,223)

CITY OF SWAINSBORO, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 13 – EMPLOYEE RETIREMENT PLAN (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended November 30, 2023, the City recognized pension expense of \$(14,308). At November 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in expected and actual experience	\$ 137,061	\$ (445,803)
Changes in assumptions	-	-
Employer contributions after measurement date	21,794	-
Net difference between projected and actual net investment income	500,164	-
	<u>\$ 659,019</u>	<u>\$ (445,803)</u>

City contributions subsequent to the measurement date of \$21,794 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending November 30, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending November 30	
2024	\$ (97,878)
2025	(41,956)
2026	6,111
2027	325,145
	<u>\$ 191,422</u>

NOTE 14 – COMMITMENTS AND CONTINGENT LIABILITIES

As of November 30, 2023 there was no pending litigation that would have a material effect on the financial statements.

CITY OF SWAINSBORO, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 15 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers' compensation claims; and natural disasters. The City carries commercial insurance to cover these risks.

The City joined the Georgia Interlocal Risk Management Agency (GIRMA). Insurance coverage and deductible options for property, casualty and crime under the policy are selected by the City's management based on the anticipated needs. The City is required to pay all premiums, applicable deductibles and assessments billed by GIRMA, as well as following loss reduction and prevention procedures established by GIRMA. GIRMA's responsibility includes paying claims, and representing the City in defense and settlement of claims. GIRMA's basis for establishing the liabilities for unpaid claims is "IBNR" established by an actuary. The City has not compiled a record of claims paid up to the applicable deductible for the prior year or the current fiscal year. The City is unaware of any claims for which the City is liable (up to the applicable deductible) which were outstanding and unpaid at November 30, 2023. No provisions have been made in the financial statements for the year ended November 30, 2023 for any estimate of potential unpaid claims.

The City has elected to be a member of the Georgia Municipal Association Workers' Compensation Self-Insurance Fund (the Fund). As a participant in the Fund, the City has no legal obligation to pay its own workers' compensation claims. The City is required to make an annual contribution to the Fund in an amount that is determined on the basis of actuarial projections of losses. With payment of the City's annual contribution, the City has effectively transferred the risk and responsibility for payment of its workers' compensation claims. However, the enabling statute creating the Fund permits the Fund to levy an assessment upon its members to make up any deficiency the Fund may have in surplus or reserves. No amount has been recorded in the financial statements for this contingency as management believes the likelihood for assessment is remote.

NOTE 16 – JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the Middle Georgia area, is a member of the Heart of Georgia Altamaha Regional Commission (RC) and is required to pay annual dues thereto. During the year ended November 30, 2023, the City paid \$7,425 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-33 which provides for the organizational structure of the RC in Georgia. The RC Regional Council membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from:

Heart of Georgia Altamaha Regional Commission
501 Oak Street
Eastman, Georgia 31023

CITY OF SWAINSBORO, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 17 – 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, 2023 follows:

Fund balance, December 1, 2022	\$ 504,123
Add hotel/motel taxes and investment earnings	148,454
Less expenditures	<u>(171,334)</u>
Fund balance, November 30, 2023	<u>\$ 481,243</u>

Expenditures of \$171,334 were for promotion of tourism as required by OCGA 48-13-51.

NOTE 18 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 15, 2024 the date that the financial statements were available for issue. No subsequent events requiring disclosure in the financial statements were noted.

CITY OF SWAINSBORO, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION (1)
CITY OF SWAINSBORO RETIREMENT PLAN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED NOVEMBER 30, 2023

	Fiscal Year End							
	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability								
Service cost	\$ 101,189	\$ 90,241	\$ 93,195	\$ 111,790	\$ 106,312	\$ 101,808	\$ 89,074	\$ 91,846
Interest	589,815	556,955	536,612	525,068	511,312	525,326	517,174	498,108
Differences between expected and actual experience	(594,403)	232,495	83,250	90,606	(22,696)	(148,073)	(82,695)	66,286
Changes of assumptions	-	-	-	(3,912)	-	(126,933)	-	-
Benefit payments, including refunds of employee contributions	(465,779)	(424,377)	(444,175)	(415,344)	(418,658)	(420,014)	(416,726)	(403,729)
Other changes	-	-	-	-	-	-	-	-
Net change in total pension liability	(369,178)	455,314	268,882	308,208	176,270	(67,886)	106,827	252,511
Total pension liability-beginning	8,129,190	7,673,876	7,404,994	7,096,786	6,920,516	6,988,402	6,881,575	6,629,084
Total pension liability-ending (a)	<u>\$ 7,760,012</u>	<u>\$ 8,129,190</u>	<u>\$ 7,673,876</u>	<u>\$ 7,404,994</u>	<u>\$ 7,096,786</u>	<u>\$ 6,920,516</u>	<u>\$ 6,988,402</u>	<u>\$ 6,881,595</u>
Plan fiduciary net position								
Contributions-employer	\$ 21,254	\$ 20,223	\$ 21,606	\$ 18,502	\$ 151,061	\$ 150,087	\$ 130,048	\$ 138,271
Net investment income	(882,927)	1,515,973	1,142,490	965,339	130,235	1,286,225	361,391	215,620
Benefit payments, including refunds of employee contributions	(465,779)	(424,377)	(444,175)	(415,344)	(418,658)	(420,014)	(416,726)	(403,729)
Administrative expense	(20,088)	(21,027)	(19,675)	(18,655)	(19,448)	(19,965)	(12,077)	(13,407)
Net change in plan fiduciary net position	(1,347,540)	1,090,792	700,246	549,842	(156,810)	996,333	62,636	(63,245)
Plan fiduciary net position-beginning	10,304,150	9,213,358	8,513,112	7,963,270	8,120,080	7,123,747	7,061,111	7,124,366
Plan fiduciary net position-ending (b)	<u>\$ 8,956,610</u>	<u>\$ 10,304,150</u>	<u>\$ 9,213,358</u>	<u>\$ 8,513,112</u>	<u>\$ 7,963,270</u>	<u>\$ 8,120,080</u>	<u>\$ 7,123,747</u>	<u>\$ 7,061,121</u>
Net pension liability-ending (a)-(b)	<u>\$ (1,196,598)</u>	<u>\$ (2,174,960)</u>	<u>\$ (1,539,482)</u>	<u>\$ (1,108,118)</u>	<u>\$ (866,484)</u>	<u>\$ (1,199,564)</u>	<u>\$ (135,345)</u>	<u>\$ (179,526)</u>
Plan fiduciary net position as a percentage of the total pension liability	115.42%	126.75%	120.06%	114.96%	112.21%	117.33%	101.94%	102.61%
Covered-employee payroll	2,470,982	2,915,453	2,674,955	2,560,994	2,552,052	2,435,693	2,104,249	1,997,936
Net pension liability as a percentage of covered-employee payroll	-48.43%	-74.60%	-57.55%	-43.27%	-33.95%	-49.25%	-6.43%	-8.99%

(1) Only fiscal years 2023, 2022, 2021, 2020, 2019, 2018, 2017, and 2016 were available. The City will continue to present information for years available until a full 10-year trend is compiled.

Notes to Schedule:

Changes of assumptions

There were no changes in assumption in the last two fiscal years.

Benefit changes

There were no changes in benefit provisions in the last two fiscal years.

CITY OF SWAINSBORO, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
CITY OF SWAINSBORO RETIREMENT PLAN
SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED NOVEMBER 30, 2023

					Fiscal Year End		
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	*	\$ 21,254	\$ 20,223	\$ 19,924	\$ 151,061	\$ 138,264	\$ 141,871
Contributions in relation to the actuarially determined contribution	*	21,254	20,223	21,606	151,061	150,087	130,048
Contribution deficiency (excess)	*	\$ -	\$ -	\$ (1,682)	\$ -	\$ (11,823)	\$ 11,823
Covered-employee payroll	*	\$2,915,453	2,674,955	2,560,994	2,435,693	2,104,249	1,997,936
Contributions as a percentage of covered-employee payroll	*	0.73%	0.76%	0.84%	6.20%	7.13%	6.51%

*2023 information will be determined after fiscal year end and will be included in the 2024 valuation report

Notes to Schedule:

Valuation Date The actuarially determined contribution rate was determined as of January 1, 2023, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending November 30, 2024.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	N/A

Asset Valuation Method	Sum 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 end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
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Actuarial Assumptions:

Inflation Rate	2.250%
Projected Salary Increases	2.25% plus service based merit increases
Cost of Living Adjustments	2.25% for participants terminated on or after December 1, 1979; N/A otherwise
Retirement Age	Rates Based on Age and History
Mortality	Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25

CITY OF SWAINSBORO, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
NOVEMBER 30, 2023

	Nonmajor Capital Projects Funds	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash	\$ 88,973	\$ 608,833	\$ 697,806
Taxes receivable	-	12,093	12,093
TOTAL ASSETS	<u>\$ 88,973</u>	<u>\$ 620,926</u>	<u>\$ 709,899</u>
LIABILITIES			
Interfund payable	-	\$ 2,014	\$ 2,014
Other liabilities	-	7,448	7,448
TOTAL LIABILITIES	<u>-</u>	<u>9,462</u>	<u>9,462</u>
FUND BALANCES			
Restricted	<u>\$ 88,973</u>	<u>611,464</u>	<u>700,437</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 88,973</u>	<u>\$ 620,926</u>	<u>\$ 709,899</u>

CITY OF SWAINSBORO, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED NOVEMBER 30, 2023

	Nonmajor Capital Projects Funds	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
REVENUES			
Taxes	-	\$ 147,574	\$ 147,574
Fines and forfeitures	-	101,721	101,721
Intergovernmental	\$ 18,713	-	18,713
Interest	145	880	1,025
Other	6,095	73	6,168
Total revenues	<u>24,953</u>	<u>250,248</u>	<u>275,201</u>
EXPENDITURES			
Current:			
Housing and development	500	10,451	10,951
Public safety	-	88,215	88,215
Capital outlay:			
Public safety	-	31,846	31,846
Housing and development	-	160,883	160,883
Total expenditures	<u>500</u>	<u>291,395</u>	<u>291,895</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>24,453</u>	<u>(41,147)</u>	<u>(16,694)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(18,713)	-	(18,713)
Sale of capital assets	-	19,819	19,819
Total other financing sources (uses)	<u>(18,713)</u>	<u>19,819</u>	<u>1,106</u>
NET CHANGE IN FUND BALANCE	5,740	(21,328)	(15,588)
FUND BALANCE, DECEMBER 1, 2022	<u>83,233</u>	<u>632,792</u>	<u>716,025</u>
FUND BALANCE, NOVEMBER 30, 2023	<u><u>\$ 88,973</u></u>	<u><u>\$ 611,464</u></u>	<u><u>\$ 700,437</u></u>

CITY OF SWAINSBORO, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
NOVEMBER 30, 2023

	<u>Dixie Theater</u>	<u>Community Development Block Grant</u>	<u>Total Nonmajor Capital Projects Funds</u>
ASSETS			
Cash	<u>\$ 88,973</u>	<u>\$ -</u>	<u>\$ 88,973</u>
FUND BALANCES			
Restricted	<u>\$ 88,973</u>	<u>\$ -</u>	<u>\$ 88,973</u>

CITY OF SWAINSBORO, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED NOVEMBER 30, 2023

	Dixie Theater	Community Development Block Grant	Total Nonmajor Capital Projects Funds
REVENUES			
Intergovernmental	-	\$ 18,713	\$ 18,713
Interest	\$ 145	-	145
Other	6,095	-	6,095
Total revenues	<u>6,240</u>	<u>18,713</u>	<u>24,953</u>
EXPENDITURES			
Current:			
Housing and development	<u>500</u>	-	<u>500</u>
Total expenses	<u>500</u>	<u>-</u>	<u>500</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,740	18,713	24,453
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>-</u>	<u>(18,713)</u>	<u>(18,713)</u>
NET CHANGE IN FUND BALANCE	5,740	-	5,740
FUND BALANCE, DECEMBER 1, 2022	<u>83,233</u>	<u>-</u>	<u>83,233</u>
FUND BALANCE, NOVEMBER 30, 2023	<u><u>\$ 88,973</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 88,973</u></u>

CITY OF SWAINSBORO, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
NOVEMBER 30, 2023

	Hotel Motel Tax	Police Drug Fund	Police Special Funds	Total Nonmajor Special Revenue Funds
ASSETS				
Cash	\$ 471,164	\$ 101,370	\$ 36,299	\$ 608,833
Taxes receivable	12,093	-	-	12,093
TOTAL ASSETS	<u>\$ 483,257</u>	<u>\$ 101,370</u>	<u>\$ 36,299</u>	<u>\$ 620,926</u>
LIABILITIES				
Interfund payable	\$ 2,014	-	-	\$ 2,014
Other liabilities	-	-	\$ 7,448	7,448
TOTAL LIABILITIES	<u>2,014</u>	<u>-</u>	<u>7,448</u>	<u>9,462</u>
FUND BALANCES				
Restricted	<u>481,243</u>	<u>\$ 101,370</u>	<u>28,851</u>	<u>611,464</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 483,257</u>	<u>\$ 101,370</u>	<u>\$ 36,299</u>	<u>\$ 620,926</u>

CITY OF SWAINSBORO, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED NOVEMBER 30, 2023

	Hotel Motel Tax	Police Drug Fund	Police Special Funds	Total Nonmajor Special Revenue Funds
REVENUES				
Taxes	\$ 147,574	-	-	\$ 147,574
Fines and forfeitures	-	\$ 55,773	\$ 45,948	101,721
Interest	880	-	-	880
Miscellaneous	-	-	73	73
Total revenues	<u>148,454</u>	<u>55,773</u>	<u>46,021</u>	<u>250,248</u>
EXPENDITURES				
Current:				
Housing and development	10,451	-	-	10,451
Public safety	-	16,271	71,944	88,215
Capital outlay:				
Housing and development	160,883	-	-	160,883
Public safety	-	13,200	18,646	31,846
Total expenditures	<u>171,334</u>	<u>29,471</u>	<u>90,590</u>	<u>291,395</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(22,880)	26,302	(44,569)	(41,147)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	<u>-</u>	<u>3,361</u>	<u>16,458</u>	<u>19,819</u>
NET CHANGE IN FUND BALANCE	(22,880)	29,663	(28,111)	(21,328)
FUND BALANCE, DECEMBER 1, 2022	<u>504,123</u>	<u>71,707</u>	<u>56,962</u>	<u>632,792</u>
FUND BALANCE, NOVEMBER 30, 2023	<u>\$ 481,243</u>	<u>\$ 101,370</u>	<u>\$ 28,851</u>	<u>\$ 611,464</u>

CITY OF SWAINSBORO, GEORGIA
HOTEL/MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED NOVEMBER 30, 2023

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 140,000	\$ 147,574	\$ 7,574
Interest	-	880	880
Total revenues	<u>140,000</u>	<u>148,454</u>	<u>8,454</u>
EXPENDITURES			
Current:			
Housing and development	45,000	10,451	34,549
Capital outlay:			
Housing and development	-	160,883	(160,883)
Total expenditures	<u>45,000</u>	<u>171,334</u>	<u>(126,334)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 95,000</u>	(22,880)	<u>\$ (117,880)</u>
FUND BALANCE, DECEMBER 1, 2022		<u>504,123</u>	
FUND BALANCE, NOVEMBER 30, 2023		<u>\$ 481,243</u>	

CITY OF SWAINSBORO, GEORGIA
POLICE DRUG FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED NOVEMBER 30, 2023

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Fines and forfeitures	\$ -	\$ 55,773	\$ 55,773
EXPENDITURES			
Current:			
Public safety	-	16,271	(16,271)
Capital outlay:			
Public safety	-	13,200	(13,200)
Total expenditures	-	29,471	(29,471)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	26,302	26,302
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	-	3,361	3,361
NET CHANGE IN FUND BALANCE	\$ -	29,663	\$ 29,663
FUND BALANCE, DECEMBER 1, 2022		71,707	
FUND BALANCE, NOVEMBER 30, 2023		\$ 101,370	

CITY OF SWAINSBORO, GEORGIA
POLICE SPECIAL FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED NOVEMBER 30, 2023

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Fines and forfeitures	\$ -	\$ 45,948	\$ 45,948
Other	-	73	73
Total revenues	<u>-</u>	<u>46,021</u>	<u>46,021</u>
EXPENDITURES			
Current:			
Public safety	-	71,944	(71,944)
Capital outlay:			
Public safety	<u>-</u>	<u>18,646</u>	<u>(18,646)</u>
Total expenditures	<u>-</u>	<u>90,590</u>	<u>(90,590)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(44,569)	(44,569)
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	<u>-</u>	<u>16,458</u>	<u>16,458</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>(28,111)</u>	<u>\$ (28,111)</u>
FUND BALANCE, DECEMBER 1, 2022		<u>56,962</u>	
FUND BALANCE, NOVEMBER 30, 2023		<u>\$ 28,851</u>	

CITY OF SWAINSBORO, GEORGIA
SCHEDULE OF PROJECTS PAID
WITH SPLOST PROCEEDS
FOR THE YEAR ENDED NOVEMBER 30, 2023

SPLOST 6

Project	Original Estimated Cost	Current Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
Public safety buildings and equipment			\$ 84,244	\$ 229,138	\$ 313,382	
Public works equipment and street improvements			142,903	381,798	524,701	
Water and waste water improvements			97,632	44,497	142,129	
City Hall renovations			37,622	4,446	42,068	
Culture arts and education infrastructure			366,963	-	366,963	
Totals	<u>\$ 2,552,006</u>	<u>\$ 2,552,006</u>	<u>\$ 729,364</u>	<u>\$ 659,879</u>	<u>\$ 1,389,243</u>	<u>54%</u>

SPLOST capital projects fund total expenditures	908,249
SPLOST capital projects fund transfer out	<u>44,497</u>
	952,746
Less:	
Use of debt proceeds	<u>(292,867)</u>
	<u>\$ 659,879</u>

CITY OF SWAINSBORO, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT
21p-x-053-2-6193
SOURCE AND APPLICATION OF FUNDS SCHEDULE
FOR THE YEAR ENDED NOVEMBER 30, 2023

TOTAL PROGRAM YEAR 2021 FUNDS ALLOCATED TO RECIPIENT	\$ 750,000
LESS: TOTAL PROGRAM YEAR 2021 FUNDS DRAWN BY RECIPIENT	<u>71,263</u>
FUNDS STILL AVAILABLE FROM PROGRAM YEAR 2021 RESOURCES	<u><u>\$ 678,737</u></u>
TOTAL PROGRAM YEAR 2021 FUNDS DRAWN AND RECEIVED BY RECIPIENT	\$ 71,263
LESS: FUNDS APPLIED AND EXPENDED ON PROGRAM YEAR 2021 COSTS	<u>71,263</u>
TOTAL PROGRAM YEAR 2021 FUNDS HELD BY RECIPIENT	<u><u>\$ -</u></u>

CITY OF SWAINSBORO, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT
21p-x-053-2-6193
PROJECT COST SCHEDULE
FOR THE YEAR ENDED NOVEMBER 30, 2023

PROGRAM ACTIVITY	ACTIVITY NUMBER	APPROVED BUDGET CDBG FUNDS	CUMULATIVE EXPENDITURES CDBG FUNDS
Engineering - Water/Sewer Improvements	T-03J-00	\$ 30,000	\$ 17,010
Sewer Facilities	P-03J-02	250,000	-
Engineering - Street Improvements/Flood & Drainage	T-03K-00	36,000	16,753
Street Improvements	P-03K-01	75,000	-
Flood/Drainage Facilities	P-03K-02	314,000	-
Administration	A-21A-00	45,000	37,500
		<hr/>	<hr/>
Total		\$ 750,000	\$ 71,263
		<hr/>	<hr/>

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

To the City Council
City of Swainsboro, Georgia

We 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 *Government Auditing 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 unit, and each major fund of City of Swainsboro, Georgia, as of and for the year ended November 30, 2023, and the related notes to the financial statements, which collectively comprise City of Swainsboro, Georgia's basic financial statements, and have issued our report thereon dated July 15, 2024.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Swainsboro, Georgia's financial statements are free from material misstatement, we 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 our audit, and accordingly, we do not express such an opinion.

The results of our 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 in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lamier, Deal, Proctor + Blaser

Statesboro, Georgia

July 15, 2024