

City of Thomaston, Georgia



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2011

CITY OF THOMASTON, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2011

PREPARED BY:

FINANCE OFFICE

CITY OF THOMASTON, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2011

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CITY OF THOMASTON

FINANCE DEPARTMENT

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P. O. Box 672
Thomaston, Georgia 30286-0009

706-647-6633
Telephone

706-647-6583
Fax

June 25, 2012

Honorable Mayor and
City Council Members
Citizens of the
City of Thomaston, Georgia

Ladies and Gentlemen:

State law requires that all general-purpose local governments publish within six months of the close of the fiscal year a complete set of financial statements based on accounting principles generally accepted in the United States of America and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Thomaston, Georgia for the fiscal year ended December 31, 2011.

This report consists of management's representations concerning the finances of the City of Thomaston, Georgia. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Thomaston has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Clifton, Lipford, Hardison & Parker, L.L.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Thomaston, Georgia for the fiscal year ended December 31, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended December 31, 2011, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Profile of the Government

The City of Thomaston, Georgia, incorporated in 1825, is located in the west central part of the state, approximately 68 miles south of Atlanta, 45 miles west of Macon and 57 miles northeast of Columbus, and serves a population of approximately 10,000. The increasing industrial, commercial and residential growth from south of Atlanta together with a four-lane highway connector from Atlanta to this area, places the City in a very favorable geographic location conducive for future growth. The City of Thomaston is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The governing body of the City of Thomaston is responsible, among other things, for passing ordinances, adopting the budget, appointing department heads, making appointments to agencies and authorities of the City, and hiring the city attorney, city auditor and the city manager. The city manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The council is elected and each serves four-year terms.

The annual budget serves as the foundation for the City's financial planning and control. All departments and agencies funded by the City are required to submit a request for appropriations to the city manager each year. The mayor and council are required to hold public hearings on the proposed budget. The appropriated budget is prepared by fund (e.g., general), function (e.g., Police Department) and account (e.g., salaries and wages).

ECONOMICS

The city charges user fees for customers who use city services. The user fees for electricity, water, sewer, curbside trash and household garbage services are established by ordinance and watched closely by the city manager in order to have revenues sufficient to cover service costs and contribute to capital projects.

During 2011, the City of Thomaston maintained strong financial stability and as such, reinforced the City's long term financial planning. In an effort by the city council and the city manager to insure that funds will be available for future capital expenditures, there were two significant resolutions adopted by the council during 2006. One resolution established a capital extension, maintenance, or replacement account, Capital Purchases Account, for the General Fund, Water/Sewer Fund and the Electric Fund. Another resolution established a reserve account for the same three funds. At the end of 2011, the balance in the Reserve Account was \$2.4 million, and the Capital Purchases Account balance was \$730,000.

Water, sewer and electrical projects are an ongoing user of capital funds. During 2011, the City was awarded a \$500,000 Community Development Block Grant that represented additional funds for an earlier 2009 Community Development Block Grant for the same amount. The additional grant funds will be used for water and sewer line replacement projects. These projects came about due to the actions of the city council and city manager to actively pursue grant funds to supplement the City's normal revenue.

Following the Special Purpose Local Option Sales Tax (SPLOST) funds that began in 2005 and ended for the City in 2010, another SPLOST began in 2011 with receipts beginning in June 2011. The City will receive a portion of the SPLOST funds which will be used for water/sewer infrastructure replacement projects.

Transportation continues to be a focus for the Thomaston-Upson Area Transportation Committee, and the city council is supportive of efforts to improve and widen regional highways to connect the City to Interstate 75.

Please refer to the complimentary information in Management's Discussion and Analysis.

CERTIFICATE OF ACHIEVEMENT AWARD

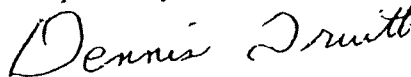
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Thomaston for its Comprehensive Annual Financial Report for the year ended December 31, 2010, our twenty fifth consecutive year.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA.

I want to thank the Mayor and members of the City Council, and the City Manager for their interest and support in planning and conducting the operations of the City in a responsible and progressive manner, and also to thank the City Manager and our city auditors, Clifton, Lipford, Hardison & Parker, L.L.C. for their contributions in the preparation of the 2011 CAFR.

Respectfully submitted,

A handwritten signature in black ink that reads "Dennis Truitt". The signature is written in a cursive, flowing style.

Dennis Truitt
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Thomaston
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davidson

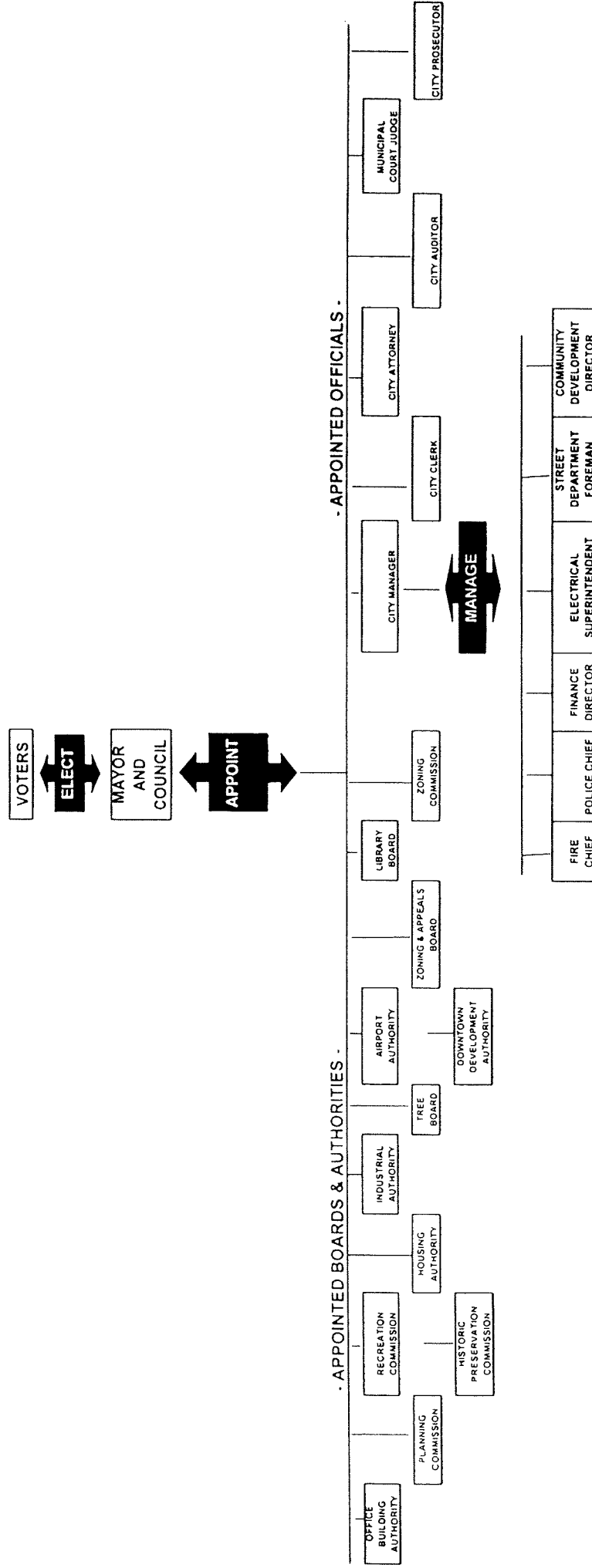
President

Jeffrey R. Enen

Executive Director

CITY OF THOMASTON, GEORGIA

ORGANIZATIONAL CHART



LIST OF ELECTED AND APPOINTED OFFICIALS

**CITY OF THOMASTON, GEORGIA
2011**

MAYOR

Hays Arnold, Jr.

CITY COUNCIL

Gary Atwater

Ed Bell

Doug Head

Patsy Perdue

Wallace Rhodes

CITY MANAGER

Patrick Comiskey

CITY CLERK/TREASURER

FINANCE DIRECTOR

Dennis Truitt

CITY ATTORNEYS

A. Joel Bentley, Jr.

Attorney at Law

INDEPENDENT AUDITORS

Clifton, Lipford, Hardison & Parker, L.L.C.

Certified Public Accountants

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FINANCIAL SECTION

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J. Russell Lipford, Jr., CPA
Mark O. Hardison, CPA
Terry I. Parker, CPA
Christopher S. Edwards, CPA
Lynn S. Hudson, CPA
Kevin E. Lipford, CPA

Member of
American Institute of
Certified Public Accountants
Truman W. Clifton (1902-1989)

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the
City Council
City of Thomaston, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Thomaston, Georgia as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Thomaston, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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, each major fund, and the aggregate remaining fund information of the City of Thomaston, Georgia, as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

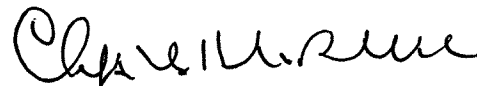
In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2012, on our consideration of the City of Thomaston, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Honorable Mayor and Members of the
City Council
City of Hinesville, Georgia
Page Two

The management's discussion and analysis information and the schedule of pension funding progress on pages 10 through 22 and page 58, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Thomaston, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, budgetary comparison schedules, the statistical tables, and the schedule of projects constructed with special sales tax proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of the City of Thomaston, Georgia. The combining and individual nonmajor fund financial statements and schedules, the budgetary comparison schedules, the schedule of projects constructed with special sales tax proceeds, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Macon, Georgia
June 25, 2012 – *original issue date.*



November 30, 2012 – *issuance date for single audit purposes.*

MANAGEMENT'S DISCUSSION & ANALYSIS

CITY OF THOMASTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011

Management Discussion and Analysis

The discussion and analysis of the City of Thomaston's financial performance provides an overview of the City's financial activities for the year ended December 31, 2011.

FINANCIAL HIGHLIGHTS

- The City established a reserve policy in 2006 establishing a 15% cash reserve requirement for selected major funds – General, Water and Sewer, and Electric Funds. The reserves for these funds had a combined total of \$2,426,461 as of December 31, 2011.
- The City established capital project accounts in 2007 for each of the selected funds - General, Water and Sewer, and Electric Funds. The capital project accounts for these funds had a combined total of \$730,864 as of December 31, 2011. The city utilized \$83,500 during the year for line infrastructure replacement.
- The city government has been shrinking in recent years since the close of Thomaston Mills Company, the city's largest employer, in July of 2001 and the Martha Mill Operation, the city's second largest employer, a few years later. Thomaston has lost more than 1 in 5 jobs over the past decade. The City's response was to reduce the number of city employees by 1/3rd over the same time period. The total gross wages paid in 2010 was \$630,185 or 15.5% less than the city paid out in 2002. Total gross wages paid in 2011 was \$147,114 or 4.8% less than 2010.
- The city's employee health, dental, disability, and life insurance premium costs were \$2,209 or .3% less in 2011 than what the city paid in 2010. The city had six employees retire during 2011 and the positions were not replaced during the year.
- The City's net assets increased by \$419,356 in 2011. Net Assets for the Governmental Activities decreased by \$296,855 in 2011. The City's net assets for the Business type Activities increased by \$716,211.
- The City increased its Business-type Activities notes and bonds payable debt by \$1,029,341 in 2011. The City borrowed an additional \$1,669,494 during 2011.
- The City maintained its property tax rate in 2011 instead of allowing the roll-back provision to increase the property tax rate; therefore, the city has achieved a new ten year low at 3.62 mils.
- The City's net change in fund balance for the General Fund in 2011 increased by \$111,149. The City's change in net assets for the Water and Sewer Fund increased by \$1,522,305. The City's change in net assets for the Electric Fund decreased by \$807,181.
- The city's employee pension contributions decreased by \$114,303 or 32% in 2011. The city contributed 100% of the actuary's recommended contribution.
- The City's electric charges for services revenues increased by \$397,142 in 2011. This represents an overall increase of 3.6% from 2010. The city's electricity costs less off system electricity sales

CITY OF THOMASTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011
(CONTINUED)

rose by \$102,335 in 2011 for an increase of 1.1% from 2010. The result was a gain of \$294,807 in 2011 from 2010.

- The average small, non-demand commercial city electric customer would pay more than 10% more if they were a Georgia Power customer. Approximately 4/5ths of the city's commercial electric accounts are either non-demand or small demand customers. The residential rate comparison report issued by the Georgia Public Service Commission in summer 2011 identified the City of Thomaston electric utility as having the 13th lowest monthly electric charges out of 95 utilities reporting charges for a household utilizing 1,000 kWh.
- The City of Thomaston's total net assets at the close of 2011 totaled \$36,989,064; \$10,099,261 of which were in cash or cash equivalents. An additional \$4,290,059 of net assets was held in investments that are convertible in the time it takes for an electronic wire transfer.
- The City's investment in capital assets of governmental activities decreased by \$301,391 in 2011 for a decrease of 2.4% from 2010. The city's investment in business type activity capital assets, net of related debt, rose by \$1,013,828 or 10% in 2011.
- The City's General Fund tax collections decreased again in 2011. This time by \$113,597 or a decrease of 3.5% from 2010. This is \$218,753 or 6.5% less than those collected in 2001.
- The City's water and sewer charges for services and miscellaneous revenues increased in 2011. The increase amounted to \$118,917 or an increase of 3.4%. The city increased the water rate and sewer rates again in 2012.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The statement of Net Assets and the Statement of Activities provide information about the activities of the city as a whole, and present a longer-term view of the city's finances. For governmental activities, these statements tell how these financial statements also report the city's operations in more detail than the government-wide statements by providing information about the city's most significant funds. The remaining statements provide financial information about activities for which the city acts solely as a trustee or agent for the benefit of those outside of the government.

REPORTING THE CITY AS A WHOLE

The Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the city's finances is, "Is the city as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the city as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting which is similar to the accounting used in by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2011 (CONTINUED)

These two statements report the city's net assets and liabilities – as one way to measure the city's financial health, or financial position. Overtime, increases or decreases in the city's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the city's property tax base and the condition of the city's roads, to assess overall health of the city.

In the Statement of Net Assets and the Statement of Activities we divide the city into two kinds of activities:

-Governmental Activities: Most of the city's basic services are reported here, including the police, fire, public works, city court, finance, and general administration. Property taxes, sales taxes, franchise fees, and transfers from the electric department finance most of these activities.

-Business-type Activities: The city charges a fee to customers to help it cover all or most of the cost of certain services it provides. The city's water and sewer system, electric distribution services, and the sanitation service are discussed here.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the city as a whole. Some accounts are required to be established by State law and by bond covenants. However, the city council establishes many other accounts to help control and manage money for particular purposes such as the bond sinking account to show that it is meeting legal responsibilities for certain taxes, user fees, or other money (like money received from the 2002 bond issue). The city's two kinds of funds – governmental and proprietary – use different accounting approaches.

-Government Funds: Most of the city's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year – end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short term view of the city's general government operations and basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the city's programs. We describe the relationship (or differences) between governmental activities reported in the Statement of Net Assets and the Statement of Activities and governmental funds in reconciliation between the government wide financial statements and the governmental fund financial statements.

The City of Thomaston maintains eight (8) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each of the two major governmental funds.

-Proprietary Funds: When the city charges customers for the services it provides – whether to outside customers or to other units of the city – these services are generally reported in proprietary funds.

CITY OF THOMASTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011
(CONTINUED)

Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the city's enterprise funds are the same as the business-type activities we report in the government-wide statements but provide more detail.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Thomaston, assets exceeded liabilities at the close of the most recent fiscal year. The City of Thomaston's total net assets at the close of 2011 totaled \$36,989,064; \$10,099,261 of which were in cash or cash equivalents. An additional \$4,290,059 of net assets was held in investments that are convertible in the time it takes for an electronic wire transfer. The City of Thomaston's total net assets grew by \$419,356 in 2011.

A large portion of the city's net assets reflects its investment in capital assets (e.g. infrastructure, land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the city of Thomaston's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets						
Current and Other Assets	\$ 7,849,938	\$ 8,296,274	\$ 8,426,646	\$ 9,016,370	\$ 16,276,584	\$ 17,312,644
Capital and Noncurrent Assets	12,132,055	12,433,446	21,886,204	19,843,035	34,018,259	32,276,481
Total Assets	19,981,993	20,729,720	30,312,850	28,859,405	50,294,843	49,589,125
Liabilities						
Current Liabilities	342,744	1,171,673	1,650,295	1,874,190	1,993,039	3,045,863
Long-term Liabilities	1,320,897	942,840	9,991,843	9,030,714	11,312,740	9,973,554
Total Liabilities	1,663,641	2,114,513	11,642,138	10,904,904	13,305,779	13,019,417
Net Assets						
Invested in Capital Assets, Net of Related Debt	12,132,055	12,433,446	11,194,897	10,181,069	23,326,952	22,614,515
Restricted	3,517,736	3,254,258	294,976	293,632	3,812,712	3,547,890
Unrestricted	2,668,561	2,927,503	7,180,839	7,479,800	9,849,400	10,407,303
Total Net Assets	\$ 18,318,352	\$ 18,615,207	\$ 18,670,712	\$ 17,954,501	\$ 36,989,064	\$ 36,569,708

CITY OF THOMASTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011
(CONTINUED)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program Revenues						
Charges for services	\$ 594,790	\$ 706,650	\$ 16,324,823	\$ 15,828,420	\$ 16,919,613	\$ 16,535,070
Operating grants and contributions	220,301	801,356	-	-	220,301	801,356
Capital grants	438,426	1,481,609	485,621	3,013,367	924,047	4,494,976
General Revenues						
Taxes	3,251,138	3,329,341	-	-	3,251,138	3,329,341
Interest revenue	30,354	58,012	802,455	383,769	832,809	441,781
Other	133,330	94,573	-	-	133,330	94,573
Total Revenue	4,668,339	6,471,541	17,612,899	19,225,556	22,281,238	25,697,097
Expenses						
General government	2,078,608	3,004,727	-	-	2,078,608	3,004,727
Public safety	2,751,102	2,963,077	-	-	2,751,102	2,963,077
Public works	794,525	1,634,486	-	-	794,525	1,634,486
Economic development	144,262	217,922	-	-	144,262	217,922
Culture & recreation	21,697	-	-	-	21,697	-
Water & Sewer	-	-	3,978,918	3,452,263	3,978,918	3,452,263
Electric	-	-	11,008,854	9,220,580	11,008,854	9,220,580
Sanitation	-	-	1,083,916	994,802	1,083,916	994,802
Total Expenses	5,790,194	7,820,212	16,071,688	13,667,645	21,861,882	21,487,857
Excess (deficiency) before contributions and transfers	(1,121,855)	(1,348,671)	1,541,211	5,557,911	419,356	4,209,240
Transfers	825,000	1,446,111	(825,000)	(1,446,111)	-	-
Change in Net Assets	(296,855)	97,440	716,211	4,111,800	419,356	4,209,240
Net Assets - Beginning of year	18,615,207	18,517,767	17,954,501	13,842,701	36,569,708	32,360,468
Net Assets - End of year	\$ 18,318,352	\$ 18,615,207	\$ 18,670,712	\$ 17,954,501	\$ 36,989,064	\$ 36,569,708

Governmental Activities

The City of Thomaston's total net assets increased during 2011. The governmental activities net assets decreased by \$296,855 from 2010. The city's governmental activities cash position decreased by \$214,186. The city will be shifting all SPLOST funds from current to capital assets over the next few years. The city established, in 2006, a minimum 15% reserve fund for each of the major funds. The city also established capital replacement accounts for each of the major funds.

The city expended \$270,141 in 2011 on general government capital assets. A total of \$85,044 of the capital expenditures was expended to replace four police cars. A total of \$78,302 was expended on marble columns and steel fencing in South View Cemetery. The city expended \$31,922 to install heating and cooling units for city hall offices and the city fire station. The city expended \$34,270 to install security cameras at city hall and in three city parks. The city expended \$16,869 to replace and upgrade half of a block of sidewalks in the downtown

CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2011 (CONTINUED)

The city added \$221,362 in capital assets from SPLOST spending in 2011. The city expended the majority of the funds on sewer line improvement projects. The projects are expected to reduce ground water infiltrating the city sewer lines.

The city's liabilities decreased by \$450,872 in 2011. Retainage payable, accounts payable, and intergovernmental payables decreased by \$813,609. The estimated landfill post closure cost was increased in 2011 by \$392,127 from the 2010 estimate.

Business-Type Activities

The city's water and sewer fund net assets increased by \$716,211 in 2011. Almost all of this growth is due to a \$1,877,611 increase in capital assets, net depreciation. The largest driver in the increase in net assets came from \$1,346,000 in transfers from the city's Electric Fund. A second major contributor was the proceeds from the GEFA. The city obtained two loans from the GEFA, one in 2009 and the other in 2010. The first loan allowed for 70% of the \$3.4 million note to be forgiven. The second allowed for 30% of the \$1.9 million note to be forgiven. The two projects allowed the city to replace 13 miles of water lines.

The city increased the Water Fund Notes and Bonds Payable balance by \$1,029,341. The increase was due to the acceptance of two GEFA notes. The acceptance allowed the city to obtain \$2.7 million in federal grant funds.

The city's electric fund net assets were reduced by \$807,181 during 2011. This reduction resulted from a transfer out of \$1,346,000 of funds to the city's water and sewer fund. The city successfully utilized these funds to leverage for federal grant funds for water line replacements in the downtown, west side, and south ends of town. Electric funds were also used to pay for general water and sewer operations because of a reduction of water usage of greater than 24% over the current and previous five years.

The electric fund total liabilities grew slightly by \$49,308 in 2011. The current liabilities provided most of the increase growing by \$39,526. Accounts payable fell by \$5,400. The due to other funds grew by \$34,835.

The investment in capital assets net of related debt grew by \$165,558. Total net assets decreased by \$807,181.

THE CITY AS TRUSTEE

Reporting the City's Fiduciary Responsibilities

The City of Thomaston participates in the Georgia Municipal Association sponsored retirement program. The City contributes a percentage of the city's payroll each year at a rate based on the most recent actuary report. These funds are not available for the city's use so they are excluded from the city's other financial statements. The city is responsible for ensuring that these funds are used for their intended purposes. The city's employee pension fund contributions decreased by \$114,303 or 32% in 2011.

CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2011 (CONTINUED)

General Fund

General fund revenues exceeded expenditures and other financing sources (uses) in 2011 by \$111,149. Most of the gain came from a reduction of city staff from retirement. Six employees retired in 2011. The city did not hire replacements in 2011. Another outlay was the construction of the Greatest Generation Memorial Park project.

General fund taxes consisting primarily of property taxes, sales taxes, franchise fees, insurance premium taxes fell by \$113,597 or 3.5%. This is the fifth year of decline after experiencing three years of growth from 2004-2006 and after experiencing a decline for the two years of 2002 and 2003. Collections in 2011 were \$218,753 or 6.5% less than in 2001. The mayor and city council maintained the property tax rate in 2011 because a roll back in the rate would have increased the rate slightly from 2010. The city rolled back the rate for six straight years when the roll back resulted in a reduction to the mill rate. The current mill rate is 3.62 (a 10 year low).

The city's total gross wages paid to all general fund, electric fund, and community development fund workers (city wide) dropped by \$147,114 or 4.8% in 2011. The city government has been shrinking in recent years since the close of Thomaston Mills Company, the city's largest employer, in July of 2001. The City's total gross wages paid in 2011 for all fund departments was \$630,185 or 15.5% less than the city paid out in 2002. This figure does not include the subsequent reductions in payroll taxes and workers compensation. The city's employee health, dental, disability, and life insurance premium costs were \$2,209 or 0.3% less in 2011 than what the city paid in 2010.

Water and Sewer Fund

The water and sewer fund operating revenues for services and miscellaneous revenue increased in 2011 by \$118,917. This amounted to an increase in revenue of 3.4% from 2010. Revenues dropped by \$49,112 or 1.4% in 2010 and \$160,546 or 4.3% in 2009. In fact, revenues dropped over in each of the three previous years. The city increased the water and sewer rates in January of 2008, 2009, 2010, and 2011. Revenues decreased in all three (3) years as water usage dropped by more than 24% from 2007 to 2010. Usage dropped again in 2011 but the increase in the rate was significantly higher than the previous annual increases.

The city spent \$1,070,338 on debt, principal, and related expenses in 2011. This accounts for 29.2% of total revenues received for services and miscellaneous revenue in 2011. The city expended \$1,790,539 in 2011 on water line replacements primarily in the south end of town. The project is expected to reduce the system water loss numbers and improve the pressure and water quality in the areas replaced. The Lake Thomaston Dam and Reservoir project was completed in 2010 and has increased the city's water storage capacity by greater than 50%.

Electric Fund

The city electric revenues from charges and fees increased in 2011 by \$397,142. The City's electricity costs less off system electricity sales rose by \$102,335 in 2011 for an increase of 1.1% from 2010. A comparison of the growth in revenues with the growth in expenditures shows a net gain of \$294,807 in 2011 from 2010; however, this represents a net loss of \$380,207 from 2008.

CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2011 (CONTINUED)

The average small, non-demand commercial city electric customer would pay more than 10% more if he/she was a Georgia Power customer. Approximately 4/5ths of the city's commercial electric accounts are either small demand or non-demand customers. The residential rate comparison report issued by the Georgia Public Service Commission for summer 2011 identified the City of Thomaston electric utility as having the 13th lowest monthly electric charges out of 95 utilities reporting charges for a household utilizing 1,000 kWh.

The city initiated a comprehensive review and mapping of the city's electric distribution system in 2006 at an initial phase cost of \$25,000. The city completed the comprehensive review in 2007 spending \$68,737. The study identified more than ½ million dollars in system improvements. The city performed \$228,587 in distribution system improvements in 2008. The city performed another \$35,618 of the improvements in 2009. The city expended \$111,561 of the improvements in 2010 and \$254,391 in system improvements in 2011.

SPLOST

The city's special purpose local option sales tax fund (SPLOST) expenditures exceeded revenues by \$189,350. The city has several projects designated for spending the SPLOST funds. One major project completed in 2011 at an expense of \$458,595 in SPLOST funds and \$500,000 in CDBG funds was a sewer line improvement project in East Thomaston. An even larger project in the organization stage is a sewer line replacement project along the west side of town. This project is still in the easement acquisition stage. The construction is expected to begin as early as late 2012. The city is planning to expend the balance of the 2004 approved SPLOST funds on infrastructure replacement over the next two years. The city will receive approximately \$4 million from the 2011 approved SPLOST over the next five years. The city is directing all of these tax revenues for the purpose of replacing existing sewer lines.

Reserve and Capital Spending Accounts

The city council passed a resolution in 2006 establishing a minimum 15% reserve account for each major fund. The reserve is intended to serve as a buffer in the event of a drop in revenues caused from a natural disaster or fiscal crisis.

1. The city's general fund tax collections dropped by \$503,602 or 14.3% between 2002 and 2003. General fund taxes collections increased from 2003 to a figure in 2007 of \$299,574 more than they were in 2001. The city's general fund tax collections dropped over the next 4 years to a level \$218,753 less than those collected 2001. The major contributors in the drop include the loss of the community's largest employer in 2001, the Thomaston Mills Corporation and the Martha Mills operation, the city's second largest employer. The community has lost one in five jobs over the past decade.
2. The city completed the construction of a new dam and reservoir expansion project in 2010. The new Lake Thomaston dam and reservoir project is expected to add 160 days to the city's water storage reserve.

The capital project accounts will allow the city to keep up with major capital replacement projects. The city's capital project accounts totaled \$730,864 as of December 31, 2011.

CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2011 (CONTINUED)

1. The city hired a firm to undertake an analysis of the city's electric distribution system. The study began in 2006 and was completed in the fall of 2007. The firm presented a list of upgrade and replacement recommendations total more than ½ million dollars. The city completed \$228,587 of electric line upgrades and replacements in 2008. The city undertook \$35,618 worth of improvement work in 2009. The city expended \$111,561 on improvement work in 2010. The city expended \$254,391 on system improvements in 2011.
2. City contract personnel spotted a cavity in the ground underneath South Green Street (a state route) in the fall of 2011. The cavity was caused, in part, by a broken sewer line. The city had to make the unbudgeted line replacement and repair immediately. The unplanned project cost was \$57,436. This project serves as an example for why a capital replacement account is necessary.
3. The state is widening sections of Georgia State Route 3 in Thomaston. The project required the city to move utilities along the expansion route. This project required the commitment of \$3/4 million to move the utilities. Fortunately, the city received approval for state aid on the project. The aid will cover 2/3rds of the costs.
4. The city set aside a capital project account for undertaking future general fund projects. The city plans to mill and pave streets each year. The city put out a request for proposals for a million dollars in paving work at the close of 2011.

Comparison of the Final 2011 Budget with the Actual Expenditures

The major variance in the General Fund expenditures is in the general government category. The largest line item accounting for \$908,839 of the total \$2,059,705 variance from the final budget for spending and the actual spending is the capital projects and purchases line item. The city planned to undertake road milling and resurfacing of five miles of city streets in 2011. The project was not executed until 2012. The city planned to undertake a tax equity study during 2011; however the study was not undertaken because the county government did not provide the financial records the city requested. The city budgeted \$201,116 for additional professional service fees and legal expenditures than what was expended. The city allocated half of that amount to ensure that a full study was completed and presented. The city had six employees retire during 2011. Three of the employees were administration department workers that were not replaced in 2011. The city expended \$68,233 less in personnel costs than what was budgeted. The city did not spend \$129,147 allocated for contractual services and city projects. The city planned to undertake two beautification projects in 2011 that were not pursued. The city budgeted \$145,000 to build a parking lot and basketball court that were not constructed until 2012. The city budgeted \$53,276 more than what was expended for police annuity benefit fees and court ware fees. The city anticipated \$123,203 more in court fines that what was issued. City staff plan for carrying over sufficient funds annually to have cash on hand to pay for expenditures in the first half of the next year so the city does not have to obtain a tax anticipation note to operate.

Comparison of the Original 2011 Budget with the Final Amended Budget

The city reviews the city budget throughout making approximately four revisions during the year. The city implemented three budget revisions to the 2011 budget. The first revision transferred \$739,000 from the electric fund to the water fund. The transfer was to provide funds to complete work associated with water line replacements in the west and south sides of town. The city moved \$500,000 from general fund

CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2011 (CONTINUED)

reserves and another \$187,000 of the budgeted contingency to capital projects. The city was planning to bid out milling and paving work later in the year.

The second revision involved transferring \$111,120 from the general fund to the sanitation, airport, recreation, and landfill funds and an additional \$200,000 from the electric fund to the water fund. The county government notified the city on January 3rd that they were no longer going to abide by previous agreements and reimburse the city for joint project employees effective the January 3rd, the date of the notice. Shortly after taking over the yard waste site, the county commissioners closed it. The city directed the hauling contractor to dispose of the material with the city paying an additional \$5,000 monthly for the added service. The county commissioners also refused to reimburse the city for the final pay period and leave pay-out expenditures associated with the joint project workers. Therefore, the city allocated \$111,120 from capital projects in order to transfer \$70,000 to the sanitation fund, \$7,000 to the airport fund, \$32,000 to the recreation fund, and \$2,000 to the landfill fund. The city also allocated electric funds to add an additional \$100,000 in funds for repair and maintenance in the water department and \$60,000 in funds for the replacement of sewer lines.

The third and final revision transferred \$37,000 in budgeted expenditures in the fire, street, and park departments. The city shifted \$15,000 from projected expenditures in the fire department health insurance line item to the fire department line item for repair and maintenance of vehicles. The city also reallocated \$22,000 from street department operations to the new park department.

Capital Asset Administration

The City of Thomaston's investment in capital assets for its governmental and business-type activities as of December 31, 2011 amounts to \$34,018,259 net of accumulated depreciation. The investment in capital assets consists primarily of the Water and Sewer system and infrastructure owned by the City. For the current year, the investment in capital assets net depreciation increased \$1,741,778. The city's south side water line replacement project provided the largest portion of the increase adding \$1,790,539 to the capital asset values. Electric system line changes along Georgia Route 3, north of Potato Creek Bridge, totaled \$141,969.

The largest general government activities capital purchase was the \$85,044 expended to replace out four police cars. The city expended \$78,302 to extend the marble column and steel fence at South View Cemetery to the tree line. The city expended \$31,922 to install new heating and cooling units at city hall and the fire station.

Additional information on the City's capital asset administration can be found in Note 8 in the notes to the financial statements of this report.

CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2011 (CONTINUED)

The following is a summary of capital assets, net of depreciation:

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Land	\$ 2,705,015	\$ 2,705,015	\$ 2,311,342	\$ 2,241,040	\$ 5,016,357	\$ 4,946,055
Construction in progress	184,691	1,662,740	2,204,807	5,252,641	2,389,498	6,915,381
Buildings	1,874,002	880,204	2,125,173	2,324,289	3,999,175	3,204,493
Systems	-	-	14,684,968	9,430,483	14,684,968	9,430,483
Equipment	1,057,963	827,113	389,602	265,785	1,447,565	1,092,898
Vehicles	667,856	673,572	170,312	328,797	838,168	1,002,369
Infrastructure	5,642,528	5,684,802	-	-	5,642,528	5,684,802
Total capital assets	\$ 12,132,055	\$ 12,433,446	\$ 21,886,204	\$ 19,843,035	\$ 34,018,259	\$ 32,276,481

Long-term Debt Administration

As of December 31, 2011, the City of Thomaston reported the following long-term debt:

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Revenue bonds	\$ -	\$ -	\$ 8,360,000	\$ 8,720,000	\$ 8,360,000	\$ 8,720,000
GEFA loan	-	-	2,331,307	941,966	2,331,307	941,966
Landfill postclosure liabilities	1,377,591	985,464	-	-	1,377,591	985,464
Compensated absences	168,306	182,376	36,988	38,901	205,294	221,277
Total outstanding debt	\$ 1,545,897	\$ 1,167,840	\$ 10,728,295	\$ 9,700,867	\$ 12,274,192	\$ 10,868,707

Additional information on the City's long-term debt can be found in Note 9 in the notes to the financial statements of this report. The city has reduced long term debt by approximately ½ million dollars in each of the past eight (8) years. The city added \$1,669,494 in additional debt in 2011 in the form of two GEFA Notes for water line replacements.

Fiscal Condition of the City

The local economy continues to contract in the wake of the closing of the two largest employers in the past decade, the Thomaston Mills Company and Martha Mill operation. The town has shifted from a regional manufacturer to a regional retailer. The city's largest employer is now the regional hospital and medical community.

The city leadership undertook several strategies to place the organization on stronger footing. The most effective step has been the reduction of personnel in every city department. The city began eliminating positions in 2002 and has continued to eliminate positions primarily through attrition. The city employee workforce is 1/3rd smaller than a decade ago. The city completed a \$4 1/2 million city reservoir expansion project in 2010, adding ¼ million gallons of added water storage. The purchase of the

CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011
(CONTINUED)

reservoir from the bankrupt Thomaston Mills Company and the city upgrade and expansion increased the city's water storage reserve by approximately 160 days. The city hopes to utilize the new water supply to attract industry to town. The city took advantage of partial loan forgiveness programs offered through the state's environmental facilities authority (GEFA). The city utilized funds in the bank to match with GEFA and CDBG funds to replace 15 miles of water lines in town over a three year period beginning in 2010 in an effort to reduce water line water losses and improve the system. The city plans to continue this practice in upcoming years. The city established a 15% reserve fund for each of the major city funds. All of these steps were to prepare the city for even tougher times expected ahead.

The city increased water and sewer rates each year except 2007. The rate increases were modest in an attempt to build the rates incrementally to allow for funds to be set aside for capital projects. The plan was helping until water usage started to drop as two industries, Royal Cord and Yamaha Manufacturing closed their doors in Thomaston in 2007. Others reduced consumption because of changes in production such as 1888 that stopped its print screen operation. The city's industrial water usage dropped by approximately 55% over a two year period from 2007 to 2008.

The water and sewer fund operating revenues for services and miscellaneous revenue increased slightly in 2011 by \$118,917 or 3.4%. This is still less than operating revenues received in 2007. Revenues have decreased since 2007, despite rate increases in January of each year, as water usage dropped by more than 24% from 2007 to 2011. The city plans to increase the usage rate charges for water annually to bring the revenues in line with expenditures and capital replacement needs reducing the need to rely on the electric fund. The city will continue the practice of transferring funds from the electric fund until such time.

The city's water and sewer operating costs are broken against revenues as follows. The management services contract the city has with Southwest Water Company equaled approximately 35.98% of the total revenues from charges for services. The annual debt payments equaled approximately 29.1% of the total revenues from charges for services. The annual utility costs of water and sewer operations account for 13.45% of the total revenues from charges for services. The water and sewer fund principal and interest payments will drop off by \$305,280 in 2015 when the state GEFA loan final payment is made in 2014.

The city provided the two industries that are on the city's services a 16% rate increase to be implemented over three years beginning in January of 2011. The city increased all electric rates modestly at the close of 2009, 2010, and 2011 to take effect in January of the upcoming calendar year. The city anticipates raising the electric rates in each of the next two years as costs have risen steadily over the past few years. Costs have risen faster than the city's revenues as the city government has attempted to absorb the increase in the short run and spread rate increase over a longer period of time. The City of Thomaston has lower electric rates than most utilities in the State of Georgia. The average city residential customer's electric rate was the 13th lowest of the 95 utilities in Georgia reporting during 2011. The average small, non-demand commercial city electric customer would pay more than 10% more if they were a Georgia Power customer. Approximately 4/5ths of the city's commercial electric accounts are either non-demand or small demand customers.

The city began reducing personnel costs in 2002. The city reduced the number of city employees by 1/3rd through the end of the decade. The city's total gross wages paid in 2010 were \$630,185 or 15.5% less than the city paid out in 2002. Gross wages in 2011 were \$162,175 or 5.4% less than wages paid in 2010. The city's employee health, dental, disability, and life insurance premium costs were \$2,209 or 0.3% less in 2011 than what the city paid in 2010. The city's pension fund contribution obligation dropped from

CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011
(CONTINUED)

\$348,743 in 2010 to \$234,440 in 2011. Employee health insurance and other benefit costs were less in 2011 than 2010 because of a reduction in personnel. The city currently pays 100% of the employee health insurance premiums and 100% of the retirement fund contributions.

The city has been aggressive in recent years in replacing infrastructure. In fact, the city's combined capital assets book value has grown in each of the past seven (7) years. The city completed the south end water line replacement project and bid out the Peerless Road water line replacement project in 2011. The two projects will replace out more than five (5) miles of water lines over the next year. The city has committed all of the current SPLOST funds to infrastructure replacement and all newly received funds in 2011 through 2016 to sewer line replacement projects. The city plans to continue to replace water lines each year as funds allow. The city plans to further develop the Greatest Generation Memorial Park in the upcoming years probably doubling the current investment. The city also plans to consider the development of the Lake Thomaston Reservoir site for recreation.

The City's General Fund tax collections were \$113,597 less in 2011 than 2010. This represents a decrease of 3.5% from 2010. This is \$218,753 or 6.5% less than those collected in 2001. The city council maintained the city millage rate again in 2011 at 3.62 mils. This represents better than a ten (10) year low. The city contracted out yard waste collection services at the end of 2005. The city extended its garbage and yard waste collection and disposal contract with Veolia for fixed three year rate. The agreement will maintain rates through 2012. The city continues to evaluate services to determine if the city should contract out or handle the services with city employees. The city is using two prison crews and temporary service workers to support city functions, in supplement to full-time city employees, to handle various functions. The city will continue to consider ways of providing services through more cost effective means.

Requests for Information

This financial report is designed to provide a general overview of the City of Thomaston, Georgia's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Thomaston, P.O. Box 672, Thomaston, Georgia 30286.

FINANCIAL STATEMENTS

CITY OF THOMASTON, GEORGIA

STATEMENT OF NET ASSETS
DECEMBER 31, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Current Assets:			
Cash and cash equivalents	\$ 7,417,707	\$ 2,681,554	\$ 10,099,261
Investments	-	4,290,059	4,290,059
Receivables, net of allowance			
Taxes	113,558	-	113,558
Accounts	66,394	1,149,096	1,215,490
Intergovernmental	263,240	-	263,240
Internal balances	(10,961)	10,961	-
Restricted cash and cash equivalents:			
Revenue bond covenant accounts	-	294,976	294,976
Capital assets			
Non depreciable	2,889,706	4,516,149	7,405,855
Depreciable, net	9,242,349	17,370,055	26,612,404
Total Assets	19,981,993	30,312,850	50,294,843
<u>LIABILITIES</u>			
Accounts payable	77,018	331,123	408,141
Accrued liabilities	16,786	6,484	23,270
Retainage payable	10,000	86,991	96,991
Deposits payable	9,841	480,077	489,918
Escrow payable	4,099	-	4,099
Accrued interest payable	-	9,168	9,168
Noncurrent liabilities			
Due within one year	225,000	736,452	961,452
Due in more than one year	1,320,897	9,991,843	11,312,740
Total Liabilities	1,663,641	11,642,138	13,305,779
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	12,132,055	11,194,897	23,326,952
Restricted for:			
Capital outlay	3,508,598	-	3,508,598
Public safety	9,138	-	9,138
Revenue bond indenture	-	294,976	294,976
Unrestricted	2,668,561	7,180,839	9,849,400
Total Net Assets	\$ 18,318,352	\$ 18,670,712	\$ 36,989,064

The notes to the financial statements are an integral part of the basic financial statements.

CITY OF THOMASTON, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Program Revenues			Primary Government		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:						
Governmental Activities						
General government	\$ 2,078,608	\$ 589,645	\$ 44,386	\$ -	\$ (1,444,577)	\$ -
Public safety	2,751,102	5,145	34,875	-	(2,711,082)	-
Public works	794,525	-	141,040	438,426	(215,059)	-
Economic development	144,262	-	-	-	(144,262)	-
Culture and recreation	21,697	-	-	-	(21,697)	-
Total governmental activities	5,790,194	594,790	220,301	438,426	(4,536,677)	-
Business-Type Activities						
Water & Sewer	3,978,918	3,667,827	-	478,083	-	166,992
Electric	11,008,854	11,646,993	-	7,538	-	645,677
Sanitation	1,083,916	1,010,003	-	-	(73,913)	(73,913)
Total business-type activities	16,071,688	16,324,823	-	485,621	-	738,756
Total Primary Government	\$ 21,861,882	\$ 16,919,613	\$ 220,301	\$ 924,047	(4,536,677)	738,756
						(3,797,921)
General Revenues						
Property tax				797,423	-	797,423
Sales tax				1,349,798	-	1,349,798
Franchise tax				358,274	-	358,274
Insurance premium tax				430,147	-	430,147
Other tax				315,496	-	315,496
Investment earnings				30,354	802,455	832,809
Gain on sale of capital assets				20,565	-	20,565
Miscellaneous				112,765	-	112,765
Total General Revenues				3,414,822	802,455	4,217,277
Transfers				825,000	(825,000)	-
Total General Revenues and Transfers				4,239,822	(22,545)	4,217,277
Change in Net Assets				(296,855)	716,211	419,356
Net Assets - Beginning of year				18,615,207	17,954,501	36,569,708
Net Assets - End of year				\$ 18,318,352	\$ 18,670,712	\$ 36,989,064

The notes to the financial statements are an integral part of the basic financial statements.

CITY OF THOMASTON, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	General Fund	Special Local Option Sales Tax	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalent	\$ 4,025,536	\$ 3,048,021	\$ 344,150	\$ 7,417,707
Receivables, net of allowance				
Taxes	113,558	-	-	113,558
Accounts	61,905	-	4,489	66,394
Intergovernmental	124,675	-	138,565	263,240
Due from other funds	175,897	-	-	175,897
Total Assets	<u>\$ 4,501,571</u>	<u>\$ 3,048,021</u>	<u>\$ 487,204</u>	<u>\$ 8,036,796</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 75,222	\$ -	\$ 1,796	\$ 77,018
Accrued liabilities	16,786	-	-	16,786
Retainage payable	-	-	10,000	10,000
Deposit payable	9,841	-	-	9,841
Escrow payable	4,099	-	-	4,099
Due to other funds	181,165	1,000	4,693	186,858
Deferred revenues	99,965	-	-	99,965
Total Liabilities	<u>387,078</u>	<u>1,000</u>	<u>16,489</u>	<u>404,567</u>
Fund Balances:				
Restricted for:				
Capital projects	-	3,047,021	461,577	3,508,598
Public safety	-	-	9,138	9,138
Assigned	1,228,319	-	-	1,228,319
Unassigned	2,886,174	-	-	2,886,174
Total Fund Balances	<u>4,114,493</u>	<u>3,047,021</u>	<u>470,715</u>	<u>7,632,229</u>
Total Liabilities and Fund Balances	<u>\$ 4,501,571</u>	<u>\$ 3,048,021</u>	<u>\$ 487,204</u>	<u>\$ 8,036,796</u>

The notes to the financial statements are an integral part of the basic financial statements.

CITY OF THOMASTON, GEORGIA

RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
DECEMBER 31, 2011

Total Governmental Fund Balances	\$ 7,632,229
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Amounts reported for governmental activities in the Statement of Net Assets differ from amounts reported in the Balance Sheet of Governmental Funds due to the following:

Capital Assets

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Cost of the assets	19,003,191
Accumulated depreciation	(6,871,136)

Revenues

Some of the government's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.

99,965

Long-term Liabilities

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities both current and long-term are reported in the Statement of Net Assets. Long-term liabilities at year-end consist of the following:

Landfill closure / postclosure	(1,377,591)
Compensated absences	(168,306)

Total Net Assets of Governmental Activities	<u>\$ 18,318,352</u>
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The notes to the financial statements are an integral part of the basic financial statements.

CITY OF THOMASTON, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	General Fund	Special Local Option Sales Tax	Non-Major Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Taxes				
Property tax	\$ 781,027	\$ -	\$ -	\$ 781,027
Sales tax	1,349,798	-	-	1,349,798
Other taxes	1,034,880	-	69,037	1,103,917
License and permits	129,296	-	-	129,296
Intergovernmental	220,301	-	406,070	626,371
Fines and forfeitures	276,797	-	5,145	281,942
Charges for services	18,550	-	2,530	21,080
Interest earnings	30,110	32,012	588	62,710
Rent	162,472	-	-	162,472
Donation	-	-	50,461	50,461
Other revenues	62,304	-	-	62,304
Total Revenues	4,065,535	32,012	533,831	4,631,378
<u>Expenditures:</u>				
Current:				
General government	1,746,683	-	27,615	1,774,298
Public safety	2,727,592	-	13,956	2,741,548
Public works	344,961	-	-	344,961
Economic development	440	-	-	440
Culture and recreation	21,697	-	-	21,697
Capital Outlay	-	221,362	6,440	227,802
Total Expenditures	4,841,373	221,362	48,011	5,110,746
Excess (Deficiency) of Revenues Over (Under) Expenditures	(775,838)	(189,350)	485,820	(479,368)
<u>Other Financing Sources (Uses):</u>				
Transfers from other funds	941,422	-	-	941,422
Transfers to other funds	(75,000)	-	(41,422)	(116,422)
Proceeds from sale of property	20,565	-	-	20,565
Total other financing sources (uses)	886,987	-	(41,422)	845,565
Net change in fund balances	111,149	(189,350)	444,398	366,197
Fund Balances, beginning of year, restated	4,003,344	3,236,371	26,317	7,266,032
Fund Balances, end of year	\$ 4,114,493	\$ 3,047,021	\$ 470,715	\$ 7,632,229

The notes to the financial statements are an integral part of the basic financial statements.

CITY OF THOMASTON, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

Net Changes in Fund Balances - Total Governmental Funds \$ 366,197

Amounts reported for governmental activities in the Statement of Activities differ from amounts reported in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances due to the following:

Capital Assets

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.

Total capital outlays	270,141
Total depreciation	(559,351)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, donations annexing, transfers) is to increase/(decrease) net assets.	(12,181)
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Long-term Debt

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The adjustments for these items are as follows:

Landfill closure / postclosure	(392,127)
Compensated absences	14,070

Revenues

Because some revenues will not be collected for several months after the government's year end, they are not considered available revenues and are deferred in the governmental funds.

Deferred revenues decreased by this amount during the year.	16,396
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Change in Net Assets of Governmental Activities	<u>\$ (296,855)</u>
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The notes to the financial statements are an integral part of the basic financial statements.

CITY OF THOMASTON, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Taxes	\$ 3,170,758	\$ 3,170,758	\$ 3,165,705	\$ (5,053)
Licenses and permits	125,050	125,050	129,296	4,246
Intergovernmental	263,067	263,067	220,301	(42,766)
Fines and forfeitures	400,000	400,000	276,797	(123,203)
Charges for services	12,500	12,500	18,550	6,050
Rent	163,000	163,000	162,472	(528)
Miscellaneous	99,703	99,703	92,414	(7,289)
Total Revenue	4,234,078	4,234,078	4,065,535	(168,543)
<u>Expenditures:</u>				
Current:				
General government	3,132,713	3,521,713	1,746,683	1,775,030
Public safety	2,839,862	2,839,862	2,727,592	112,270
Public works	528,817	506,817	344,961	161,856
Economic development	10,686	10,686	440	10,246
Culture and recreation	-	22,000	21,697	303
Total Expenditures	6,512,078	6,901,078	4,841,373	2,059,705
Excess of Revenue Over (Under) Expenditure	(2,278,000)	(2,667,000)	(775,838)	1,891,162
<u>Other Financing Sources (Uses):</u>				
Transfer from Hotel Motel Fund	42,000	42,000	41,422	(578)
Transfer from Electric Fund	1,000,000	1,000,000	900,000	(100,000)
Transfer to Sanitation Fund	(10,000)	(80,000)	(75,000)	5,000
Proceeds from sale of property	6,000	6,000	20,565	14,565
Total Other Financing Sources (Uses)	1,038,000	968,000	886,987	(81,013)
Net change in fund balance	(1,240,000)	(1,699,000)	111,149	1,810,149
Fund balance, beginning of year, restated	1,240,000	1,699,000	4,003,344	2,304,344
Fund balance, end of year	\$ -	\$ -	\$ 4,114,493	\$ 4,114,493

The notes to the financial statements are an integral part of the basic financial statements.

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CITY OF THOMASTON, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2011

	Business-type Activities- Enterprise Funds			
	Water & Sewer Fund	Electric Fund	Non-major Sanitation Fund	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,325,301	\$ 1,351,166	\$ 5,087	\$ 2,681,554
Restricted cash and cash equivalents:				
Revenue bond covenant accounts	294,976	-	-	294,976
Investments	-	4,290,059	-	4,290,059
Accounts receivable (net of allowance for uncollectible)	228,857	836,371	83,868	1,149,096
Due from other funds	294,007	703	115,960	410,670
Total current assets	2,143,141	6,478,299	204,915	8,826,355
Long-term assets:				
Capital assets:				
Land	2,311,342	-	-	2,311,342
Construction in progress	2,204,807	-	-	2,204,807
Buildings	7,135,571	51,234	-	7,186,805
Systems - water, sewer and electrical	16,583,893	1,713,324	-	18,297,217
Vehicles	593,210	728,690	-	1,321,900
Equipment	359,838	124,374	-	484,212
Less accumulated depreciation	(8,869,039)	(1,051,040)	-	(9,920,079)
Total capital assets, net	20,319,622	1,566,582	-	21,886,204
Total long-term assets	20,319,622	1,566,582	-	21,886,204
Total Assets	\$ 22,462,763	\$ 8,044,881	\$ 204,915	\$ 30,712,559

The notes to the financial statements are an integral part of the basic financial statements.

CITY OF THOMASTON, GEORGIA

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 DECEMBER 31, 2011
 (CONTINUED)

	Business-type Activities- Enterprise Funds			Total
	Water & Sewer Fund	Electric Fund	Non-major Sanitation Fund	
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 124,899	\$ 119,522	\$ 86,702	\$ 331,123
Accrued interest payable	9,168	-	-	9,168
Accrued liabilities	1,191	5,091	202	6,484
Retainage payable	86,991	-	-	86,991
Accrued vacation	-	35,000	-	35,000
Due to other funds	-	399,006	703	399,709
Total current liabilities	222,249	558,619	87,607	868,475
Current liabilities payable from restricted assets:				
Notes payable - current	326,452	-	-	326,452
Revenue bonds payable - current	375,000	-	-	375,000
Total current liabilities payable from restricted	701,452	-	-	701,452
Total current liabilities	923,701	558,619	87,607	1,569,927
Long-term liabilities:				
Customer deposits	112,365	367,712	-	480,077
Accrued vacation	-	1,988	-	1,988
Notes payable	2,004,855	-	-	2,004,855
Revenue bonds payable	7,985,000	-	-	7,985,000
Total long-term liabilities	10,102,220	369,700	-	10,471,920
Total Liabilities	11,025,921	928,319	87,607	12,041,847
NET ASSETS				
Invested in capital assets, net of related debt	9,628,315	1,566,582	-	11,194,897
Restricted per revenue bond indenture	294,976	-	-	294,976
Unrestricted	1,513,551	5,549,980	117,308	7,180,839
Total Net Assets	\$ 11,436,842	\$ 7,116,562	\$ 117,308	\$ 18,670,712

The notes to the financial statements are an integral part of the basic financial statements.

CITY OF THOMASTON, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2011

	Business-type Activities- Enterprise Funds			
	Water & Sewer Fund	Electric Fund	Non-major Sanitation Fund	Total
<u>Operating revenues:</u>				
Charges and fees	\$ 3,653,414	\$ 11,523,859	\$ 1,010,003	\$ 16,187,276
Miscellaneous income	14,413	123,134	-	137,547
Total operating revenues	3,667,827	11,646,993	1,010,003	16,324,823
<u>Operating expenses:</u>				
Salaries and benefits	207,877	879,925	36,124	1,123,926
Contract management	1,276,288	-	1,034,030	2,310,318
Cost of sales	-	9,512,802	-	9,512,802
Legal and professional	72,151	27,803	-	99,954
Operating materials	313,066	142,341	-	455,407
Other operating expenses	203,935	80,638	13,762	298,335
Repairs and maintenance	365,142	210,037	-	575,179
Small equipment	113,381	-	-	113,381
Utilities	477,269	52,805	-	530,074
Depreciation	518,110	102,503	-	620,613
Total operating expenses	3,547,219	11,008,854	1,083,916	15,639,989
Operating income (loss)	120,608	638,139	(73,913)	684,834
<u>Nonoperating revenues (expenses):</u>				
Interest income	9,313	20,511	-	29,824
Dividend income	-	772,631	-	772,631
Interest expense	(430,185)	-	-	(430,185)
Loss on sale of property	(1,514)	-	-	(1,514)
Total nonoperating revenues (expenses)	(422,386)	793,142	-	370,756
Income (loss) before transfers	(301,778)	1,431,281	(73,913)	1,055,590

The notes to the financial statements are an integral part of the basic financial statements.

CITY OF THOMASTON, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2011
 (CONTINUED)

	Business-type Activities- Enterprise Funds			Total
	Water & Sewer Fund	Electric Fund	Non-major Sanitation Fund	
Capital contributions	478,083	7,538	-	485,621
Transfers in	1,346,000	-	75,000	1,421,000
Transfers out	-	(2,246,000)	-	(2,246,000)
Change in net assets	1,522,305	(807,181)	1,087	716,211
Total Net Assets - Beginning of Year	9,914,537	7,923,743	116,221	17,954,501
Total Net Assets - Ending of Year	\$ 11,436,842	\$ 7,116,562	\$ 117,308	\$ 18,670,712

The notes to the financial statements are an integral part of the basic financial statements.

CITY OF THOMASTON, GEORGIA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2011

	Business-type Activities- Enterprise Funds			
	Water & Sewer Fund	Electric Fund	Non-major Sanitation Fund	Total
<u>Cash Flows from Operating Activities:</u>				
Cash received from customers	\$ 3,765,478	\$ 11,700,896	\$ 1,010,152	\$ 16,476,526
Cash paid to suppliers for goods and services	(3,142,800)	(10,031,826)	(1,043,941)	(14,218,567)
Cash paid to employees	(207,877)	(876,746)	(36,124)	(1,120,747)
Net Cash Flows Provided by (Used for) Operating Activities	414,801	792,324	(69,913)	1,137,212
<u>Cash Flows from Noncapital Financing Activities:</u>				
Intergovernmental	-	7,538	-	7,538
Transfers	1,346,000	(2,246,000)	75,000	(825,000)
Net Cash Flows Provided by (Used for) Noncapital Financing Activities	1,346,000	(2,238,462)	75,000	(817,462)
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Principal payments on revenue bonds and notes	(640,153)	-	-	(640,153)
Interest and fiscal charges on revenue bonds and notes	(430,185)	-	-	(430,185)
Proceeds from debt issuance	1,669,494	-	-	1,669,494
Purchases of capital assets	(1,919,151)	(268,062)	-	(2,187,213)
Net Cash Flows Provided by (Used for) Capital and Related Financing Activities	(1,319,995)	(268,062)	-	(1,588,057)
<u>Cash Flows from Investing Activities:</u>				
Interest income	9,313	20,511	-	29,824
Dividend income	-	772,631	-	772,631
Purchase of investments	-	(772,631)	-	(772,631)
Net Cash Flows Provided by (Used for) Investing Activities	9,313	20,511	-	29,824
Net Increase (Decrease) in Cash and Cash Equivalents	450,119	(1,693,689)	5,087	(1,238,483)
Cash and Cash Equivalents, Beginning of Year	1,170,158	3,044,855	-	4,215,013
Cash and Cash Equivalents, End of Year	\$ 1,620,277	\$ 1,351,166	\$ 5,087	\$ 2,976,530

The notes to the financial statements are an integral part of the basic financial statements.

CITY OF THOMASTON, GEORGIA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2011
 (CONTINUED)

	Business-type Activities- Enterprise Funds			
	Water & Sewer Fund	Electric Fund	Non-major Sanitation Fund	Total
Classified as:				
Current assets	\$ 1,325,301	\$ 1,351,166	\$ 5,087	\$ 2,681,554
Restricted assets	294,976	-	-	294,976
Total Cash and Cash Equivalents, End of Year	<u>\$ 1,620,277</u>	<u>\$ 1,351,166</u>	<u>\$ 5,087</u>	<u>\$ 2,976,530</u>
Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Net Operating Income (Loss)	\$ 120,608	\$ 638,139	\$ (73,913)	\$ 684,834
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	518,110	102,503	-	620,613
Changes in Assets and Liabilities:				
(Increase) decrease in accounts receivable	6,338	(3,619)	(680)	2,039
(Increase) decrease in accrued interest receivable	2,092	6,695	-	8,787
(Increase) decrease in due from other funds	79,084	(703)	126	78,507
Increase (decrease) in accounts payable	(239,336)	(5,400)	3,649	(241,087)
Increase (decrease) in accrued liabilities	3,294	3,179	202	6,675
Increase (decrease) in retainage payable	(84,526)	-	-	(84,526)
Increase (decrease) in customer deposits	10,137	16,695	-	26,832
Increase (decrease) in due to other funds	(1,000)	34,835	703	34,538
Total Adjustments	<u>294,193</u>	<u>154,185</u>	<u>4,000</u>	<u>452,378</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 414,801</u>	<u>\$ 792,324</u>	<u>\$ (69,913)</u>	<u>\$ 1,137,212</u>
Noncash investing, capital, and financing activities:				
Contributions of capital assets from government	\$ 478,083	\$ -	\$ -	\$ 478,083
Increase in fair value of investments	-	772,631	-	772,631
Total noncash investing, capital, and financing activities	<u>\$ 478,083</u>	<u>\$ 772,631</u>	<u>\$ -</u>	<u>\$ 1,250,714</u>

The notes to the financial statements are an integral part of the basic financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

CITY OF THOMASTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies

The City of Thomaston was incorporated as a City by an Act of the General Assembly of Georgia on December 2, 1897. Prior to that date the City of Thomaston was a town having first been incorporated as such by an Act of the General Assembly of Georgia on December 22, 1857. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: Public works, which includes sanitation and streets, police and fire protection (public safety), and general and administrative services.

The accounting policies of the City of Thomaston, Georgia conform to generally accepted accounting principles as applicable to governments. The following is a summary of the City's more significant policies applied in the preparation of the accompanying financial statements.

A. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Thomaston (the primary government) and any component units. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

In conformity with generally accepted accounting principles, as set forth in Statement of Governmental Accounting Standards No. 14, *The Financial Reporting Entity*, the City of Thomaston, Georgia's relationships with other governments and agencies have been examined. As a result, no component units were identified which should be included in the reporting entity.

The Housing Authority of the City of Thomaston, Georgia is considered a related organization based upon the criteria of GASB Statement 14. The Housing Authority is a legally separate entity having a board composed of members appointed originally by the City of Thomaston, Georgia. The City of Thomaston, Georgia is not able to impose its will upon the Housing Authority and a financial benefit/burden relationship does not exist between them. Therefore, based upon the criteria above, the Housing Authority of the City of Thomaston, Georgia is a related organization.

The Housing Authority's financial statements have been presented separately and can be obtained by writing to the Housing Authority of the City of Thomaston, City Clerk's Office, P.O. Box 672, Thomaston, Georgia 30286.

The following entities, although not meeting the criteria as a component unit, are considered related organizations of the City of Thomaston: (1) Recreation Commission, (2) Industrial Authority, (3) Airport Authority, and (4) Office Building Authority. The separate financial statements of these related organizations can be obtained from each respective organization.

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

The City's governing board is responsible for board appointments; however, the City has no further accountability for any of the organizations.

Under Georgia law, the City, in conjunction with other cities and counties in the ten county RC membership, is a member of the Three Rivers Regional Commission (RC) and is required to pay annual dues thereto. Membership in a RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each city and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from:

Three Rivers Regional Commission
P.O. Box 818
Griffin, Georgia 30224

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Assets and Statement of Change in Net Assets) report information on all of the primary government activities and its component units if any. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's public utilities and various other functions of the government. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, local option sales taxes, other taxes, intergovernmental revenues, interest, and charges for services associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are considered to be measurable and available only when cash is received by the government.

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the City's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The fund financial statements provide more detailed information about the government's most significant funds, not the government as a whole. The activities of the government are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The government reports the following major governmental funds:

General Fund – The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Local Option Sales Tax – The Special Local Option Sales Tax Fund is used to account for the City's public utility and beautification projects based on the 1 cent special local option sales tax approved by the voters of the City of Thomaston.

The government reports the following major proprietary funds:

Enterprise Funds – The Water & Sewer Fund accounts for the activities of the water and sewer distribution system. The Electric Fund accounts for the activities of the government's electric distribution operations.

Additionally, the government reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Funds – Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

The government's policy, when both restricted and unrestricted net assets are available, unrestricted resources are first applied; then restricted net assets are applied based on their limited use.

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

D. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates, and investments that do not have an established market are reported at estimated fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

E. Receivables

Receivables and Due from Other Governments represent funds to be received from other local governments, state grant-in-aid, state contracts, or federal funds. No allowance is deemed necessary for these receivables.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "due to/from other funds" or "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables, have been reduced to their estimated net realizable value, and are shown net of an allowance for doubtful accounts. Estimated uncollectible amounts are based upon historical experience rates.

F. Inventories

Inventories of expendable supplies held for consumption are not considered material and are recorded as expenditures, or expenses, as appropriate, when purchased.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2011, are recorded as prepaid items using the consumption method by reporting an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reserved, as this amount is not available for general appropriation.

H. Restricted Assets

Certain proceeds of the government's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

- Revenue bond renewal and extension account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.
- Revenue bond current debt service account is used to segregate resources accumulated for debt service payments over the next twelve months.
- Revenue bond construction account is used to account for construction projects anticipated and outlined in the bond indenture. Resources utilized are bond proceeds and accumulated investment income.

I. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, curbs, streets, sidewalks and similar items acquired subsequent to January 1, 2004) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the City during the current year was \$430,185. Of this amount, none was applicable to construction of capital assets.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

Building	25-40 years
Equipment	5-10 years
Infrastructure	40 years
Furniture	5 years
Vehicles	5 years

J. Compensated Absences

It is the City's policy to permit employees to accumulate unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

K. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance cost, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Fund Equity

In the fund financial statements, governmental funds report the following classifications of fund balance:

- Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – amounts are restricted when constraints have been placed on the use of resources by (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council. The City Council approves committed resources through a motion and vote during the voting session of council meetings.
- Assigned – amounts that are constrained by the City Council's intent to be used for specific purposes, but are neither restricted nor committed. The intent is expressed by the City Council.
- Unassigned – amounts that have not been assigned to other funds and that are not restricted, committed or assigned to specific purposes within the General Fund.

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

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

The City does not have a formal minimum fund balance policy.

The following is a summary of the fund balance classifications as of December 31, 2011:

	General Fund	SPLOST	Nonmajor Governmental	Total
Fund Balances:				
Restricted for:				
Public safety	\$ -	\$ -	\$ 9,138	\$ 9,138
Capital projects	-	3,047,021	461,577	3,508,598
Assigned:				
Fund balance appropriations	550,000	-	-	550,000
Public safety	4,070	-	-	4,070
Community development	226,089	-	-	226,089
Capital outlay	448,160	-	-	448,160
Unassigned	2,886,174	-	-	2,886,174
Total fund balances	\$ 4,114,493	\$ 3,047,021	\$ 470,715	\$ 7,632,229

M. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and errors or omissions. The City purchases commercial insurance for most types of risk. For these risks, settlements have not exceeded coverage's for each of the past three years. The City had no significant reduction in insurance coverage from coverage in the prior year.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budget Process

The annual budget document is the financial plan for the operation of the City of Thomaston. The budget process exists for the purpose of providing a professional management approach to the establishment of priorities and the implementation of work programs while providing an orderly means for control and evaluation of the financial posture of the City.

An annual operating budget is prepared for the General Fund and Special Revenue Funds. The City Manager is authorized to transfer budget amounts between expenditure character with individual departments. Budget revisions which increase total expenditures of a Fund must be approved by Mayor and Council.

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

- On or about December 1, the City Manager submits to the City Council a proposed operating budget for the year commencing the following January 1.

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

The operating budget includes proposed expenditures and the means of financing them.

- Public hearings are conducted at City Hall to obtain taxpayer comments.
- After revisions, if any, by the Council, the budget is legally enacted through passage of an ordinance.
- Budgetary information is compared to actual revenue and expenditures on a monthly basis and reported to the Mayor and Council.

Formal budgetary integration is employed as a management control device during the year. The budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The General Fund is subject to budgetary control on a departmental basis, while the Special Revenue funds are subject to budgetary control on an individual fund basis. Budgets are prepared for the Capital Projects Funds on a project basis, which usually covers two or more years. Budgeted amounts are as originally adopted, or as amended by City Council. Individual amendments are not material in relation to the original appropriations.

B. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to serve that portion of the applicable appropriation, is not employed by the City. Budget to Generally Accepted Accounting Principal Basis reconciliations are not required.

C. Compliance

The City is required to maintain a debt service coverage ratio, relative to revenue bonds issued, as defined in the Ordinance and Bond Covenants of 1.20. The City failed to meet the required ratio.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

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

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

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

Investments

Investments are stated at fair value.

State statutes authorize the City to invest in obligations of the U.S. Treasury, other U.S. Government Agencies, State of Georgia, Other States, Prime Banker's Acceptances, repurchase agreements and other political subdivisions of Georgia.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Quality</u>
Mutual Funds (MEAG)	\$ 4,290,059	N/A

Interest Rate Risk – The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime banker's acceptance; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The City has no investment policy that would further limit its investment choices.

NOTE 4 – PROPERTY TAXES

State law requires that property taxes be based on assessed value, which is 40% of market value. All real and personal property (including motor vehicles) is valued as of January 1 of each year and must be returned for tax purposes by March 1. With the exception of motor vehicles and the property of public utilities, which are valued by the State Revenue Department, all assessments are made by the Upson County Board of Tax Assessors.

Exemptions are permitted for certain inventories. A homestead exemption is allowed for each taxpayer that is a homeowner and resides in the household as of January 1. There are other exemptions provided by state and local laws.

Upon completion of all assessments and tax returns, the information is compiled to form the tax digest. The completed tax digest must be submitted to the State Revenue Commissioner for approval. The State Revenue Commissioner must ascertain that real property on the tax digest has been assessed at the state mandated forty percent (40%) of fair market value. The Commissioner has the option to withhold certain state funding if the mandated 40% level is not reached.

Property taxes are levied each year based on assessed values determined the previous January 1. The Mayor and Council officially set the mill rates each year. Property taxes attach an enforceable lien on property as of June 30th of the following year. Judicial property sales are commenced during June and July of the following year.

CITY OF THOMASTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

The property tax calendar is as follows:

	Real/Personal Property (Excluding Vehicles)	Motor Vehicles
Assessment date	January 1	January 1
Levy date	August 26	January 1
Due date and collection date	November 15	Staggered

Property taxes receivable have been reduced to their estimated net realizable value. Estimated uncollectible amounts are based upon historical experience rates and result in a direct reduction of the related revenue amount at the end of the period.

NOTE 5 – HOTEL/MOTEL EXCISE TAX

A summary of the hotel/motel excise tax expenditures and receipts for the year ended December 31, 2011, is as follows:

<u>Expenditures By Purpose</u>	<u>Amount</u>	<u>Tax Receipts</u>	<u>Percentage</u>
Promote tourism	\$ 27,615	\$ 69,037	40%
General Fund	<u>41,422</u>	<u>-</u>	<u>60%</u>
Total	<u>\$ 69,037</u>	<u>\$ 69,037</u>	<u>100%</u>

NOTE 6 – RECEIVABLES

Receivables as of year-end for the government's individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Water & Sewer	Electric	Non-Major Proprietary Fund	Non-Major Governmental	Total
Receivables:						
Taxes	\$ 125.191	\$ -	\$ -	\$ -	\$ -	\$ 125.191
Accounts	73.940	243.744	890.666	89.323	4.489	1,302.162
Intergovernmental	124.675	-	-	-	138.565	263.240
Gross Receivables	<u>323.806</u>	<u>243.744</u>	<u>890.666</u>	<u>89.323</u>	<u>143.054</u>	<u>1,690.593</u>
Less: allowance for uncollectibles	<u>(23.668)</u>	<u>(14.887)</u>	<u>(54.295)</u>	<u>(5.455)</u>	<u>-</u>	<u>(98.305)</u>
Total net receivables	<u>\$ 300.138</u>	<u>\$ 228.857</u>	<u>\$ 836.371</u>	<u>\$ 83.868</u>	<u>\$ 143.054</u>	<u>\$ 1,592.288</u>

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2011, is as follows:

Due to / from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Electric Fund	\$ 171,204
	SPLOST	1,000
	Non-Major Governmental Fund	3,693
Water & Sewer Fund	General Fund	65,205
	Electric Fund	227,802
	Non-Major Governmental Fund	1,000
Electric Fund	Non-Major Proprietary Fund	703
Non-Major Proprietary Fund	General Fund	115,960
		<u>\$ 586,567</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers:

	Transfer In:			
	General Fund	Water & Sewer Fund	Non-major Proprietary Fund	Total
Transfer Out:				
General Fund	\$ -	\$ -	\$ 75,000	\$ 75,000
Electric Fund	900,000	1,346,000	-	2,246,000
Non-major Governmental	41,422	-	-	41,422
Total	<u>\$ 941,422</u>	<u>\$ 1,346,000</u>	<u>\$ 75,000</u>	<u>\$ 2,362,422</u>

Transfers are used to move unrestricted revenue to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

Due to the difference in measurement focus and basis of accounting between governmental funds and proprietary funds, reclassification of capital assets between the fund financial statements will cause the transfer accounts to be out of balance at the fund level.

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

NOTE 8 – CAPITAL ASSETS

	Beginning Balance	Increase	Transfers	Decrease	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 2,705,015	\$ -	\$ -	\$ -	\$ 2,705,015
Construction in progress	1,662,740	78,302	(1,548,271)	(8,080)	184,691
Total capital assets, not being depreciated	4,367,755	78,302	(1,548,271)	(8,080)	2,889,706
Capital assets, being depreciated:					
Buildings	2,067,845	10,300	1,097,397	-	3,175,542
Vehicles	1,250,729	109,500	-	(20,407)	1,339,822
Equipment	1,507,816	50,665	308,376	-	1,866,857
Infrastructure	9,567,392	21,374	142,498	-	9,731,264
Total capital assets, being depreciated	14,393,782	191,839	1,548,271	(20,407)	16,113,485
Less accumulated depreciation for:					
Buildings	(1,187,641)	(113,899)	-	-	(1,301,540)
Vehicles	(577,157)	(111,115)	-	16,306	(671,966)
Equipment	(680,703)	(128,191)	-	-	(808,894)
Infrastructure	(3,882,590)	(206,146)	-	-	(4,088,736)
Total accumulated depreciation	(6,328,091)	(559,351)	-	16,306	(6,871,136)
Total capital assets, being depreciated, net	8,065,691	(367,512)	1,548,271	(4,101)	9,242,349
Governmental activities capital assets, net	\$ 12,433,446	\$ (289,210)	\$ -	\$ (12,181)	\$ 12,132,055

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

	Beginning Balance	Increase	Transfers	Decrease	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 2,241,040	\$ 70,302	\$ -	\$ -	\$ 2,311,342
Construction in progress	5,252,641	2,061,184	(5,109,018)	-	2,204,807
Total capital assets, not being depreciated	7,493,681	2,131,486	(5,109,018)	-	4,516,149
Capital assets, being depreciated:					
Buildings	7,174,395	12,410	-	-	7,186,805
Systems—water, sewer, and electric	12,797,702	390,497	5,109,018	-	18,297,217
Equipment	353,309	130,903	-	-	484,212
Vehicles	1,352,162	-	-	(30,262)	1,321,900
Total capital assets being depreciated	21,677,568	533,810	5,109,018	(30,262)	27,290,134
Less accumulated depreciation for:					
Buildings	(4,850,106)	(211,526)	-	-	(5,061,632)
Systems—water, sewer, and electric	(3,367,219)	(245,030)	-	-	(3,612,249)
Equipment	(87,524)	(7,086)	-	-	(94,610)
Vehicles	(1,023,365)	(156,971)	-	28,748	(1,151,588)
Total accumulated depreciation	(9,328,214)	(620,613)	-	28,748	(9,920,079)
Total capital assets, being depreciated, net	12,349,354	(86,803)	5,109,018	(1,514)	17,370,055
Business-type activities capital assets, net	\$ 19,843,035	\$ 2,044,683	\$ -	\$ (1,514)	\$ 21,886,204

CITY OF THOMASTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

Depreciation expense was charged to functions / programs of the primary government as follows:

Governmental activities:

General government	\$ 29,366
Public safety	114,953
Public works	271,210
Economic development	<u>143,822</u>

Total depreciation expense - governmental activities	<u><u>\$ 559,351</u></u>
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Business-type activities:

Water and sewer	\$ 518,110
Electric	<u>102,503</u>

Total depreciation expense - business-type activities	<u><u>\$ 620,613</u></u>
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NOTE 9 – LONG-TERM DEBT

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2011, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Landfill closure / postclosure	\$ 985,464	\$ 488,996	\$ (96,869)	\$ 1,377,591	\$ 125,000
Compensated absences	182,376	122,573	(136,643)	168,306	100,000
Governmental activity long-term liabilities	<u>\$ 1,167,840</u>	<u>\$ 611,569</u>	<u>\$ (233,512)</u>	<u>\$ 1,545,897</u>	<u>\$ 225,000</u>
Business-type activities:					
Compensated absences	\$ 38,901	\$ 33,881	\$ (35,794)	\$ 36,988	\$ 35,000
GEFA loan CW92019	941,966	-	(280,153)	661,813	288,652
GEFA loan DW09002PF70	-	1,020,000	-	1,020,000	37,800
GEFA loan DW10012	-	649,494	-	649,494	-
Revenue bonds payable	8,720,000	-	(360,000)	8,360,000	375,000
Business-type activity long-term liabilities	<u>\$ 9,700,867</u>	<u>\$ 1,703,375</u>	<u>\$ (675,947)</u>	<u>\$ 10,728,295</u>	<u>\$ 736,452</u>

For the governmental activities, compensated absences and landfill closure / postclosure are generally liquidated by the general fund.

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

Revenue Bonds

Purpose of Debt: To construct and improve the Public Utilities System of the City of Thomaston.

\$11,200,000 Thomaston-Upson County Office Building Authority Revenue Bonds, Series 2002, due in monthly installments of principal and interest, payable in 300 payments. Interest rates vary from 2.5% during 2004 to 4.00% during 2012. The 2002 bonds are subject to redemption on December 1, 2012.

Annual debt service requirements to maturity for this contractual obligation are as follows:

<u>Sinking Fund Year (December 1)</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 375,000	\$ 376,481
2013	390,000	361,481
2014	405,000	345,881
2015	420,000	329,682
2016	440,000	312,461
2017-2021	2,490,000	1,260,476
2022-2026	3,125,000	628,378
2027	715,000	33,963
Total	<u>\$ 8,360,000</u>	<u>\$ 3,648,803</u>

Notes Payable

Purpose of Debt: To construct and improve the Public Utilities System of the City of Thomaston.

\$3,103,130 State of Georgia Revolving Loan SRF #92-019, due in quarterly installments of principal and interest \$76,320, beginning April 1, 2003 and ending January 1, 2014 (20 years). Interest computed at 3%.

In 2009, the City entered into a contract with the Georgia Environmental Facilities Authority for a Drinking Water State Revolving Loan Fund grant/loan to provide financing for water line replacements. The total proceeds for the loan were \$3,400,000, of which 70% or \$2,380,000 was forgivable. The project was completed in 2011 and the remaining balance of \$1,020,000 is to be paid over a twenty-year period starting January 1, 2012, on a monthly basis. Interest is at 3.0%.

In 2010, the City entered into a contract with the Georgia Environmental Facilities Authority for a Drinking Water State Revolving Loan Fund grant/loan to provide financing for the replacement of existing water mains. The City may draw down funds up to \$1,900,000, of which 30% is forgivable. As of December 31, 2011, \$649,494 has been drawn down. Interest is accrued monthly at 3.0%. Principal payments will begin after the final draw has been made.

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

Annual debt service requirements to maturity for these notes payable are as follows:

Years Ending December 31	GEFA CW92019		GEFA DW09002PF70		(estimated) GEFA DW10012	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 288,652	\$ 16,627	\$ 37,800	\$ 30,083	\$ -	\$ 19,485
2013	297,410	7,870	38,950	28,933	24,069	19,156
2014	75,751	568	40,134	27,749	24,801	18,424
2015	-	-	41,355	26,528	25,556	17,669
2016	-	-	42,613	25,270	26,333	16,892
2017-2021	-	-	233,311	106,102	144,178	71,947
2022-2026	-	-	271,018	68,395	167,479	48,645
2027-2031	-	-	314,819	24,594	194,547	21,578
2032	-	-	-	-	42,531	694
Total	\$ 661,813	\$ 25,065	\$ 1,020,000	\$ 337,654	\$ 649,494	\$ 234,490

Restricted Assets

The balance of the restricted asset account in the Water & Sewer enterprise fund is as follows:

Revenue bond covenant account	\$ 294,976
	<u>\$ 294,976</u>

NOTE 10 – LANDFILL CLOSURE COSTS

In 1992, the City closed its Zorn Street landfill site. State regulations require the City to perform certain maintenance and monitoring functions for thirty years after closure. Under GASB 18, the City is required to disclose the estimated maintenance and monitoring cost \$1,377,591. The required plan for closure of the Zorn Street landfill was adopted by the City and approved by the State of Georgia. Estimates were outlined in the plan and updated in 2011. These costs are subject to change due to inflation or deflation, technology or applicable laws or regulations. The City is not required to commit current financial resources to guarantee future maintenance and monitoring activities.

NOTE 11 – EMPLOYEE RETIREMENT PLANS

Georgia Municipal Employees Benefit System

Plan Description

The City contributes to the Georgia Municipal Employees Benefit System (the system), an agent multiple-employer public employee retirement system administered by the Georgia Municipal

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

Association. The City of Thomaston Retirement Plan is a defined benefit plan that provides retirement and disability benefits and death benefits to plan members and beneficiaries. The Public Retirement Systems Standard Law (Georgia Code Section 47-20-10) assigned the authority to establish and amend the plan to the City of Thomaston. The Georgia Municipal Employees Benefit System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Georgia Municipal Employees Benefit System, 201 Pryor Street S.W., Atlanta, Georgia 30303.

At July 1, 2010, the date of the most recent actuarial valuation, there were 240 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	103
Terminated vested participants	28
Active vested employees	65
Active nonvested employees	<u>44</u>
Total	<u><u>240</u></u>

Funding Policy

The City's employee's participation is non-contributory. The City is required to contribute at an actuarially determined rate; the current rate is 7.19% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the system's Board of Trustees.

Annual Pension Cost

The City's annual pension cost of \$234,440 was equal to the City's required contributions. The required contribution was determined as part of the July 1, 2010 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.75% net investment rate of return and (b) projected salary increases of 3.5% plus age and service based merit increases and (c) 0.0% for cost of living adjustments. The actuarial value of the Plan's assets was determined as the 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 adjustment, if necessary, to be within 50% of market value for 2009, 44% of market value for 2010, 38% of market value for 2011, 32% of market value for 2012, 26% of market value for 2013, and 20% market value for 2014 and later years. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis over a period that ranges from 10 to 30 years.

The City had the following changes to their actuarial assumptions since the last valuation:

- The mortality table for healthy participants was changed from the 1983 Group Annuity Mortality Table without Margin to the sex-distinct RP-2000 Combined Mortality Table set forward two years in age for males and one year in age for females.

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

- The mortality table for disabled participants was changed from the 1944 Railroad Retirement Board Male Ultimate Disabled Mortality to the sex-distinct RP-2000 Disabled Retiree Mortality Table set forward two years in age for males and one year in age for females.
- The salary increase assumption was changed from 5.50% each year to a table of rates based on age and service.
- The investment return assumption was changed from 8.00% to 7.75% per annum.
- The inflation assumption was changed from 5.00% to 3.50% per annum.
- The valuation date was changed from October 1 to July 1.
- The asset method was changed to temporarily widen the corridor.

Trend Information

Historical trend information designed to provide information about the City's progress made in accumulating sufficient assets to pay pension benefits when due is presented below:

Fiscal Year	Annual Pension Cost (APC)	Actual Pension Contribution	Percentage Contributed	Net Pension Obligation
2011	\$ 234,440	\$ 234,440	100.00%	-
2010	348,743	348,743	100.00%	-
2009	188,462	188,462	100.00%	-

As of the most recent valuation date, July 1, 2010, the funded status of the Plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded / (Surplus) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll*
7/1/2010	\$ 8,199,261	\$ 8,500,327	\$ 301,066	96.46%	\$ 3,205,226	9.39%

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of July 1, 2010.

NOTE 12 – POST-EMPLOYMENT BENEFITS

The City does not provide post-employment healthcare benefits except those mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the City.

NOTE 13 – LEGAL CONTRACTS AND AGREEMENTS

The City of Thomaston, Georgia is one of approximately 50 participants who have entered into Power and Sales Contract with the Municipal Electrical Authority of Georgia (MEAG). Under these contracts, the Authority has agreed to provide to the participant, and the participants have agreed to take from the Authority, such output and services from the various projects of the Authority as may be available for the useful life thereof. The participants are required to make payments therefore according to the rates and charges established by the Authority to produce revenues sufficient to pay the Authority's cost attributable to such projects. In general, the Power Sales Contract provide that if, at any time, (i) a project is terminated prior to completion, or (ii) a project declared by the Authority to be totally and permanently retired from service, or (iii) a project is totally, but not permanently, out of service and the Authority is unable to provide service from alternative sources, then each participant will remain liable to pay a fixed percentage default by a participant under its contracts relating to any of the various projects, such participant would remain liable to the greater of its obligation share of the Authority's costs attributable to such project or the amount determined to be due under the rates and charges established by the Authority.

Payments under the Power Sales Contracts are not subject to reduction whether by offset or otherwise, and will not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever. Each Power Sales Contract will continue in full force and effect at least until such time, not to exceed 50 years, as all bonds issued for the purpose of financing the costs of acquisition and construction of the applicable project, and notes issued for such purpose in anticipation of the bonds, have been paid or provision has been made for their payment.

The City of Thomaston approved a resolution adopting the provisions of the Municipal Competitive Trust (the "Trust"), which was created by MEAG for the mutual benefit of MEAG and its wholesale customers which have elected to become beneficiaries. The Trust was established to provide MEAG and the Trust's beneficiaries a means to mitigate the expected differential between market rates for power and the cost of power generated by MEAG facilities, after deregulation of the electric industry.

The Trust created two types of funds, which are held by MEAG in the name of the City. The first type represents amounts that are available to the City for withdrawal without restriction. The second type represents amounts that are available to the City in the form of a loan or as an off-set to billings from MEAG for power usage if certain criteria related to the difference between the cost of power generated by MEAG facilities and the market rates of power are met.

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

NOTE 14 – INVESTMENTS IN CAPITAL ASSETS, NET OF RELATED DEBT

Investments in Capital Assets, net of related debt on the Government-wide statement of net assets as of December 31, 2011 are as follows:

	Governmental Activities	Business Type Activities
Investment in capital assets, net of related debt:		
Cost of capital assets	\$ 19,003,191	\$ 31,806,283
Less accumulated depreciation	(6,871,136)	(9,920,079)
Book value	12,132,055	21,886,204
Less capital related debt	-	(10,691,307)
Investments in capital assets, net of related debt	<u>\$ 12,132,055</u>	<u>\$ 11,194,897</u>

NOTE 15 – CONTINGENT LIABILITIES

A. Litigation

During the course of normal operations of the City, various claims and lawsuits arise. The City attorney has advised that there are no potential liabilities that will impair the position as of the date of this audit report.

B. Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

C. Commitments

The City has entered into power sales contracts together with 45 other cities and one county in the State of Georgia with the Municipal Electric Authority of Georgia (MEAG). Under terms of these contracts, the City purchases power and energy for resale to its electric system customers.

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(CONTINUED)

NOTE 16 – RESTATEMENT OF FUND BALANCE

Management has restated the General Fund fund balance to account for the reclassification of the Community Development Fund, which was previously reported as a Nonmajor Special Revenue Fund. The effect of the restatement on the fund level statements is as follows:

	General Fund	Community Development Fund
	<u> </u>	<u> </u>
Fund balance, December 31, 2010 - as previously reported	\$ 3,771,045	\$ 232,299
Reclassification of Community Development Fund	<u>232,299</u>	<u>(232,299)</u>
Fund balance, December 31, 2010 - restated	<u><u>\$ 4,003,344</u></u>	<u><u>\$ -</u></u>

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF THOMASTON, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b - a) / c
07/01/10	\$ 8,199	\$ 8,500	\$ 301	96.46%	\$ 3,205	9.39%
10/01/09	6,820	8,352	1,532	81.66%	3,075	49.82%
09/01/08	8,209	8,320	111	98.67%	3,115	3.56%
09/01/07	8,187	8,017	(170)	102.12%	3,070	-5.54%
09/01/06	7,947	7,801	(146)	101.87%	3,168	-4.61%
09/01/05	7,817	7,621	(196)	102.57%	3,026	-6.48%

Note: Amounts reported above are in thousands.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended	Annual Required Contribution	Actual Pension Contribution	Percentage Contributed
12/31/11	\$ 234,440	\$ 234,440	100.00%
12/31/10	348,743	348,743	100.00%
12/31/09	188,663	188,663	100.00%
12/31/08	148,663	148,663	100.00%
12/31/07	147,472	147,472	100.00%

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

CITY OF THOMASTON, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	Special Revenue Funds			Capital Project Funds					Total	
	Law			CDBG \					Nonmajor	
	Hotel	Enforcement	Confiscation	2011 Special Purpose	Local Option Sales Tax	Generational Park	Water Line Fund	CDBG \ Water/Sewer Line Fund	Governmental	Funds
<u>ASSETS</u>										
Cash and cash equivalent	\$ -	\$ 9,138		\$ 267,849	\$ 65,163	\$ 1,000	\$ 1,000	\$ 1,000	\$ 344,150	
Receivables, net of allowance										
Accounts	4,489	-	-	-	-	-	-	-	4,489	
Intergovernmental				138,565					138,565	
Total Assets	\$ 4,489	\$ 9,138		\$ 406,414	\$ 65,163	\$ 1,000	\$ 1,000	\$ 1,000	\$ 487,204	
<u>LIABILITIES AND FUND BALANCES</u>										
Liabilities:										
Accounts payable	\$ 1,796	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,796	
Retainage payable	-	-	-	-	10,000	-	-	-	10,000	
Due to other funds	2,693	-	-	-	-	-	1,000	1,000	4,693	
Total Liabilities	4,489	-	-	-	10,000	1,000	1,000	1,000	16,489	
Fund Balances:										
Restricted	-	9,138		406,414	55,163	-	-	-	470,715	
Total Fund Balances	-	9,138		406,414	55,163	-	-	-	470,715	
Total Liabilities and Fund Balances	\$ 4,489	\$ 9,138	\$ -	\$ 406,414	\$ 65,163	\$ 1,000	\$ 1,000	\$ 1,000	\$ 487,204	

CITY OF THOMASTON, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Special Revenue Funds			Capital Project Funds						Total	
	Hotel	Law	Enforcement	2011 Special Purpose	Local Option	Greatest	Water	CDBG \	Line	Water/Sewer	Nonmajor Governmental Funds
	Tax	Confiscation		Sales	Tax	Park	Fund	Fund	Fund		
<u>Revenues:</u>											
Taxes											
Other taxes	\$ 69,037	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,037
Intergovernmental	-	-	-	406,070	-	-	-	-	-	-	406,070
Fines and forfeitures	-	5,145	-	-	-	-	-	-	-	-	5,145
Charges for services	-	-	-	-	2,530	-	-	-	-	-	2,530
Interest earnings	-	62	-	344	182	-	-	-	-	-	588
Donation	-	-	-	-	50,461	-	-	-	-	-	50,461
Total Revenues	69,037	5,207		406,414	53,173						533,831
<u>Expenditures:</u>											
Current:											
General government	27,615	-	-	-	-	-	-	-	-	-	27,615
Public safety	-	13,956	-	-	-	-	-	-	-	-	13,956
Capital outlay	-	-	-	-	6,440	-	-	-	-	-	6,440
Total Expenditures	27,615	13,956		-	6,440						48,011
Excess (Deficiency) of Revenues Over (Under) Expenditures	41,422	(8,749)		406,414	46,733						485,820
Other Financing Sources (Uses):											
Transfers to other funds	(41,422)	-	-	-	-	-	-	-	-	-	(41,422)
Total other financing sources (uses)	(41,422)	-	-	-	-	-	-	-	-	-	(41,422)
Net change in fund balances	-	(8,749)		406,414	46,733						444,398
Fund Balances, beginning of year	-	17,887		-	8,430						26,317
Fund Balances, end of year	\$ -	\$ 9,138	\$ -	\$ 406,414	\$ 55,163	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 470,715

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GENERAL FUND - to account for the general operations of the City, including all financial transactions not required to be accounted for in another fund.

CITY OF THOMASTON, GEORGIA

GENERAL FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2011 AND 2010

<u>ASSETS</u>	2011	(restated) 2010
Cash and cash equivalent	\$ 4,025,536	\$ 2,703,259
Certificate of deposit	-	1,400,000
Receivables, net of allowance		
Taxes	113,558	234,051
Accounts	61,905	26,980
Intergovernmental	124,675	444,516
Interest	-	5,859
Prepaid insurance	-	70,704
Due from other funds	175,897	179,744
Total Assets	<u>\$ 4,501,571</u>	<u>\$ 5,065,113</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 75,222	\$ 194,813
Accrued liabilities	16,786	16,639
Deferred revenues		
Taxes	99,965	83,569
Deposit payable	9,841	10,183
Escrow payable	4,099	8,299
Intergovernmental payable	-	444,516
Due to other funds	181,165	303,750
Total Liabilities	<u>387,078</u>	<u>1,061,769</u>
Fund Balances:		
Nonspendable	-	70,704
Assigned	1,228,319	-
Unassigned	2,886,174	3,932,640
Total Fund Balances	<u>4,114,493</u>	<u>4,003,344</u>
Total Liabilities and Fund Balances	<u>\$ 4,501,571</u>	<u>\$ 5,065,113</u>

CITY OF THOMASTON, GEORGIA

GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	(restated) 2010
<u>Revenues:</u>		
Taxes	\$ 3,165,705	\$ 3,279,302
Licenses and permits	129,296	132,852
Intergovernmental	220,301	764,654
Fines and forfeitures	276,797	388,554
Charges for services	18,550	13,000
Rent	162,472	161,646
Miscellaneous	92,414	138,806
Total Revenue	4,065,535	4,878,814
<u>Expenditures:</u>		
Current:		
General government	1,746,683	2,756,328
Public safety	2,727,592	2,756,897
Public works	344,961	496,559
Economic development	440	50,092
Culture and recreation	21,697	-
Total Expenditures	4,841,373	6,059,876
Excess (Deficiency) of Revenue Over (Under) Expenditures	(775,838)	(1,181,062)
<u>Other Financing Sources (Uses):</u>		
Transfer from Hotel Motel Fund	41,422	43,104
Transfer from Community Development Block Grant Fund	-	6,829
Transfer from Water & Sewer Fund	-	294,660
Transfer from Electric Fund	900,000	1,000,000
Transfer from Sanitation Fund	-	25,036
Transfer to Sanitation Fund	(75,000)	-
Proceeds from sale of property	20,565	8,157
Total Other Financing Sources (Uses)	886,987	1,377,786
Net change in fund balances	111,149	196,724
Fund balances - beginning of year, restated	4,003,344	3,806,620
Fund balances - end of year	\$ 4,114,493	\$ 4,003,344

CITY OF THOMASTON, GEORGIA

GENERAL FUND
COMPARATIVE SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011

Description:	Final Budget	2011 Actual	Variance with Final Budget Positive (Negative)	(restated) 2010 Actual
<u>Taxes:</u>				
General property tax	\$ 756,533	\$ 781,027	\$ 24,494	\$ 849,227
Local option sales tax	1,362,000	1,349,798	(12,202)	1,367,381
<u>Other:</u>				
Motor vehicle taxes	40,000	45,034	5,034	43,744
Mobile home taxes	125	139	14	155
Intangible taxes	4,000	5,374	1,374	3,717
Franchise taxes	307,000	358,274	51,274	307,630
Insurance premium tax	500,000	430,147	(69,853)	506,611
Real estate transfer tax	1,100	991	(109)	1,148
Beer and wine tax	200,000	194,921	(5,079)	199,689
Total Taxes	3,170,758	3,165,705	(5,053)	3,279,302
<u>Licenses and Permits:</u>				
Business and occupation	125,000	128,946	3,946	132,842
Special sales permits	50	350	300	10
Total Licenses and Permits	125,050	129,296	4,246	132,852
<u>Intergovernmental Revenues:</u>				
Housing authority	30,000	37,186	7,186	33,860
Upson County	7,200	7,200	-	7,200
State grants:				
Department of transportation	200,000	137,922	(62,078)	535,342
GEMA	-	-	-	129,336
Drug task force	13,600	34,875	21,275	46,027
Georgia underground tank	12,267	3,118	(9,149)	12,889
Total Intergovernmental Revenue	263,067	220,301	(42,766)	764,654
<u>Fines and Forfeitures:</u>				
Recorder's Court	400,000	276,797	(123,203)	388,554
Total Fines and Forfeitures	\$ 400,000	\$ 276,797	\$ (123,203)	\$ 388,554

CITY OF THOMASTON, GEORGIA

GENERAL FUND
COMPARATIVE SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

Description:	Final Budget	2011 Actual	Variance with Final Budget Positive (Negative)	(restated) 2010 Actual
<u>Charges for Services:</u>				
Cemetery fees	\$ 12,500	\$ 18,550	\$ 6,050	\$ 13,000
Rent revenue	163,000	162,472	(528)	161,646
Total Charges for Services	175,500	181,022	5,522	174,646
<u>Miscellaneous:</u>				
Interest earnings	47,000	30,110	(16,890)	52,895
Miscellaneous	52,703	62,304	9,601	85,911
Total Miscellaneous	99,703	92,414	(7,289)	138,806
Total Revenues	\$ 4,234,078	\$ 4,065,535	\$ (168,543)	\$ 4,878,814

CITY OF THOMASTON, GEORGIA

GENERAL FUND
COMPARATIVE SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

Description:	Final Budget	2011 Actual	Variance with Final Budget Positive (Negative)	(restated) 2010 Actual
<u>General Government</u>				
Governing body	\$ 19,058	\$ 18,038	\$ 1,020	\$ 18,857
City clerk	35,255	35,009	246	101,565
City manager	81,296	69,767	11,529	160,706
General administration	2,572,839	1,162,528	1,410,311	1,836,065
Finance	102,570	98,496	4,074	274,494
Tax administration	5,120	5,120	-	5,000
Legal service	80,000	23,334	56,666	27,404
Municipal Court	220,475	163,609	56,866	177,475
Community Development	405,100	170,782	234,318	154,762
Total General Government	3,521,713	1,746,683	1,775,030	2,756,328
<u>Public Safety</u>				
Police Department				
Police administration	658,016	621,225	36,791	595,105
Patrol	1,064,017	1,013,617	50,400	1,086,160
Fire Department				
Fire administration	207,294	206,456	838	159,944
Fire fighting	910,535	886,294	24,241	915,688
Total Public Safety	2,839,862	2,727,592	112,270	2,756,897
<u>Public Works</u>				
Public works administration	245,050	93,189	151,861	165,450
Public works crew	261,767	251,772	9,995	331,109
Total Public Works	506,817	344,961	161,856	496,559
<u>Economic Development</u>				
Downtown development administration	10,686	440	10,246	50,092
Total Economic Development	\$ 10,686	\$ 440	\$ 10,246	\$ 50,092

CITY OF THOMASTON, GEORGIA

GENERAL FUND
COMPARATIVE SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

Description:	Final Budget	2011 Actual	Variance with Final Budget Positive (Negative)	(restated) 2010 Actual
<u>Culture and Recreation</u>				
Parks	\$ 22,000	\$ 21,697	\$ 303	\$ -
Total Culture and Recreation	22,000	21,697	303	-
Total Expenditures	6,901,078	4,841,373	2,059,705	6,059,876
Excess of Revenue Over (Under) Expenditures	(2,667,000)	(775,838)	1,891,162	(1,181,062)
<u>Other financing sources (uses)</u>				
Transfer In:				
Transfer from Hotel Motel Fund	42,000	41,422	(578)	43,104
Transfer from Water & Sewer Fund	-	-	-	294,660
Transfer from Electric Fund	1,000,000	900,000	(100,000)	1,000,000
Transfer from Sanitation Fund	-	-	-	25,036
Transfer Out:				
Transfer to Community Development Block Grant Fund	-	-	-	6,829
Transfer to Sanitation Fund	(80,000)	(75,000)	5,000	-
Proceeds from sale of property	6,000	20,565	14,565	8,157
Total Other Financing Sources (Uses)	968,000	886,987	(81,013)	1,377,786
Net change in fund balance	(1,699,000)	111,149	1,810,149	196,724
Fund balance, beginning of year, restated	1,699,000	4,003,344	2,304,344	3,806,620
Fund balance, end of year	\$ -	\$ 4,114,493	\$ 4,114,493	\$ 4,003,344

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SPECIAL REVENUE FUNDS

SPECIAL REVENUE FUNDS are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

HOTEL/MOTEL TAX FUND - to account for funds collected from the hotel/motel tax and disbursed to other agencies.

LAW ENFORCEMENT CONFISCATION FUND - to account for condemned funds received and disbursed for Law Enforcement expenditures.

CITY OF THOMASTON, GEORGIA

HOTEL/MOTEL TAX FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2011 AND 2010

ASSETS

	2011	2010
Cash and cash equivalent	\$ -	\$ -
Accounts receivable	4,489	-
Total Assets	<u>\$ 4,489</u>	<u>\$ -</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	\$ 1,796	\$ -
Due to other funds	2,693	-
Total Liabilities	<u>4,489</u>	<u>-</u>

Fund Balances:

Restricted	-	-
Total Fund Balances	<u>-</u>	<u>-</u>

Total Liabilities and Fund Balances	<u>\$ 4,489</u>	<u>\$ -</u>
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CITY OF THOMASTON, GEORGIA

HOTEL/MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011

	Final Budget	Actual	Variance with Budget Positive (Negative)
<u>Revenues:</u>			
Hotel motel tax	\$ 70,000	\$ 69,037	\$ (963)
Total Revenues	70,000	69,037	(963)
<u>Expenditures:</u>			
General government:			
Chamber of Commerce	28,000	27,615	385
Total Expenditures	28,000	27,615	385
Excess (Deficiency) of Revenues Over (Under) Expenditures	42,000	41,422	(578)
<u>Other Financing Uses:</u>			
Transfers to general fund	(42,000)	(41,422)	578
Total Other Financing Sources (Uses)	(42,000)	(41,422)	578
Net change in fund balances	-	-	-
Fund balance - beginning of year	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -

CITY OF THOMASTON, GEORGIA

LAW ENFORCEMENT CONFISCATION FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2011 AND 2010

<u>ASSETS</u>	2011	2010
Cash and cash equivalent	\$ 9,138	\$ 17,887
Total Assets	<u>\$ 9,138</u>	<u>\$ 17,887</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>
Fund Balances:		
Restricted for public safety	<u>9,138</u>	<u>17,887</u>
Total Fund Balances	<u>9,138</u>	<u>17,887</u>
Total Liabilities and Fund Balances	<u>\$ 9,138</u>	<u>\$ 17,887</u>

CITY OF THOMASTON, GEORGIA

LAW ENFORCEMENT CONFISCATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011

	Final Budget	Actual	Variance with Budget Positive (Negative)
<u>Revenues:</u>			
Fines and forfeitures	\$ 20,000	\$ 5,145	\$ (14,855)
Interest income	50	62	12
Total Revenues	20,050	5,207	(14,843)
<u>Expenditures:</u>			
Current:			
Public safety	20,050	13,956	6,094
Total Expenditures	20,050	13,956	6,094
Net change in fund balances	-	(8,749)	(8,749)
Fund Balance - beginning of year	-	17,887	17,887
Fund Balance - end of year	\$ -	\$ 9,138	\$ 9,138

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CAPITAL PROJECTS FUNDS

CAPITAL PROJECTS FUNDS are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

SPECIAL LOCAL OPTION SALES TAX FUND - to account for the City of Thomaston public utility and beautification projects based on the 1 cent special local option sales tax approved by the voters of the City of Thomaston.

2011 SPECIAL LOCAL OPTION SALES TAX FUND - to account for the City of Thomaston sewer lines and park projects based on the 1 cent special local option sales tax approved by the voters of the City of Thomaston.

GREATEST GENERATIONAL PARK FUND - to account for expenditures for the development of the Greatest Generational Park.

COMMUNITY DEVELOPMENT BLOCK GRANT \ WATER LINE FUND - to account for the cost of water line construction.

COMMUNITY DEVELOPMENT BLOCK GRANT \ WATER/SEWER LINE FUND - to account for the cost of water and sewer line construction.

CITY OF THOMASTON, GEORGIA
SPECIAL LOCAL OPTION SALES TAX FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2011 AND 2010

<u>ASSETS</u>	2011	2010
Cash and cash equivalent	\$ 3,048,021	\$ 1,861,913
Certificate of deposit	-	1,500,000
Accrued interest receivable	-	6,277
Due from other funds	-	2,000
Total Assets	<u>\$ 3,048,021</u>	<u>\$ 3,370,190</u>
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ -	\$ 35,013
Retainage payable	-	97,806
Due to other funds	1,000	1,000
Total Liabilities	<u>1,000</u>	<u>133,819</u>
Fund Balances:		
Restricted for capital projects	<u>3,047,021</u>	<u>3,236,371</u>
Total Fund Balances	<u>3,047,021</u>	<u>3,236,371</u>
Total Liabilities and Fund Balances	<u>\$ 3,048,021</u>	<u>\$ 3,370,190</u>

CITY OF THOMASTON, GEORGIA

SPECIAL LOCAL OPTION SALES TAX FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
<u>Revenues:</u>		
Intergovernmental	\$ -	\$ 751,867
Interest earnings	32,012	39,495
Total Revenues	32,012	791,362
<u>Expenditures:</u>		
Capital outlay	221,362	805,976
Total Expenditures	221,362	805,976
Net change in fund balances	(189,350)	(14,614)
Fund balances - beginning of year	3,236,371	3,250,985
Fund balances - end of year	\$ 3,047,021	\$ 3,236,371

CITY OF THOMASTON, GEORGIA

2011 SPECIAL LOCAL OPTION SALES TAX FUND
BALANCE SHEET
DECEMBER 31, 2011

<u>ASSETS</u>	<u>2011</u>
Cash and cash equivalent	\$ 267,849
Due from other governments	<u>138,565</u>
Total Assets	<u><u>\$ 406,414</u></u>
 <u>LIABILITIES AND FUND BALANCE</u>	
Liabilities:	
Accounts payable	\$ <u>-</u>
Total Liabilities	<u>-</u>
Fund Balance:	
Restricted for capital projects	<u>406,414</u>
Total Fund Balance	<u>406,414</u>
Total Liabilities and Fund Balance	<u><u>\$ 406,414</u></u>

CITY OF THOMASTON, GEORGIA

2011 SPECIAL LOCAL OPTION SALES TAX FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2011

	2011
<u>Revenues:</u>	
Intergovernmental	\$ 406,070
Interest earnings	344
	<hr/>
Total Revenues	406,414
	<hr/>
<u>Expenditures:</u>	
Capital outlay	-
	<hr/>
Total Expenditures	-
	<hr/>
Net change in fund balance	406,414
Fund balance - beginning of year	-
	<hr/>
Fund balance - end of year	\$ 406,414
	<hr/>

CITY OF THOMASTON, GEORGIA

GREATEST GENERATIONAL PARK FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2011 AND 2010

<u>ASSETS</u>	2011	2010
Cash and cash equivalent	\$ 65,163	\$ 136,909
Total Assets	<u>\$ 65,163</u>	<u>\$ 136,909</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Retainage payable	\$ 10,000	\$ 128,479
Total Liabilities	<u>10,000</u>	<u>128,479</u>
Fund Balances:		
Restricted for capital projects	<u>55,163</u>	<u>8,430</u>
Total Fund Balances	<u>55,163</u>	<u>8,430</u>
Total Liabilities and Fund Balances	<u>\$ 65,163</u>	<u>\$ 136,909</u>

CITY OF THOMASTON, GEORGIA

GREATEST GENERATIONAL PARK FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
<u>Revenues:</u>		
Intergovernmental	\$ -	\$ 190,247
Charges for services	2,530	-
Interest earnings	182	5,066
Donation	50,461	255
	<hr/>	<hr/>
Total Revenues	53,173	195,568
	<hr/>	<hr/>
<u>Expenditures:</u>		
Capital outlay	6,440	848,019
	<hr/>	<hr/>
Total Expenditures	6,440	848,019
	<hr/>	<hr/>
Net change in fund balances	46,733	(652,451)
	<hr/>	<hr/>
Fund balances - beginning of year	8,430	660,881
	<hr/>	<hr/>
Fund balances - end of year	\$ 55,163	\$ 8,430
	<hr/>	<hr/>

CITY OF THOMASTON, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT \ WATER LINE FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2011 AND 2010

<u>ASSETS</u>	2011	2010
Cash and cash equivalent	\$ 1,000	\$ 1,000
Total Assets	<u>\$ 1,000</u>	<u>\$ 1,000</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Due to other funds	\$ 1,000	\$ 1,000
Total Liabilities	<u>1,000</u>	<u>1,000</u>
Fund Balances:		
Restricted for capital projects	<u>-</u>	<u>-</u>
Total Fund Balances	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 1,000</u>	<u>\$ 1,000</u>

CITY OF THOMASTON, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT \ WATER LINE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
<u>Revenues:</u>		
Intergovernmental	\$ -	\$ -
Total Revenues	-	-
<u>Expenditures:</u>		
Capital outlay	-	-
Total Expenditures	-	-
Net change in fund balances	-	-
Fund balances - beginning of year	-	-
Fund balances - end of year	\$ -	\$ -

CITY OF THOMASTON, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT \ WATER/SEWER LINE FUND
BALANCE SHEET
DECEMBER 31, 2011

<u>ASSETS</u>	<u>2011</u>
Cash and cash equivalent	<u>\$ 1,000</u>
Total Assets	<u><u>\$ 1,000</u></u>
 <u>LIABILITIES AND FUND BALANCE</u>	
Liabilities:	
Due to other funds	<u>\$ 1,000</u>
Total Liabilities	<u>1,000</u>
Fund Balance:	
Restricted for capital projects	<u>-</u>
Total Fund Balance	<u>-</u>
Total Liabilities and Fund Balance	<u><u>\$ 1,000</u></u>

CITY OF THOMASTON, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT \ WATER/SEWER LINE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>2011</u>
<u>Revenues:</u>	
Intergovernmental	\$ -
Total Revenues	<u>-</u>
<u>Expenditures:</u>	
Capital outlay	<u>-</u>
Total Expenditures	<u>-</u>
Net change in fund balance	-
Fund balance - beginning of year	<u>-</u>
Fund balance - end of year	<u><u>\$ -</u></u>

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Statistical Section

This part of the City's Statistical comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, not disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.</i>	81-86
Revenue Capacity <i>These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property and sales taxes.</i>	87-93
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.</i>	94-97
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments.</i>	98-100
Operating Information <i>These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.</i>	101-102

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

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Schedule 1
City of Thomaston
Net Assets by Component
Last Nine Years
(accrual basis of accounting)

	2003	Restated 2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities									
Invested in capital assets, net of related debt	\$ 10,068,016	\$ 9,213,043	\$ 9,294,237	\$ 8,984,026	\$ 10,703,996	\$ 11,086,621	\$ 11,367,708	\$ 12,433,446	\$ 12,132,055
Restricted	-	-	615,724	1,531,831	2,166,140	2,915,510	4,111,689	3,254,258	3,517,736
Unrestricted	1,815,599	2,305,450	3,041,489	3,646,809	3,626,015	3,871,842	3,038,370	2,927,503	2,668,561
Total governmental activities net assets	11,883,615	11,518,493	12,951,450	14,162,666	16,496,151	17,873,973	18,517,767	18,615,207	18,318,352
Business-type activities									
Invested in capital assets, net of related debt	501,595	(4,857,360)	(3,683,446)	(2,587,917)	(1,706,248)	2,376,544	5,039,575	10,181,069	11,194,897
Restricted	4,299,457	4,247,519	4,025,974	3,784,861	3,553,683	496,900	290,717	293,632	294,976
Unrestricted	3,008,110	5,889,526	7,384,958	8,247,081	8,908,778	8,064,809	8,512,409	7,479,800	7,180,839
Total business-type activities net assets	7,809,162	5,279,685	7,727,486	9,444,025	10,756,213	10,938,253	13,842,701	17,954,501	18,670,712
Primary government									
Invested in capital assets, net of related debt	10,569,611	4,355,683	5,610,791	6,396,109	8,997,748	13,463,165	16,407,283	22,614,515	23,326,952
Restricted	4,299,457	4,247,519	4,641,698	5,316,692	5,719,823	3,412,410	4,402,406	3,547,890	3,812,712
Unrestricted	4,823,709	8,194,976	10,426,447	11,893,890	12,534,793	11,936,651	11,550,779	10,407,303	9,849,400
Total primary government net assets	\$ 19,692,777	\$ 16,798,178	\$ 20,678,936	\$ 23,606,691	\$ 27,252,364	\$ 28,812,226	\$ 32,360,468	\$ 36,569,708	\$ 36,989,064

Note: The city began to report accrual information when it implemented GASB Statement 34 in year 2003.

Schedule 2
City of Thomaston
Changes in Net Assets, Last Nine Years
(accrual basis of accounting)

	2003	Restated 2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
Governmental activities:									
General government	\$ 1,050,674	\$ 1,132,073	\$ 2,976,075	\$ 3,476,433	\$ 3,959,781	\$ 3,748,159	\$ 2,460,086	\$ 3,004,727	\$ 2,078,608
Public safety	2,670,884	2,501,902	2,087,961	2,464,814	2,571,097	2,524,923	2,831,390	2,963,077	2,751,102
Public works	2,014,914	2,073,298	978,069	964,826	162,254	647,224	924,573	1,634,486	794,525
Economic development	-	-	-	-	471,662	74,651	3,239	217,922	144,262
Culture and recreation	-	-	-	-	-	-	-	-	21,697
Miscellaneous general government	319,693	311,493	37,770	97,832	-	-	-	-	-
Total governmental activities expenses	6,056,165	6,018,766	6,079,875	7,003,905	7,164,794	6,994,957	6,219,288	7,820,212	5,790,194
Business-type activities:									
Water & Sewer	2,760,751	3,160,867	2,863,825	2,806,160	3,068,279	3,326,701	3,806,922	3,452,263	3,978,918
Electric	8,282,252	8,016,639	7,609,365	8,384,457	9,124,833	9,767,618	8,546,908	9,220,580	11,008,854
Sanitation	-	-	-	-	-	-	988,594	994,802	1,083,916
Total business-type activities expenses	11,043,003	11,177,506	10,473,190	11,190,617	12,193,112	13,094,319	13,342,424	13,667,645	16,071,688
Total primary government expenses	17,099,168	17,196,272	16,553,065	18,194,522	19,357,906	20,089,276	19,561,712	21,487,857	21,861,882
Program Revenues									
Governmental activities:									
Charges for services:									
Refuse collection	886,352	886,381	962,637	1,021,529	1,018,178	1,030,657	-	-	-
Cemetery fees	-	23,400	20,200	8,500	7,600	21,900	18,500	13,000	18,550
Fines and forfeitures	212,981	217,695	327,839	401,093	566,318	529,899	541,228	388,554	276,797
Licenses and permits	124,288	120,820	118,725	121,030	126,336	127,572	124,856	132,852	129,296
Public safety	-	-	5,612	8,699	1,624	8,454	5,537	10,598	5,145
Rent	123,984	113,492	114,469	128,813	144,272	146,463	161,820	161,646	162,472
Other	-	-	-	-	-	-	-	-	2,530
Operating grants and contributions	122,320	280,006	217,055	249,367	527,095	248,199	823,238	801,356	220,301
Capital grants and contributions	-	-	-	-	409,015	223,375	898,288	1,481,609	438,426
Total governmental activities program revenues	1,469,925	1,641,794	1,766,537	1,939,031	2,800,438	2,336,519	2,573,467	2,989,615	1,253,517
Business-type activities:									
Charges for services:									
Water & Sewer	3,260,080	3,483,061	3,552,865	3,639,706	3,796,102	3,751,551	3,598,022	3,548,910	3,667,827
Electric	9,316,239	9,723,310	10,195,660	10,046,160	10,267,643	10,269,743	10,537,058	11,261,852	11,646,993
Sanitation	-	-	-	-	-	-	1,018,375	1,017,658	1,010,003
Capital grants and contributions	-	-	-	-	-	-	1,339,092	3,013,367	485,621
Total business-type activities program revenues	12,576,319	13,206,371	13,748,525	13,685,866	14,063,745	14,021,294	16,492,547	18,841,787	16,810,444
Total primary government program revenues	14,046,244	14,848,165	15,515,062	15,624,897	16,864,183	16,357,813	19,066,014	21,831,402	18,063,961

Schedule 2
City of Thomaston
Changes in Net Assets, Last Nine Years
(accrual basis of accounting)

	2003	Restated 2004	2005	2006	2007	2008	2009	2010	2011
Net (Expenses)/Revenue									
Governmental activities	\$(4,586,240)	\$(4,376,972)	\$(4,313,338)	\$(5,064,874)	\$(4,364,356)	\$(4,658,438)	\$(3,645,821)	\$(4,830,597)	\$(4,536,677)
Business-type activities	1,533,316	2,028,865	3,275,335	2,495,249	1,870,633	926,975	3,150,123	5,174,142	738,756
Total primary government net expense	(3,052,924)	(2,348,107)	(1,038,003)	(2,569,625)	(2,493,723)	(3,731,463)	(495,698)	343,545	(3,797,921)
General Revenue and Other Changes in Net Assets									
Governmental activities:									
Taxes									
Property taxes	773,375	842,223	854,243	847,104	857,612	797,439	806,282	827,426	797,423
Sales taxes	1,172,424	1,256,233	2,007,696	2,426,271	2,469,820	2,261,187	1,222,074	1,367,381	1,349,798
Franchise taxes	404,251	374,796	404,525	425,578	373,555	367,655	398,461	307,630	358,274
Insurance premiums taxes	318,992	438,097	471,432	493,135	514,395	526,717	521,775	506,611	430,147
Other taxes	282,586	289,042	282,094	338,259	327,877	335,031	319,443	320,293	315,496
Unrestricted grants and contributions	-	-	-	228,295	-	-	-	-	-
Interest revenue	7,481	26,487	103,180	161,332	204,273	176,526	123,181	58,012	30,354
Proceeds from sale of property	-	-	-	-	-	-	14,391	8,157	20,565
Miscellaneous	131,656	52,372	400,062	121,860	234,779	275,166	299,702	86,416	112,765
Transfers	1,422,377	1,637,552	1,223,063	1,234,256	1,260,067	1,296,539	1,000,000	1,446,111	825,000
Total government activities	4,513,142	4,916,802	5,746,295	6,276,090	6,242,378	6,036,260	4,705,309	4,928,037	4,239,822
Business-type activities:									
Unrestricted grants and contributions	-	-	73,933	-	-	-	-	-	-
Interest revenue	92,624	84,312	284,311	416,988	701,622	537,813	338,631	383,769	802,455
Miscellaneous	378,699	240,931	37,285	38,558	-	13,791	-	-	-
Transfers	(1,422,377)	(1,637,552)	(1,223,063)	(1,234,256)	(1,260,067)	(1,296,539)	(1,000,000)	(1,446,111)	(825,000)
Total business-type activities	(951,054)	(1,312,309)	(827,534)	(778,710)	(558,445)	(744,935)	(661,369)	(1,062,342)	(22,545)
Total primary government	3,562,088	3,604,493	4,918,761	5,497,380	5,683,933	5,291,325	4,043,940	3,865,695	4,217,277
Change in Net Assets									
Governmental activities	(73,098)	539,830	1,432,957	1,211,216	1,878,022	1,377,822	1,059,488	97,440	(296,855)
Business-type activities	582,262	716,556	2,447,801	1,716,539	1,312,188	182,040	2,488,754	4,111,800	716,211
Total primary government	\$ 509,164	\$ 1,256,386	\$ 3,880,758	\$ 2,927,755	\$ 3,190,210	\$ 1,559,862	\$ 3,548,242	\$ 4,209,240	\$ 419,356

Note: The city began to report accrual information when it implemented GASB Statement 34 in year 2003.

Schedule 3
City of Thomaston
Program Revenues by Function / Program
Last Nine Years
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
	Program Revenues								
Function/Program									
Governmental activities:									
General Government	\$ 387,407	\$ 514,318	\$ 1,543,870	\$ 1,898,229	\$ 2,338,542	\$ 1,940,926	\$ 1,183,840	\$ 964,061	\$ 634,031
Public Safety	212,981	217,695	5,612	40,802	41,646	30,175	36,253	185,961	40,020
Public Works	869,537	909,781	-	-	11,235	142,043	1,353,374	1,839,593	579,466
Economic Development	-	-	-	-	409,015	223,375	-	-	-
Subtotal government activities	1,469,925	1,641,794	1,549,482	1,939,031	2,800,438	2,336,519	2,573,467	2,989,615	1,253,517
Business-type activities									
Electricity	9,316,239	9,723,310	10,195,660	10,046,160	10,267,643	10,269,743	10,537,058	11,267,401	11,654,531
Water & Sewer	3,260,080	3,483,061	3,552,865	3,639,706	3,796,102	3,751,551	4,937,114	6,556,728	4,145,910
Sanitation	-	-	-	-	-	-	1,018,375	1,017,658	1,010,003
Subtotal business-type activities	12,576,319	13,206,371	13,748,525	13,685,866	14,063,745	14,021,294	16,492,547	18,841,787	16,810,444
Total primary government	\$ 14,046,244	\$ 14,848,165	\$ 15,298,007	\$ 15,624,897	\$ 16,864,183	\$ 16,357,813	\$ 19,066,014	\$ 21,831,402	\$ 18,063,961

Schedule 4
City of Thomaston
Fund Balances, Governmental Funds
Last Nine Years
(modified accrual basis of accounting)

	2003	Restated 2004	2005	2006	2007	2008	2009	Restated 2010	2011 *
General Fund									
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,704	\$ -
Unreserved	1,664,180	2,144,040	2,535,435	3,166,496	3,468,554	3,523,676	3,613,786	3,932,640	-
Restricted	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	1,228,319
Unassigned	-	-	-	-	-	-	-	-	2,886,174
Total General Fund	1,664,180	2,144,040	2,535,435	3,166,496	3,468,554	3,523,676	3,613,786	3,932,640	4,114,493
All Other Governmental Funds									
Reserved	-	-	-	-	-	-	192,834	-	-
Program purposes	-	-	615,724	1,531,831	2,166,140	2,915,510	3,911,866	3,236,371	-
Capital outlay	-	-	-	-	-	-	6,989	17,887	-
Public safety	-	-	-	-	-	-	-	-	-
Unreserved	151,419	197,052	235,845	253,179	230,339	241,426	-	-	-
Special Revenue Funds	-	-	294,030	367,668	567,768	718,442	-	8,430	-
Capital projects funds	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	3,508,598
Capital projects	-	-	-	-	-	-	-	-	9,138
Public safety	-	-	-	-	-	-	-	-	-
Total all other government funds	\$ 151,419	\$ 197,052	\$ 1,145,599	\$ 2,152,678	\$ 2,964,247	\$ 3,875,378	\$ 4,111,689	\$ 3,262,688	\$ 3,517,736

* Prior year amounts have not been restated for the implementation of Statement 54.

Note 1: The substantial increase in the reserved fund balance in 2005 is due to the SPLOST funds that began in June 2005.

Note 2: The increase in the unreserved fund balance for capital projects is due to the funds received for the development of the Greatest Generation Park.

Note 3: The City began tracking the change in fund balance account balances when it implemented GASB Statement 44 in year 2004.

Schedule 5
City of Thomaston
Changes in Fund Balance, Governmental Funds
Last Nine Years
(modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues									
Property taxes	\$ 773,375	\$ 842,223	\$ 832,471	\$ 955,826	\$ 792,745	\$ 760,324	\$ 893,218	\$ 849,227	\$ 781,027
Sales taxes	1,172,424	1,256,233	2,007,696	2,426,271	2,469,820	2,261,187	1,222,074	1,367,381	1,349,798
Other taxes	1,005,829	1,101,935	1,158,051	1,256,972	1,215,827	1,229,403	1,239,679	1,134,534	1,103,917
Licenses and permits	124,288	120,820	118,725	121,030	126,336	127,572	124,856	132,852	129,296
Intergovernmental	122,320	280,006	217,055	255,054	936,110	471,574	1,721,526	2,243,471	626,371
Fines and forfeitures	212,981	217,695	333,451	409,792	567,942	538,353	546,765	399,152	281,942
Charges for services	1,010,336	909,781	982,837	1,030,029	1,025,778	1,052,557	18,500	13,000	21,080
Interest earnings	7,487	26,487	103,180	161,332	204,273	176,526	123,181	97,507	62,710
Rent	-	113,492	114,469	128,813	144,272	146,463	161,820	161,646	162,472
Donations	-	-	-	-	-	200,000	200,295	255	50,461
Other revenues	92,234	52,372	400,062	116,173	234,779	75,166	99,407	86,160	62,304
Total revenue	4,521,274	4,921,044	6,267,997	6,861,292	7,717,882	7,039,125	6,351,321	6,485,185	4,631,378
Expenditures									
General Government	1,011,427	1,092,826	2,858,399	3,051,608	3,446,276	3,819,928	2,670,934	2,770,564	1,774,298
Public Safety	2,771,439	2,734,562	2,299,980	2,447,639	2,603,913	2,698,239	2,727,019	2,756,897	2,741,548
Public Works	1,789,070	1,888,874	954,244	880,566	571,184	588,849	472,807	496,559	344,961
Economic Development	-	-	37,770	97,832	441,423	68,852	47,609	50,092	440
Culture and Recreation	-	-	-	-	-	-	-	-	21,697
Miscellaneous	319,693	336,862	-	-	-	-	-	-	-
Capital outlay	-	-	24,845	28,671	816,427	210,246	1,032,302	2,198,369	227,802
Total expenditures	5,891,629	6,053,124	6,175,238	6,506,316	7,879,223	7,386,114	6,950,671	8,272,481	5,110,746
Excess of revenues over (under) expenditures	(1,370,355)	(1,132,080)	92,759	354,976	(161,341)	(346,989)	(599,350)	(1,787,296)	(479,368)
Other Financing Sources (Uses)									
Transfers from other funds	1,422,377	1,681,530	1,265,784	1,282,059	1,362,050	1,351,188	1,052,562	1,381,207	941,422
Transfers to other funds	-	(43,978)	(42,721)	(47,803)	(101,983)	(57,159)	(52,562)	(61,511)	(116,422)
Proceeds from sale of property	39,416	-	24,120	48,908	14,901	19,213	14,391	8,157	20,565
Total other financing sources (uses)	1,461,793	1,637,552	1,247,183	1,283,164	1,274,968	1,313,242	1,014,391	1,327,853	845,565
Net change in fund balances	\$ 91,438	\$ 505,472	\$ 1,339,942	\$ 1,638,140	\$ 1,113,627	\$ 966,253	\$ 415,041	\$ (459,443)	\$ 366,197

Note 1: The City began tracking the change in fund balances when it implemented GASB Statement 44 in year 2004.

Schedule 6
City of Thomaston
Tax Revenues by Source, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

Fiscal Year	Tax Revenues										
	Special Local										
	General Property	Motor Vehicle and Mobile Home	Local Option (LOST) Sales	Option (SPLOST) Sales	Intangible	Franchise	Insurance Premium	Real Estate Transfer	Alcoholic Beverage	Hotel/Motel	Total
2002	\$ 873,284	\$ 74,459	\$ 1,199,262	\$ -	\$ 6,184	\$ 500,225	\$ 376,468	\$ 5,112	\$ 198,470	\$ 61,846	\$ 3,295,310
2003	773,375	66,490	1,172,424	-	9,428	318,892	404,251	7,661	202,381	63,116	3,018,018
2004	842,223	61,392	1,256,233	-	10,407	374,796	438,097	3,456	201,941	73,238	3,261,783
2005	832,471	50,286	1,368,795	638,901	8,657	404,525	471,432	3,363	201,041	71,065	4,050,536
2006	963,772	51,683	1,482,836	914,051	16,785	425,578	493,135	3,461	198,373	67,773	4,617,447
2007	803,148	46,329	1,514,026	952,334	11,478	373,555	514,395	2,187	187,125	71,107	4,475,684
2008	767,404	52,750	1,392,274	866,988	5,883	353,646	526,717	2,909	209,161	73,795	4,251,527
2009	897,871	44,112	1,344,385	837,816	4,289	399,409	521,775	1,174	201,277	68,536	4,320,644
2010	835,962	43,898	1,359,520	751,867	3,717	306,320	506,611	1,148	199,690	71,840	4,080,573
2011	807,151	45,173	1,350,981	330,313	5,374	332,327	430,147	991	194,922	64,548	3,561,927

Schedule 7
City of Thomaston
Assessed Value and Estimated Actual Value of Real and Personal Property
Last Ten Years

Fiscal Year	Real Property			Personal Property			Total Property		
	Assessed		Estimated Actual Value	Assessed		Estimated Actual Value	Assessed		Estimated Actual Value
	Value	Value		Value	Value		Value (1)	Value	
2002	\$ 103,057,280	\$ 257,643,200	\$ 171,762,130	\$ 68,704,852	\$ 171,762,130	\$ 429,405,330	\$ 171,762,132	\$ 429,405,330	4.59
2003	95,289,158	238,222,896	158,815,264	63,526,106	158,815,264	397,038,160	158,815,264	397,038,160	4.59
2004	115,841,891	289,604,729	193,069,819	77,227,928	193,069,819	482,674,548	193,069,819	482,674,548	3.92
2005	130,782,760	326,956,902	217,971,268	87,188,508	217,971,268	544,928,170	217,971,268	544,928,170	3.83
2006	138,842,814	347,107,035	231,404,690	92,561,876	231,404,690	578,511,725	231,404,690	578,511,725	3.68
2007	140,356,723	350,891,807	233,927,871	93,571,148	233,927,871	584,819,678	233,927,871	584,819,678	3.66
2008	142,986,732	357,466,829	238,311,219	95,324,487	238,311,219	595,778,048	238,311,219	595,778,048	3.62
2009	139,593,495	348,983,738	232,655,825	93,062,330	232,655,825	581,639,563	232,655,825	581,639,563	3.62
2010	138,847,608	347,119,020	23,142,680	92,565,072	23,142,680	578,531,700	231,412,680	578,531,700	3.62
2011	135,900,198	339,750,495	226,500,330	90,600,132	226,500,330	566,250,825	226,500,330	566,250,825	3.62

Note: (1) Assessed values are established by the Upson County Assessment Board on January 1 of each year at 40% of estimated market value.

Source: Final Accounting Reports of the Upson County Tax Commissioner.

Schedule 8
City of Thomaston
Direct & Overlapping Property Tax Rates
Last Ten Years
(rate per \$1,000 of assessed value)

Fiscal Year	City Direct Rates			Overlapping Rates			
	Basic Rate	General Obligation		State of Georgia	Upson County	City-County School System	Total
		Debt Service	Total Direct Rate				
2002	4.59	0.00	4.59	0.25	13.43	15.65	33.92
2003	4.59	0.00	4.59	0.25	15.43	15.65	35.92
2004	3.92	0.00	3.92	0.25	11.31	12.52	28.00
2005	3.83	0.00	3.83	0.25	13.31	13.46	30.85
2006	3.68	0.00	3.68	0.25	12.80	14.34	31.07
2007	3.66	0.00	3.66	0.25	12.72	15.03	31.66
2008	3.62	0.00	3.62	0.25	12.72	14.30	30.89
2009	3.62	0.00	3.62	0.25	12.72	14.30	30.89
2010	3.62	0.00	3.62	0.25	12.72	14.30	30.89
2011	3.62	0.00	3.62	0.25	12.72	14.30	30.89

The overlapping rates are those of state and county governments that apply to property owners within the City of Thomaston.

Schedule 9
City of Thomaston
Principal Property Tax Payers
Current Year and Seven Years Ago

	2004				Taxpayer	2011			
	Total Assessed Value	City Tax Levy	Rank	Percentage of Total City Tax Levy		Total Assessed Value	City Tax Levy	Rank	Percentage of Total City Tax Levy
West Georgia Generating	\$29,772,000	\$116,706	1	14.11%	West Georgia Generating	\$39,395,095	\$138,990	1	16.09%
Wal-Mart Stores, Inc.	6,901,673	27,054	2	3.27%	Cellu Tissue - Previously Atlantic Paper & Foil	13,865,282	26,664	2	3.09%
Yamaha Music Mfg., Inc.	8,363,913	13,474	3	1.63%	Wal-Mart Stores, Inc.	6,365,061	23,042	3	2.67%
One Four Five Associates	2,751,635	10,786	4	1.30%	Home Depot	4,003,190	14,491	4	1.68%
Quad Graphics (1)	2,494,593	9,779	5	1.18%	North Creek Shopping Center	3,252,350	11,774	5	1.36%
Georgia Windstream	2,390,486	9,371	6	1.13%	Bank of Upson	2,647,881	9,585	6	1.11%
Oracle Packaging Co. of Georgia	3,406,333	7,999	7	0.97%	Standard Textiles	8,505,870	7,995	7	0.93%
Atlantic Paper & Foil (Atlantic Lakeside Properties)	2,441,765	7,000	8	0.85%	Georgia Windstream	4,591,301	7,591	8	0.88%
1888 Mills, LLC	4,243,612	4,956	9	0.60%	1888 Mills	6,654,589	6,013	9	0.70%
Royal Cord, Inc.	2,284,876	3,294	10	0.40%	Ingles Market	1,398,609	5,063	10	0.59%

Source: Upson County Tax Commissioner's Office

Note: The city began tracking principle property tax data when it implemented GASB Statement 44.

(1) According to the Upson County Tax Commissioner, all property owned by Quad Graphics was located in the county for 2005.

Schedule 10
City of Thomaston
Property Tax Levies and Collections
Last Nine Years

Year	Total Tax Levy	Collected within the Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2003	\$ 815,929	\$ 618,234	75.77%	\$ 197,677	\$ 815,911	100.00%
2004	829,208	749,048	90.33%	80,146	829,194	100.00%
2005	881,590	778,706	88.33%	102,871	881,577	100.00%
2006	874,757	760,294	86.91%	114,405	874,699	99.99%
2007	917,470	734,117	80.02%	183,229	917,346	99.99%
2008	868,711	729,936	84.03%	137,622	867,558	99.87%
2009	879,011	768,774	87.46%	107,792	876,566	99.72%
2010	875,559	769,592	87.90%	83,562	853,154	97.44%
2011	851,015	734,588	86.32%	-	734,588	86.32%

Source: Final Accounting Reports of the Upson County Tax Commissioner

Note: The City is providing beginning information with the first year of GASB 34 implementation - December 31, 2003.

Schedule 11
City of Thomaston
Sales Tax Revenue by Category
Last Three Years

	Sales Tax		Sales Tax		Sales Tax	
	Distributions	Percentage	Distributions	Percentage	Distributions	Percentage
	2009	of Total	2010	of Total	2011	of Total
Food	\$ 583,099	18.76%	\$ 499,629	15.81%	\$ 489,032	15.56%
General	756,142	24.33%	701,768	22.21%	654,442	20.83%
Automotive	312,776	10.06%	217,124	6.87%	229,149	7.29%
Home	180,706	5.81%	102,795	3.25%	74,305	2.36%
Misc. Service	303,789	9.77%	290,046	9.18%	291,138	9.27%
Manufacturers	185,357	5.96%	243,661	7.71%	221,780	7.06%
Utilities	387,195	12.46%	348,522	11.03%	355,224	11.30%
Accommodations	10,504	0.34%	19,306	0.61%	15,062	0.48%
Construction	3,291	0.11%	8,836	0.28%	5,934	0.19%
Other Retail	201,000	6.47%	307,742	9.74%	287,674	9.15%
Other Services	39,412	1.27%	55,386	1.75%	83,953	2.67%
Wholesale	145,207	4.67%	364,702	11.54%	434,648	13.83%
Total	\$ 3,108,478	100.00%	\$ 3,159,517	100.00%	\$ 3,142,341	100.00%

Note: Since the City of Thomaston does not have a city sales tax, all sales tax reported to the Georgia Department of Revenue is accumulated by commodity as Upson County. The above numbers are taken from commodity reports issued by the Georgia Department of Revenue for Upson County and represent the county as a whole.

The local option sales tax revenue for Upson County is shared by the City of Thomaston, the City of Yatesville, and Upson County. The distribution percent, as agreed on by the three governments, is 43% to the City of Thomaston, 2% to the City of Yatesville, and 55% to Upson County.

Schedule 12
City of Thomaston
Direct and Overlapping Sales Tax Rates
Last Ten Years

Fiscal Year	City Direct Rate	Upson County
2002	1.00% LOST	3.00% LOST & SPLOST & ELOST (3)
2003	1.00% LOST	3.00% LOST & SPLOST
2004	1.00% LOST	3.00% LOST & SPLOST
2005	2.00% LOST & SPLOST (4)	2.00% LOST & SPLOST (4)
2006	2.00% LOST & SPLOST	3.00% LOST & SPLOST & ELOST (5)
2007	2.00% LOST & SPLOST	3.00% LOST & SPLOST & ELOST
2008	2.00% LOST & SPLOST	3.00% LOST & SPLOST & ELOST
2009	2.00% LOST & SPLOST	3.00% LOST & SPLOST & ELOST
2010	2.00% LOST & SPLOST	3.00% LOST & SPLOST & ELOST
2011	2.00% LOST & SPLOST	3.00% LOST & SPLOST & ELOST

LOST - Local Option Sales Tax

ELOST - Education Local Option Sales Tax

SPLOST - Special Purpose Local Option Sales Tax

Note: Although the City's direct sales tax rate is included in the County rate, the City receives the sales tax revenue for sales made within the City. The rate listed under the County is the rate that is added to the state sales tax rate to determine the total rate for the entire County.

- (1) The LOST for the City of Thomaston and Upson County began on 7/1/1981 with no ending date.
- (2) The 1% SPLOST began 4/1/2000 and ended 3/31/2005. Upson County received the SPLOST funds.
- (3) The 1% ELOST began 7/1/2002 and ended 9/30/2005. Upson County received the ELOST funds.
- (4) The 1% SPLOST began on 4/1/2005 and ended 3/31/2011. The City of Thomaston, the City of Yatesville and Upson County share the SPLOST funds.
- (5) The 1% ELOST began 7/1/2006 and will continue until the \$12 million ELOST is complete. Upson County receives the ELOST funds.

Schedule 13
City of Thomaston
Outstanding Debt by Type
Last Ten Years

Year	Governmental Activities	Business-type Activities		Total Primary Government	Total Debt Per Capita	Total Debt as a Percent of Personal Income
	General Obligation Bonds	Water/Sewer Revenue Bonds	Water/Sewer Georgia Revolving Loan			
2002	\$ -	\$ 11,200,000 (1)	\$ 2,902,605 (2)	\$ 14,102,605	\$ 313	0.1465%
2003	-	10,970,000	2,685,168	13,655,168	289	0.1530%
2004	-	10,675,000	2,457,903	13,132,903	265	0.1657%
2005	-	10,370,000	2,223,743	12,593,743	240	0.1799%
2006	-	10,060,000	1,982,478	12,042,478	217	0.1957%
2007	-	9,740,000	1,733,893	11,473,893	189	0.2162%
2008	-	9,410,000	1,477,767	10,887,767	161	0.2392%
2009	-	9,070,000	1,213,870	10,283,870	132	0.2577%
2010	-	8,720,000	941,966	9,661,966	105	0.2801%
2011	-	8,360,000	2,331,307 (3)	10,691,307	257	0.2444%

Notes: (1) The City of Thomaston issued \$11,200,000 in revenue bonds in November 2002.

(2) The City of Thomaston entered into a promissory note agreement with the Georgia Environmental Finance Authority (GEFA) for a revolving loan in August 2001, for payments to begin in January 2002. The 2011 ending balance was \$661,813.

(3) The City of Thomaston entered into a promissory note agreement with the Georgia Environmental Finance Authority (GEFA) in 2009 for a 30% loan / 70% grant. All of the 30% portion was drawn in 2011. The 2011 ending balance was \$1,020,000.

(3) The City of Thomaston entered into a promissory note agreement with the Georgia Environmental Finance Authority (GEFA) in 2010 for a 70% loan / 30% grant. The first draw on the loan was made in 2011. The 2011 ending balance was \$649,494.

Total debt per capita is based on the city population on schedule 17.

Total debt as a percent of personal income is based on county per capita income on schedule 17.

Schedule 14**City of Thomaston****Direct and Overlapping Governmental Activities Debt****As of December 31, 2011****SUMMARY OF CITY DEBT BY CATEGORY AND OVERLAPPING DEBT**

Set forth below is information concerning long-term tax supported debt of the City and the overlapping property tax supported debt of certain governmental entities that is attributable to property owners in the City based on the proportion to which the jurisdiction of the City overlaps such entities. Although the City has attempted to obtain accurate information as to the outstanding overlapping debt, it does not warrant its completeness or accuracy, as there is no central reporting entity which has this information available, and the amounts are based on information supplied by others.

<u>Category of Debt</u>	<u>Amount of Outstanding Debt</u>
Direct:	
City's - General Obligation Debt (1)	\$ -
Total Direct Debt	-
Overlapping (3)	
Upson County - General Obligation Debt (1)	-
- GEFA Loans (2)	3,752,002
- Capital Leases (4)	520,089
Total Overlapping Debt	4,272,091
Total Direct and Overlapping	<u>\$ 4,272,091</u>

Notes:

- (1) Represents general obligations of the issuer to which its full faith and credit are pledged.
- (2) GEFA loans are general obligations of the issuer to which its full faith and credit and taxing power are pledged, but do not constitute debt for purposes of the constitutional debt limit. These loans are expected to be paid with moneys derived from the operation of the water and sewer system.
- (3) Approximately 36% of Upson County's debt is allocable to the City.
- (4) The financial obligations under capital leases do not constitute general obligations to which the taxing power is pledged, but are subject to and dependent upon lawful appropriations of general revenues being made to pay the capital lease payments due in each year. Obligations under capital leases are from year to year only and do not constitute mandatory payment obligations in any year in which funds are not appropriated to pay the capital lease payments due in such year. Obligations under capital leases do not constitute debt for purposes of the constitutional debt limit.

Schedule 15
City of Thomaston
Legal Debt Margin Information
Last Ten Years

	Legal Debt Margin Calculation									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Net Assessed Value	\$ 171,762,132	\$ 158,815,264	\$ 210,924,125	\$ 217,971,268	\$ 231,404,690	\$ 233,927,871	\$ 238,311,219	\$ 232,655,825	\$ 231,412,680	\$ 226,500,330
Debt Limit - 10% of Assessed Value	17,176,213	15,881,526	21,092,413	21,797,127	23,140,469	23,392,787	23,831,122	23,265,583	23,141,268	22,650,033
Debt Applicable to Limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	17,176,213	15,881,526	21,092,413	21,797,127	23,140,469	23,392,787	23,831,122	23,265,583	23,141,268	22,650,033
Legal debt margin as a percentage of the debt limit	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Note: Under state finance law, the city's outstanding general obligation debt should not exceed 15 percent of total assessed property value. However, the city has established a more conservative internal limit of no more than 10 percent. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Schedule 16
City of Thomaston
Pledged-Revenue Coverage
Last Ten Years

Public Utilities System Revenue Bonds

Year	Gross Revenue	Less: Operating Expenses	Net Available				Coverage
			Revenue	Debt Service		Total	
				Principal	Interest		
2002	\$ 12,256,447	\$ 9,865,004	\$ 2,391,443	\$ 231,000	\$ 228,395	\$ 459,395	5.21
2003	12,576,319	9,839,789	2,736,530	230,000	498,183	728,183	3.76
2004	13,531,614	10,004,113	3,527,501	295,000	454,111	749,111	4.71
2005	14,056,809	9,692,810	4,363,999	305,000	446,736	751,736	5.81
2006	14,144,962	10,410,788	3,734,174	310,000	439,111	749,111	4.98
2007	14,761,500	11,414,549	3,346,951	320,000	431,361	751,361	4.45
2008	14,572,898	12,302,513	2,270,385	330,000	421,761	751,761	3.02
2009	15,620,473	12,003,246	3,617,227	340,000	411,861	751,861	4.81
2010	16,212,189	12,738,846	3,473,343	350,000	400,981	750,981	4.63
2011	17,127,278	15,019,376	2,107,902	360,000	389,081	749,081	2.81

Notes:

Gross revenue equals operating and non-operating revenues of the Public Utilities Revenue Funds.

Operating expenses do not include bond interest, depreciation or amortization expenses.

Schedule 17
City of Thomaston
Demographic and Economic Statistics
Last Ten Years

Year	Population	Per Capita Personal Income	Median Age	Unemployment Rate
2002	9,288	\$ 20,667	37.4	10.8
2003	9,288	20,887	37.4	N/A
2004	9,288	21,759	37.4	N/A
2005	9,265	22,655	N/A	N/A
2006	9,140	23,569	N/A	N/A
2007	9,165	24,811	N/A	N/A
2008	9,191	26,041	N/A	N/A
2009	9,191	26,498	37.4	12.6
2010	9,170	27,067	N/A	12.3
2011	9,170	26,133	33.5	11.5

Notes: The population number for 2011 was obtained from the Three Rivers Regional Commission, based on the 2010 Census for the City of Thomaston.

The per capita income is given for Upson County rather than the City of Thomaston, due to the lack of availability of information for the City.

The median age was obtained from the Three Rivers Regional Commission for the City of Thomaston.

The unemployment rate for 2011 was obtained from the Three Rivers Regional Commission for the City of Thomaston.

The unemployment rate for 2009 and 2010 was obtained from the Georgia Department of Labor.

N/A = Not Available

Schedule 18

City of Thomaston

Principal Employers

Current Year and Seven Years Ago

Employer	2004		Employer	2011	
	Number of Employees	Rank		Number of Employees	Rank
Thomaston/Upson County Schools	687	1	Thomaston/Upson County Schools	717	1
Quad Graphics of Georgia (Note 1)	620	2	Upson Regional Medical Center	690	2
Upson Regional Medical Center	464	3	Wal-Mart	230	3
Standard Textile Company	272	4	Upson County Government	220	4
Yamaha Music Mfg. (Note 5)	240	5	Cellu Tissue - Thomaston LLC	153	5
Georgia Dept. of Transportation (Note 4)	210	6	Southern Crescent Technical College	146	6
1888 Mills, LLC.	185	7	Standard Textile Company	123	7
Innoware (Duni) Corporation (Note 2)	170	8	Providence Nursing Home	105	8
Royal Cord, Inc. (Note 3)	169	9	Clearview Nursing Home / Golden Living	89	9
City of Thomaston	143	10	City of Thomaston	86	10

Source: Thomaston-Upson County Chamber of Commerce

Note: The city began tracking principle employer data when it implemented GASB Statement 44.

Note 1: According to the Upson County Tax Commissioner, all property owned by Quad Graphics was located in the county for 2005.

Note 2: Innoware, previously Duni Corporation, is located in the county.

Note 3: Royal Cord, Inc. ceased operations.

Note 4: The Georgia Department of Transportation offices moved to the county during 2007.

Note 5: Yamaha Music Mfg. ceased operations in 2007.

Schedule 19
City of Thomaston
Full Time Equivalent City Government Employees by Function/Program
Last Ten Years

Function/Program	Full Time Equivalent Employees as of December 31,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
Administration	4	8	8	8	9	11	10	10	10	10
Finance	6	5	5	5	5	5	5	5	5	5
Down Town Development	1	1	1	1	1	1	1	1	1	0
Community Development	1	1	1	1	1	1	1	1	1	1
Electric Department	18	14	14	15	18	15	14	13	13	13
Fire Department	25	13	15	18	18	19	19	21	21	20
Police Department										
Officers	38	20	21	26	27	27	27	23	22	23
Civilians	8	3	3	3	3	2	3	3	3	3
Street Department	28	19	19	20	19	12	11	10	8	5
Water/Wastewater Department (Note 1)	25	25	25	25	25	25	25	24	21	19

Source: Payroll records

Note 1: The city's water and wastewater activities were contracted to Southwest Water, Inc. for 2011.
The water/wastewater personnel are employees of Southwest Water rather than the City of Thomaston.

Schedule 20
City of Thomaston
Operating Indicators by Function/Program
Last Seven Years

Function/Program	2005	2006	2007	2008	2009	2010	2011
General Government							
Building permits issued							
New Residential	22	22	23	7	5	3	0
New Commercial	3	5	7	6	6	4	5
Additional & Improvements - Residential	144	129	110	97	98	64	67
Additional & Improvements - Commercial	6	10	10	18	22	18	16
Police Department							
Physical arrests	2,808	3122	2741	1120	587	794	620
Citations	1,690	2758	2184	3648	2916	1853	1751
Fire Department							
Emergency (EMS) responses	112	132	132	134	149	193	228
Fires extinguished	53	71	82	28	89	75	79
Street Department							
Streets resurfaced (miles)	0.82	0	1.38	0.43	0.34	0.92	0
Sidewalks replaced (miles)	N/A	0.29	1.96	0.54	0.07	0.06	0.1
Electric Department							
Lines replaced (miles)	0.62	2.38	2.16	5.45	0	2.62	0.17
Water Department							
New connections	33	30	31	23	10	6	8
Water main breaks	471	427	159	319	240	184	343
Average daily consumption (million gallons)	1.72	1.66	1.73	1.56	1.45	1.3	1.18
Based on water billed to customers							

Sources: Various city departments

Schedule 21
City of Thomaston
Capital Asset Statistics by Function/Program
Last Ten Years

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police Department										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol cars	7	7	9	9	10	10	10	10	11	11
Fire Department										
Stations	2	2	1	1	1	1	1	1	1	1
Ladder Trucks	1	1	1	1	1	1	1	1	1	1
Pumper Trucks	3	3	3	3	2	2	3	3	3	3
Fire hydrants	N/A	N/A	N/A	587	608	608	600	600	600	610
City insurance rating	4	4	4	4	4	4	4	4	4	4
Electric Department (Note 1)										
Substations	4	4	4	4	4	4	4	4	4	4
Lines (miles)	76	76	76	81	81	98.73	98.73	99.54	99.54	99.54
Street Department										
Streets (miles)	N/A	51.01	51.01	51.56	51.63	52.24	52.24	52.61	52.61	52.61
Sidewalks (miles)	N/A	30.6	30.6	30.6	30.6	30.6	30.6	30.6	30.6	30.63
Water Department										
Water filter plants	1	1	1	1	1	1	1	1	1	1
Filtering capacity (MGD)	6	6	6	6	6	4.3	4.3	4.3	4.3	4
Water lines (miles)	N/A	79.41	80.36	81.24	81.49	82.16	82.74	83.28	83.66	83.66
Water tanks (above & underground)	13	12	12	12	12	10	10	10	10	7
Storage capacity (millions of gallons)	4.66	4.41	4.41	4.41	4.41	4.01	4.01	4.01	4.01	2.05
Wastewater										
Treatment plants	2	2	2	2	2	2	2	2	2	2
Total treatment capacity (MGD)	4	4	4	4	4	4	4	4	4	4
Sewer lines (miles)	66.29	66.29	66.29	66.29	66.29	66.67	66.67	67.11	67.11	67.11

Sources: Various city departments

Note 1: The city purchases all of the electricity for use and for resale from the Municipal Electric Authority of Georgia (MEAG) and Southeastern Power Administration (SEPA).

N/A - Not available

GOVERNMENTAL REPORTS

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CITY OF THOMASTON, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2011

2004 Special Local Option Sales Tax Projects:	Original Estimated Cost	Expenditures			Estimated Percentage of Completion
		Prior Year(s)	Current Year	Total	
Sewer Projects	\$ 2,282,760	\$ 186,558	\$ 168,284	\$ 354,842	15.54%
Bell Creek Project	1,175,040	969,422	1,646	971,068	82.64%
Water & Wastewater Projects	1,175,040	297,535	29,798	327,333	27.86%
Beautification Projects	195,840	353,460	21,634	375,094	191.53%
Totals	\$ 4,828,680	\$ 1,806,975	\$ 221,362	\$ 2,028,337	

2011 Special Local Option Sales Tax Projects:	Original Estimated Cost	Expenditures			Estimated Percentage of Completion
		Prior Year(s)	Current Year	Total	
Sewer Line Replacement	\$ 4,183,276	\$ -	\$ -	\$ -	0.00%
Totals	\$ 4,183,276	\$ -	\$ -	\$ -	

Note: Upson County and the City of Thomaston could not come to an agreement on the 2011 SPLOST. The estimated cost reported above is the amount reported by Upson County in their annual newspaper advertisement.

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SINGLE AUDIT SECTION

CITY OF THOMASTON, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

Federal/Grantor/Pass-Through Grantor/Program Title or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Transportation</u>			
Direct Programs			
Federal Aviation Administration	20.106	AP 090-9000-31(293)	\$ 41,053
Total U.S. Department of Transportation			<u>41,053</u>
<u>Environmental Protection Agency</u>			
Passed through Georgia Environmental Facilities Authority (GEFA):			
Drinking Water State Revolving Funds - ARRA (loan)	66.468	DWSRF 09-002	1,020,000
Drinking Water State Revolving Funds (loan)	66.468	DWSRF 10-012	649,494
Drinking Water State Revolving Funds (grant)	66.468	DWSRF 10-012	<u>92,785</u>
Total Environmental Finance Agency			<u>1,762,279</u>
<u>U.S. Department of Justice</u>			
Direct Programs			
Federal Forfeiture Program	16.000	GA1450100	<u>5,145</u>
Total U.S. Department of Justice			<u>5,145</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,808,477</u></u>

The accompanying notes are an integral part of these financial statements

CITY OF THOMASTON, GEORGIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the City of Thomaston, Georgia under programs of the federal government for the year ended December 31, 2011. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the City of Thomaston, Georgia, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City of Thomaston, Georgia.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the (identify basis of accounting) basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE 3 – SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the City of Thomaston, Georgia provided federal awards to subrecipients as follows:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amount Provided to Subrecipients</u>
20.106	Federal Aviation Administration	\$ 41,053

CITY OF THOMASTON, GEORGIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

FEDERAL AWARD FINDINGS

Findings noted on the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with *OMB Circular A-133*:

NONE REPORTED



J. Russell Lipford, Jr., CPA
Mark O. Hardison, CPA
Terry I. Parker, CPA
Christopher S. Edwards, CPA
Lynn S. Hudson, CPA
Kevin E. Lipford, CPA

Member of
American Institute of
Certified Public Accountants
Truman W. Clifton (1902-1989)

**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**

Honorable Mayor and Members of City Council
City of Thomaston, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Thomaston, Georgia as of and for the year ended December 31, 2011, and have issued our report thereon dated June 25, 2012. 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.

Internal Control Over Financial Reporting

Management of the City of Thomaston, Georgia is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Thomaston, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Thomaston, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Thomaston, Georgia's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiencies described in the

accompanying schedule of findings and responses to be material weaknesses. 2011-01, 2011-02, 2011-03, and 2011-04

Compliance and Other Matters

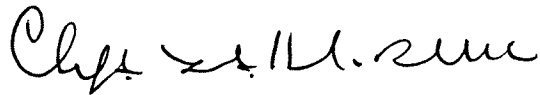
As part of obtaining reasonable assurance about whether the City of Thomaston, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2011-05.

We noted certain matters that we reported to management of the City of Thomaston, Georgia in a separate letter dated June 25, 2012.

The City of Thomaston, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the City of Thomaston, Georgia's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, City Council and others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

Macon, Georgia
June 25, 2012





J. Russell Lipford, Jr., CPA
Mark O. Hardison, CPA
Terry I. Parker, CPA
Christopher S. Edwards, CPA
Lynn S. Hudson, CPA
Kevin E. Lipford, CPA

Member of
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Certified Public Accountants
Truman W. Clifton (1902-1989)

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor and Members
of City Council
City of Thomaston, Georgia

Compliance

We have audited the City of Thomaston, Georgia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Thomaston, Georgia's major federal programs for the year ended December 31, 2011. The City of Thomaston, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Thomaston, Georgia's management. Our responsibility is to express an opinion on the City of Thomaston, Georgia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Thomaston, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Thomaston, Georgia's compliance with those requirements.

In our opinion, the City of Thomaston, Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

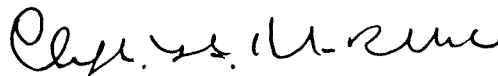
Management of the City of Thomaston, Georgia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Thomaston, Georgia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Thomaston, Georgia's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Macon, Georgia
November 30, 2012

A handwritten signature in black ink, appearing to read "Chas. H. Smith", is written over the date.

CITY OF THOMASTON, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weakness(es)	None Reported
Noncompliance material to financial statements noted?	Yes

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None Reported
Type of auditor’s report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	No

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
<i>Georgia Environmental Facilities Authority (GEFA)</i>	
66.468	Drinking Water State Revolving Funds – ARRA (loan)
66.468	Drinking Water State Revolving Funds (loan)
66.468	Drinking Water State Revolving Funds (grant)

Dollar threshold used to distinguish between Type A and Type B program	\$ 300,000
Auditee qualified as low-risk auditee	No

CITY OF THOMASTON, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Section II – Financial Statement Findings

Findings noted on the 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*:

2011-01 Direct Adjustments to Net Assets

CRITERIA

All charges to net assets should be reported as part of the results of operations for the current period rather than treated as a direct adjustment to net assets.

CONDITION

The City does not have adequate accounting procedures to insure that adjustments to net assets are the result of operations for the current period.

EFFECT

The audit procedures for 2011 identified some material adjustments by the external auditor to correct the beginning net asset account balances:

- In the Water and Sewer Fund, audit adjustment of \$467,339 was needed to correct net assets account balance.
- In the Electric Fund, an audit adjustment of \$1,696,372 was needed to correct the net assets account balance.

CAUSE

The City lacked accounting procedures that insured only the results of operations for the current period was recorded to net assets.

RECOMMENDATION

The City should establish procedures to insure that only the results of operations for the current period are posted to net assets.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management concurs with the finding. The City will be aware that these adjustments to net assets should be the result of operations for the current period.

CITY OF THOMASTON, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

2011-02 Accounts Receivable / Revenue

CRITERIA

Accounting procedures should be designed to insure that revenue is accrued and recognized when they become both measurable and available to finance expenditures of the fiscal period.

CONDITION

Various revenue items were not recorded in the proper fiscal period.

EFFECT

The audit procedures for 2011 identified some material adjustments by the external auditor to correct accounting records and financial reports. The adjustments are summarized as follows:

- Audit adjustments of \$26,863 and \$125,857 were needed to record additional franchise tax receivables and LOST receivables for the current year.
- Audit adjustment of \$75,757 was needed to record current year SPLOST receivable.
- Audit adjustment of \$553,619 was needed to correctly record the dividend income on the MEAG investment account in the Electric Fund.
- Audit adjustment of \$1,669,494 was needed to correctly report the GEFA Loan / Grant Revenue activity in the Water and Sewer Fund.

CAUSE

The City does not have adequate accounting procedures in place to insure the accrual of revenues in the proper fiscal year.

RECOMMENDATION

We recommend that the City develop procedures to insure the recording of revenues when they become both measurable and available to finance expenditures of the fiscal period.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management concurs with the finding. An emphasis will be placed on recording all revenue items in the proper fiscal period.

CITY OF THOMASTON, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

2011-03 Accounts Payable / Expenses

CRITERIA

In accordance with generally accepted accounting principles, expenses are recognized as soon as a liability is incurred. Year-end procedures are necessary to ensure that expenses or expenditures and accounts payable are recorded in the appropriate period.

CONDITION

The City does not have adequate accounting procedures to insure that expenses are recorded and properly classified when a liability is incurred.

EFFECT

Material audit adjustments were needed to fairly state and classify expenses for the year ended December 31, 2011. A summary of the required adjustments is as follows:

- In the General Fund, audit adjustments of \$39,448 and \$17,856 were needed to record additional current year accounts payable and accrued salaries.
- In the Greatest Generational Park Fund, an audit adjustment of \$35,421 was needed to reverse out prior year retainage payable.
- In the Water and Sewer Fund, audit adjustments of \$86,991 and \$95,725 were needed to record additional retainage payable and accounts payable.
- In the Electric Fund, an audit adjustment of \$56,605 was needed to record additional current year accounts payable.
- In the Sanitation Fund, an audit adjustment of \$86,702 was needed to record additional current year accounts payable.

CAUSE

The City lacked accounting procedures to insure the recording and proper classification of incurred expenses at the end of the fiscal period.

RECOMMENDATION

The City should establish procedures to insure the proper accrual and classification of all liabilities incurred during the fiscal period.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management concurs with the finding. The City will focus on properly recording accounts payable invoices as of the year end date.

CITY OF THOMASTON, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

2011-04 Capital Assets

CRITERIA

Accounting and control procedures should be designed to insure that capital asset activity is recorded and reported in the business-type activities financial statements. Capital asset records must be supported by detailed records that include location, department, cost, estimated useful life, depreciation and other detail supporting documentation.

CONDITION

The City had not properly posted all capital asset activity to the subsidiary ledgers.

EFFECT

Material audit adjustments were needed to fairly report capital asset information for the year ended December 31, 2011 as follows:

Water and sewer fund:

- Audit adjustments of \$199,728 were needed to record the contributed capital and related construction/capital asset paid by the SPLOST Fund.
- Numerous audit adjustments were needed to properly report construction projects with a net effect on net income of \$273,558.

CAUSE

Accounting personnel may have lacked adequate training in capital asset accounting.

RECOMMENDATION

The City should insure that the proper reconciling procedures are being performed monthly and at year-end to balance and reconcile capital asset records.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management concurs with the finding. The City will give attention to properly recording capital asset activity to the subsidiary ledgers.

CITY OF THOMASTON, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

2011-05 Debt Service Coverage

CRITERIA

The City is required to maintain a debt service coverage relative to the revenue bonds issued, as defined in the Revenue Bonds, Series 2002 bond document.

CONDITION

During 2011, the City's debt service coverage ratio was .86, which is less than the required ratio of 1.20.

EFFECT

The City was not in compliance with the requirements of the Revenue Bonds, Series 2002.

CAUSE

The City allocated various expenditures from the General Fund to the Water and Sewerage Fund, therefore increasing overall expenses in the fund and decreasing the debt service coverage ratio.

RECOMMENDATION

We recommend management review the current rate schedules and allocation of expenses for possible needed changes to meet future debt service ratios.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The city concurs with the finding that the debt service ratio is below an appropriate level. The city's water rates have not been high enough to meet both the debt ratio and allow for capital replacement at any time in the past ten years. The city has been implementing rate increases every year but 2007 to bring revenues to an appropriate level to accomplish both. The city's water usage has dropped off by more than 24 % since 2007. The result is that the city's ever increasing rate increases have not even been able to meet the debt ratio. The city utilizes transfers from the city electric fund to meet the debt ratio obligations and to undertake capital and infrastructure projects. The city is also working with the new water services contractor to establish a tank dump station system to allow the city to begin accepting leachate deliveries again. The city plans to continue to increase the water rates until the fund stands on its own. Imagine how the ratio would stand with a 24% increase in revenues.

CITY OF THOMASTON, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

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