

# **City of Thomaston, Georgia**



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2012**



# CITY OF THOMASTON, GEORGIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2012

PREPARED BY:

FINANCE OFFICE



CITY OF THOMASTON, GEORGIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2012

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## **INTRODUCTORY SECTION**



# CITY OF THOMASTON

## FINANCE DEPARTMENT

106 East Lee Street

P. O. Box 672

Thomaston, Georgia 30286-0009

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Telephone

706-647-6583

Fax

June 24, 2013

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, 2012.

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.

**TAKING THE TIME TO SERVE**

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, 2012, 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, 2012, 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 9,200. 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 when deemed appropriate by the governing council.

The governing body of the City of Thomaston is responsible, among other things, for passing ordinances and resolutions, adopting the budget, 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 2012, 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 2012, the balance in the Reserve Account was \$2.4 million, and the Capital Purchases Account balance was \$734,000.

Water, sewer and electrical projects are an ongoing user of capital funds. During 2012, the City was awarded a \$500,000 Community Development Block Grant. The grant funds will be used for a water line replacement project. This project and other CDBG projects in recent years 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 and 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 to the east and Interstate 85 to the west.

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

## CERTIFICATE OF ACHIEVEMENT AWARD

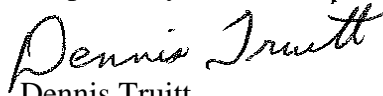
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Thomaston for its Comprehensive Annual Financial Report for the year ended December 31, 2011, our twenty sixth consecutive year.

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 2012 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, 2011

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.



*Christophe P. Moynell*

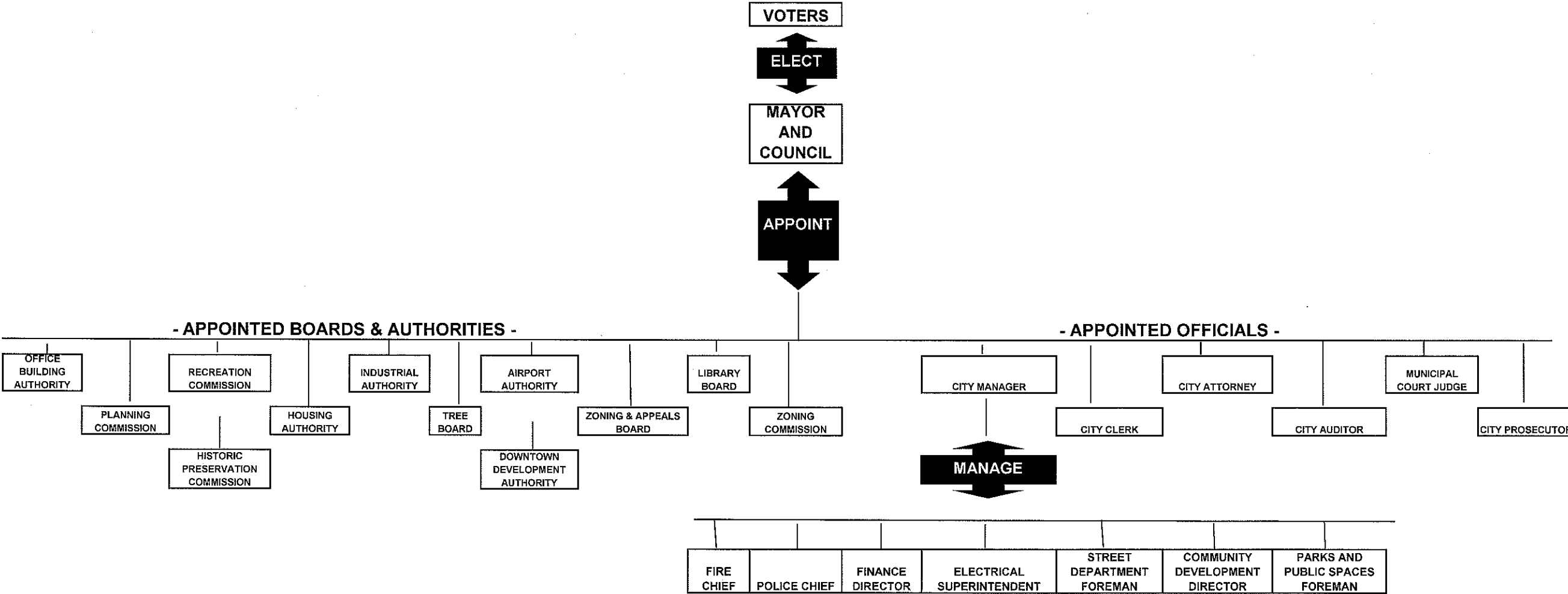
President

*Jeffrey R. Emer*

Executive Director

CITY OF THOMASTON, GEORGIA

ORGANIZATIONAL CHART





**LIST OF ELECTED AND APPOINTED OFFICIALS**  
**CITY OF THOMASTON, GEORGIA**  
**2012**

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**MAYOR**

Hays Arnold, Jr.

**CITY COUNCIL**

Gary Atwater

Doug Head

Patsy Perdue

Wallace Rhodes

Jim Richards

**CITY MANAGER**

Patrick Comiskey

**CITY CLERK/TREASURER**

**FINANCE DIRECTOR**

Dennis Truitt

**CITY ATTORNEY**

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**





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 City Council  
The City of Thomaston, Georgia

### **Report on the Financial Statements**

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, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness



of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **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, 2012, and the respective changes in financial position, and, where applicable, cash flows, and the respective budgetary comparison for the General Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information and the schedule of pension funding progress on pages 11 through 23 and page 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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 schedule of projects constructed with special sales tax proceeds, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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 basis financial statements.





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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 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 do not express an opinion or provide any assurance on them.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2013, 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* in considering the City of Thomaston, Georgia's internal control over financial reporting and compliance.

Macon, Georgia  
June 24, 2013

Chas. E. H. Rine



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2012

**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, 2012.

**FINANCIAL HIGHLIGHTS**

- The Mayor and City Council completed \$4.7 million in infrastructure work in 2012. The city undertook water line, sewer line, road, and recreation work.
- The Mayor and City Council have carried out more than \$20 million in capital purchases and infrastructure work since January 2005.
- The city government's total cash and cash equivalents at the end of 2012 was \$8,660,707. In addition to the \$8.6 million, the city held \$4,676,555 in investments.
- 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 city maintained more than the 15% in cash reserves.
- 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 \$734,515 as of December 31, 2012.
- The Mayor and City Council reduced the size of city government over the past decade. The city had 1/3<sup>rd</sup> fewer employees in 2012 than 2002. The city paid \$2.9 million in total gross wages in 2012. The city paid \$3.0 million in total gross wages in 2010. The total gross wages paid in 2010 was \$630,185 or 15.5% less than the city paid out in 2002.
- The city pays 100% of the health and other insurance premiums for city workers. City officials have tried to maintain premium costs. The city's employee health, dental, disability, and life insurance premium costs were \$2,209 or .3% more in 2011 than what the city paid in 2010. The city paid \$542,957 on health insurance in 2012. That figure was \$25,683 less than what was paid in 2011.
- The City's net position increased by \$2,451,422 in 2012. Net position for the Governmental Activities increased by \$748,110 in 2012. The City's net position for the Business type Activities increased by \$1,703,312.
- The City rolled-up its property tax rate in 2012. The city government plans to increase the city millage rate in August 2013.

## CITY OF THOMASTON, GEORGIA

### MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2012 (CONTINUED)

- The city government increased electric rates across the board again in 2012 for a third consecutive year. The City's electric charges and fees increased in 2012 by \$311,956, or 2.7%. The city's 2012 electricity costs less off system electricity sales rose by \$556,657 or 5.9%. The result was a loss of \$244,701 from 2011.
- The city government has room to grow its electric rates. Approximately 4/5ths of the city's commercial electric accounts are either non-demand or small demand customers. The City of Thomaston electric utility consistently ranks in the lowest rate quarter of utilities reporting charges to the Georgia Public Service Commission for a household utilizing 1,000 kWh.
- The city increased electric rates again to take effect January 1, 2013. The city plans to increase rates again in December 2013.
- The city has raised water rates in 10 out of the past 11 years. The city's 2012 water and sewer charges and fees collections rose by \$384,381 or 10.5% from 2011. The 2011 collections rose by \$118,917 or 3.4% from 2010.
- The city increased water rates again effective January 1, 2013. The city plans to increase rates again in December 2013.
- The City's General Fund tax collections increased in 2012 by \$82,875 or 2.6%.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statements of Net Position and the Statements 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 Position and the Statement of Activities**

One of the most important questions asked about the city's finances is, "Is the city as whole better off or worse off as a result of the year's activities?" The Statement of Net Position 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, 2012 (CONTINUED)

These two statements report the city's net positions and liabilities – as one way to measure the city's financial health, or financial position. Overtime, increases or decreases in the city's net positions 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 Position 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, parks and public spaces, city court, finance, and general administration. Property taxes, sales taxes, franchise fees, sanitation taxes, 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 Position and the Statement of Activities and governmental funds in reconciliation between the government wide financial statements and the governmental fund financial statements.

CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2012  
(CONTINUED)

The City of Thomaston maintains ten (10) 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 three 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. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position 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 position 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 position at the close of 2012 totaled \$39,440,486; \$8,660,707 of which were in cash or cash equivalents. An additional \$4,676,555 of net position was held in investments that are convertible in the time it takes for an electronic wire transfer. The City of Thomaston's total net position grew by \$2,451,422 or 6.6% in 2012.

A large portion of the city's net position 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.

CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2012  
(CONTINUED)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Assets</b>						
Current and Other Assets	\$ 7,401,271	\$ 7,849,938	\$ 7,905,199	\$ 8,426,646	\$ 15,306,470	\$ 16,276,584
Capital and Noncurrent Assets	13,618,213	12,132,055	24,337,825	21,886,204	37,956,038	34,018,259
Total Assets	21,019,484	19,981,993	32,243,024	30,312,850	53,262,508	50,294,843
<b>Liabilities</b>						
Current Liabilities	579,010	342,744	1,979,228	1,650,295	2,558,238	1,993,039
Long-term Liabilities	1,374,012	1,320,897	9,889,772	9,991,843	11,263,784	11,312,740
Total Liabilities	1,953,022	1,663,641	11,869,000	11,642,138	13,822,022	13,305,779
<b>Net Position</b>						
Net Investment in Capital Assets	13,618,213	12,132,055	13,683,729	11,194,897	27,301,942	23,326,952
Restricted	3,248,886	3,517,736	294,266	294,976	3,543,152	3,812,712
Unrestricted	2,199,363	2,668,561	6,396,029	7,180,839	8,595,392	9,849,400
Total Net Position	\$ 19,066,462	\$ 18,318,352	\$ 20,374,024	\$ 18,670,712	\$ 39,440,486	\$ 36,989,064



CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2012  
(CONTINUED)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Revenues</b>						
Program Revenues						
Charges for services	\$ 704,619	\$ 594,790	\$ 17,208,174	\$ 16,324,823	\$ 17,912,793	\$ 16,919,613
Operating grants and contributions	283,760	220,301	-	-	283,760	220,301
Capital grants	1,908,281	438,426	2,496,166	485,621	4,404,447	924,047
General Revenues						
Taxes	3,286,438	3,251,138	-	-	3,286,438	3,251,138
Interest revenue	17,188	30,354	397,686	802,455	414,874	832,809
Other	108,398	133,330	-	-	108,398	133,330
Total Revenue	6,308,684	4,668,339	20,102,026	17,612,899	26,410,710	22,281,238
<b>Expenses</b>						
General government	2,241,105	2,078,608	-	-	2,241,105	2,078,608
Public safety	2,870,384	2,751,102	-	-	2,870,384	2,751,102
Public works	1,431,991	794,525	-	-	1,431,991	794,525
Economic development	149,363	144,262	-	-	149,363	144,262
Culture & recreation	366,231	21,697	-	-	366,231	21,697
Water & Sewer	-	-	4,361,621	3,978,918	4,361,621	3,978,918
Electric	-	-	11,465,199	11,008,854	11,465,199	11,008,854
Sanitation	-	-	1,073,394	1,083,916	1,073,394	1,083,916
Total Expenses	7,059,074	5,790,194	16,900,214	16,071,688	23,959,288	21,861,882
Excess (deficiency) before contributions and transfers	(750,390)	(1,121,855)	3,201,812	1,541,211	2,451,422	419,356
Transfers	1,498,500	825,000	(1,498,500)	(825,000)	-	-
Change in Net Position	748,110	(296,855)	1,703,312	716,211	2,451,422	419,356
Net Position - Beginning of year	18,318,352	18,615,207	18,670,712	17,954,501	36,989,064	36,569,708
Net Position - End of year	\$ 19,066,462	\$ 18,318,352	\$ 20,374,024	\$ 18,670,712	\$ 39,440,486	\$ 36,989,064

## CITY OF THOMASTON, GEORGIA

### MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2012 (CONTINUED)

#### **Governmental Activities**

The City of Thomaston's total net position increased during 2012. The governmental activities net position increased by \$748,110 from 2011. The city's governmental activities cash position decreased by \$553,799. 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 \$1,189,786 in 2012 on general government capital assets. The city added another \$1,134,979 in capital assets from SPLOST spending in 2012. 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 increased by \$516,243 in 2012. Retainage payable and accounts payable increased by \$236,948. The estimated landfill post closure cost was increased in 2012 by \$55,209 from the 2011 estimate.

#### **Business-Type Activities**

The city's water and sewer fund net position increased by \$2,074,848 in 2012. Almost all of this growth is due to a \$2,496,166 increase in capital contributions. The largest drivers in the increase came from the Peerless Road area water line replacement project and the Griffin Avenue Sewer line project.

The city's electric fund had a net position decrease of \$410,851 in 2012. This reduction resulted from a transfer out of \$1,410,735. The electric fund total liabilities grew by \$179,843 in 2012. The current liabilities provided most of the increase growing by \$174,672.

#### **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 made \$234,206 in contributions to the pension fund in 2012. This was a slight reduction of \$234 from 2011 contributions. The city contributed 100% of the recommended contribution as determined by the plan's actuary.

#### **General Fund**

Governmental fund expenditures exceeded revenues and transfers from other financing sources in 2012 by \$394,992. General fund taxes consisting primarily of property taxes, sales taxes, franchise fees, insurance premium taxes grew by \$82,875 or 2.6%. Total revenues grew by \$144,173 or 3.5%. The

## CITY OF THOMASTON, GEORGIA

### MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2012 (CONTINUED)

mayor and city council rolled the property tax rate up in 2012 because a roll back in the rate increased the rate slightly from 2011. The city plans to increase the property tax rate in August 2013.

The city's total gross wages paid to all general fund, electric fund, and community development fund workers (city wide) dropped slightly in 2012. The city payroll was \$2.9 million in 2012. The city pays 100% of the employee's premium for health and other insurances. The city paid \$542,957 for health insurance for employees. This was slightly less than the premium cost in 2011. 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 2012 by \$374,968. This amounted to an increase in revenue of 10.2% from 2011. Revenues increase in 2011 by \$118,917 or 3.4%. The city increased the water and sewer rates in 10 of the last 11 years.

The city reduced water and sewer long-term by \$34,380 in 2012. The city had \$10,693,915 in water and sewer long-term debt at the close of 2012. The city hired a new water and sewer operations contractor effective January 1, 2012. The new contract cost was \$88,336 or 6.9% more than fees paid to the prior service contractor in 2011. The operations contract cost, as a figure, is 33.8% of the total operating revenues. The city expended \$1,168,334 on water and sewer debt principal and interest in 2012. This represents, as a figure, 29.6% of total operating revenue.

#### **Electric Fund**

The city electric revenues from charges and fees increased in 2012 by \$311,956. The City's electricity costs less off system electricity sales rose by \$556,657 in 2012 for an increase of 5.9% from 2011. A comparison of the growth in revenues with the growth in expenditures shows a net loss of \$244,701 in 2012 from 2011.

The city government has room to grow its electric rates. Approximately 4/5ths of the city's commercial electric accounts are either non-demand or small demand customers. The City of Thomaston electric utility consistently ranks in the lowest rate quarter of utilities reporting charges to the Georgia Public Service Commission 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.

CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2012  
(CONTINUED)

**SPLOST**

The city's special purpose local option sales tax fund (SPLOST) expenditures exceeded revenues by \$362,432. The city posted \$1,622,125 on sewer line replacement and refurbishing projects in 2012. Most of the funding was provided from SPLOST funds. The city has \$3,091,003 in SPLOST funds as of the close of 2012. These funds will be expended on sewer line replacement and refurbishing over the next few years. The city plans to utilize all of its incoming SPLOST dollars on sewer line work.

**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 2012 general fund tax and fee collections are roughly \$146,289 or 4.2% less than those collected in 2001. The city's reserve protects the city from sudden changes in the local economy and gives leaders time to make changes if a long term change such as a major plant closing or loss of an ongoing revenue source occurs.
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 supply reserve.

The capital project accounts will allow the city to keep up with major capital replacement projects. In recent years, city leaders have utilized capital project funds as leverage in obtaining federal grants for infrastructure replacement projects. The city's capital project accounts totaled \$734,515 as of December 31, 2012.

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 3/4<sup>th</sup> of the costs.

CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2012  
(CONTINUED)

4. The city set aside a capital project account for undertaking future general fund projects. The city has replaced out approximately 1/4<sup>th</sup> of the city's water lines since 2006. The city plans to continue on this march of replacement throughout the entire town.

**Comparison of the Final 2012 Budget with the Actual Expenditures**

The major variance in the General Fund expenditures is in the culture and recreation category. The largest line item accounting for \$69,458 of the total \$384,092 variance from the final budget for culture and recreation spending is the tree committee line item. The city bid out the 10 year tree inventory project and the general city arborist services. A different individual was contracted for each service. The tree inventory of the 1,600 trees the city maintains was not completed until early 2013. The tree arborist was just getting started approximately half way through the year. Spending for this category will be back on track in 2013.

Other parks and public spaces categories contributing to the variance in spending verse budget include both personnel expenditures and contractual service expenditures. Salaries and wages accounted for \$55,960, health insurance \$21,530, and accompanying wage taxes, retirement, and workers compensation premium fees \$6,743 of the variance. The new parks and public spaces foreman was not hired to begin work until the last quarter of the year. In part because of the lack of a foreman, the city did not bring as many contractual service workers on board or complete all the field projects as was initially planned. All of the spending on these line items should be back on track for 2013.

A final parks and public spaces spending area was cemetery improvements. The city has been spending tens of thousands of dollars on cemetery improvements in recent years. The city council has installed decorative marble columns and steel fences around two of the cemetery borders at the South View Cemetery. The city installed five electronic fences to restrict access to one side of the Glenwood Cemetery. The city planned on improving the back access to the South View Cemetery when the state turned the armory property back over to the city. The return did not take place in 2012 because of the city's unwillingness to accept the terms and conditions of the state officials brokering the property.

**Comparison of the Original 2012 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 2012 budget. The first revision identified \$330,000 as carry-over revenues from the 2011 SPLOST. The SPLOST started in July of 2011 with the first revenues coming in mostly in the final quarter of 2011. The city also identified annual estimated revenue from the SPLOST of \$750,000.

The second revision involved recognizing expenditures in the police department for increases in overtime and professional liability insurance. The combined additions of \$60,000 were offset by an increase in insurance premium tax revenues of \$60,000 from the original projected figure of \$400,000. The city also recognized an increase in CDBG revenues of \$36,000 received during 2012. The revenues were applied to the East Thomaston water and sewer line replacement project.

The third revision involved recognizing additional police overtime expenditures.

CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2012  
(CONTINUED)

**Capital Asset Administration**

The City of Thomaston's investment in capital assets for its governmental and business-type activities as of December 31, 2012 amounts to \$37,956,038 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 \$3,937,779. In 2011, the investment in capital assets net depreciation increased \$1,741,778. The city's water, sewer, and electric systems ending balance increased \$2,336,070. The water and sewer line replacement and refurbishing projects accounted for most of the increase to the capital asset values. The city expended \$1,436,735 on water line improvements and \$1,622,126 on sewer line replacement and refurbishing in 2012. A fork lift was purchased and a shed was completed in the electric department in 2012 totaling \$32,774.

The largest general government activities purchase in 2012 accounting for most of the \$1,486,158 increase in governmental net capital assets was in infrastructure replacement. The city expended \$1,554,759 on infrastructure in 2012. The city expended \$1,436,231 on milling, paving and curb work on over five miles of city streets. The city expended \$59,633 to create a parking lot for the African American Museum and \$38,829 to rebuild a basketball court at the Park Street Playground. The city expended \$20,260 on a riding mower and a clearing mower attachment. The city expended \$460,435 on building renovations in two buildings. Most of the work was committed to the city's building on Rt 19 North. This project involved removing asbestos and lead from the building, re-roofing the structure, and renovating the top floor for occupancy. The city obtained a state agency as a tenant late in the year. The city expects to complete the work in 2013. The city completed the multi-year project of upgrading a building at Weaver Park that local children's groups utilize after school for programing. The city expended \$19,700 on the final phase of the project.

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.

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

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Land	\$ 2,745,397	\$ 2,705,015	\$ 2,329,366	\$ 2,311,342	\$ 5,074,763	\$ 5,016,357
Construction in progress	466,485	184,691	2,856,046	2,204,807	3,322,531	2,389,498
Buildings	1,798,626	1,874,002	1,976,341	2,125,173	3,774,967	3,999,175
Systems	-	-	16,720,445	14,684,968	16,720,445	14,684,968
Equipment	1,110,405	1,057,963	425,978	389,602	1,536,383	1,447,565
Vehicles	557,519	667,856	29,649	170,312	587,168	838,168
Infrastructure	6,939,781	5,642,528	-	-	6,939,781	5,642,528
Total capital assets	\$ 13,618,213	\$ 12,132,055	\$ 24,337,825	\$ 21,886,204	\$ 37,956,038	\$ 34,018,259

CITY OF THOMASTON, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2012  
(CONTINUED)

**Long-term Debt Administration**

As of December 31, 2012, the City of Thomaston reported the following long-term debt:

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Revenue bonds	\$ -	\$ -	\$ 7,985,000	\$ 8,360,000	\$ 7,985,000	\$ 8,360,000
GEFA loan	-	-	2,669,096	2,331,307	2,669,096	2,331,307
Landfill postclosure liabilities	1,432,800	1,377,591	-	-	1,432,800	1,377,591
Compensated absences	160,612	168,306	39,819	36,988	200,431	205,294
Total outstanding debt	<u>\$ 1,593,412</u>	<u>\$ 1,545,897</u>	<u>\$ 10,693,915</u>	<u>\$ 10,728,295</u>	<u>\$ 12,287,327</u>	<u>\$ 12,274,192</u>

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 reduced long term debt for GEFA Notes and Bonds Payable at the close of 2012 by \$37,211. The city added \$680,506 in additional GEFA Notes Payable at the close of 2012.

**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 1/3<sup>rd</sup> 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 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 began replacing water lines one street at a time until stimulus funds became available in 2009. The city took advantage of partial loan forgiveness programs offered through the state's environmental facilities authority (GEFA) to begin replacing out water lines in entire sections of town. The city has also utilized CDBG funds to replace water lines. The city has replaced more than 18 miles of water lines in town over the past decade. This represents ¼ of the entire water distribution system.

CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2012  
(CONTINUED)

In 2004, the mayor and city council set aside over half of the available SPLOST funds for sewer line replacement work. In 2011, they set aside 100% of the available SPLOST funds for sewer line enhancement or replacement work. The mayor and city council plan to set aside 100% of the next SPLOST on sewer line enhancement or replacement.

In 2006, the mayor and city council hired an engineering firm to conduct a system inventory and improvement recommendation plan for the city's electric distribution system. The firm completed the study in 2007 and provided \$½ million in recommendations. The city undertook approximately \$450,000 in system improvement projects over the next four years. The city also replaced out two bucket trucks, one aerial, and one Derrick Truck over the past decade.

The mayor and city council took additional steps on the financial side of the equation. The city council established a 15% reserve fund for each of the major city funds. The city increased water and sewer rates each year except 2007. The mayor and city council have raised the industrial electric rate in seven of the last 11 years and again in January of 2013. The city began increasing the city electric rates for all customers on an annual basis in recent years. These measures combined have helped the mayor and city council make significant strides in infrastructure and equipment replacement while positioning the city financially to handle any unforeseen issues that arise.

**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 POSITION  
DECEMBER 31, 2012

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
<b><u>ASSETS</u></b>			
Current Assets:			
Cash and cash equivalents	\$ 6,863,908	\$ 1,796,799	\$ 8,660,707
Investments	-	4,676,555	4,676,555
Receivables, net of allowance			
Taxes	89,176	-	89,176
Accounts	65,597	1,323,463	1,389,060
Intergovernmental	196,706	-	196,706
Internal balances	185,884	(185,884)	-
Restricted cash and cash equivalents:			
Revenue bond covenant accounts	-	294,266	294,266
Capital assets			
Non depreciable	3,211,882	5,185,412	8,397,294
Depreciable, net	10,406,331	19,152,413	29,558,744
Total Assets	21,019,484	32,243,024	53,262,508
<b><u>LIABILITIES</u></b>			
Accounts payable	233,034	642,719	875,753
Accrued liabilities	25,917	9,671	35,588
Retainage payable	90,932	30,000	120,932
Deposits payable	9,727	484,156	493,883
Accrued interest payable	-	8,539	8,539
Noncurrent liabilities			
Due within one year	219,400	804,143	1,023,543
Due in more than one year	1,374,012	9,889,772	11,263,784
Total Liabilities	1,953,022	11,869,000	13,822,022
<b><u>NET POSITION</u></b>			
Net investment in capital assets	13,618,213	13,683,729	27,301,942
Restricted for:			
Capital outlay	3,242,099	-	3,242,099
Public safety	6,787	-	6,787
Revenue bond indenture	-	294,266	294,266
Unrestricted	2,199,363	6,396,029	8,595,392
Total Net Position	\$ 19,066,462	\$ 20,374,024	\$ 39,440,486

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, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary Government:							
Governmental Activities							
General government	\$ 2,241,105	\$ 703,895	\$ 47,527	\$ 100,000	\$ (1,389,683)	\$ -	\$ (1,389,683)
Public safety	2,870,384	724	44,730	-	(2,824,930)	-	(2,824,930)
Public works	1,431,991	-	191,503	1,808,281	567,793	-	567,793
Economic development	149,363	-	-	-	(149,363)	-	(149,363)
Culture and recreation	366,231	-	-	-	(366,231)	-	(366,231)
Total governmental activities	<u>7,059,074</u>	<u>704,619</u>	<u>283,760</u>	<u>1,908,281</u>	<u>(4,162,414)</u>	<u>-</u>	<u>(4,162,414)</u>
Business-Type Activities							
Water & Sewer	4,361,621	4,042,795	-	2,496,166	-	2,177,340	2,177,340
Electric	11,465,199	12,074,428	-	-	-	609,229	609,229
Sanitation	1,073,394	1,090,951	-	-	-	17,557	17,557
Total business-type activities	<u>16,900,214</u>	<u>17,208,174</u>	<u>-</u>	<u>2,496,166</u>	<u>-</u>	<u>2,804,126</u>	<u>2,804,126</u>
Total Primary Government	<u>\$ 23,959,288</u>	<u>\$ 17,912,793</u>	<u>\$ 283,760</u>	<u>\$ 4,404,447</u>	<u>(4,162,414)</u>	<u>2,804,126</u>	<u>(1,358,288)</u>
General Revenues							
Property tax					812,885	-	812,885
Sales tax					1,372,294	-	1,372,294
Franchise tax					335,574	-	335,574
Insurance premium tax					456,850	-	456,850
Other tax					308,835	-	308,835
Investment earnings					17,188	397,686	414,874
Gain on sale of capital assets					2,111	-	2,111
Miscellaneous					106,287	-	106,287
Total General Revenues					<u>3,412,024</u>	<u>397,686</u>	<u>3,809,710</u>
Transfers					1,498,500	(1,498,500)	-
Total General Revenues and Transfers					<u>4,910,524</u>	<u>(1,100,814)</u>	<u>3,809,710</u>
Change in Net Position					748,110	1,703,312	2,451,422
Net Position - Beginning of year					18,318,352	18,670,712	36,989,064
Net Position - End of year					<u>\$ 19,066,462</u>	<u>\$ 20,374,024</u>	<u>\$ 39,440,486</u>

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, 2012

	General Fund	2004 Special Local Option Sales Tax	2011 Special Local Option Sales Tax	Non-Major Governmental Funds	Total Governmental Funds
<b><u>ASSETS</u></b>					
Cash and cash equivalent	\$ 3,269,462	\$ 2,332,656	\$ 1,081,057	\$ 180,733	\$ 6,863,908
Receivables, net of allowance					
Taxes	89,176	-	-	-	89,176
Accounts	60,302	-	-	5,295	65,597
Intergovernmental	127,471	-	69,235	-	196,706
Due from other funds	564,736	-	-	-	564,736
Total Assets	\$ 4,111,147	\$ 2,332,656	\$ 1,150,292	\$ 186,028	\$ 7,780,123
<b><u>LIABILITIES</u></b>					
Accounts payable	\$ 54,133	\$ 154,933	\$ -	\$ 23,968	\$ 233,034
Accrued liabilities	25,917	-	-	-	25,917
Retainage payable	-	90,932	-	-	90,932
Deposit payable	9,727	-	-	-	9,727
Due to other funds	228,595	1,000	145,080	4,177	378,852
Deferred revenues	73,274	-	-	-	73,274
Total Liabilities	391,646	246,865	145,080	28,145	811,736
<b><u>FUND BALANCES</u></b>					
Restricted for:					
Capital projects	-	2,085,791	1,005,212	151,096	3,242,099
Public safety	-	-	-	6,787	6,787
Assigned	1,567,152	-	-	-	1,567,152
Unassigned	2,152,349	-	-	-	2,152,349
Total Fund Balances	3,719,501	2,085,791	1,005,212	157,883	6,968,387
Total Liabilities and Fund Balances	\$ 4,111,147	\$ 2,332,656	\$ 1,150,292	\$ 186,028	\$ 7,780,123

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 POSITION  
DECEMBER 31, 2012

Total Governmental Fund Balances	\$ 6,968,387
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Amounts reported for governmental activities in the Statement of Net Position 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	21,051,818
Accumulated depreciation	(7,433,605)

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.

73,274

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 Position. Long-term liabilities at year-end consist of the following:

Landfill closure / postclosure	(1,432,800)
Compensated absences	(160,612)

Total Net Position of Governmental Activities	<u>\$ 19,066,462</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, 2012

	General Fund	2004 Special Local Option Sales Tax	2011 Special Local Option Sales Tax	Non-Major Governmental Funds	Total Governmental Funds
<u>Revenues:</u>					
Taxes					
Property tax	\$ 839,576	\$ -	\$ -	\$ -	\$ 839,576
Sales tax	1,372,294	-	-	-	1,372,294
Other taxes	1,036,710	-	-	64,551	1,101,261
License and permits	134,176	-	-	-	134,176
Intergovernmental	155,458	-	754,733	1,264,036	2,174,227
Fines and forfeitures	385,320	-	-	724	386,044
Charges for services	15,000	-	-	3,270	18,270
Interest earnings	16,512	14,422	3,392	676	35,002
Rent	166,129	-	-	-	166,129
Donation	-	-	-	17,752	17,752
Other revenues	88,533	-	-	-	88,533
Total Revenues	4,209,708	14,422	758,125	1,351,009	6,333,264
<u>Expenditures:</u>					
Current:					
General government	2,751,098	-	-	25,821	2,776,919
Public safety	2,753,486	-	-	3,090	2,756,576
Public works	273,226	-	-	-	273,226
Culture and recreation	366,231	-	-	-	366,231
Capital Outlay	-	975,652	159,327	1,189,786	2,324,765
Total Expenditures	6,144,041	975,652	159,327	1,218,697	8,497,717
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,934,333)	(961,230)	598,798	132,312	(2,164,453)
<u>Other Financing Sources (Uses):</u>					
Transfers from other funds	1,558,988	-	-	-	1,558,988
Transfers to other funds	(21,758)	-	-	(38,730)	(60,488)
Proceeds from sale of property	2,111	-	-	-	2,111
Total other financing sources (uses)	1,539,341	-	-	(38,730)	1,500,611
Net change in fund balances	(394,992)	(961,230)	598,798	93,582	(663,842)
Fund Balances, beginning of year	4,114,493	3,047,021	406,414	64,301	7,632,229
Fund Balances, end of year	\$ 3,719,501	\$ 2,085,791	\$ 1,005,212	\$ 157,883	\$ 6,968,387

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, 2012

Net Changes in Fund Balances - Total Governmental Funds	\$ (663,842)
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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	2,063,424
Total depreciation	(576,526)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, annexing, transfers) is to increase/(decrease) net assets.	(740)
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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 accrues. The adjustments for these items are as follows:

Landfill closure / postclosure	(55,209)
Compensated absences	7,694

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.	<u>(26,691)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 748,110</u></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, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Taxes	\$ 3,067,225	\$ 3,127,225	\$ 3,248,580	\$ 121,355
Licenses and permits	125,050	125,050	134,176	9,126
Intergovernmental	379,800	379,800	155,458	(224,342)
Fines and forfeitures	270,000	300,000	385,320	85,320
Charges for services	15,000	15,000	15,000	-
Rent	163,000	163,000	166,129	3,129
Miscellaneous	69,800	69,800	105,045	35,245
Total Revenue	4,089,875	4,179,875	4,209,708	29,833
<u>Expenditures:</u>				
Current:				
General government	2,855,007	2,903,007	2,751,098	151,909
Public safety	2,751,539	2,868,539	2,753,486	115,053
Public works	349,248	349,248	273,226	76,022
Culture and recreation	750,323	750,323	366,231	384,092
Total Expenditures	6,706,117	6,871,117	6,144,041	727,076
Excess of Revenue Over (Under) Expenditure	(2,616,242)	(2,691,242)	(1,934,333)	756,909
<u>Other Financing Sources (Uses):</u>				
Transfer from Hotel Motel Fund	42,000	42,000	38,730	(3,270)
Transfer from Water & Sewer Fund	-	-	1,079,523	1,079,523
Transfer from Electric Fund	1,000,000	1,000,000	440,735	(559,265)
Transfer to Sanitation Fund	(21,758)	(21,758)	(21,758)	-
Proceeds from sale of property	6,000	6,000	2,111	(3,889)
Total Other Financing Sources (Uses)	1,026,242	1,026,242	1,539,341	513,099
Net change in fund balance	(1,590,000)	(1,665,000)	(394,992)	1,270,008
Fund balance, beginning of year	4,114,493	4,114,493	4,114,493	-
Fund balance, end of year	\$ 2,524,493	\$ 2,449,493	\$ 3,719,501	\$ 1,270,008

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 POSITION  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2012

	Business-type Activities- Enterprise Funds			
	Water & Sewer Fund	Electric Fund	Non-major Sanitation Fund	Total
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 1,038,052	\$ 716,125	\$ 42,622	\$ 1,796,799
Restricted cash and cash equivalents:				
Revenue bond covenant accounts	294,266	-	-	294,266
Investments	-	4,676,555	-	4,676,555
Accounts receivable (net of allowance for uncollectible)	318,366	914,234	90,863	1,323,463
Due from other funds	268,909	7,631	116,342	392,882
Total current assets	1,919,593	6,314,545	249,827	8,483,965
Long-term assets:				
Capital assets:				
Land	2,329,366	-	-	2,329,366
Construction in progress	2,856,046	-	-	2,856,046
Buildings	7,177,657	72,008	-	7,249,665
Systems - water, sewer and electrical	18,919,963	1,713,324	-	20,633,287
Vehicles	593,210	728,690	-	1,321,900
Equipment	395,890	136,374	-	532,264
Less accumulated depreciation	(9,433,635)	(1,151,068)	-	(10,584,703)
Total capital assets, net	22,838,497	1,499,328	-	24,337,825
Total long-term assets	22,838,497	1,499,328	-	24,337,825
Total Assets	\$ 24,758,090	\$ 7,813,873	\$ 249,827	\$ 32,821,790

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

## CITY OF THOMASTON, GEORGIA

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2012  
 (CONTINUED)

	Business-type Activities- Enterprise Funds			
	Water & Sewer Fund	Electric Fund	Non-major Sanitation Fund	Total
<b><u>LIABILITIES</u></b>				
Current liabilities:				
Accounts payable	\$ 430,849	\$ 126,611	\$ 85,259	\$ 642,719
Accrued interest payable	8,539	-	-	8,539
Accrued liabilities	1,812	7,545	314	9,671
Retainage payable	30,000	-	-	30,000
Accrued vacation	-	28,000	-	28,000
Due to other funds	-	571,135	7,631	578,766
Payable from restricted assets:				
Notes payable - current	386,143	-	-	386,143
Revenue bonds payable - current	390,000	-	-	390,000
Total current liabilities	1,247,343	733,291	93,204	2,073,838
Long-term liabilities:				
Customer deposits	121,104	363,052	-	484,156
Accrued vacation	-	11,819	-	11,819
Notes payable	2,282,953	-	-	2,282,953
Revenue bonds payable	7,595,000	-	-	7,595,000
Total long-term liabilities	9,999,057	374,871	-	10,373,928
Total Liabilities	11,246,400	1,108,162	93,204	12,447,766
<b><u>NET POSITION</u></b>				
Net investment in capital assets	12,184,401	1,499,328	-	13,683,729
Restricted per revenue bond indenture	294,266	-	-	294,266
Unrestricted	1,033,023	5,206,383	156,623	6,396,029
Total Net Position	\$ 13,511,690	\$ 6,705,711	\$ 156,623	\$ 20,374,024

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 NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2012

	Business-type Activities- Enterprise Funds			
	Water & Sewer Fund	Electric Fund	Non-major Sanitation Fund	Total
<u>Operating revenues:</u>				
Charges and fees	\$ 4,037,795	\$ 11,835,815	\$ 1,090,951	\$ 16,964,561
Miscellaneous income	5,000	238,613	-	243,613
Total operating revenues	4,042,795	12,074,428	1,090,951	17,208,174
<u>Operating expenses:</u>				
Salaries and benefits	212,494	882,001	35,704	1,130,199
Contract management	1,364,624	-	1,028,872	2,393,496
Cost of sales	-	10,069,459	-	10,069,459
Legal and professional	68,485	18,494	-	86,979
Operating materials	272,888	103,325	-	376,213
Other operating expenses	262,197	114,044	8,818	385,059
Repairs and maintenance	540,625	98,583	-	639,208
Small equipment	146,079	30,668	-	176,747
Utilities	479,015	48,598	-	527,613
Depreciation	564,597	100,027	-	664,624
Total operating expenses	3,911,004	11,465,199	1,073,394	16,449,597
Operating income (loss)	131,791	609,229	17,557	758,577
<u>Nonoperating revenues (expenses):</u>				
Interest income	7,031	4,158	-	11,189
Dividend income	-	386,497	-	386,497
Interest expense	(450,617)	-	-	(450,617)
Total nonoperating revenues (expenses)	(443,586)	390,655	-	(52,931)
Income (loss) before transfers	(311,795)	999,884	17,557	705,646

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 NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2012  
 (CONTINUED)

	Business-type Activities- Enterprise Funds			Total
	Water & Sewer Fund	Electric Fund	Non-major Sanitation Fund	
Capital contributions	2,496,166	-	-	2,496,166
Transfers in	970,000	-	21,758	991,758
Transfers out	(1,079,523)	(1,410,735)	-	(2,490,258)
Change in net position	2,074,848	(410,851)	39,315	1,703,312
Total Net Position - Beginning of Year	11,436,842	7,116,562	117,308	18,670,712
Total Net Position - Ending of Year	\$ 13,511,690	\$ 6,705,711	\$ 156,623	\$ 20,374,024

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, 2012

	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	\$ 3,987,123	\$ 12,157,106	\$ 1,090,502	\$ 17,234,731
Cash paid to suppliers for goods and services	(2,884,962)	(10,476,081)	(1,039,021)	(14,400,064)
Cash paid to employees	(212,494)	(876,715)	(35,704)	(1,124,913)
Net Cash Flows Provided by (Used for) Operating Activities	889,667	804,310	15,777	1,709,754
<u>Cash Flows from Noncapital Financing Activities:</u>				
Transfers	(109,523)	(1,410,735)	21,758	(1,498,500)
Net Cash Flows Provided by (Used for) Noncapital Financing Activities	(109,523)	(1,410,735)	21,758	(1,498,500)
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Capital grants	291,646	-	-	291,646
Principal payments on revenue bonds and notes	(717,717)	-	-	(717,717)
Interest and fiscal charges on revenue bonds and notes	(450,617)	-	-	(450,617)
Proceeds from debt issuance	680,506	-	-	680,506
Purchases of capital assets	(878,952)	(32,774)	-	(911,726)
Net Cash Flows Provided by (Used for) Capital and Related Financing Activities	(1,075,134)	(32,774)	-	(1,107,908)
<u>Cash Flows from Investing Activities:</u>				
Interest income	7,031	4,158	-	11,189
Dividend income	-	386,497	-	386,497
Purchase of investments	-	(386,497)	-	(386,497)
Net Cash Flows Provided by (Used for) Investing Activities	7,031	4,158	-	11,189
Net Increase (Decrease) in Cash and Cash Equivalents	(287,959)	(635,041)	37,535	(885,465)
Cash and Cash Equivalents, Beginning of Year	1,620,277	1,351,166	5,087	2,976,530
Cash and Cash Equivalents, End of Year	\$ 1,332,318	\$ 716,125	\$ 42,622	\$ 2,091,065

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, 2012  
 (CONTINUED)

	Business-type Activities- Enterprise Funds			
	Water & Sewer Fund	Electric Fund	Non-major Sanitation Fund	Total
Classified as:				
Current assets	\$ 1,038,052	\$ 716,125	\$ 42,622	\$ 1,796,799
Restricted assets	294,266	-	-	294,266
Total Cash and Cash Equivalents, End of Year	<u>\$ 1,332,318</u>	<u>\$ 716,125</u>	<u>\$ 42,622</u>	<u>\$ 2,091,065</u>
Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Net Operating Income (Loss)	\$ 131,791	\$ 609,229	\$ 17,557	\$ 758,577
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	564,597	100,027	-	664,624
Changes in Assets and Liabilities:				
(Increase) decrease in accounts receivable	(89,509)	(77,863)	(6,995)	(174,367)
(Increase) decrease in due from other funds	25,098	(6,928)	(382)	17,788
Increase (decrease) in accounts payable	305,950	7,090	(1,443)	311,597
Increase (decrease) in accrued liabilities	(8)	5,286	112	5,390
Increase (decrease) in retainage payable	(56,991)	-	-	(56,991)
Increase (decrease) in customer deposits	8,739	(4,660)	-	4,079
Increase (decrease) in due to other funds	-	172,129	6,928	179,057
Total Adjustments	<u>757,876</u>	<u>195,081</u>	<u>(1,780)</u>	<u>951,177</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 889,667</u>	<u>\$ 804,310</u>	<u>\$ 15,777</u>	<u>\$ 1,709,754</u>
Noncash investing, capital, and financing activities:				
Contributions of capital assets from government	\$ 2,204,520	\$ -	\$ -	\$ 2,204,520
Increase in fair value of investments	-	386,496	-	386,496
Total noncash investing, capital, and financing activities	<u>\$ 2,204,520</u>	<u>\$ 386,496</u>	<u>\$ -</u>	<u>\$ 2,591,016</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, 2012

**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, 2012  
(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 Position and Statement of Activities) 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, 2012  
(CONTINUED)

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

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.

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.

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(CONTINUED)

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.

2004 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.

2011 Special Local Option Sales Tax – The Special Local Option Sales Tax Fund is used to account for the City's sewer line and park 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, 2012  
(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, 2012, 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, 2012  
(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 \$450,617. 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. 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.

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(CONTINUED)

- Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council through adoption of a resolution. The City Council also may modify or rescind the commitment.
- Assigned – amounts that are constrained by the City Council's intent to be used for specific purposes, but are neither restricted nor committed. By resolution, the City Council has authorized the Mayor or City Clerk or designee to assign fund balances.
- 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

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, 2012:

	General Fund	2004 SPLOST	2011 SPLOST	Nonmajor Governmental	Total
Fund Balances:					
Restricted for:					
Public safety	\$ -	\$ -	\$ -	\$ 6,787	\$ 6,787
Capital projects	-	2,085,791	1,005,212	151,096	3,242,099
Assigned:					
Fund balance appropriations	1,100,000	-	-	-	1,100,000
Public safety	4,070	-	-	-	4,070
Community development	12,683	-	-	-	12,683
Capital outlay	450,399	-	-	-	450,399
Unassigned	2,152,349	-	-	-	2,152,349
Total fund balances	\$3,719,501	\$2,085,791	\$1,005,212	\$ 157,883	\$6,968,387

**K. 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, 2012  
(CONTINUED)

**L. 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.

**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.

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(CONTINUED)

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. 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, 2012  
(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)	\$ 4,676,555	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.

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 30<sup>th</sup> 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, 2012  
(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, 2012, is as follows:

<u>Expenditures By Purpose</u>	<u>Amount</u>	<u>Tax Receipts</u>	<u>Percentage</u>
Promote tourism	\$ 25,821	\$ 64,551	40%
General Fund	<u>38,730</u>	<u>-</u>	<u>60%</u>
Total	<u>\$ 64,551</u>	<u>\$ 64,551</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	2011 SPLOST	Water & Sewer	Electric	Non-Major Proprietary Fund	Non-Major Governmental	Total
Receivables:							
Taxes	\$ 101,481	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 101,481
Accounts	68,255	-	337,247	968,345	96,251	5,295	1,475,393
Intergovernmental	127,471	69,235	-	-	-	-	196,706
Gross Receivables	<u>297,207</u>	<u>69,235</u>	<u>337,247</u>	<u>968,345</u>	<u>96,251</u>	<u>5,295</u>	<u>1,773,580</u>
Less: allowance for uncollectibles	<u>(20,258)</u>	<u>-</u>	<u>(18,881)</u>	<u>(54,111)</u>	<u>(5,388)</u>	<u>-</u>	<u>(98,638)</u>
Total net receivables	<u>\$ 276,949</u>	<u>\$ 69,235</u>	<u>\$ 318,366</u>	<u>\$ 914,234</u>	<u>\$ 90,863</u>	<u>\$ 5,295</u>	<u>\$ 1,674,942</u>

## CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(CONTINUED)**NOTE 7 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of December 31, 2012, is as follows:

Due to / from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Electric Fund	\$ 415,479
	2004 SPLOST	1,000
	2011 SPLOST	145,080
	Non-Major Governmental Fund	3,177
Water & Sewer Fund	General Fund	112,253
	Electric Fund	155,656
	Non-Major Governmental Fund	1,000
Electric Fund	Non-Major Proprietary Fund	7,631
Non-Major Proprietary Fund	General Fund	116,342
		<u>\$ 957,618</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	\$ -	\$ -	\$ 21,758	\$ 21,758
Water & Sewer Fund	1,079,523	-	-	1,079,523
Electric Fund	440,735	970,000	-	1,410,735
Non-major Governmental	38,730	-	-	38,730
Total	<u>\$ 1,558,988</u>	<u>\$ 970,000</u>	<u>\$ 21,758</u>	<u>\$ 2,550,746</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, 2012  
(CONTINUED)**NOTE 8 – CAPITAL ASSETS**

	Beginning Balance	Increase	Transfers	Decrease	Ending Balance
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 2,705,015	\$ -	\$ 40,382	\$ -	\$ 2,745,397
Construction in progress	184,691	466,485	(184,691)	-	466,485
Total capital assets, not being depreciated	2,889,706	466,485	(144,309)	-	3,211,882
Capital assets, being depreciated:					
Buildings	3,175,542	19,700	20,000	-	3,215,242
Vehicles	1,339,822	6,000	-	(14,797)	1,331,025
Equipment	1,866,857	16,480	164,691	-	2,048,028
Infrastructure	9,731,264	1,554,759	(40,382)	-	11,245,641
Total capital assets, being depreciated	16,113,485	1,596,939	144,309	(14,797)	17,839,936
Less accumulated depreciation for:					
Buildings	(1,301,540)	(115,076)	-	-	(1,416,616)
Vehicles	(671,966)	(115,597)	-	14,057	(773,506)
Equipment	(808,894)	(128,729)	-	-	(937,623)
Infrastructure	(4,088,736)	(217,124)	-	-	(4,305,860)
Total accumulated depreciation	(6,871,136)	(576,526)	-	14,057	(7,433,605)
Total capital assets, being depreciated, net	9,242,349	1,020,413	144,309	(740)	10,406,331
Net investment in capital assets	\$ 12,132,055	\$ 1,486,898	\$ -	\$ (740)	\$ 13,618,213

## CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(CONTINUED)

	Beginning Balance	Increase	Transfers	Decrease	Ending Balance
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 2,311,342	\$ 18,024	\$ -	\$ -	\$ 2,329,366
Construction in progress	2,204,807	2,540,148	(1,874,041)	(14,868)	2,856,046
Total capital assets, not being depreciated	4,516,149	2,558,172	(1,874,041)	(14,868)	5,185,412
Capital assets, being depreciated:					
Buildings	7,186,805	62,860	-	-	7,249,665
Systems—water, sewer, and electric	18,297,217	462,029	1,874,041	-	20,633,287
Equipment	484,212	48,052	-	-	532,264
Vehicles	1,321,900	-	-	-	1,321,900
Total capital assets being depreciated	27,290,134	572,941	1,874,041	-	29,737,116
Less accumulated depreciation for:					
Buildings	(5,061,632)	(211,692)	-	-	(5,273,324)
Systems—water, sewer, and electric	(3,612,249)	(300,593)	-	-	(3,912,842)
Equipment	(94,610)	(11,676)	-	-	(106,286)
Vehicles	(1,151,588)	(140,663)	-	-	(1,292,251)
Total accumulated depreciation	(9,920,079)	(664,624)	-	-	(10,584,703)
Total capital assets, being depreciated, net	17,370,055	(91,683)	1,874,041	-	19,152,413
Business-type activities capital assets, net	\$ 21,886,204	\$ 2,466,489	\$ -	\$ (14,868)	\$ 24,337,825
Less related long-term debt outstanding					(10,654,096)
Net investment in capital assets					\$ 13,683,729

## CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(CONTINUED)

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

**Governmental activities:**

General government	\$ 36,997
Public safety	119,068
Public works	271,098
Economic development	149,363

Total depreciation expense - governmental activities	<u>\$ 576,526</u>
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**Business-type activities:**

Water and sewer	\$ 564,597
Electric	100,027

Total depreciation expense - business-type activities	<u>\$ 664,624</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, 2012, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Landfill closure / postclosure	\$ 1,377,591	\$ 55,209	\$ -	\$ 1,432,800	\$ 119,400
Compensated absences	168,306	125,846	(133,540)	160,612	100,000
Governmental activity long-term liabilities	<u>\$ 1,545,897</u>	<u>\$ 181,055</u>	<u>\$ (133,540)</u>	<u>\$ 1,593,412</u>	<u>\$ 219,400</u>
<b>Business-type activities:</b>					
Compensated absences	\$ 36,988	\$ 30,912	\$ (28,081)	\$ 39,819	\$ 28,000
GEFA loan CW92019	661,813	-	(288,652)	373,161	297,410
GEFA loan DW09002PF70	1,020,000	-	(37,800)	982,200	38,950
GEFA loan DW10012	649,494	680,506	(16,265)	1,313,735	49,783
Revenue bonds payable	8,360,000	-	(375,000)	7,985,000	390,000
Business-type activity long-term liabilities	<u>\$ 10,728,295</u>	<u>\$ 711,418</u>	<u>\$ (745,798)</u>	<u>\$ 10,693,915</u>	<u>\$ 804,143</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, 2012  
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**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:

Sinking Fund Year (December 1)	Principal	Interest
2013	\$ 390,000	\$ 361,481
2014	405,000	345,881
2015	420,000	329,682
2016	440,000	312,461
2017	455,000	293,981
2018-2022	2,605,000	1,148,610
2023-2027	3,270,000	480,226
Total	<u>\$ 7,985,000</u>	<u>\$ 3,272,322</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 total proceeds for the loan were \$1,900,000, of which 30% or \$570,000 is forgivable. The project was completed in 2012 and the remaining balance of \$1,330,000 is to be paid over a twenty-year period starting September 1, 2012, on a monthly basis. Interest is accrued monthly at 3.0%.

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(CONTINUED)

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

Years Ending December 31	GEFA CW92019		GEFA DW09002PF70		GEFA DW10012	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 297,410	\$ 7,870	\$ 38,950	\$ 28,933	\$ 49,783	\$ 38,731
2014	75,751	568	40,134	27,749	51,297	37,217
2015	-	-	41,355	26,528	52,857	35,657
2016	-	-	42,613	25,270	54,465	34,049
2017	-	-	43,909	23,974	56,121	32,392
2018-2022	-	-	240,407	99,006	307,273	135,296
2023-2027	-	-	279,261	60,151	356,934	85,635
2028-2032	-	-	255,571	15,960	385,005	28,059
Total	\$ 373,161	\$ 8,438	\$ 982,200	\$ 307,571	\$ 1,313,735	\$ 427,036

**Restricted Assets**

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

Revenue bond covenant account	<u>\$ 294,266</u>
	<u>\$ 294,266</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 \$1,432,800. 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 2012. 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.

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(CONTINUED)

**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 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, 2012, the date of the most recent actuarial valuation, there were 227 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	110
Terminated vested participants	35
Active vested employees	63
Active nonvested employees	<u>19</u>
Total	<u><u>227</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 8.55% 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.

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(CONTINUED)

**Annual Pension Cost**

The funding policy for the Plan is to contribute an amount equal to the recommended contribution as determined by the Plan's actuary. The recommended contribution was determined as part of the July 1, 2012 actuarial valuation. The chart below shows the annual pension cost for the current year and prior two years along with the percentage actually contributed by the City.

Fiscal Year Ended December 31,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation/ (Asset)
2012	\$ 234,206	100%	-
2011	234,440	100%	-
2010	348,743	100%	-

As of the most recent valuation date, July 1, 2012, 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
7/1/2012	\$ 8,263,244	\$ 9,123,084	\$ 859,840	90.58%	\$ 2,716,306	31.65%

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, 2012.

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(CONTINUED)

The assumptions used in the July 1, 2012 actuarial valuation are as follows:

*Actuarial Assumptions*

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 12 years
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 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
Net Investment Rate of Return	7.75%
Projected Salary Increases	3.50% plus age and service based merit increases
Cost of Living Adjustments	0.00%

There were no changes in methods or assumptions from the prior valuation.

**NOTE 12 – 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.

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(CONTINUED)

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.

**NOTE 13 – 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.

## **REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF THOMASTON, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2012  
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
07/01/12	\$ 8,263	\$ 9,123	\$ 860	90.58%	\$ 2,716	31.65%
07/01/11	8,357	8,761	404	95.39%	2,693	15.00%
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%

Note: Amounts reported above are in thousands.



## **SUPPLEMENTARY SCHEDULES**

CITY OF THOMASTON, GEORGIA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2012

	Special Revenue Funds		Capital Project Funds					Total
	Hotel Motel Tax	Law Enforcement Confiscation	Greatest Generational Park	CDBG \ Water Line Fund	CDBG \ Water/Sewer Line Fund	CDBG \ 2012 Water Line Fund	DOT LMIG Fund	Nonmajor Governmental Funds
<b><u>ASSETS</u></b>								
Cash and cash equivalent	\$ -	\$ 6,787	\$ 172,946	\$ -	\$ -	\$ 1,000	\$ -	\$ 180,733
Receivables, net of allowance								
Accounts	5,295	-	-	-	-	-	-	5,295
Total Assets	<u>\$ 5,295</u>	<u>\$ 6,787</u>	<u>\$ 172,946</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 186,028</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>								
Liabilities:								
Accounts payable	\$ 2,118	\$ -	\$ 21,850	\$ -	\$ -	\$ -	\$ -	\$ 23,968
Due to other funds	3,177	-	-	-	-	1,000	-	4,177
Total Liabilities	<u>5,295</u>	<u>-</u>	<u>21,850</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>28,145</u>
Fund Balances:								
Restricted	-	6,787	151,096	-	-	-	-	157,883
Total Fund Balances	<u>-</u>	<u>6,787</u>	<u>151,096</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>157,883</u>
Total Liabilities and Fund Balances	<u>\$ 5,295</u>	<u>\$ 6,787</u>	<u>\$ 172,946</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 186,028</u>

CITY OF THOMASTON, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012

	Special Revenue Funds		Capital Project Funds					Total Nonmajor Governmental Funds
	Hotel Motel Tax	Law Enforcement Confiscation	Greatest Generational Park	CDBG \ Water Line Fund	CDBG \ Water/Sewer Line Fund	CDBG \ 2012 Water Line Fund	DOT LMIG Fund	
<u>Revenues:</u>								
Taxes								
Other taxes	\$ 64,551	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,551
Intergovernmental	-	-	100,000	500,000	535,734	-	128,302	1,264,036
Fines and forfeitures	-	724	-	-	-	-	-	724
Charges for services	-	-	3,270	-	-	-	-	3,270
Interest earnings	-	15	661	-	-	-	-	676
Donation	-	-	17,752	-	-	-	-	17,752
Total Revenues	64,551	739	121,683	500,000	535,734	-	128,302	1,351,009
<u>Expenditures:</u>								
Current:								
General government	25,821	-	-	-	-	-	-	25,821
Public safety	-	3,090	-	-	-	-	-	3,090
Capital outlay	-	-	25,750	500,000	535,734	-	128,302	1,189,786
Total Expenditures	25,821	3,090	25,750	500,000	535,734	-	128,302	1,218,697
Excess (Deficiency) of Revenues Over (Under) Expenditures	38,730	(2,351)	95,933	-	-	-	-	132,312
<u>Other Financing Sources (Uses):</u>								
Transfers to other funds	(38,730)	-	-	-	-	-	-	(38,730)
Total other financing sources (uses)	(38,730)	-	-	-	-	-	-	(38,730)
Net change in fund balances	-	(2,351)	95,933	-	-	-	-	93,582
Fund Balances, beginning of year	-	9,138	55,163	-	-	-	-	64,301
Fund Balances, end of year	\$ -	\$ 6,787	\$ 151,096	\$ -	\$ -	\$ -	\$ -	\$ 157,883

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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, 2012 AND 2011

<u>ASSETS</u>	2012	2011
Cash and cash equivalent	\$ 3,269,462	\$ 4,025,536
Receivables, net of allowance		
Taxes	89,176	113,558
Accounts	60,302	61,905
Intergovernmental	127,471	124,675
Due from other funds	564,736	175,897
Total Assets	<u>\$ 4,111,147</u>	<u>\$ 4,501,571</u>
 <u>LIABILITIES</u>		
Accounts payable	\$ 54,133	\$ 75,222
Accrued liabilities	25,917	16,786
Deposit payable	9,727	9,841
Escrow payable	-	4,099
Due to other funds	228,595	181,165
Deferred revenues	73,274	99,965
Total Liabilities	<u>391,646</u>	<u>387,078</u>
 Fund Balances:		
Assigned	1,567,152	1,228,319
Unassigned	2,152,349	2,886,174
Total Fund Balances	<u>3,719,501</u>	<u>4,114,493</u>
Total Liabilities and Fund Balances	<u>\$ 4,111,147</u>	<u>\$ 4,501,571</u>

## CITY OF THOMASTON, GEORGIA

GENERAL FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
<u>Revenues:</u>		
Taxes	\$ 3,248,580	\$ 3,165,705
Licenses and permits	134,176	129,296
Intergovernmental	155,458	220,301
Fines and forfeitures	385,320	276,797
Charges for services	15,000	18,550
Rent	166,129	162,472
Miscellaneous	105,045	92,414
Total Revenue	4,209,708	4,065,535
<u>Expenditures:</u>		
Current:		
General government	2,751,098	1,746,683
Public safety	2,753,486	2,727,592
Public works	273,226	344,961
Economic development	-	440
Culture and recreation	366,231	21,697
Total Expenditures	6,144,041	4,841,373
Excess (Deficiency) of Revenue Over (Under) Expenditures	(1,934,333)	(775,838)
<u>Other Financing Sources (Uses):</u>		
Transfer from Hotel Motel Fund	38,730	41,422
Transfer from Water & Sewer Fund	1,079,523	-
Transfer from Electric Fund	440,735	900,000
Transfer to Sanitation Fund	(21,758)	(75,000)
Proceeds from sale of property	2,111	20,565
Total Other Financing Sources (Uses)	1,539,341	886,987
Net change in fund balance	(394,992)	111,149
Fund balance - beginning of year	4,114,493	4,003,344
Fund balance - end of year	\$ 3,719,501	\$ 4,114,493

## 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, 2012

Description:	Final Budget	2012 Actual	Variance with Final Budget Positive (Negative)	2011 Actual
<u>Taxes:</u>				
General property tax	\$ 750,000	\$ 839,576	\$ 89,576	\$ 781,027
Local option sales tax	1,362,000	1,372,294	10,294	1,349,798
<u>Other:</u>				
Motor vehicle taxes	40,000	48,008	8,008	45,034
Mobile home taxes	125	144	19	139
Intangible taxes	4,000	2,614	(1,386)	5,374
Franchise taxes	310,000	335,574	25,574	358,274
Insurance premium tax	460,000	456,850	(3,150)	430,147
Real estate transfer tax	1,100	619	(481)	991
Beer and wine tax	200,000	192,901	(7,099)	194,921
Total Taxes	3,127,225	3,248,580	121,355	3,165,705
<u>Licenses and Permits:</u>				
Business and occupation	125,000	133,986	8,986	128,946
Special sales permits	50	190	140	350
Total Licenses and Permits	125,050	134,176	9,126	129,296
<u>Intergovernmental Revenues:</u>				
Housing authority	30,000	41,427	11,427	37,186
Upson County	7,200	6,100	(1,100)	7,200
State grants:				
Department of transportation	320,000	-	(320,000)	137,922
Drug task force	13,600	44,730	31,130	34,875
Georgia underground tank	9,000	63,201	54,201	3,118
Total Intergovernmental Revenue	379,800	155,458	(224,342)	220,301
<u>Fines and Forfeitures:</u>				
Recorder's Court	300,000	385,320	85,320	276,797
Total Fines and Forfeitures	\$ 300,000	\$ 385,320	\$ 85,320	\$ 276,797



## 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, 2012  
(CONTINUED)

Description:	Final Budget	2012 Actual	Variance with Final Budget Positive (Negative)	2011 Actual
<u>Charges for Services:</u>				
Cemetery fees	\$ 15,000	\$ 15,000	\$ -	\$ 18,550
Rent revenue	163,000	166,129	3,129	162,472
Total Charges for Services	178,000	181,129	3,129	181,022
<u>Miscellaneous:</u>				
Interest earnings	15,500	16,512	1,012	30,110
Miscellaneous	54,300	88,533	34,233	62,304
Total Miscellaneous	69,800	105,045	35,245	92,414
Total Revenues	\$ 4,179,875	\$ 4,209,708	\$ 29,833	\$ 4,065,535

## 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, 2012  
(CONTINUED)

Description:	Final Budget	2012 Actual	Variance with Final Budget Positive (Negative)	2011 Actual
<u>General Government</u>				
Governing body	\$ 19,225	\$ 19,006	\$ 219	\$ 18,038
City clerk	35,174	35,174	-	35,009
City manager	82,109	70,174	11,935	69,767
General administration	1,982,523	1,982,342	181	1,162,528
Finance	91,981	88,674	3,307	98,496
Tax administration	5,120	5,120	-	5,120
Legal service	70,000	68,746	1,254	23,334
Municipal Court	211,775	202,989	8,786	163,609
Community Development	330,100	278,873	51,227	170,782
Total General Government	2,828,007	2,751,098	76,909	1,746,683
<u>Public Safety</u>				
Police Department				
Police administration	690,664	617,921	72,743	621,225
Patrol	1,102,249	1,101,515	734	1,013,617
Fire Department				
Fire administration	197,019	158,075	38,944	206,456
Fire fighting	878,607	875,975	2,632	886,294
Total Public Safety	2,868,539	2,753,486	115,053	2,727,592
<u>Public Works</u>				
Public works administration	142,700	93,005	49,695	93,189
Public works crew	206,548	180,221	26,327	251,772
Total Public Works	349,248	273,226	76,022	344,961
<u>Economic Development</u>				
Downtown development administration	-	-	-	440
Total Economic Development	\$ -	\$ -	\$ -	\$ 440

## 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, 2012  
(CONTINUED)

Description:	Final Budget	2012 Actual	Variance with Final Budget Positive (Negative)	2011 Actual
<u>Culture and Recreation</u>				
Parks	\$ 512,800	\$ 212,446	\$ 300,354	\$ 21,697
Parks and public spaces crew	237,523	153,785	83,738	-
Total Culture and Recreation	750,323	366,231	384,092	21,697
Total Expenditures	6,796,117	6,144,041	652,076	4,841,373
Excess of Revenue Over (Under) Expenditures	(2,616,242)	(1,934,333)	681,909	(775,838)
<u>Other financing sources (uses)</u>				
Transfer In:				
Transfer from Hotel Motel Fund	42,000	38,730	(3,270)	41,422
Transfer from Water & Sewer Fund	-	1,079,523	1,079,523	-
Transfer from Electric Fund	1,000,000	440,735	(559,265)	900,000
Transfer Out:				
Transfer to Sanitation Fund	(21,758)	(21,758)	-	(75,000)
Proceeds from sale of property	6,000	2,111	(3,889)	20,565
Total Other Financing Sources (Uses)	1,026,242	1,539,341	513,099	886,987
Net change in fund balance	(1,590,000)	(394,992)	1,195,008	111,149
Fund balance, beginning of year	4,114,493	4,114,493	-	4,003,344
Fund balance, end of year	\$ 2,524,493	\$ 3,719,501	\$ 1,195,008	\$ 4,114,493

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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, 2012 AND 2011

<u>ASSETS</u>	2012	2011
Accounts receivable	\$ 5,295	\$ 4,489
Total Assets	<u>\$ 5,295</u>	<u>\$ 4,489</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 2,118	\$ 1,796
Due to other funds	3,177	2,693
Total Liabilities	<u>5,295</u>	<u>4,489</u>
Fund Balances:		
Restricted	<u>-</u>	<u>-</u>
Total Fund Balances	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 5,295</u>	<u>\$ 4,489</u>

## 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, 2012

	Final Budget	Actual	Variance with Budget Positive (Negative)
<u>Revenues:</u>			
Hotel motel tax	\$ 70,000	\$ 64,551	\$ (5,449)
Total Revenues	70,000	64,551	(5,449)
<u>Expenditures:</u>			
General government:			
Chamber of Commerce	28,000	25,821	2,179
Total Expenditures	28,000	25,821	2,179
Excess (Deficiency) of Revenues Over (Under) Expenditures	42,000	38,730	(3,270)
<u>Other Financing Uses:</u>			
Transfers to general fund	(42,000)	(38,730)	3,270
Total Other Financing Sources (Uses)	(42,000)	(38,730)	3,270
Net change in fund balance	-	-	-
Fund balance - beginning of year	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -

CITY OF THOMASTON, GEORGIA

LAW ENFORCEMENT CONFISCATION FUND  
COMPARATIVE BALANCE SHEET  
DECEMBER 31, 2012 AND 2011

<u>ASSETS</u>	2012	2011
Cash and cash equivalent	\$ 6,787	\$ 9,138
Total Assets	<u>\$ 6,787</u>	<u>\$ 9,138</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>
Fund Balances:		
Restricted for public safety	<u>6,787</u>	<u>9,138</u>
Total Fund Balances	<u>6,787</u>	<u>9,138</u>
Total Liabilities and Fund Balances	<u>\$ 6,787</u>	<u>\$ 9,138</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, 2012

	Final Budget	Actual	Variance with Budget Positive (Negative)
<u>Revenues:</u>			
Fines and forfeitures	\$ 21,000	\$ 724	\$ (20,276)
Interest income	50	15	(35)
Total Revenues	21,050	739	(20,311)
<u>Expenditures:</u>			
Current:			
Public safety	21,050	3,090	17,960
Total Expenditures	21,050	3,090	17,960
Net change in fund balance	-	(2,351)	(2,351)
Fund balance - beginning of year	-	9,138	9,138
Fund balance - end of year	\$ -	\$ 6,787	\$ 6,787

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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.

**2004 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.

**2012 COMMUNITY DEVELOPMENT BLOCK GRANT \ WATER LINE FUND** - to account for the cost of water line construction.

**DOT LMIG FUND** - to account for the cost of DOT paving projects.

CITY OF THOMASTON, GEORGIA

2004 SPECIAL LOCAL OPTION SALES TAX FUND  
COMPARATIVE BALANCE SHEET  
DECEMBER 31, 2012 AND 2011

<u>ASSETS</u>	2012	2011
Cash and cash equivalent	\$ 2,332,656	\$ 3,048,021
Total Assets	<u>\$ 2,332,656</u>	<u>\$ 3,048,021</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 154,933	\$ -
Retainage payable	90,932	-
Due to other funds	1,000	1,000
Total Liabilities	<u>246,865</u>	<u>1,000</u>
Fund Balances:		
Restricted for capital projects	<u>2,085,791</u>	<u>3,047,021</u>
Total Fund Balances	<u>2,085,791</u>	<u>3,047,021</u>
Total Liabilities and Fund Balances	<u>\$ 2,332,656</u>	<u>\$ 3,048,021</u>

CITY OF THOMASTON, GEORGIA

2004 SPECIAL LOCAL OPTION SALES TAX FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
<u>Revenues:</u>		
Interest earnings	\$ 14,422	\$ 32,012
Total Revenues	14,422	32,012
<u>Expenditures:</u>		
Capital outlay	975,652	221,362
Total Expenditures	975,652	221,362
Net change in fund balance	(961,230)	(189,350)
Fund balance - beginning of year	3,047,021	3,236,371
Fund balance - end of year	\$ 2,085,791	\$ 3,047,021

CITY OF THOMASTON, GEORGIA

2011 SPECIAL LOCAL OPTION SALES TAX FUND  
COMPARATIVE BALANCE SHEET  
DECEMBER 31, 2012 AND 2011

<u>ASSETS</u>	2012	2011
Cash and cash equivalent	\$ 1,081,057	\$ 267,849
Due from other governments	69,235	138,565
Total Assets	<u>\$ 1,150,292</u>	<u>\$ 406,414</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Due to other funds	\$ 145,080	\$ -
Total Liabilities	<u>145,080</u>	<u>-</u>
Fund Balances:		
Restricted for capital projects	<u>1,005,212</u>	<u>406,414</u>
Total Fund Balances	<u>1,005,212</u>	<u>406,414</u>
Total Liabilities and Fund Balances	<u>\$ 1,150,292</u>	<u>\$ 406,414</u>

CITY OF THOMASTON, GEORGIA

2011 SPECIAL LOCAL OPTION SALES TAX FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
<u>Revenues:</u>		
Intergovernmental	\$ 754,733	\$ 406,070
Interest earnings	3,392	344
Total Revenues	758,125	406,414
<u>Expenditures:</u>		
Capital outlay	159,327	-
Total Expenditures	159,327	-
Net change in fund balance	598,798	406,414
Fund balance - beginning of year	406,414	-
Fund balance - end of year	\$ 1,005,212	\$ 406,414

CITY OF THOMASTON, GEORGIA

GREATEST GENERATIONAL PARK FUND  
COMPARATIVE BALANCE SHEET  
DECEMBER 31, 2012 AND 2011

<u>ASSETS</u>	2012	2011
Cash and cash equivalent	\$ 172,946	\$ 65,163
Total Assets	<u>\$ 172,946</u>	<u>\$ 65,163</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 21,850	\$ -
Retainage payable	-	10,000
Total Liabilities	<u>21,850</u>	<u>10,000</u>
Fund Balances:		
Restricted for capital projects	<u>151,096</u>	<u>55,163</u>
Total Fund Balances	<u>151,096</u>	<u>55,163</u>
Total Liabilities and Fund Balances	<u>\$ 172,946</u>	<u>\$ 65,163</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, 2012 AND 2011

	2012	2011
<u>Revenues:</u>		
Intergovernmental	\$ 100,000	\$ -
Charges for services	3,270	2,530
Interest earnings	661	182
Donation	17,752	50,461
Total Revenues	121,683	53,173
<u>Expenditures:</u>		
Capital outlay	25,750	6,440
Total Expenditures	25,750	6,440
Net change in fund balance	95,933	46,733
Fund balance - beginning of year	55,163	8,430
Fund balance - end of year	\$ 151,096	\$ 55,163

CITY OF THOMASTON, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT \ WATER LINE FUND  
COMPARATIVE BALANCE SHEET  
DECEMBER 31, 2012 AND 2011

<u>ASSETS</u>	2012	2011
Cash and cash equivalent	\$ -	\$ 1,000
Total Assets	<u>\$ -</u>	<u>\$ 1,000</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Due to other funds	\$ -	\$ 1,000
Total Liabilities	<u>-</u>	<u>1,000</u>
Fund Balances:		
Restricted for capital projects	-	-
Total Fund Balances	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ -</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, 2012 AND 2011

	2012	2011
<u>Revenues:</u>		
Intergovernmental	\$ 500,000	\$ -
Total Revenues	500,000	-
<u>Expenditures:</u>		
Capital outlay	500,000	-
Total Expenditures	500,000	-
Net change in fund balance	-	-
Fund balance - beginning of year	-	-
Fund balance - end of year	\$ -	\$ -

CITY OF THOMASTON, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT \ WATER LINE FUND

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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES-BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED DECEMBER 31, 2012

	Prior Years	Current Year	Total to Date	Project Authorization
<u>Revenues:</u>				
Department of Community Affairs	\$ -	\$ 500,000	\$ 500,000	\$ 500,000
Total Revenues	-	500,000	500,000	500,000
<u>Expenditures:</u>				
Water lines	-	500,000	500,000	500,000
Total Expenditures	-	500,000	500,000	500,000
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -

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CITY OF THOMASTON, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT \ WATER/SEWER LINE FUND  
COMPARATIVE BALANCE SHEET  
DECEMBER 31, 2012 AND 2011

<u>ASSETS</u>	2012	2011
Cash and cash equivalent	\$ -	\$ 1,000
Total Assets	<u>\$ -</u>	<u>\$ 1,000</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Due to other funds	\$ -	\$ 1,000
Total Liabilities	<u>-</u>	<u>1,000</u>
Fund Balances:		
Restricted for capital projects	-	-
Total Fund Balances	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 1,000</u>

CITY OF THOMASTON, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT \ WATER/SEWER LINE FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
<u>Revenues:</u>		
Intergovernmental	\$ 535,734	\$ -
Total Revenues	535,734	-
<u>Expenditures:</u>		
Capital outlay	535,734	-
Total Expenditures	535,734	-
Net change in fund balance	-	-
Fund balance - beginning of year	-	-
Fund balance - end of year	\$ -	\$ -

CITY OF THOMASTON, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT \ WATER/SEWER LINE FUND  
#09-CR-5120

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES-BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED DECEMBER 31, 2012

	Prior Years	Current Year	Total to Date	Project Authorization
<u>Revenues:</u>				
Department of Community Affairs	\$ 500,000	\$ 535,734	\$ 1,035,734	\$ 1,000,000
Total Revenues	500,000	535,734	1,035,734	1,000,000
<u>Expenditures:</u>				
Sewer Facilities	500,000	170,250	670,250	670,250
Water Facilities	-	365,484	365,484	329,750
Total Expenditures	500,000	535,734	1,035,734	1,000,000
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -



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CITY OF THOMASTON, GEORGIA

2012 COMMUNITY DEVELOPMENT BLOCK GRANT \ WATER LINE FUND  
BALANCE SHEET  
DECEMBER 31, 2012

<u>ASSETS</u>	<u>2012</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

2012 COMMUNITY DEVELOPMENT BLOCK GRANT \ WATER LINE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>2012</u>
<u>Revenues:</u>	
Intergovernmental	<u>\$ -</u>
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>

CITY OF THOMASTON, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT \ WATER LINE FUND

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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES-BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED DECEMBER 31, 2012

	Prior Years	Current Year	Total to Date	Project Authorization
<u>Revenues:</u>				
Department of Community Affairs	\$ -	\$ -	\$ -	\$ 500,000
Total Revenues	-	-	-	500,000
<u>Expenditures:</u>				
Contingencies - Unprogramed Funds	-	-	-	50,000
Water Facilities	-	-	-	450,000
Total Expenditures	-	-	-	500,000
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -

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CITY OF THOMASTON, GEORGIA

DOT LMIG FUND  
BALANCE SHEET  
DECEMBER 31, 2012

<u>ASSETS</u>	<u>2012</u>
Cash and cash equivalent	\$ -
Total Assets	<u>\$ -</u>
 <u>LIABILITIES AND FUND BALANCE</u>	
Liabilities:	
Accounts payable	\$ -
Total Liabilities	<u>-</u>
Fund Balance:	
Restricted for capital projects	<u>-</u>
Total Fund Balance	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ -</u>

CITY OF THOMASTON, GEORGIA

DOT LMIG FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>2012</u>
<u>Revenues:</u>	
Intergovernmental	<u>\$ 128,302</u>
Total Revenues	<u>128,302</u>
<u>Expenditures:</u>	
Capital outlay	<u>128,302</u>
Total Expenditures	<u>128,302</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**

# 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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> <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>	88-93
<b>Revenue Capacity</b> <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>	94-100
<b>Debt Capacity</b> <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>	101-104
<b>Demographic and Economic Information</b> <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>	105-107
<b>Operating Information</b> <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>	108-109

**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.

**Schedule 1**  
**City of Thomaston**  
**Net Position by Component**  
**Last Ten Years**  
**(accrual basis of accounting)**

	2003	Restated 2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Net investment in capital assets	\$ 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	\$ 13,618,213
Restricted	-	-	615,724	1,531,831	2,166,140	2,915,510	4,111,689	3,254,258	3,517,736	3,248,886
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	2,199,363
Total governmental activities net position	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	19,066,462
Business-type activities										
Net investment in capital assets	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	13,683,729
Restricted	4,299,457	4,247,519	4,025,974	3,784,861	3,553,683	496,900	290,717	293,632	294,976	294,266
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	6,396,029
Total business-type activities net position	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	20,374,024
Primary government										
Net investment in capital assets	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	27,301,942
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	3,543,152
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	8,595,392
Total primary government net position	\$ 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	\$ 39,440,486

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 Position, Last Ten Years**  
**(accrual basis of accounting)**

	2003	Restated 2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
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	\$ 2,241,105
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	2,870,384
Public works	2,014,914	2,073,298	978,069	964,826	162,254	647,224	924,573	1,634,486	794,525	1,431,991
Economic development	-	-	-	-	471,662	74,651	3,239	217,922	144,262	149,363
Culture and recreation	-	-	-	-	-	-	-	-	21,697	366,231
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	7,059,074
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	4,361,621
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	11,465,199
Sanitation	-	-	-	-	-	-	988,594	994,802	1,083,916	1,073,394
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	16,900,214
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	23,959,288
<b>Program Revenues</b>										
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	15,000
Fines and forfeitures	212,981	217,695	327,839	401,093	566,318	529,899	541,228	388,554	276,797	385,320
Licenses and permits	124,288	120,820	118,725	121,030	126,336	127,572	124,856	132,852	129,296	134,176
Public safety	-	-	5,612	8,699	1,624	8,454	5,537	10,598	5,145	724
Rent	123,984	113,492	114,469	128,813	144,272	146,463	161,820	161,646	162,472	166,129
Other	-	-	-	-	-	-	-	-	2,530	3,270
Operating grants and contributions	122,320	280,006	217,055	249,367	527,095	248,199	823,238	801,356	220,301	283,760
Capital grants and contributions	-	-	-	-	409,015	223,375	898,288	1,481,609	438,426	1,908,281
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	2,896,660
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	4,042,795
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	12,074,428
Sanitation	-	-	-	-	-	-	1,018,375	1,017,658	1,010,003	1,090,951
Capital grants and contributions	-	-	-	-	-	-	1,339,092	3,013,367	485,621	2,496,166
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	19,704,340
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	22,601,000

**Schedule 2**  
**City of Thomaston**  
**Changes in Net Position, Last Ten Years**  
**(accrual basis of accounting)**

	2003	Restated 2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Net (Expenses)/Revenue</b>										
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)	\$ (4,162,414)
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	2,804,126
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)	(1,358,288)
<b>General Revenue and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	773,375	842,223	854,243	847,104	857,612	797,439	806,282	827,426	797,423	812,885
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	1,372,294
Franchise taxes	404,251	374,796	404,525	425,578	373,555	367,655	398,461	307,630	358,274	335,574
Insurance premiums taxes	318,992	438,097	471,432	493,135	514,395	526,717	521,775	506,611	430,147	456,850
Other taxes	282,586	289,042	282,094	338,259	327,877	335,031	319,443	320,293	315,496	308,835
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	17,188
Proceeds from sale of property	-	-	-	-	-	-	14,391	8,157	20,565	2,111
Miscellaneous	131,656	52,372	400,062	121,860	234,779	275,166	299,702	86,416	112,765	106,287
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	1,498,500
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	4,910,524
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	397,686
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)	(1,498,500)
Total business-type activities	(951,054)	(1,312,309)	(827,534)	(778,710)	(558,445)	(744,935)	(661,369)	(1,062,342)	(22,545)	(1,100,814)
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	3,809,710
<b>Change in Net Position</b>										
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)	748,110
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	1,703,312
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	\$ 2,451,422

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 Ten Years**  
**(accrual basis of accounting)**

	Program Revenues									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Function/Program</b>										
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	\$ 851,422
Public Safety	212,981	217,695	5,612	40,802	41,646	30,175	36,253	185,961	40,020	45,454
Public Works	869,537	909,781	-	-	11,235	142,043	1,353,374	1,839,593	579,466	1,999,784
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	2,896,660
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	12,074,428
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	6,538,961
Sanitation	-	-	-	-	-	-	1,018,375	1,017,658	1,010,003	1,090,951
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	19,704,340
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	\$ 22,601,000

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

	2003	Restated 2004	2005	2006	2007	2008	2009	Restated 2010	2011 *	2012
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	1,567,152
Unassigned	-	-	-	-	-	-	-	-	2,886,174	2,152,349
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	\$ 3,719,501
All Other Governmental Funds										
Reserved										
Program purposes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 192,834	\$ -	\$ -	\$ -
Capital outlay	-	-	615,724	1,531,831	2,166,140	2,915,510	3,911,866	3,236,371	-	-
Public safety	-	-	-	-	-	-	6,989	17,887	-	-
Unreserved										
Special Revenue Funds	151,419	197,052	235,845	253,179	230,339	241,426	-	-	-	-
Capital projects funds	-	-	294,030	367,668	567,768	718,442	-	8,430	-	-
Restricted										
Capital projects	-	-	-	-	-	-	-	-	3,508,598	3,242,099
Public safety	-	-	-	-	-	-	-	-	9,138	6,787
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	\$ 3,248,886

\* 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 Ten Years**  
(modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
Property taxes	\$ 773,375	\$ 842,223	\$ 832,471	\$ 955,826	\$ 792,745	\$ 760,324	\$ 893,218	\$ 849,227	\$ 781,027	\$ 839,576
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	1,372,294
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	1,101,261
Licenses and permits	124,288	120,820	118,725	121,030	126,336	127,572	124,856	132,852	129,296	134,176
Intergovernmental	122,320	280,006	217,055	255,054	936,110	471,574	1,721,526	2,243,471	626,371	2,174,227
Fines and forfeitures	212,981	217,695	333,451	409,792	567,942	538,353	546,765	399,152	281,942	386,044
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	18,270
Interest earnings	7,487	26,487	103,180	161,332	204,273	176,526	123,181	97,507	62,710	35,002
Rent	-	113,492	114,469	128,813	144,272	146,463	161,820	161,646	162,472	166,129
Donations	-	-	-	-	-	200,000	200,295	255	50,461	17,752
Other revenues	92,234	52,372	400,062	116,173	234,779	75,166	99,407	86,160	62,304	88,533
<b>Total revenue</b>	<b>4,521,274</b>	<b>4,921,044</b>	<b>6,267,997</b>	<b>6,861,292</b>	<b>7,717,882</b>	<b>7,039,125</b>	<b>6,351,321</b>	<b>6,485,185</b>	<b>4,631,378</b>	<b>6,333,264</b>
<b>Expenditures</b>										
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	2,776,919
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	2,756,576
Public Works	1,789,070	1,888,874	954,244	880,566	571,184	588,849	472,807	496,559	344,961	273,226
Economic Development	-	-	37,770	97,832	441,423	68,852	47,609	50,092	440	-
Culture and Recreation	-	-	-	-	-	-	-	-	21,697	366,231
Miscellaneous	319,693	336,862	-	-	-	-	-	-	-	-
Capital outlay	-	-	24,845	28,671	816,427	210,246	1,032,302	2,198,369	227,802	2,324,765
<b>Total expenditures</b>	<b>5,891,629</b>	<b>6,053,124</b>	<b>6,175,238</b>	<b>6,506,316</b>	<b>7,879,223</b>	<b>7,386,114</b>	<b>6,950,671</b>	<b>8,272,481</b>	<b>5,110,746</b>	<b>8,497,717</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(1,370,355)</b>	<b>(1,132,080)</b>	<b>92,759</b>	<b>354,976</b>	<b>(161,341)</b>	<b>(346,989)</b>	<b>(599,350)</b>	<b>(1,787,296)</b>	<b>(479,368)</b>	<b>(2,164,453)</b>
<b>Other Financing Sources (Uses)</b>										
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	1,558,988
Transfers to other funds	-	(43,978)	(42,721)	(47,803)	(101,983)	(57,159)	(52,562)	(61,511)	(116,422)	(60,488)
Proceeds from sale of property	39,416	-	24,120	48,908	14,901	19,213	14,391	8,157	20,565	2,111
<b>Total other financing sources (uses)</b>	<b>1,461,793</b>	<b>1,637,552</b>	<b>1,247,183</b>	<b>1,283,164</b>	<b>1,274,968</b>	<b>1,313,242</b>	<b>1,014,391</b>	<b>1,327,853</b>	<b>845,565</b>	<b>1,500,611</b>
<b>Net change in fund balances</b>	<b>\$ 91,438</b>	<b>\$ 505,472</b>	<b>\$ 1,339,942</b>	<b>\$ 1,638,140</b>	<b>\$ 1,113,627</b>	<b>\$ 966,253</b>	<b>\$ 415,041</b>	<b>\$ (459,443)</b>	<b>\$ 366,197</b>	<b>\$ (663,842)</b>

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)

**Tax Revenues**

Fiscal Year	Special Local											Total
	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		
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	
2012	837,267	48,152	1,369,499	830,489	2,614	336,485	456,850	619	192,901	63,745	4,138,621	

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

<b>Fiscal Year</b>	<b>Real Property</b>		<b>Personal Property</b>		<b>Total Property</b>		<b>Total Direct Tax Rate</b>
	<b>Assessed Value</b>	<b>Estimated Actual Value</b>	<b>Assessed Value</b>	<b>Estimated Actual Value</b>	<b>Assessed Value (1)</b>	<b>Estimated Actual Value</b>	
2003	\$ 95,289,158	\$ 238,222,896	\$ 63,526,106	\$ 158,815,264	\$ 158,815,264	\$ 397,038,160	4.59
2004	115,841,891	289,604,729	77,227,928	193,069,819	193,069,819	482,674,548	3.92
2005	130,782,760	326,956,902	87,188,508	217,971,268	217,971,268	544,928,170	3.83
2006	138,842,814	347,107,035	92,561,876	231,404,690	231,404,690	578,511,725	3.68
2007	140,356,723	350,891,807	93,571,148	233,927,871	233,927,871	584,819,678	3.66
2008	142,986,732	357,466,829	95,324,487	238,311,219	238,311,219	595,778,048	3.62
2009	139,593,495	348,983,738	93,062,330	232,655,825	232,655,825	581,639,563	3.62
2010	138,847,608	347,119,020	92,565,072	23,142,680	231,412,680	578,531,700	3.62
2011	135,900,198	339,750,495	90,600,132	226,500,330	226,500,330	566,250,825	3.62
2012	129,251,671	323,129,177	86,167,780	215,419,451	215,419,451	538,548,628	3.84

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)

<b>Fiscal Year</b>	<b>City Direct Rates</b>			<b>Overlapping Rates</b>			<b>Total</b>
	<b>Basic Rate</b>	<b>General Obligation Debt Service</b>	<b>Total Direct Rate</b>	<b>State of Georgia</b>	<b>Upson County</b>	<b>City-County School System</b>	
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
2012	3.84	0.00	3.84	0.25	7.77	15.30	27.16

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 Eight Years Ago**

Taxpayer	2004				Taxpayer	2012			
	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	\$40,328,882	\$154,863	1	17.69%
Wal-Mart Stores, Inc.	6,901,673	27,054	2	3.27%	Clearwater Paper - previously Cellu Tissue	11,813,586	33,762	2	3.86%
Yamaha Music Mfg., Inc.	8,363,913	13,474	3	1.63%	Wal-Mart Stores, Inc.	6,635,234	25,479	3	2.91%
One Four Five Associates	2,751,635	10,786	4	1.30%	Home Depot	3,976,395	15,269	4	1.74%
Quad Graphics (1)	2,494,593	9,779	5	1.18%	North Creek Shopping Center	3,236,940	12,430	5	1.42%
Georgia Windstream	2,390,486	9,371	6	1.13%	SouthCrest Bank - previously Bank of Upson	2,517,623	9,668	6	1.10%
Oracle Packaging Co. of Georgia	3,406,333	7,999	7	0.97%	Standard Textiles	9,503,200	9,051	7	1.03%
Atlantic Paper & Foil (Atlantic Lakeside Properties)	2,441,765	7,000	8	0.85%	Ingles Market	1,967,597	7,556	8	0.86%
1888 Mills, LLC	4,243,612	4,956	9	0.60%	1888 Mills	7,258,385	6,122	9	0.70%
Royal Cord, Inc.	2,284,876	3,294	10	0.40%	Georgia Windstream	1,337,407	5,136	10	0.59%
	<u>\$ 65,050,886</u>	<u>\$ 210,419</u>		<u>25.44%</u>		<u>\$ 88,575,249</u>	<u>\$ 279,336</u>		<u>31.90%</u>

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 Ten 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%	183,285	917,402	99.99%
2008		868,711	729,936	84.03%	138,591	868,527	99.98%
2009		879,011	768,774	87.46%	109,506	878,280	99.92%
2010		875,559	769,592	87.90%	103,118	872,710	99.67%
2011		851,015	734,588	86.32%	94,964	829,552	97.48%
2012		875,547	640,085	73.11%	-	640,085	73.11%

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**

	<b>Sales Tax</b>		<b>Sales Tax</b>		<b>Sales Tax</b>	
	<b>Distributions</b>	<b>Percentage</b>	<b>Distributions</b>	<b>Percentage</b>	<b>Distributions</b>	<b>Percentage</b>
	<b>2010</b>	<b>of Total</b>	<b>2011</b>	<b>of Total</b>	<b>2012</b>	<b>of Total</b>
Accommodations	\$ 19,306	0.61%	\$ 15,062	0.48%	\$ 15,065	0.47%
Automotive	217,124	6.87%	229,149	7.29%	283,516	8.91%
Construction	8,836	0.28%	5,934	0.19%	6,370	0.20%
Food	499,629	15.81%	489,032	15.56%	484,750	15.23%
General	701,768	22.21%	654,442	20.83%	657,277	20.65%
Home	102,795	3.25%	74,305	2.36%	77,508	2.43%
Manufacturers	243,661	7.71%	221,780	7.06%	224,828	7.06%
Misc. Service	290,046	9.18%	291,138	9.27%	285,521	8.97%
Other Retail	307,742	9.74%	287,674	9.15%	286,345	9.00%
Other Services	55,386	1.75%	83,953	2.67%	87,020	2.73%
Utilities	348,522	11.03%	355,224	11.30%	335,714	10.55%
Wholesale	364,702	11.54%	434,648	13.83%	439,413	13.80%
Total	<u>\$ 3,159,517</u>	<u>100.00%</u>	<u>\$ 3,142,341</u>	<u>100.00%</u>	<u>\$ 3,183,327</u>	<u>100.00%</u>

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**

<b>Fiscal Year</b>	<b>City Direct Rate</b>	<b>Upson County</b>
2003	1.00% LOST (1)	3.00% LOST & SPLOST (2) & ELOST (3)
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 (6)	3.00% LOST & SPLOST (6) & ELOST
2012	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, 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.
- (6) The 1% SPLOST began on 7/1/2011 and ends 6/30/2016. The City of Thomaston, City of Yatesville and Upson County share the SPLOST 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			
2003	\$ -	\$ 10,970,000 (1)	\$ 2,685,168 (2)	\$ 13,655,168	\$ 1,470	0.1530%
2004	-	10,675,000	2,457,903	13,132,903	1,414	0.1657%
2005	-	10,370,000	2,223,743	12,593,743	1,359	0.1799%
2006	-	10,060,000	1,982,478	12,042,478	1,318	0.1957%
2007	-	9,740,000	1,733,893	11,473,893	1,252	0.2162%
2008	-	9,410,000	1,477,767	10,887,767	1,185	0.2392%
2009	-	9,070,000	1,213,870	10,283,870	1,119	0.2577%
2010	-	8,720,000	941,966	9,661,966	1,054	0.2801%
2011	-	8,360,000	2,331,307 (3)	10,691,307	1,173	0.2444%
2012	-	7,985,000	2,669,096	10,654,096	1,169	0.2631%

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, 2012**

**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) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Thomaston, Georgia. This process recognizes that, when considering the governments ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. The percentage applicable to the City of Thomaston is 36%.
- (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**

	<b>Legal Debt Margin Calculation</b>									
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Net Assessed Value	\$ 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	\$ 215,419,451
Debt Limit - 10% of Assessed Value	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	21,541,945
Debt Applicable to Limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	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	21,541,945
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 Revenue		Debt Service			Coverage			
							Principal	Interest	Total				
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
2012		17,605,860		15,784,973		1,820,887		375,000		376,481		751,481	2.42

**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**

<b>Year</b>	<b>Population</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>Unemployment Rate</b>
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	9,112	26,133	39.4	11.5
2012	9,112	28,033	38.2	11.1

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 Eight Years Ago**

<b>Employer</b>	<b>Number of Employees</b>	<b>2004 Rank</b>
Thomaston/Upson County Schools	687	1
Quad Graphics of Georgia (Note 1)	620	2
Upson Regional Medical Center	464	3
Standard Textile Company	272	4
Yamaha Music Mfg. (Note 5)	240	5
Georgia Dept. of Transportation (Note 4)	210	6
1888 Mills, LLC.	185	7
Innoware (Duni) Corporation (Note 2)	170	8
Royal Cord, Inc. (Note 3)	169	9
City of Thomaston	143	10

<b>Employer</b>	<b>Number of Employees</b>	<b>2012 Rank</b>
Thomaston/Upson County Schools	723	1
Upson Regional Medical Center	635	2
Wal-Mart	230	3
Upson County Government	220	4
Clearwater Paper - formerly Cellu Tissue	150	5
Southern Crescent Technical College	137	6
Standard Textile Company	121	7
Providence Nursing Home	101	8
Beverly Health Rehab / Golden Living Center	98	9
Home Depot, Inc.	97	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,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Administration	8	8	8	9	11	10	10	10	10	7
Finance	5	5	5	5	5	5	5	5	5	5
Down Town Development	1	1	1	1	1	1	1	1	0	0
Community Development	1	1	1	1	1	1	1	1	1	1
Parks & Public Spaces (1)										6
Electric Department	14	14	15	18	15	14	13	13	13	13
Fire Department	13	15	18	18	19	19	21	21	20	20
Police Department										
Officers	20	21	26	27	27	27	23	22	23	21
Civilians	3	3	3	3	2	3	3	3	3	3
Street Department	19	19	20	19	12	11	10	8	5	4
Water/Wastewater Department (Note 2)	25	25	25	25	25	25	24	21	19	21

Source: Payroll records

Note 1: The Parks & Public Spaces Department began in 2012.

Note 2: The city's water and wastewater activities were contracted to Severn Trent Services for 2012.

The water/wastewater personnel are employees of Severn Trent rather than the City of Thomaston.

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

<b>Function/Program</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
General Government								
Building permits issued								
New Residential	22	22	23	7	5	3	0	0
New Commercial	3	5	7	6	6	4	5	6
Additional & Improvements - Residential	144	129	110	97	98	64	67	83
Additional & Improvements - Commercial	6	10	10	18	22	18	16	22
Police Department								
Physical arrests	2,808	3122	2741	1120	587	794	620	425
Citations	1,690	2758	2184	3648	2916	1853	1751	2602
Fire Department								
Emergency (EMS) responses	112	132	132	134	149	193	228	156
Fires extinguished	53	71	82	28	89	75	79	71
Street Department								
Streets resurfaced (miles)	0.82	0	1.38	0.43	0.34	0.92	0	5.21
Sidewalks replaced (miles)	N/A	0.29	1.96	0.54	0.07	0.06	0.1	0
Electric Department								
Lines replaced (miles)	0.62	2.38	2.16	5.45	0	2.62	0.17	4.87
Water Department								
New connections	33	30	31	23	10	6	8	4
Water main breaks	471	427	159	319	240	184	343	60
Average daily consumption (million gallons)	1.72	1.66	1.73	1.56	1.45	1.3	1.18	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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police Department										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol cars	7	9	9	10	10	10	10	11	11	11
Fire Department										
Stations	2	1	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	2	2	3	3	3	3	3
Fire hydrants	N/A	N/A	587	608	608	600	600	600	610	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	81	81	98.73	98.73	99.54	99.54	99.54	99.54
Street Department										
Streets (miles)	51.01	51.01	51.56	51.63	52.24	52.24	52.61	52.61	52.61	52.61
Sidewalks (miles)	30.6	30.6	30.6	30.6	30.6	30.6	30.6	30.6	30.63	30.75
Water Department										
Water filter plants	1	1	1	1	1	1	1	1	1	1
Filtering capacity (MGD)	6	6	6	6	4.3	4.3	4.3	4.3	4	4
Water lines (miles)	79.41	80.36	81.24	81.49	82.16	82.74	83.28	83.66	83.66	83.66
Water tanks (above & underground)	12	12	12	12	10	10	10	10	7	8
Storage capacity (millions of gallons)	4.41	4.41	4.41	4.41	4.01	4.01	4.01	4.01	2.05	2.12
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	66.67	66.67	67.11	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**

## CITY OF THOMASTON, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED  
WITH SPECIAL SALES TAX PROCEEDS  
FOR THE YEAR ENDED DECEMBER 31, 2012

2004 Special Local Option Sales Tax Projects:	Original Estimated Cost	Expenditures		
		Prior Year(s)	Current Year	Total
Sewer Projects	\$ 2,282,760	\$ 354,842	\$ 581,872	\$ 936,714
Bell Creek Project	1,175,040	971,068	-	971,068
Water & Wastewater Projects	1,175,040	327,333	393,780	721,113
Beautification Projects	195,840	375,094	-	375,094
Totals	\$ 4,828,680	\$ 2,028,337	\$ 975,652	\$ 3,003,989

2011 Special Local Option Sales Tax Projects:	Original Estimated Cost	Expenditures		
		Prior Year(s)	Current Year	Total
Sewer Line Replacement	\$ 4,183,276	\$ -	\$ 159,327	\$ 159,327
Totals	\$ 4,183,276	\$ -	\$ 159,327	\$ 159,327

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.

## **SINGLE AUDIT SECTION**

## CITY OF THOMASTON, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2012

<b>Federal/Grantor/Pass-Through Grantor/Program Title or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b><u>Environmental Protection Agency</u></b>			
Passed through Georgia Environmental Finance Agency:			
Drinking Water State Revolving Fund - Loan	66.468	DWSRF 10-012	486,076
Drinking Water State Revolving Fund	66.468	DWSRF 10-012	<u>291,646</u>
Total Environmental Finance Agency			<u>777,722</u>
<b><u>Community Development Block Grant</u></b>			
Passed through Georgia Department of Community Affairs:			
2009 Community Development Block Grant - ARRA	14.218	09-cr-5120	535,734
2010 Community Development Block Grant	14.218	10p-x-145-2-5238	500,000
2012 Community Development Block Grant	14.218	12p-x-145-2-5470	<u>-</u>
Total Environmental Finance Agency			<u>1,035,734</u>
<b><u>U.S. Department of Transportation</u></b>			
Passed through Georgia Department of Transportation:			
TEA Grant	20.205	TEE-0008-00(208)	<u>100,000</u>
Total U.S. Department of Transportation			<u>100,000</u>
<b><u>U.S. Department of Justice</u></b>			
Direct Programs			
Federal Forfeiture Program	16.922		<u>482</u>
Total U.S. Department of Justice			<u>482</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,913,938</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, 2012

**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, 2012. 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 modified accrual 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**

The City of Thomaston, Georgia had no major programs that provided amounts to subrecipients.

CITY OF THOMASTON, GEORGIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2012

**FEDERAL AWARD FINDINGS**

Findings noted on the Independent Auditor's 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)

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

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

We have audited 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, 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, 2012, and the related notes to the financial statements, which collectively comprise City of Thomaston, Georgia's basic financial statements, and have issued our report thereon dated June 24, 2013.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 questioned costs to be material weaknesses. 2012-001, 2012-002, 2012-003, and 2012-004.





## Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 questioned costs as item 2012-005.

## City of Thomaston, Georgia's Response to Findings

City of Thomaston, Georgia's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. City of Thomaston, Georgia's response was not subjected to the auditing procedures applied in our audit of the financial statements and, accordingly, we express no opinion on it.

## Purpose of this Report

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

Macon, Georgia  
June 24, 2013

Chas. E. H. Rine



J. Russell Lipford, Jr., CPA  
 Mark O. Hardison, CPA  
 Terry I. Parker, CPA  
 Christopher S. Edwards, CPA  
 Lynn S. Hudson, CPA  
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 American Institute of  
 Certified Public Accountants  
 Truman W. Clifton (1902-1989)

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
 EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL  
 CONTROL OVER COMPLIANCE; AND REPORT ON THE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 REQUIRED BY OMB CIRCULAR A-133**

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

**Report on Compliance for Each Major Federal Program**

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, 2012. 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.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Thomaston, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Thomaston, Georgia's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the City of Thomaston, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

### **Report on Internal Control Over Compliance**

Management of the City of Thomaston, Georgia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Thomaston, Georgia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of City of Thomaston, Georgia as of and for the year ended December 31, 2012, and have issued our report thereon dated June 24, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Macon, Georgia  
June 24, 2013

A handwritten signature in black ink, appearing to read "Charles E. H. Smith". The signature is written in a cursive, flowing style.





CITY OF THOMASTON, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2012

**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>
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*Georgia Environmental Facilities Authority (GEFA)*

66.468	Drinking Water State Revolving Funds (loan)
66.468	Drinking Water State Revolving Funds (grant)
14.218	2009 Community Development Block Grant - ARRA
14.218	2010 Community Development Block Grant
14.218	2012 Community Development Block 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, 2012

**Section II – Financial Statement Findings**

Findings noted on the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*:

**2012-001    Direct Adjustments to Fund Balance/Net Position**

*CRITERIA*

All changes to net position should be reported as part of the results of operations for the current period rather than treated as a direct adjustment to fund balance/net position.

*CONDITION*

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

*CONTEXT/CAUSE*

Audit procedures identified that adjustments were necessary to correct the beginning fund balance/net position account balances as follows:

- In the General Fund, audit adjustments of \$307,955 were needed to correct the fund balance.
- In the 2011 SPLOST Fund, an audit adjustment of \$75,757 was needed to correct the fund balance.
- In the Water and Sewer Fund, an audit adjustment of \$282,011 was needed to correct the net position account balance.
- In the Electric Fund, audit adjustments of \$432,254 were needed to correct the net position account balance.

*EFFECT*

Material audit adjustments were necessary to correct beginning fund balances/net position.

*RECOMMENDATION*

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

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*

Management concurs with the finding. The City will be aware that these adjustments to fund balance 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, 2012

**2012-002   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 and in the proper fund.

*CONTEXT/CAUSE*

Audit procedures identified that adjustments were necessary to correct year end balances as follows:

- Audit adjustments of \$26,424 and \$124,675 were needed to correct franchise tax receivables and LOST receivables for the current year.
- Audit adjustment of \$69,235 was needed to record current year SPLOST receivable.
- Audit adjustment of \$90,455 was needed to correctly record the dividend income on the MEAG investment account in the Electric Fund.
- Audit adjustment of \$664,241 was needed to correctly report the GEFA Loan / Grant Revenue activity in the Water and Sewer Fund.
- Audit adjustments of \$93,503 and \$34,233 were needed in the Water and Sewer Fund and Electric Fund to move accounts receivable and penalties to the appropriate fund.
- Audit adjustment of \$128,302 was needed to move DOT LMIG grant funds from the General Fund to a capital projects fund.
- Audit adjustment of \$34,233 was needed to move penalties from the Electric Fund to the Water and Sewer Fund.
- Audit adjustments of \$100,431 were needed to move accounts receivable from the Electric Fund to the Water and Sewer Fund (\$93,503) and the Sanitation Fund (\$6,928).

*EFFECT*

Material audit adjustments were necessary to fairly report revenues and the related receivables for the year ended December 31, 2012.

*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 and fund.

CITY OF THOMASTON, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2012

**2012-003    Accounts Payable / Expenditure or Expenses**

*CRITERIA*

In accordance with generally accepted accounting principles, expenditure / 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 expenditure / expenses are recorded and properly classified when a liability is incurred.

*CONTEXT/CAUSE*

Audit procedures identified that adjustments were necessary to correct year end balances as follows:

- In the General Fund, audit adjustments of \$24,147 and \$27,973 were needed to record additional accounts payable and accrued salaries.
- In the 2004 SPLOST Fund, audit adjustments of \$154,933 and \$90,932 were needed to record additional accounts payable and retainage payable.
- In the Water and Sewer Fund, audit adjustments of \$30,000 and \$369,626 were needed to record additional retainage payable and accounts payable.
- In the Electric Fund, audit adjustments of \$62,939 were needed to record additional accounts payable.
- In the Sanitation Fund, an audit adjustment of \$84,877 was needed to record additional accounts payable.

*EFFECT*

Material audit adjustments were needed to fairly state and classify expenditure / expenses for the year ended December 31, 2012.

*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, 2012

**2012-004    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.

*CONTEXT/CAUSE*

Audit procedures identified that adjustments were necessary to correct the recording of capital assets between the Water and Sewer Fund and Governmental Activities as follows:

Water and sewer fund:

- Audit adjustments of \$2,204,520 were needed to record the contributed capital and related construction/capital asset paid by the General, SPLOST and CDBG Funds.
- Various audit adjustments were needed to properly report construction projects.
- An audit adjustment of \$1,079,523 was needed to move the cost of street paving from the Water and Sewer to the General Fund.

Electric fund:

- An audit adjustment of \$440,735 was needed to move the renovations of a city building to the general fund.

*EFFECT*

Material audit adjustments were needed to fairly report capital asset information for the year ended December 31, 2012.

*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, 2012

**2012-005    Debt Service Coverage - (Reiteration of Prior Year)**

*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 2012, the City's debt service coverage ratio was .93, which is less than the required ratio of 1.20.

*CONTEXT/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.

*EFFECT*

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

*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*

Management concurs with the finding. The City's debt service coverage from water operations increased slightly during 2012. The City increased the unit usage fee for water by 14.2% and sewer by 5.7% effective January 2012. The City increased the unit usage fee for water by 7.3% and sewer by 8.1% effective January 2013. The 2013 usage fee increases are projected to generate an additional \$260,000 in revenues in 2013.

CITY OF THOMASTON, GEORGIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2012

**Section III – Federal Award Findings and Questioned Costs**

No matters were reported.

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