

City of Thomaston, Georgia



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2013**

CITY OF THOMASTON, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2013

PREPARED BY:

FINANCE OFFICE

CITY OF THOMASTON, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2013

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INTRODUCTORY SECTION

CITY OF THOMASTON

FINANCE DEPARTMENT

106 East Lee Street

P. O. Box 672

Thomaston, Georgia 30286-0009

706-647-6633

Telephone

706-647-6583

Fax

June 20, 2014

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, 2013.

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

The City's financial statements have been audited by Clifton, Lipford, Hardison & Parker, L.L.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Thomaston, Georgia for the fiscal year ended December 31, 2013, 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 unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2013, 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 2013, 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 2013, the balance in the Reserve Account was \$2.1 million, and the Capital Purchases Account balance was \$737,000.

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

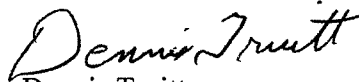
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Thomaston for its Comprehensive Annual Financial Report for the year ended December 31, 2012, our twenty seventh consecutive year.

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 2013 CAFR.

Respectfully submitted,

A handwritten signature in cursive script that reads "Dennis Truitt".

Dennis Truitt
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Thomaston
Georgia**

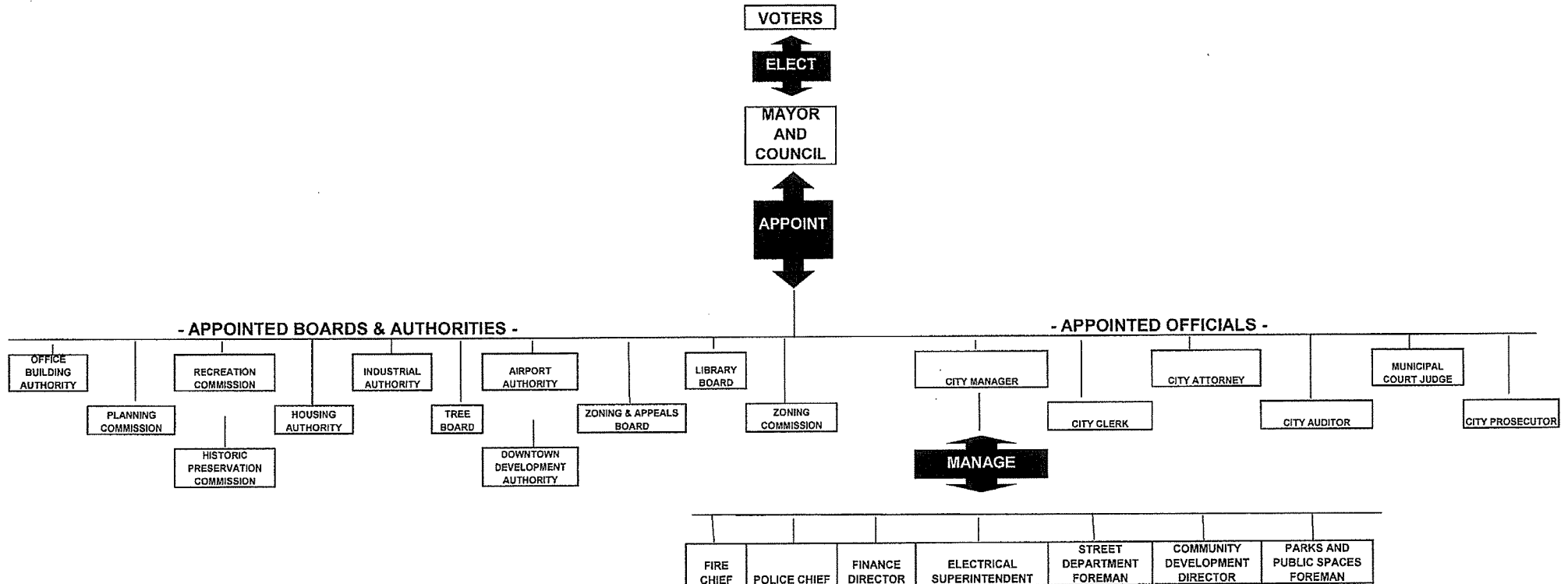
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO

CITY OF THOMASTON, GEORGIA

ORGANIZATIONAL CHART



LIST OF ELECTED AND APPOINTED OFFICIALS

**CITY OF THOMASTON, GEORGIA
2013**

MAYOR

Hays Arnold, Jr.

CITY COUNCIL

Gary Atwater
Donald M. Greathouse
Doug Head
Patsy Perdue
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

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, 2013, 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, 2013, 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 21 and page 57 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.

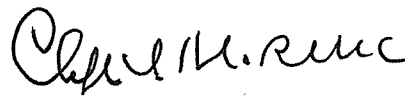
The combining and individual nonmajor fund financial statements and schedules, the budgetary comparison schedules, and the schedule of projects constructed with special sales tax proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other 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, and the schedule of projects constructed with special sales tax proceeds 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 20, 2014, 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 20, 2014



MANAGEMENT'S DISCUSSION & ANALYSIS

CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013

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, 2013.

FINANCIAL HIGHLIGHTS

- The Mayor and City Council completed \$1.4 million in infrastructure work in 2013. The city undertook water line and sewer line 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 2013 was \$7,552,655. In addition to the \$7.5 million, the city held \$5,670,873 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 \$737,827 as of December 31, 2013.
- The Mayor and City Council reduced the size of city government over the past decade. The city had 1/3rd fewer employees in 2012 than 2002. The city paid just under \$2.9 million in total gross wages in 2013. 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 \$3,121 or 0.6% more in 2013 than what the city paid in 2012. The city paid \$546,078 on health insurance in 2013. That figure is \$22,562 less than what was paid in 2011.
- The City's net position increased by \$1,595,035 in 2013. Net position for the Governmental Activities decreased by \$63,584 in 2013. The City's net position for the Business type Activities increased by \$1,658,619.
- The City maintained the same property tax rate in 2013. The city government plans to increase the city millage rate in August 2014.
- The city government increased electric rates across the board again in 2013 for a fourth consecutive year. The City's electric charges and fees revenues increased in 2013 by \$302,327 or 2.6%. The city's 2013 electricity costs less off system electricity sales decreased by \$789,083 or 7.8%.

CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2013 (CONTINUED)

- 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, 2014.
- The city has raised water rates in 11 out of the past 12 years. The city's 2013 water and sewer charges and fees collections rose by \$95,148 or 2.4% from 2012. The 2012 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, 2014.
- The City's General Fund tax collections decreased in 2013 by \$71,866 or 2.2%.
- The city reduced long-term debt by \$722,380 in 2013.

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 a 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.

These two statements report the city's net position and liabilities – as one way to measure the city's financial health, or financial position. Over time, 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.

CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2013

(CONTINUED)

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.

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

CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013
(CONTINUED)

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 serves 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 2013 totaled \$41,035,521; \$7,552,655 of which were in cash or cash equivalents. An additional \$5,670,873 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 \$1,595,035 or 4.0% in 2013.

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.

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets						
Current and Other Assets	\$ 7,588,338	\$ 7,401,271	\$ 7,607,964	\$ 7,905,199	\$ 15,196,302	\$ 15,306,470
Capital and Noncurrent Assets	13,232,483	13,618,213	25,274,920	24,337,825	38,507,403	37,956,038
Total Assets	20,820,821	21,019,484	32,882,884	32,243,024	53,703,705	53,262,508
Liabilities						
Current Liabilities	381,362	579,010	878,706	1,979,228	1,260,068	2,558,238
Long-term Liabilities	1,436,581	1,374,012	9,971,535	9,889,772	11,408,116	11,263,784
Total Liabilities	1,817,943	1,953,022	10,850,241	11,869,000	12,668,184	13,822,022
Net Position						
Net Investment in Capital Assets	13,232,483	13,618,213	15,342,717	13,683,729	28,575,200	27,301,942
Restricted	3,039,003	3,248,886	287,528	294,266	3,326,531	3,543,152
Unrestricted	2,731,392	2,199,363	6,402,398	6,396,029	9,133,790	8,595,392
Total Net Position	\$ 19,002,878	\$ 19,066,462	\$ 22,032,643	\$ 20,374,024	\$ 41,035,521	\$ 39,440,486

CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013
(CONTINUED)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues						
Charges for services	\$ 782,003	\$ 704,619	\$ 17,609,510	\$ 17,208,174	\$ 18,391,513	\$ 17,912,793
Operating grants and contributions	316,429	283,760	-	-	316,429	283,760
Capital grants	756,809	1,908,281	953,164	2,496,166	1,709,973	4,404,447
General Revenues						
Taxes	3,252,650	3,286,438	-	-	3,252,650	3,286,438
Investment earnings	13,346	17,188	14,128	397,686	27,474	414,874
Other	50,729	108,398	-	-	50,729	108,398
Total Revenue	5,171,966	6,308,684	18,576,802	20,102,026	23,748,768	26,410,710
Expenses						
General government	1,485,221	2,241,105	-	-	1,485,221	2,241,105
Public safety	2,745,709	2,870,384	-	-	2,745,709	2,870,384
Public works	1,335,976	1,431,991	-	-	1,335,976	1,431,991
Economic development	144,347	149,363	-	-	144,347	149,363
Culture & recreation	530,294	366,231	-	-	530,294	366,231
Water & Sewer	-	-	4,093,022	4,361,621	4,093,022	4,361,621
Electric	-	-	10,672,120	11,465,199	10,672,120	11,465,199
Sanitation	-	-	1,147,044	1,073,394	1,147,044	1,073,394
Total Expenses	6,241,547	7,059,074	15,912,186	16,900,214	22,153,733	23,959,288
Excess (deficiency) before contributions and transfers	(1,069,581)	(750,390)	2,664,616	3,201,812	1,595,035	2,451,422
Transfers	1,005,997	1,498,500	(1,005,997)	(1,498,500)	-	-
Change in Net Position	(63,584)	748,110	1,658,619	1,703,312	1,595,035	2,451,422
Net Position - Beginning of year	19,066,462	18,318,352	20,374,024	18,670,712	39,440,486	36,989,064
Net Position - End of year	\$ 19,002,878	\$ 19,066,462	\$ 22,032,643	\$ 20,374,024	\$ 41,035,521	\$ 39,440,486

Governmental Activities

The City of Thomaston's total net position decreased during 2013. The governmental activities net position decreased by \$63,584 or 0.3% from 2012. The city's governmental activities cash position decreased by \$831,528 or 12%. 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 \$23,454 in 2013 on general government capital assets. The city added another \$958,472 in capital assets from SPLOST spending in 2013. The city expended the majority of the funds

CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2013 (CONTINUED)

on sewer line improvement projects. The projects are expected to reduce ground water infiltrating the city sewer lines.

The city's liabilities decreased by \$307,143 in 2013. Retainage payable and accounts payable decreased by \$147,253. Due to other funds decreased by \$255,621. The estimated landfill post closure cost was decreased in 2013 by \$160,980 from the 2012 estimate.

Business-Type Activities

The city's water and sewer fund net position increased by \$1,589,449 in 2013. Almost all of this growth is due to a \$953,164 increase in capital contributions. The reason is an increase in investments of \$994,318. The two drivers are \$937,202 expended on sewer line replacements and \$411,905 expended on water line replacements.

The city's electric fund had a net position increase of \$111,607 in 2013. This result is primarily due to an increase in investments of \$994,318. The electric fund total liabilities grew by \$835,692 in 2013. The current liabilities provided most of the increase growing by \$829,903.

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 \$287,311 in contributions to the pension fund in 2013. This was an increase of \$53,105 or 22.7% from 2012 contributions. The city contributed 100% of the recommended contribution as determined by the plan's actuary.

General Fund

General fund revenues and transfers from other financing sources exceeded expenditures in 2013 by \$366,103. General fund taxes consisting primarily of property taxes, sales taxes, franchise fees, insurance premium taxes fell by \$71,866 or 2.2%. Total revenues fell by \$1,175,684 or 18.6%. The main reason for the large difference was the receipt of \$1.2 million of intergovernmental funds in the Non-Major Governmental Fund in 2012. The mayor and city council kept the same property tax rate in 2013 as 2012. The city plans to increase the property tax rate in August 2014.

The city's total gross wages paid to all general fund, electric fund, and community development fund workers (city wide) dropped slightly in 2013. The city payroll was \$2,842,913 in 2013. The city pays 100% of the employee's premium for health and other insurances. The city paid \$546,078 for health insurance for employees. This was slightly more than the premium cost in 2012. The city's total annual

CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013
(CONTINUED)

employee health, dental, disability, and life insurance premium costs were \$3,121 or 0.6% more in 2013 than what the city paid in 2012.

Water and Sewer Fund

The water and sewer fund operating revenues for services and miscellaneous revenue increased in 2013 by \$97,784. This amounted to an increase in revenue of 2.4% from 2012. Revenues increased in 2012 by \$374,968 or 10.2% and in 2011 and 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 liabilities by \$503,986 in 2013. The city had \$9,971,535 in water and sewer long-term liabilities at the close of 2013. The city hired a new water and sewer operations contractor effective January 1, 2012. The city renewed its service agreement for two additional years at the close of 2013. The operations contract cost, as a figure, is 33.4% of the total operating revenues. The city expended \$1,269,431 on water and sewer debt principal and interest in 2013. This represents, as a figure, 30.7% of total operating revenue.

Electric Fund

The city electric revenues from charges and fees increased in 2013 by \$302,327. The City's electricity costs less off system electricity sales fell by \$789,083 in 2013 for a decrease of 7.8% from 2012.

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.

SPLOST

The city has two special purpose local option sales tax (SPLOST) funds. The first account set up in 2004 had a year-end balance of \$1,561,676. The second, set up in 2011, had a year-end balance of \$1,327,661. The expenditures of the two funds exceeded revenues by \$201,666. The city posted \$958,475 of SPLOST funds on capital outlay projects in 2013. The city had \$2,889,337 in SPLOST funds as of the close of 2013. 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.

CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2013 (CONTINUED)

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 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 \$737,827 as of December 31, 2013.

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 3/4th of the costs.
4. The city set aside a capital project account for undertaking future general fund projects. The city has replaced out approximately 1/4th of the city's water lines since 2006. The city plans to continue on this march of replacement throughout the entire town. The mayor and city council have also been replacing out sewer lines throughout the town and plan to replace many more over the next decade.

Comparison of the Final 2013 Budget with the Actual Expenditures

The major variance in the General Fund expenditures is in the general administration category. The variation is \$675,061. The city did not undertake milling and paving work in 2013. The city plans to

CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2013

(CONTINUED)

undertake milling and paving in 2014. This accounts for almost 1/3rd of the variance. The city projected spending as much as \$80,000 more on non-legal professional fees associated with service delivery disputes and litigation with the county government. The city anticipated transferring an additional \$75,000 in general government funds to the sanitation fund. The city did not need to make the transfer. The city did not undertake the traffic island beautification project at the south end of town. This project accounts for about \$40,000 of the variance.

City spending on public safety varied from the final budget by \$232,004. The city anticipated hiring two additional leadership positions in the police department in 2013. This accounted for half of the variance. The city renews its employee health insurance policy effective January 1st of each year. We anticipated paying \$85,000 more in 2013 for employee health insurance for firefighters and police officers.

The city budgeted \$¼ million more in public works, culture, and recreation spending in 2013. The city did not replace a vacated position in the street department in 2013. The city anticipated spending \$82,000 more in employee health insurance payments than was actually expended for street department and parks and public spaces workers. The city anticipated spending \$30,000 more on vehicle and equipment gasoline and oil in 2013 than what was actually expended. The city did not fill a potential position in the parks and public spaces department. The city anticipated expending an additional \$40,000 on contractual service work than was expended.

Comparison of the Original 2013 Budget with the Final Amended Budget

The city undertook a budget revision in June of 2013. The city allocated a transfer to the Sanitation Fund of \$87,000 to account for any shortfall from sanitation fee revenues. The general government administration department line item for professional services was reduced by \$87,000 and allocated as a transfer to the Sanitation Fund.

Capital Asset Administration

The City of Thomaston's investment in capital assets for its governmental and business-type activities as of December 31, 2013 amounts to \$38,507,403 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 \$551,365. In 2012, the investment in capital assets net depreciation \$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 \$937,095. The water and sewer line replacement and refurbishing projects accounted for most of the increase to the capital asset values. The city expended \$411,905 on water line improvements and \$957,126 on sewer collection system replacement and refurbishing in 2013.

The largest general government activities purchase in 2013 was \$102,484 for the acquisition of four police cars and a used pick-up truck. The city also expended \$65,456 towards equipment in 2013. The general government activities resulted in an increase in accumulated depreciation of \$593,352. The net investment in general government capital assets decreased in 2013 by \$385,730.

CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013
(CONTINUED)

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	
	2013	2012	2013	2012	2013	2012
Land	\$ 2,745,397	\$ 2,745,397	\$ 2,353,716	\$ 2,329,366	\$ 5,099,113	\$ 5,074,763
Construction in progress	64,803	466,485	868,663	2,856,046	933,466	3,322,531
Buildings	2,114,771	1,798,626	1,815,434	1,976,341	3,930,205	3,774,967
Systems	-	-	19,598,797	16,720,445	19,598,797	16,720,445
Equipment	1,053,050	1,110,405	453,041	425,978	1,506,091	1,536,383
Vehicles	548,078	557,519	185,269	29,649	733,347	587,168
Infrastructure	6,706,384	6,939,781	-	-	6,706,384	6,939,781
Total capital assets	\$ 13,232,483	\$ 13,618,213	\$ 25,274,920	\$ 24,337,825	\$ 38,507,403	\$ 37,956,038

Long-term Debt Administration

As of December 31, 2013, the City of Thomaston reported the following long-term debt:

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Revenue bonds	\$ -	\$ -	\$ 7,725,000	\$ 7,985,000	\$ 7,725,000	\$ 7,985,000
GEFA loan	-	-	2,207,203	2,669,096	2,207,203	2,669,096
Landfill postclosure liabilities	1,271,820	1,432,800	-	-	1,271,820	1,432,800
Compensated absences	164,761	160,612	39,332	39,819	204,093	200,431
Total outstanding debt	\$ 1,436,581	\$ 1,593,412	\$ 9,971,535	\$ 10,693,915	\$ 11,408,116	\$ 12,287,327

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 2013 by \$722,380. The city did not add any additional long-term debt in 2013.

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 two decades, 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.

CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2013

(CONTINUED)

The city leadership undertook several strategies to place the organization on stronger footing. The most effective step has been the reduction of personnel in every city department. The city began eliminating positions in 2002 and has continued to eliminate positions primarily through attrition. The city employee workforce is 1/3rd smaller than a decade ago.

The city completed a \$4 1/2 million city reservoir expansion project in 2010, adding ¼ million gallons of added water storage. The purchase of the 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. The city is going to replace over 4.4 miles of water lines over the next two years.

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 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, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Current Assets:			
Cash and cash equivalents	\$ 6,032,380	\$ 1,520,275	\$ 7,552,655
Investments	-	5,670,873	5,670,873
Receivables, net of allowance			
Taxes	91,739	-	91,739
Accounts	64,978	1,307,639	1,372,617
Intergovernmental	175,429	-	175,429
Internal balances	1,178,351	(1,178,351)	-
Restricted cash and cash equivalents:			
Revenue bond covenant accounts	-	287,528	287,528
Capital assets			
Non depreciable	2,810,200	3,222,379	6,032,579
Depreciable, net	10,422,283	22,052,541	32,474,824
Total Assets	20,820,821	32,882,884	53,703,705
<u>LIABILITIES</u>			
Accounts payable	155,640	352,002	507,642
Accrued liabilities	32,319	13,465	45,784
Retainage payable	21,073	-	21,073
Deposits payable	10,259	491,627	501,886
Accrued interest payable	-	21,612	21,612
Unearned revenue	162,071	-	162,071
Noncurrent liabilities			
Due within one year	215,620	587,431	803,051
Due in more than one year	1,220,961	9,384,104	10,605,065
Total Liabilities	1,817,943	10,850,241	12,668,184
<u>NET POSITION</u>			
Net investment in capital assets	13,232,483	15,342,717	28,575,200
Restricted for:			
Capital outlay	3,025,456	-	3,025,456
Public safety	13,547	-	13,547
Revenue bond indenture	-	287,528	287,528
Unrestricted	2,731,392	6,402,398	9,133,790
Total Net Position	\$ 19,002,878	\$ 22,032,643	\$ 41,035,521

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, 2013

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	\$ 1,485,221	\$ 775,261	\$ 49,236	\$ -	\$ (660,724)	\$ -	\$ (660,724)
Public safety	2,745,709	6,742	32,798	-	(2,706,169)	-	(2,706,169)
Public works	1,335,976	-	234,395	756,809	(344,772)	-	(344,772)
Economic development	144,347	-	-	-	(144,347)	-	(144,347)
Culture and recreation	530,294	-	-	-	(530,294)	-	(530,294)
Total governmental activities	6,241,547	782,003	316,429	756,809	(4,386,306)	-	(4,386,306)
Business-Type Activities							
Water & Sewer	4,093,022	4,140,579	-	953,164	-	1,000,721	1,000,721
Electric	10,672,120	12,370,325	-	-	-	1,698,205	1,698,205
Sanitation	1,147,044	1,098,606	-	-	-	(48,438)	(48,438)
Total business-type activities	15,912,186	17,609,510	-	953,164	-	2,650,488	2,650,488
Total Primary Government	\$ 22,153,733	\$ 18,391,513	\$ 316,429	\$ 1,709,973	(4,386,306)	2,650,488	(1,735,818)
General Revenues							
Property tax					799,954	-	799,954
Sales tax					1,202,035	-	1,202,035
Franchise tax					367,435	-	367,435
Insurance premium tax					473,025	-	473,025
Other tax					410,201	-	410,201
Investment earnings					13,346	14,128	27,474
Gain on sale of capital assets					5,291	-	5,291
Miscellaneous					45,438	-	45,438
Total General Revenues					3,316,725	14,128	3,330,853
Transfers					1,005,997	(1,005,997)	-
Total General Revenues and Transfers					4,322,722	(991,869)	3,330,853
Change in Net Position					(63,584)	1,658,619	1,595,035
Net Position - Beginning of year					19,066,462	20,374,024	39,440,486
Net Position - End of year					\$ 19,002,878	\$ 22,032,643	\$ 41,035,521

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, 2013

	General Fund	2004 Special Local Option Sales Tax	2011 Special Local Option Sales Tax	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and cash equivalent	\$ 2,811,948	\$ 1,573,252	\$ 1,334,443	\$ 312,737	\$ 6,032,380
Receivables, net of allowance					
Taxes	91,739	-	-	-	91,739
Accounts	59,453	-	-	5,525	64,978
Intergovernmental	113,158	-	62,271	-	175,429
Prepaid insurance	45,461	-	-	-	45,461
Due from other funds	1,301,582	-	-	-	1,301,582
Total Assets	\$ 4,423,341	\$ 1,573,252	\$ 1,396,714	\$ 318,262	\$ 7,711,569
<u>LIABILITIES</u>					
Accounts payable	\$ 93,874	\$ 11,576	\$ 47,980	\$ 2,210	\$ 155,640
Accrued liabilities	32,319	-	-	-	32,319
Retainage payable	-	-	21,073	-	21,073
Deposit payable	10,259	-	-	-	10,259
Due to other funds	118,916	-	-	4,315	123,231
Unearned revenue	-	-	-	162,071	162,071
Total Liabilities	255,368	11,576	69,053	168,596	504,593
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable revenue - property taxes	82,369	-	-	-	82,369
Total Deferred Inflows of Resources	82,369	-	-	-	82,369
<u>FUND BALANCES</u>					
Nonspendable	45,461	-	-	-	45,461
Restricted for:					
Capital projects	-	1,561,676	1,327,661	136,119	3,025,456
Public safety	-	-	-	13,547	13,547
Assigned	584,882	-	-	-	584,882
Unassigned	3,455,261	-	-	-	3,455,261
Total Fund Balances	4,085,604	1,561,676	1,327,661	149,666	7,124,607
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,423,341	\$ 1,573,252	\$ 1,396,714	\$ 318,262	\$ 7,711,569

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, 2013

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

Total fund balances - governmental funds	\$ 7,124,607
Capital Assets	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Cost of the assets	21,235,974
Accumulated depreciation	(8,003,491)
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	82,369
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	(1,271,820)
Compensated absences	(164,761)
Net position of governmental activities	<u>\$ 19,002,878</u>

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, 2013

	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	\$ 790,859	\$ -	\$ -	\$ -	\$ 790,859
Sales tax	1,202,035	-	-	-	1,202,035
Other taxes	1,183,820	-	-	66,841	1,250,661
License and permits	131,055	-	-	-	131,055
Intergovernmental	316,429	-	741,886	-	1,058,315
Fines and forfeitures	416,557	-	-	6,742	423,299
Charges for services	14,500	-	-	3,520	18,020
Interest earnings	12,721	9,202	5,721	625	28,269
Rent	209,629	-	-	-	209,629
Donation	-	-	-	4,350	4,350
Other revenues	41,088	-	-	-	41,088
Total Revenues	4,318,693	9,202	747,607	82,078	5,157,580
<u>Expenditures:</u>					
Current:					
General government	1,448,483	-	-	26,736	1,475,219
Public safety	2,757,773	-	-	-	2,757,773
Public works	273,062	-	-	-	273,062
Culture and recreation	530,294	-	-	-	530,294
Capital Outlay	-	533,317	425,158	23,454	981,929
Total Expenditures	5,009,612	533,317	425,158	50,190	6,018,277
Excess (Deficiency) of Revenues Over (Under) Expenditures	(690,919)	(524,115)	322,449	31,888	(860,697)
<u>Other Financing Sources (Uses):</u>					
Transfers from other funds	1,052,103	-	-	-	1,052,103
Transfers to other funds	(6,001)	-	-	(40,105)	(46,106)
Sale of property	10,920	-	-	-	10,920
Total other financing sources (uses)	1,057,022	-	-	(40,105)	1,016,917
Net change in fund balances	366,103	(524,115)	322,449	(8,217)	156,220
Fund Balances, beginning of year	3,719,501	2,085,791	1,005,212	157,883	6,968,387
Fund Balances, end of year	\$ 4,085,604	\$ 1,561,676	\$ 1,327,661	\$ 149,666	\$ 7,124,607

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, 2013

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

Net changes in fund balances - total governmental funds	\$ 156,220
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	213,251
Total depreciation	(593,352)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, annexing, transfers) is to increase/(decrease) net position.	(5,629)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	9,095
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	160,980
Compensated absences	(4,149)
Change in net position of governmental activities	\$ (63,584)

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<u>Revenues:</u>				
Taxes	\$ 3,067,225	\$ 3,067,225	\$ 3,176,714	\$ 109,489
Licenses and permits	125,050	125,050	131,055	6,005
Intergovernmental	325,800	325,800	316,429	(9,371)
Fines and forfeitures	300,000	300,000	416,557	116,557
Charges for services	15,000	15,000	14,500	(500)
Rent	204,860	204,860	209,629	4,769
Miscellaneous	68,350	68,350	53,809	(14,541)
Total Revenue	4,106,285	4,106,285	4,318,693	212,408
<u>Expenditures:</u>				
Current:				
General government	2,210,544	2,123,544	1,448,483	675,061
Public safety	2,989,777	2,989,777	2,757,773	232,004
Public works	373,419	373,419	273,062	100,357
Culture and recreation	679,545	679,545	530,294	149,251
Total Expenditures	6,253,285	6,166,285	5,009,612	1,156,673
Excess of Revenue Over (Under) Expenditure	(2,147,000)	(2,060,000)	(690,919)	1,369,081
<u>Other Financing Sources (Uses):</u>				
Transfer from Hotel Motel Fund	42,000	42,000	40,105	(1,895)
Transfer from Water & Sewer Fund	-	-	5,999	5,999
Transfer from Electric Fund	1,000,000	1,000,000	1,005,999	5,999
Transfer to Sanitation Fund	-	(87,000)	(6,001)	80,999
Sale of property	5,000	5,000	10,920	5,920
Total Other Financing Sources (Uses)	1,047,000	960,000	1,057,022	97,022
Net change in fund balance	(1,100,000)	(1,100,000)	366,103	1,466,103
Fund balance, beginning of year	3,719,501	3,719,501	3,719,501	-
Fund balance, end of year	\$ 2,619,501	\$ 2,619,501	\$ 4,085,604	\$ 1,466,103

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, 2013

	Business-type Activities- Enterprise Funds			
	Water & Sewer Fund	Electric Fund	Non-major Sanitation Fund	Total
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 768,814	\$ 750,194	\$ 1,267	\$ 1,520,275
Restricted cash and cash equivalents:				
Revenue bond covenant accounts	287,528	-	-	287,528
Investments	-	5,670,873	-	5,670,873
Accounts receivable (net of allowance for uncollectible)	290,029	925,517	92,093	1,307,639
Due from other funds	226,880	8,988	118,916	354,784
Total current assets	1,573,251	7,355,572	212,276	9,141,099
Long-term assets:				
Capital assets:				
Land	2,353,716	-	-	2,353,716
Construction in progress	868,663	-	-	868,663
Buildings	7,177,657	72,008	-	7,249,665
Systems - water, sewer and electrical	22,163,929	1,713,324	-	23,877,253
Vehicles	593,210	728,690	-	1,321,900
Equipment	727,090	136,374	-	863,464
Less accumulated depreciation	(10,014,945)	(1,244,796)	-	(11,259,741)
Total capital assets, net	23,869,320	1,405,600	-	25,274,920
Total long-term assets	23,869,320	1,405,600	-	25,274,920
Total Assets	\$ 25,442,571	\$ 8,761,172	\$ 212,276	\$ 34,416,019

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, 2013
 (CONTINUED)

	Business-type Activities- Enterprise Funds			Total
	Water & Sewer Fund	Electric Fund	Non-major Sanitation Fund	
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 145,485	\$ 117,828	\$ 88,689	\$ 352,002
Accrued interest payable	21,612	-	-	21,612
Accrued liabilities	2,450	10,602	413	13,465
Accrued vacation	-	26,000	-	26,000
Due to other funds	115,383	1,408,764	8,988	1,533,135
Payable from restricted assets:				
Notes payable - current	91,431	-	-	91,431
Revenue bonds payable - current	470,000	-	-	470,000
Total current liabilities	846,361	1,563,194	98,090	2,507,645
Long-term liabilities:				
Customer deposits	124,299	367,328	-	491,627
Accrued vacation	-	13,332	-	13,332
Notes payable	2,115,772	-	-	2,115,772
Revenue bonds payable	7,255,000	-	-	7,255,000
Total long-term liabilities	9,495,071	380,660	-	9,875,731
Total Liabilities	10,341,432	1,943,854	98,090	12,383,376
NET POSITION				
Net investment in capital assets	13,937,117	1,405,600	-	15,342,717
Restricted per revenue bond indenture	287,528	-	-	287,528
Unrestricted	876,494	5,411,718	114,186	6,402,398
Total Net Position	\$ 15,101,139	\$ 6,817,318	\$ 114,186	\$ 22,032,643

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, 2013

	Business-type Activities- Enterprise Funds			
	Water & Sewer Fund	Electric Fund	Non-major Sanitation Fund	Total
<u>Operating revenues:</u>				
Charges and fees	\$ 4,132,943	\$ 12,138,142	\$ 1,098,606	\$ 17,369,691
Miscellaneous income	7,636	232,183	-	239,819
Total operating revenues	4,140,579	12,370,325	1,098,606	17,609,510
<u>Operating expenses:</u>				
Salaries and benefits	201,646	847,616	36,108	1,085,370
Contract management	1,383,365	-	1,027,803	2,411,168
Cost of sales	-	9,280,376	-	9,280,376
Legal and professional	43,101	20,641	-	63,742
Operating materials	251,623	113,068	-	364,691
Other operating expenses	246,577	90,324	83,133	420,034
Repairs and maintenance	354,101	155,991	-	510,092
Small equipment	35,396	15,441	-	50,837
Utilities	448,853	54,935	-	503,788
Depreciation	581,309	93,728	-	675,037
Total operating expenses	3,545,971	10,672,120	1,147,044	15,365,135
Operating income (loss)	594,608	1,698,205	(48,438)	2,244,375
<u>Nonoperating revenues (expenses):</u>				
Interest income	4,727	2,001	-	6,728
Dividend income	-	36,583	-	36,583
Unrealized gain/(loss)	-	(29,183)	-	(29,183)
Interest expense	(547,051)	-	-	(547,051)
Total nonoperating revenues (expenses)	(542,324)	9,401	-	(532,923)
Income (loss) before transfers and contributions	52,284	1,707,606	(48,438)	1,711,452

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, 2013
 (CONTINUED)

	Business-type Activities- Enterprise Funds			
	Water & Sewer Fund	Electric Fund	Non-major Sanitation Fund	Total
Capital contributions	953,164	-	-	953,164
Transfers in	590,000	-	6,001	596,001
Transfers out	(5,999)	(1,595,999)	-	(1,601,998)
Total transfers and contributions	1,537,165	(1,595,999)	6,001	(52,833)
Change in net position	1,589,449	111,607	(42,437)	1,658,619
Total Net Position - Beginning of Year	13,511,690	6,705,711	156,623	20,374,024
Total Net Position - Ending of Year	\$ 15,101,139	\$ 6,817,318	\$ 114,186	\$ 22,032,643

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, 2013

	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	\$ 4,214,140	\$ 13,199,590	\$ 1,096,159	\$ 18,509,889
Cash paid to suppliers for goods and services	(2,962,359)	(9,739,559)	(1,107,407)	(13,809,325)
Cash paid to employees	(201,646)	(845,046)	(36,108)	(1,082,800)
Net Cash Flows Provided by (Used for) Operating Activities	1,050,135	2,614,985	(47,356)	3,617,764
<u>Cash Flows from Noncapital Financing Activities:</u>				
Transfers	584,001	(1,595,999)	6,001	(1,005,997)
Net Cash Flows Provided by (Used for) Noncapital Financing Activities	584,001	(1,595,999)	6,001	(1,005,997)
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Principal payments on revenue bonds and notes	(8,921,893)	-	-	(8,921,893)
Interest and fiscal charges on revenue bonds and notes	(533,977)	-	-	(533,977)
Proceeds from debt issuance	8,200,000	-	-	8,200,000
Purchases of capital assets	(658,969)	-	-	(658,969)
Net Cash Flows Provided by (Used for) Capital and Related Financing Activities	(1,914,839)	-	-	(1,914,839)
<u>Cash Flows from Investing Activities:</u>				
Interest income	4,727	2,001	-	6,728
Dividend income	-	36,583	-	36,583
Purchase of investments	-	(1,023,501)	-	(1,023,501)
Net Cash Flows Provided by (Used for) Investing Activities	4,727	(984,917)	-	(980,190)
Net Increase (Decrease) in Cash and Cash Equivalents	(275,976)	34,069	(41,355)	(283,262)
Cash and Cash Equivalents, Beginning of Year	1,332,318	716,125	42,622	2,091,065
Cash and Cash Equivalents, End of Year	\$ 1,056,342	\$ 750,194	\$ 1,267	\$ 1,807,803

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, 2013
 (CONTINUED)

	Business-type Activities- Enterprise Funds			
	Water & Sewer Fund	Electric Fund	Non-major Sanitation Fund	Total
Classified as:				
Current assets	\$ 768,814	\$ 750,194	\$ 1,267	\$ 1,520,275
Restricted assets	287,528	-	-	287,528
Total Cash and Cash Equivalents, End of Year	<u>\$ 1,056,342</u>	<u>\$ 750,194</u>	<u>\$ 1,267</u>	<u>\$ 1,807,803</u>
Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Net Operating Income (Loss)	\$ 594,608	\$ 1,698,205	\$ (48,438)	\$ 2,244,375
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	581,309	93,728	-	675,037
Changes in Assets and Liabilities:				
(Increase) decrease in accounts receivable	28,337	(11,283)	(1,230)	15,824
(Increase) decrease in due from other funds	42,029	(1,357)	(2,574)	38,098
Increase (decrease) in accounts payable	(285,364)	(8,783)	3,430	(290,717)
Increase (decrease) in accrued liabilities	638	2,570	99	3,307
Increase (decrease) in retainage payable	(30,000)	-	-	(30,000)
Increase (decrease) in customer deposits	3,195	4,276	-	7,471
Increase (decrease) in due to other funds	115,383	837,629	1,357	954,369
Total Adjustments	<u>455,527</u>	<u>916,780</u>	<u>1,082</u>	<u>1,373,389</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 1,050,135</u>	<u>\$ 2,614,985</u>	<u>\$ (47,356)</u>	<u>\$ 3,617,764</u>
Noncash investing, capital, and financing activities:				
Contributions of capital assets from government	\$ 953,164	\$ -	\$ -	\$ 953,164
Increase (decrease) in fair value of investments	-	(29,183)	-	(29,183)
Total noncash investing, capital, and financing activities	<u>\$ 953,164</u>	<u>\$ (29,183)</u>	<u>\$ -</u>	<u>\$ 923,981</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, 2013

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, 2013
(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, 2013
(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.

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, 2013
(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.

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013
(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, 2013, 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, 2013
(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 \$547,051. Of this amount, none was applicable to construction of capital assets.

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

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

J. Compensated Absences

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

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013
(CONTINUED)

K. Deferred inflows of resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source, property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

L. Net position flow assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

M. 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 position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

N. 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
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- 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, 2013:

	General Fund	2004 SPLOST	2011 SPLOST	Nonmajor Governmental	Total
Fund Balances:					
Nonspendable:					
Prepays and inventories	\$ 45,461	\$ -	\$ -	\$ -	\$ 45,461
Restricted for:					
Public safety	-	-	-	13,547	13,547
Capital projects	-	1,561,676	1,327,661	136,119	3,025,456
Assigned:					
Fund balance appropriations	85,000	-	-	-	85,000
Public safety	4,070	-	-	-	4,070
Community development	43,382	-	-	-	43,382
Capital outlay	452,430	-	-	-	452,430
Unassigned	3,455,261	-	-	-	3,455,261
Total fund balances	<u>\$4,085,604</u>	<u>\$1,561,676</u>	<u>\$1,327,661</u>	<u>\$ 149,666</u>	<u>\$7,124,607</u>

O. 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.

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013
(CONTINUED)

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget Process

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

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

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

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

NOTE 3 – DEPOSITS AND INVESTMENTS

Custodial Credit Risk - Deposits

The custodial credit risk of deposits is the risk that, in the event of a bank failure, the City's deposits may not be recovered. The City's bank balances of deposits as of December 31, 2013, are entirely insured or collateralized with securities held by the City's agent in the City's name.

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)

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

Investments

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)	\$ 5,670,873	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.

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013
(CONTINUED)

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

The property tax calendar is as follows:

	Real/Personal Property (Excluding Vehicles)	Motor Vehicles
Assessment date	January 1	January 1
Levy date	August 22	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, 2013, is as follows:

<u>Expenditures By Purpose</u>	<u>Amount</u>	<u>Tax Receipts</u>	<u>Percentage</u>
Promote tourism	\$ 26,736	\$ 66,841	40%
General Fund	<u>40,105</u>	<u>-</u>	<u>60%</u>
Total	<u>\$ 66,841</u>	<u>\$ 66,841</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	\$ 100,981	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,981
Accounts	66,751	-	307,399	980,854	97,608	5,525	1,458,137
Intergovernmental	113,158	62,271	-	-	-	-	175,429
Gross Receivables	<u>280,890</u>	<u>62,271</u>	<u>307,399</u>	<u>980,854</u>	<u>97,608</u>	<u>5,525</u>	<u>1,734,547</u>
Less: allowance for uncollectibles	<u>(16,540)</u>	<u>-</u>	<u>(17,370)</u>	<u>(55,337)</u>	<u>(5,515)</u>	<u>-</u>	<u>(94,762)</u>
Total net receivables	<u>\$ 264,350</u>	<u>\$ 62,271</u>	<u>\$ 290,029</u>	<u>\$ 925,517</u>	<u>\$ 92,093</u>	<u>\$ 5,525</u>	<u>\$ 1,639,785</u>

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013
(CONTINUED)

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2013, is as follows:

Due to / from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water & Sewer Fund	\$ 115,383
	Electric Fund	1,182,884
	Non-Major Governmental Fund	3,315
Water & Sewer Fund	Electric Fund	225,880
	Non-Major Governmental Fund	1,000
Electric Fund	Non-Major Proprietary Fund	8,988
Non-Major Proprietary Fund	General Fund	118,916
		<u>\$ 1,656,366</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:

	<u>Transfer In:</u>			
	<u>General Fund</u>	<u>Water & Sewer Fund</u>	<u>Non-major Proprietary Fund</u>	<u>Total</u>
Transfer Out:				
General Fund	\$ -	\$ -	\$ 6,001	\$ 6,001
Water & Sewer Fund	5,999	-	-	5,999
Electric Fund	1,005,999	590,000	-	1,595,999
Non-major Governmental	40,105	-	-	40,105
Total	<u>\$ 1,052,103</u>	<u>\$ 590,000</u>	<u>\$ 6,001</u>	<u>\$ 1,648,104</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, 2013
(CONTINUED)**NOTE 8 – CAPITAL ASSETS**

	Beginning Balance	Increase	Decrease	Transfers/ Reclassifications	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 2,745,397	\$ -	\$ -	\$ -	\$ 2,745,397
Construction in progress	466,485	39,053	-	(440,735)	64,803
Total capital assets, not being depreciated	3,211,882	39,053	-	(440,735)	2,810,200
Capital assets, being depreciated:					
Buildings	3,215,242	-	-	440,735	3,655,977
Vehicles	1,331,025	102,484	(29,095)	-	1,404,414
Equipment	2,048,028	65,456	-	-	2,113,484
Infrastructure	11,245,641	6,258	-	-	11,251,899
Total capital assets, being depreciated	17,839,936	174,198	(29,095)	440,735	18,425,774
Less accumulated depreciation for:					
Buildings	(1,416,616)	(124,590)	-	-	(1,541,206)
Vehicles	(773,506)	(106,296)	23,466	-	(856,336)
Equipment	(937,623)	(122,811)	-	-	(1,060,434)
Infrastructure	(4,305,860)	(239,655)	-	-	(4,545,515)
Total accumulated depreciation	(7,433,605)	(593,352)	23,466	-	(8,003,491)
Total capital assets, being depreciated, net	10,406,331	(419,154)	(5,629)	440,735	10,422,283
Net investment in capital assets	\$ 13,618,213	\$ (380,101)	\$ (5,629)	\$ -	\$ 13,232,483

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013
(CONTINUED)

	Beginning Balance	Increase	Decrease	Transfers/ Reclassifications	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 2,329,366	\$ -	\$ -	\$ 24,350	\$ 2,353,716
Construction in progress	2,856,046	479,864	-	(2,467,247)	868,663
Total capital assets, not being depreciated	5,185,412	479,864	-	(2,442,897)	3,222,379
Capital assets, being depreciated:					
Buildings	7,249,665	-	-	-	7,249,665
Systems—water, sewer, and electric	20,633,287	801,068	-	2,442,897	23,877,252
Equipment	532,264	331,200	-	-	863,464
Vehicles	1,321,900	-	-	-	1,321,900
Total capital assets being depreciated	29,737,116	1,132,268	-	2,442,897	33,312,281
Less accumulated depreciation for:					
Buildings	(5,273,324)	(160,907)	-	-	(5,434,231)
Systems—water, sewer, and electric	(3,912,842)	(365,613)	-	-	(4,278,455)
Equipment	(106,286)	(86,812)	-	(217,325)	(410,423)
Vehicles	(1,292,251)	(61,705)	-	217,325	(1,136,631)
Total accumulated depreciation	(10,584,703)	(675,037)	-	-	(11,259,740)
Total capital assets, being depreciated, net	19,152,413	457,231	-	2,442,897	22,052,541
Business-type activities capital assets, net	\$ 24,337,825	\$ 937,095	\$ -	\$ -	\$ 25,274,920
Less related long-term debt outstanding					(9,932,203)
Net investment in capital assets					\$ 15,342,717

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013
(CONTINUED)

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

Governmental activities:

General government	\$ 48,443
Public safety	107,094
Public works	287,276
Economic development	150,539

Total depreciation expense - governmental activities	<u>\$ 593,352</u>
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Business-type activities:

Water and sewer	\$ 581,309
Electric	93,728

Total depreciation expense - business-type activities	<u>\$ 675,037</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, 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Landfill closure / postclosure	\$ 1,432,800	\$ -	\$ (160,980)	\$ 1,271,820	\$ 115,620
Compensated absences	160,612	125,134	(120,985)	164,761	100,000
Governmental activity long-term liabilities	<u>\$ 1,593,412</u>	<u>\$ 125,134</u>	<u>\$ (281,965)</u>	<u>\$ 1,436,581</u>	<u>\$ 215,620</u>
Business-type activities:					
Compensated absences	\$ 39,819	\$ 25,183	\$ (25,670)	\$ 39,332	\$ 26,000
GEFA loan CW92019	373,161	-	(373,161)	-	-
GEFA loan DW09002PF70	982,200	-	(38,949)	943,251	40,134
GEFA loan DW10012	1,313,735	-	(49,783)	1,263,952	51,297
Revenue bonds payable	7,985,000	8,200,000	(8,460,000)	7,725,000	470,000
Business-type activity long-term liabilities	<u>\$ 10,693,915</u>	<u>\$ 8,225,183</u>	<u>\$ (8,947,563)</u>	<u>\$ 9,971,535</u>	<u>\$ 587,431</u>

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

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013
(CONTINUED)

Revenue Bonds

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

\$11,200,000 Thomaston-Upson County Office Building Authority Revenue Bonds, Series 2002, due in monthly installments of principal and interest, payable in 300 payments. Interest rates vary from 2.5% during 2004 to 4.00% during 2012. The 2002 bonds are subject to redemption on December 1, 2012. The bonds were redeemed in full on September 4, 2013.

\$8,200,000 City of Thomaston Combined Public Utilities Revenue Bonds, Series 2013, due in annual installments of principal and bi-annual installments of interest. The interest rate is 2.5%. The maturity date of the bonds is December 1, 2027. The net proceeds of \$8,078,383 (after payment of \$118,667 in issuance costs and deposit of \$2,950 into a sinking fund) were used to pay principal and interest on the outstanding 2002 bonds of \$7,985,000 and \$93,383, respectively.

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

<u>Sinking Fund</u> <u>Year (December 1)</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 470,000	\$ 193,125
2015	480,000	181,375
2016	495,000	169,375
2017	500,000	157,000
2018	515,000	144,500
2019-2023	2,780,000	522,750
2024-2027	2,485,000	157,250
Total	<u>\$ 7,725,000</u>	<u>\$ 1,525,375</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%. The note was paid in full during 2013.

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%.

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)

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%.

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

Years Ending December 31	GEFA DW09002PF70		GEFA DW10012	
	Principal	Interest	Principal	Interest
2014	\$ 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	45,244	22,639	57,828	30,686
2019-2023	247,719	91,693	316,619	125,950
2024-2028	287,756	51,657	367,791	74,778
2029-2032	194,521	9,128	306,974	17,576
Total	\$ 943,251	\$ 278,638	\$ 1,263,952	\$ 388,305

Restricted Assets

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

Revenue bond covenant account	\$ 287,528
	<u>\$ 287,528</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 \$1,271,820. 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 2013. 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, 2013
(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, 2013, the date of the most recent actuarial valuation, there were 229 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	112
Terminated vested participants	36
Active vested employees	62
Active nonvested employees	<u>19</u>
Total	<u><u>229</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 10.40% 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
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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, 2013 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)
2013	\$ 287,311	100%	-
2012	234,206	100%	-
2011	234,440	100%	-

As of the most recent valuation date, July 1, 2013, 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
7/1/2013	\$ 8,289,818	\$ 9,363,541	\$ 1,073,723	88.53%	\$ 2,763,402	38.86%

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, 2013.

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)

The assumptions used in the July 1, 2013 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
Inflation Rate	3.50%
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

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013
(CONTINUED)

such purpose in anticipation of the bonds, have been paid or provision has been made for their payment.

In 1999, the City 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 provides MEAG and the trust's beneficiaries a means to mitigate the expected differential between market rates for power and the costs of power generated by MEAG facilities, if deregulation of the electric industry were to occur. The Trust created an account for the City and within the account created the following sub-accounts in which the City participates:

Flexible Operating Trust Account

This type of subaccount may be funded from contributions from the City's available funds. According to the Trust provisions, the City has the right to withdraw part or all of the funds from this account at any time. As of December 31, 2013, the balance of the account was \$5,670,873 (included in investments in the accompanying statement of net position).

Generation Trust Account

This type of subaccount is used to offset the City's share of future MEAG generation projects. The balance in the account for the benefit of the City as of December 31, 2013 was \$1,967,809. Due to the Trust restrictions on access to the funds, this account balance is not reflected in the accompanying statement of net position.

Reserve Funded Debt Account and Credit Support Operating Account

On November 22, 2006, the City (along with all other MEAG cities participating in the Trust) approved a resolution to amend the original Trust agreement allowing for distribution of funds from the Reserve Funded Debt Account and Credit Support Operating Account. The distributions will occur from January 1, 2010 to December 31, 2018. These funds have been held in the Trust in the anticipation that deregulation of retail electric power might occur by 2009, and the funds accumulated in these Trust accounts could be used for competitive margins for retail electric power supply. The balance in these accounts for the benefit of the City as of December 31, 2013 was \$3,656,070. Due to the Trust restrictions on access to the funds, these account balances are not reflected in the accompanying statement of net position. Trust distributions from these accounts in future years will be recorded by the City as a reduction to the MEAG generation power supply cost. Future releases from the Trust vary each year.

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.

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013
(CONTINUED)

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.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF THOMASTON, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2013
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
07/01/13	\$ 8,290	\$ 9,364	\$ 1,074	88.53%	\$ 2,763	38.86%
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%

Note: Amounts reported above are in thousands.

II. SUPPLEMENTAL SCHEDULES

CITY OF THOMASTON, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	Special Revenue Funds		Capital Project Funds			Total
	Hotel Motel Tax	Law Enforcement Confiscation	Greatest Generational Park	CDBG \ 2012 Water Line Fund	DOT LMIG Fund	Nonmajor Governmental Funds
<u>ASSETS</u>						
Cash and cash equivalent	\$ -	\$ 13,547	\$ 136,119	\$ 1,000	\$ 162,071	\$ 312,737
Receivables, net of allowance Accounts	5,525	-	-	-	-	5,525
Total Assets	<u>\$ 5,525</u>	<u>\$ 13,547</u>	<u>\$ 136,119</u>	<u>\$ 1,000</u>	<u>\$ 162,071</u>	<u>\$ 318,262</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 2,210	\$ -	\$ -	\$ -	\$ -	\$ 2,210
Due to other funds	3,315	-	-	1,000	-	4,315
Unearned revenue	-	-	-	-	162,071	162,071
Total Liabilities	<u>5,525</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>162,071</u>	<u>168,596</u>
Fund Balances:						
Restricted	-	13,547	136,119	-	-	149,666
Total Fund Balances	<u>-</u>	<u>13,547</u>	<u>136,119</u>	<u>-</u>	<u>-</u>	<u>149,666</u>
Total Liabilities and Fund Balances	<u>\$ 5,525</u>	<u>\$ 13,547</u>	<u>\$ 136,119</u>	<u>\$ 1,000</u>	<u>\$ 162,071</u>	<u>\$ 318,262</u>

CITY OF THOMASTON, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Special Revenue Funds		Capital Project Funds			Total Nonmajor Governmental Funds
	Hotel Motel Tax	Law Enforcement Confiscation	Greatest Generational Park	CDBG \ 2012 Water Line Fund	DOT LMIG Fund	
<u>Revenues:</u>						
Taxes						
Other taxes	\$ 66,841	\$ -	\$ -	\$ -	\$ -	\$ 66,841
Fines and forfeitures	-	6,742	-	-	-	6,742
Charges for services	-	-	3,520	-	-	3,520
Interest earnings	-	18	607	-	-	625
Donation	-	-	4,350	-	-	4,350
Total Revenues	66,841	6,760	8,477	-	-	82,078
<u>Expenditures:</u>						
Current:						
General government	26,736	-	-	-	-	26,736
Capital outlay	-	-	23,454	-	-	23,454
Total Expenditures	26,736	-	23,454	-	-	50,190
Excess (Deficiency) of Revenues Over (Under) Expenditures	40,105	6,760	(14,977)	-	-	31,888
<u>Other Financing Sources (Uses):</u>						
Transfers to other funds	(40,105)	-	-	-	-	(40,105)
Total other financing sources (uses)	(40,105)	-	-	-	-	(40,105)
Net change in fund balances	-	6,760	(14,977)	-	-	(8,217)
Fund Balances, beginning of year	-	6,787	151,096	-	-	157,883
Fund Balances, end of year	\$ -	\$ 13,547	\$ 136,119	\$ -	\$ -	\$ 149,666

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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, 2013 AND 2012

<u>ASSETS</u>	2013	2012
Cash and cash equivalent	\$ 2,811,948	\$ 3,269,462
Receivables, net of allowance		
Taxes	91,739	89,176
Accounts	59,453	60,302
Intergovernmental	113,158	127,471
Prepaid insurance	45,461	-
Due from other funds	1,301,582	564,736
Total Assets	<u>\$ 4,423,341</u>	<u>\$ 4,111,147</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 93,874	\$ 54,133
Accrued liabilities	32,319	25,917
Deposit payable	10,259	9,727
Due to other funds	118,916	228,595
Unearned revenue	-	73,274
Total Liabilities	<u>255,368</u>	<u>391,646</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Unavailable revenue - property taxes	82,369	-
Total Deferred Inflows of Resources	<u>82,369</u>	<u>-</u>
Fund Balances:		
Nonspendable	45,461	-
Assigned	584,882	1,567,152
Unassigned	3,455,261	2,152,349
Total Fund Balances	<u>4,085,604</u>	<u>3,719,501</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,423,341</u>	<u>\$ 4,111,147</u>

CITY OF THOMASTON, GEORGIA

GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
<u>Revenues:</u>		
Taxes	\$ 3,176,714	\$ 3,248,580
Licenses and permits	131,055	134,176
Intergovernmental	316,429	155,458
Fines and forfeitures	416,557	385,320
Charges for services	14,500	15,000
Rent	209,629	166,129
Miscellaneous	53,809	105,045
Total Revenue	4,318,693	4,209,708
<u>Expenditures:</u>		
Current:		
General government	1,448,483	2,751,098
Public safety	2,757,773	2,753,486
Public works	273,062	273,226
Culture and recreation	530,294	366,231
Total Expenditures	5,009,612	6,144,041
Excess (Deficiency) of Revenue Over (Under) Expenditures	(690,919)	(1,934,333)
<u>Other Financing Sources (Uses):</u>		
Transfer from Hotel Motel Fund	40,105	38,730
Transfer from Water & Sewer Fund	5,999	1,079,523
Transfer from Electric Fund	1,005,999	440,735
Transfer to Sanitation Fund	(6,001)	(21,758)
Sale of property	10,920	2,111
Total Other Financing Sources (Uses)	1,057,022	1,539,341
Net change in fund balance	366,103	(394,992)
Fund balance - beginning of year	3,719,501	4,114,493
Fund balance - end of year	\$ 4,085,604	\$ 3,719,501

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, 2013

Description:	Final Budget	2013 Actual	Variance with Final Budget	2012 Actual
<u>Taxes:</u>				
General property tax	\$ 750,000	\$ 790,859	\$ 40,859	\$ 839,576
Local option sales tax	1,362,000	1,202,035	(159,965)	1,372,294
<u>Other:</u>				
Motor vehicle taxes	20,000	150,957	130,957	48,008
Mobile home taxes	125	45	(80)	144
Intangible taxes	4,000	3,213	(787)	2,614
Franchise taxes	310,000	367,435	57,435	335,574
Insurance premium tax	420,000	473,025	53,025	456,850
Real estate transfer tax	1,100	1,024	(76)	619
Beer and wine tax	200,000	188,121	(11,879)	192,901
Total Taxes	3,067,225	3,176,714	109,489	3,248,580
<u>Licenses and Permits:</u>				
Business and occupation	125,000	130,915	5,915	133,986
Special sales permits	50	140	90	190
Total Licenses and Permits	125,050	131,055	6,005	134,176
<u>Intergovernmental Revenues:</u>				
Housing authority	30,000	43,236	13,236	41,427
Upson County	7,200	6,000	(1,200)	6,100
State grants:				
Department of transportation	270,000	218,211	(51,789)	-
GEMA	13,600	-	(13,600)	-
Drug task force	-	32,798	32,798	44,730
Georgia underground tank	5,000	16,184	11,184	63,201
Total Intergovernmental Revenue	325,800	316,429	(9,371)	155,458
<u>Fines and Forfeitures:</u>				
Recorder's Court	300,000	416,557	116,557	385,320
Total Fines and Forfeitures	\$ 300,000	\$ 416,557	\$ 116,557	\$ 385,320

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, 2013
(CONTINUED)

Description:	Final Budget	2013 Actual	Variance with Final Budget	2012 Actual
<u>Charges for Services:</u>				
Cemetery fees	\$ 15,000	\$ 14,500	\$ (500)	\$ 15,000
Rent revenue	204,860	209,629	4,769	166,129
Total Charges for Services	219,860	224,129	4,269	181,129
<u>Miscellaneous:</u>				
Interest earnings	14,250	12,721	(1,529)	16,512
Miscellaneous	54,100	41,088	(13,012)	88,533
Total Miscellaneous	68,350	53,809	(14,541)	105,045
Total Revenues	\$ 4,106,285	\$ 4,318,693	\$ 212,408	\$ 4,209,708

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, 2013
(CONTINUED)

Description:	Final Budget	2013 Actual	Variance with Final Budget	2012 Actual
<u>General Government</u>				
Governing body	\$ 19,196	\$ 17,684	\$ 1,512	\$ 19,006
City clerk	36,668	36,008	660	35,174
City manager	88,090	69,500	18,590	70,174
General administration	1,213,799	665,281	548,518	1,982,342
Finance	103,546	109,635	(6,089)	88,674
Tax administration	6,120	6,120	-	5,120
Legal service	150,000	154,364	(4,364)	68,746
Municipal Court	242,275	239,417	2,858	202,989
Community Development	263,850	150,474	113,376	278,873
Total General Government	2,123,544	1,448,483	675,061	2,751,098
<u>Public Safety</u>				
Police Department				
Police administration	742,440	588,297	154,143	617,921
Patrol	1,109,242	1,110,529	(1,287)	1,101,515
Fire Department				
Fire administration	213,803	192,688	21,115	158,075
Fire fighting	924,292	866,259	58,033	875,975
Total Public Safety	2,989,777	2,757,773	232,004	2,753,486
<u>Public Works</u>				
Public works administration	155,450	93,234	62,216	93,005
Public works crew	217,969	179,828	38,141	180,221
Total Public Works	373,419	273,062	100,357	273,226

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, 2013
(CONTINUED)

Description:	Final Budget	2013 Actual	Variance with Final Budget	2012 Actual
<u>Culture and Recreation</u>				
Parks	\$ 448,601	\$ 364,716	\$ 83,885	\$ 212,446
Parks and public spaces crew	230,944	165,578	65,366	153,785
Total Culture and Recreation	679,545	530,294	149,251	366,231
Total Expenditures	6,166,285	5,009,612	1,156,673	6,144,041
Excess of Revenue Over (Under) Expenditures	(2,060,000)	(690,919)	1,369,081	(1,934,333)
<u>Other financing sources (uses)</u>				
Transfer In:				
Transfer from Hotel Motel Fund	42,000	40,105	(1,895)	38,730
Transfer from Water & Sewer Fund	-	5,999	5,999	1,079,523
Transfer from Electric Fund	1,000,000	1,005,999	5,999	440,735
Transfer Out:				
Transfer to Sanitation Fund	(87,000)	(6,001)	80,999	(21,758)
Sale of property	5,000	10,920	5,920	2,111
Total Other Financing Sources (Uses)	960,000	1,057,022	97,022	1,539,341
Net change in fund balance	(1,100,000)	366,103	1,466,103	(394,992)
Fund balance, beginning of year	3,719,501	3,719,501	-	4,114,493
Fund balance, end of year	\$ 2,619,501	\$ 4,085,604	\$ 1,466,103	\$ 3,719,501

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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, 2013 AND 2012

<u>ASSETS</u>	2013	2012
Accounts receivable	\$ 5,525	\$ 5,295
Total Assets	<u>\$ 5,525</u>	<u>\$ 5,295</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 2,210	\$ 2,118
Due to other funds	3,315	3,177
Total Liabilities	<u>5,525</u>	<u>5,295</u>
Fund Balances:		
Restricted	<u>-</u>	<u>-</u>
Total Fund Balances	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 5,525</u>	<u>\$ 5,295</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, 2013

	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Hotel motel tax	\$ 70,000	\$ 66,841	\$ (3,159)
Total Revenues	70,000	66,841	(3,159)
<u>Expenditures:</u>			
General government:			
Chamber of Commerce	28,000	26,736	1,264
Total Expenditures	28,000	26,736	1,264
Excess (Deficiency) of Revenues Over (Under) Expenditures	42,000	40,105	(1,895)
<u>Other Financing Uses:</u>			
Transfers to general fund	(42,000)	(40,105)	1,895
Total Other Financing Sources (Uses)	(42,000)	(40,105)	1,895
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, 2013 AND 2012

<u>ASSETS</u>	2013	2012
Cash and cash equivalent	\$ 13,547	\$ 6,787
Total Assets	<u>\$ 13,547</u>	<u>\$ 6,787</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>
Fund Balances:		
Restricted for public safety	<u>13,547</u>	<u>6,787</u>
Total Fund Balances	<u>13,547</u>	<u>6,787</u>
Total Liabilities and Fund Balances	<u>\$ 13,547</u>	<u>\$ 6,787</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, 2013

	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Fines and forfeitures	\$ 3,000	\$ 6,742	\$ 3,742
Interest income	25	18	(7)
Total Revenues	3,025	6,760	3,735
<u>Expenditures:</u>			
Current:			
Public safety	9,025	-	9,025
Total Expenditures	9,025	-	9,025
Net change in fund balance	(6,000)	6,760	12,760
Fund balance - beginning of year	6,787	6,787	-
Fund balance - end of year	\$ 787	\$ 13,547	\$ 12,760

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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.

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, 2013 AND 2012

<u>ASSETS</u>	2013	2012
Cash and cash equivalent	\$ 1,573,252	\$ 2,332,656
Total Assets	<u>\$ 1,573,252</u>	<u>\$ 2,332,656</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 11,576	\$ 154,933
Retainage payable	-	90,932
Due to other funds	-	1,000
Total Liabilities	<u>11,576</u>	<u>246,865</u>
Fund Balances:		
Restricted for capital projects	<u>1,561,676</u>	<u>2,085,791</u>
Total Fund Balances	<u>1,561,676</u>	<u>2,085,791</u>
Total Liabilities and Fund Balances	<u>\$ 1,573,252</u>	<u>\$ 2,332,656</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, 2013 AND 2012

	2013	2012
<u>Revenues:</u>		
Interest earnings	\$ 9,202	\$ 14,422
Total Revenues	9,202	14,422
<u>Expenditures:</u>		
Capital outlay	533,317	975,652
Total Expenditures	533,317	975,652
Net change in fund balance	(524,115)	(961,230)
Fund balance - beginning of year	2,085,791	3,047,021
Fund balance - end of year	<u>\$ 1,561,676</u>	<u>\$ 2,085,791</u>

CITY OF THOMASTON, GEORGIA

2011 SPECIAL LOCAL OPTION SALES TAX FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2013 AND 2012

ASSETS

	2013	2012
Cash and cash equivalent	\$ 1,334,443	\$ 1,081,057
Due from other governments	62,271	69,235
Total Assets	<u>\$ 1,396,714</u>	<u>\$ 1,150,292</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	\$ 47,980	\$ -
Retainage payable	21,073	-
Due to other funds	-	145,080
Total Liabilities	<u>69,053</u>	<u>145,080</u>

Fund Balances:

Restricted for capital projects	<u>1,327,661</u>	<u>1,005,212</u>
Total Fund Balances	<u>1,327,661</u>	<u>1,005,212</u>
Total Liabilities and Fund Balances	<u>\$ 1,396,714</u>	<u>\$ 1,150,292</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, 2013 AND 2012

	2013	2012
<u>Revenues:</u>		
Intergovernmental	\$ 741,886	\$ 754,733
Interest earnings	5,721	3,392
Total Revenues	747,607	758,125
<u>Expenditures:</u>		
Capital outlay	425,158	159,327
Total Expenditures	425,158	159,327
Net change in fund balance	322,449	598,798
Fund balance - beginning of year	1,005,212	406,414
Fund balance - end of year	\$ 1,327,661	\$ 1,005,212

CITY OF THOMASTON, GEORGIA
GREATEST GENERATIONAL PARK FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2013 AND 2012

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Cash and cash equivalent	\$ 136,119	\$ 172,946
Total Assets	<u>\$ 136,119</u>	<u>\$ 172,946</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ -	\$ 21,850
Total Liabilities	<u>-</u>	<u>21,850</u>
Fund Balances:		
Restricted for capital projects	<u>136,119</u>	<u>151,096</u>
Total Fund Balances	<u>136,119</u>	<u>151,096</u>
Total Liabilities and Fund Balances	<u>\$ 136,119</u>	<u>\$ 172,946</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, 2013 AND 2012

	2013	2012
<u>Revenues:</u>		
Intergovernmental	\$ -	\$ 100,000
Charges for services	3,520	3,270
Interest earnings	607	661
Donation	4,350	17,752
Total Revenues	8,477	121,683
<u>Expenditures:</u>		
Capital outlay	23,454	25,750
Total Expenditures	23,454	25,750
Net change in fund balance	(14,977)	95,933
Fund balance - beginning of year	151,096	55,163
Fund balance - end of year	\$ 136,119	\$ 151,096

CITY OF THOMASTON, GEORGIA

2012 COMMUNITY DEVELOPMENT BLOCK GRANT \ WATER LINE FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2013 AND 2012

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Cash and cash equivalent	\$ 1,000	\$ 1,000
Total Assets	<u>\$ 1,000</u>	<u>\$ 1,000</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Due to other funds	\$ 1,000	\$ 1,000
Total Liabilities	<u>1,000</u>	<u>1,000</u>
Fund Balances:		
Restricted for capital projects	<u>-</u>	<u>-</u>
Total Fund Balances	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 1,000</u>	<u>\$ 1,000</u>

CITY OF THOMASTON, GEORGIA

2012 COMMUNITY DEVELOPMENT BLOCK GRANT \ WATER LINE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
<u>Revenues:</u>		
Intergovernmental	\$ -	\$ -
Total Revenues	-	-
<u>Expenditures:</u>		
Capital outlay	-	-
Total Expenditures	-	-
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 LINE FUND

12p-x-145-2-5470

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED DECEMBER 31, 2013

	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	\$ -	\$ -	\$ -	\$ -

CITY OF THOMASTON, GEORGIA

DOT LMIG FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2013 AND 2012

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Cash and cash equivalent	\$ 162,071	\$ -
Total Assets	<u>\$ 162,071</u>	<u>\$ -</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Unearned revenue	\$ 162,071	\$ -
Total Liabilities	<u>162,071</u>	<u>-</u>
Fund Balances:		
Restricted for capital projects	<u>-</u>	<u>-</u>
Total Fund Balances	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 162,071</u>	<u>\$ -</u>

CITY OF THOMASTON, GEORGIA

DOT LMIG FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013	2012
<u>Revenues:</u>		
Intergovernmental	\$ -	\$ 128,302
Total Revenues	-	128,302
<u>Expenditures:</u>		
Capital outlay	-	128,302
Total Expenditures	-	128,302
Net change in fund balance	-	-
Fund balance - beginning of year	-	-
Fund balance - end of year	\$ -	\$ -

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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.

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

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.*

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

	Restated 2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$ 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	\$ 13,232,483
Restricted	-	615,724	1,531,831	2,166,140	2,915,510	4,111,689	3,254,258	3,517,736	3,248,886	3,039,003
Unrestricted	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	2,731,392
Total governmental activities net position	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	19,002,878
Business-type activities										
Net investment in capital assets	(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	15,342,717
Restricted	4,247,519	4,025,974	3,784,861	3,553,683	496,900	290,717	293,632	294,976	294,266	287,528
Unrestricted	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	6,402,398
Total business-type activities net position	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	22,032,643
Primary government										
Net investment in capital assets	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	28,575,200
Restricted	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	3,326,531
Unrestricted	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	9,133,790
Total primary government net position	\$ 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	\$ 41,035,521

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

	Restated 2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government	\$ 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	\$ 1,485,221
Public safety	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	2,745,709
Public works	2,073,298	978,069	964,826	162,254	647,224	924,573	1,634,486	794,525	1,431,991	1,335,976
Economic development	-	-	-	471,662	74,651	3,239	217,922	144,262	149,363	144,347
Culture and recreation	-	-	-	-	-	-	-	21,697	366,231	530,294
Miscellaneous general government	311,493	37,770	97,832	-	-	-	-	-	-	-
Total governmental activities expenses	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	6,241,547
Business-type activities:										
Water & Sewer	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	4,093,022
Electric	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	10,672,120
Sanitation	-	-	-	-	-	988,594	994,802	1,083,916	1,073,394	1,147,044
Total business-type activities expenses	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	15,912,186
Total primary government expenses	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	22,153,733
Program Revenues										
Governmental activities:										
Charges for services:										
Refuse collection	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	14,500
Fines and forfeitures	217,695	327,839	401,093	566,318	529,899	541,228	388,554	276,797	385,320	416,557
Licenses and permits	120,820	118,725	121,030	126,336	127,572	124,856	132,852	129,296	134,176	131,055
Public safety	-	5,612	8,699	1,624	8,454	5,537	10,598	5,145	724	6,742
Rent	113,492	114,469	128,813	144,272	146,463	161,820	161,646	162,472	166,129	209,629
Other	-	-	-	-	-	-	-	2,530	3,270	3,520
Operating grants and contributions	280,006	217,055	249,367	527,095	248,199	823,238	801,356	220,301	283,760	316,429
Capital grants and contributions	-	-	-	409,015	223,375	898,288	1,481,609	438,426	1,908,281	756,809
Total governmental activities program revenues	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	1,855,241
Business-type activities:										
Charges for services:										
Water & Sewer	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	4,140,579
Electric	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	12,370,325
Sanitation	-	-	-	-	-	1,018,375	1,017,658	1,010,003	1,090,951	1,098,606
Capital grants and contributions	-	-	-	-	-	1,339,092	3,013,367	485,621	2,496,166	953,164
Total business-type activities program revenues	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	18,562,674
Total primary government program revenues	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	20,417,915

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

	Restated 2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (Expenses)/Revenue										
Governmental activities	\$ (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)	\$ (4,386,306)
Business-type activities	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	2,650,488
Total primary government net expense	(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)	(1,735,818)
General Revenue and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	842,223	854,243	847,104	857,612	797,439	806,282	827,426	797,423	812,885	799,954
Sales taxes	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	1,202,035
Franchise taxes	374,796	404,525	425,578	373,555	367,655	398,461	307,630	358,274	335,574	367,435
Insurance premiums taxes	438,097	471,432	493,135	514,395	526,717	521,775	506,611	430,147	456,850	473,025
Other taxes	289,042	282,094	338,259	327,877	335,031	319,443	320,293	315,496	308,835	410,201
Unrestricted grants and contributions	-	-	228,295	-	-	-	-	-	-	-
Interest revenue	26,487	103,180	161,332	204,273	176,526	123,181	58,012	30,354	17,188	13,346
Gain on sale of capital assets	-	-	-	-	-	14,391	8,157	20,565	2,111	5,291
Miscellaneous	52,372	400,062	121,860	234,779	275,166	299,702	86,416	112,765	106,287	45,438
Transfers	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	1,005,997
Total government activities	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	4,322,722
Business-type activities:										
Unrestricted grants and contributions	-	73,933	-	-	-	-	-	-	-	-
Interest revenue	84,312	284,311	416,988	701,622	537,813	338,631	383,769	802,455	397,686	14,128
Miscellaneous	240,931	37,285	38,558	-	13,791	-	-	-	-	-
Transfers	(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)	(1,005,997)
Total business-type activities	(1,312,309)	(827,534)	(778,710)	(558,445)	(744,935)	(661,369)	(1,062,342)	(22,545)	(1,100,814)	(991,869)
Total primary government	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	3,330,853
Change in Net Position										
Governmental activities	539,830	1,432,957	1,211,216	1,878,022	1,377,822	1,059,488	97,440	(296,855)	748,110	(63,584)
Business-type activities	716,556	2,447,801	1,716,539	1,312,188	182,040	2,488,754	4,111,800	716,211	1,703,312	1,658,619
Total primary government	\$ 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	\$ 1,595,035

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

	Program Revenues									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Function/Program										
Governmental activities:										
General Government	\$ 514,318	\$ 1,543,870	\$ 1,898,229	\$ 2,338,542	\$ 1,940,926	\$ 1,183,840	\$ 964,061	\$ 634,031	\$ 851,422	\$ 824,497
Public Safety	217,695	5,612	40,802	41,646	30,175	36,253	185,961	40,020	45,454	39,540
Public Works	909,781	-	-	11,235	142,043	1,353,374	1,839,593	579,466	1,999,784	991,204
Economic Development	-	-	-	409,015	223,375	-	-	-	-	-
Subtotal government activities	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	1,855,241
Business-type activities										
Electricity	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	12,370,325
Water & Sewer	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	5,093,743
Sanitation	-	-	-	-	-	1,018,375	1,017,658	1,010,003	1,090,951	1,098,606
Subtotal business-type activities	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	18,562,674
Total primary government	\$ 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	\$ 20,417,915

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

	Restated 2004	2005	2006	2007	2008	2009	Restated 2010	2011 *	2012	2013
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,704	\$ -	\$ -	\$ -
Unreserved	2,144,040	2,535,435	3,166,496	3,468,554	3,523,676	3,613,786	3,932,640	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	45,461
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	1,228,319	1,567,152	584,882
Unassigned	-	-	-	-	-	-	-	2,886,174	2,152,349	3,455,261
Total General Fund	\$2,144,040	\$2,535,435	\$3,166,496	\$3,468,554	\$3,523,676	\$3,613,786	\$4,003,344	\$4,114,493	\$3,719,501	\$4,085,604
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	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	3,025,456
Public safety	-	-	-	-	-	-	-	9,138	6,787	13,547
Total all other government funds	\$ 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	\$3,039,003

* 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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Property taxes	\$ 842,223	\$ 832,471	\$ 955,826	\$ 792,745	\$ 760,324	\$ 893,218	\$ 849,227	\$ 781,027	\$ 839,576	\$ 790,859
Sales taxes	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	1,202,035
Other taxes	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	1,250,661
Licenses and permits	120,820	118,725	121,030	126,336	127,572	124,856	132,852	129,296	134,176	131,055
Intergovernmental	280,006	217,055	255,054	936,110	471,574	1,721,526	2,243,471	626,371	2,174,227	1,058,315
Fines and forfeitures	217,695	333,451	409,792	567,942	538,353	546,765	399,152	281,942	386,044	423,299
Charges for services	909,781	982,837	1,030,029	1,025,778	1,052,557	18,500	13,000	21,080	18,270	18,020
Interest earnings	26,487	103,180	161,332	204,273	176,526	123,181	97,507	62,710	35,002	28,269
Rent	113,492	114,469	128,813	144,272	146,463	161,820	161,646	162,472	166,129	209,629
Donations	-	-	-	-	200,000	200,295	255	50,461	17,752	4,350
Other revenues	52,372	400,062	116,173	234,779	75,166	99,407	86,160	62,304	88,533	41,088
Total revenue	4,921,044	6,267,997	6,861,292	7,717,882	7,039,125	6,351,321	6,485,185	4,631,378	6,333,264	5,157,580
Expenditures										
General Government	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	1,475,219
Public Safety	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	2,757,773
Public Works	1,888,874	954,244	880,566	571,184	588,849	472,807	496,559	344,961	273,226	273,062
Economic Development	-	37,770	97,832	441,423	68,852	47,609	50,092	440	-	-
Culture and Recreation	-	-	-	-	-	-	-	21,697	366,231	530,294
Miscellaneous	336,862	-	-	-	-	-	-	-	-	-
Capital outlay	-	24,845	28,671	816,427	210,246	1,032,302	2,198,369	227,802	2,324,765	981,929
Total expenditures	6,053,124	6,175,238	6,506,316	7,879,223	7,386,114	6,950,671	8,272,481	5,110,746	8,497,717	6,018,277
Excess of revenues over (under) expenditures	(1,132,080)	92,759	354,976	(161,341)	(346,989)	(599,350)	(1,787,296)	(479,368)	(2,164,453)	(860,697)
Other Financing Sources (Uses)										
Transfers from other funds	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	1,052,103
Transfers to other funds	(43,978)	(42,721)	(47,803)	(101,983)	(57,159)	(52,562)	(61,511)	(116,422)	(60,488)	(46,106)
Sale of property	-	24,120	48,908	14,901	19,213	14,391	8,157	20,565	2,111	10,920
Total other financing sources (uses)	1,637,552	1,247,183	1,283,164	1,274,968	1,313,242	1,014,391	1,327,853	845,565	1,500,611	1,016,917
Net change in fund balances	\$ 505,472	\$ 1,339,942	\$ 1,638,140	\$ 1,113,627	\$ 966,253	\$ 415,041	\$ (459,443)	\$ 366,197	\$ (663,842)	\$ 156,220

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

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

Fiscal Year	Tax Revenues										
	General Property	Motor Vehicle and Mobile Home	Local Option (LOST) Sales	Special Local Option (SPLOST) Sales	Intangible	Franchise	Insurance Premium	Real Estate Transfer	Alcoholic Beverage	Hotel/Motel	Total
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
2013	797,391	151,002	1,216,347	741,886	3,213	354,601	473,025	1,024	186,121	66,611	3,991,221

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

Fiscal Year	Real Property		Personal Property		Total Property		Total Direct Tax Rate
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value (1)	Estimated Actual Value	
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
2013	125,958,756	314,896,890	83,972,504	209,931,260	209,931,260	524,828,150	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)

Fiscal Year	City Direct Rates			Overlapping Rates			Total
	Basic Rate	General Obligation Debt Service	Total Direct Rate	State of Georgia	Upson County	City-County School System	
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	0.20	7.77	15.30	27.11
2013	3.84	0.00	3.84	0.15	16.50	15.34	35.83

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 Nine Years Ago

Taxpayer	2004				Taxpayer	2013			
	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	\$35,874,920	\$137,760	1	15.87%
Wal-Mart Stores, Inc.	6,901,673	27,054	2	3.27%	Clearwater Paper - previously Cellu Tissue	9,537,940	31,218	2	3.60%
Yamaha Music Mfg., Inc.	8,363,913	13,474	3	1.63%	Wal-Mart Stores, Inc.	6,745,276	25,902	3	2.98%
One Four Five Associates	2,751,635	10,786	4	1.30%	Home Depot	3,837,584	14,737	4	1.70%
Quad Graphics (1)	2,494,593	9,779	5	1.18%	North Creek Shopping Center	3,236,940	12,430	5	1.43%
Georgia Windstream	2,390,486	9,371	6	1.13%	SouthCrest Bank - previously Bank of Upson	3,531,474	9,662	6	1.12%
Oracle Packaging Co. of Georgia	3,406,333	7,999	7	0.97%	Standard Textiles	2,515,058	9,658	7	1.11%
Atlantic Paper & Foil (Atlantic Lakeside Properties)	2,441,765	7,000	8	0.85%	Ingles Market	1,884,452	7,236	8	0.83%
1888 Mills, LLC	4,243,612	4,956	9	0.60%	1888 Mills	6,933,561	7,132	9	0.82%
Royal Cord, Inc.	2,284,876	3,294	10	0.40%	Georgia Windstream	4,040,010	7,086	10	0.81%
	<u>\$ 65,050,886</u>	<u>\$ 210,419</u>		<u>25.44%</u>		<u>\$ 78,137,215</u>	<u>\$ 262,821</u>		<u>30.27%</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
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%	183,292	917,409	99.99%
2008	868,711	729,936	84.03%	138,638	868,574	99.98%
2009	879,011	768,774	87.46%	109,678	878,452	99.94%
2010	875,559	769,592	87.90%	105,070	874,662	99.90%
2011	851,015	734,588	86.32%	112,636	847,224	99.55%
2012	875,547	640,085	73.11%	217,205	857,290	97.91%
2013	950,132	856,029	90.10%	-	856,029	90.10%

Source: Final Accounting Reports of the Upson County Tax Commissioner

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

	Sales Tax		Sales Tax		Sales Tax	
	Distributions	Percentage	Distributions	Percentage	Distributions	Percentage
	2011	of Total	2012	of Total	2013	of Total
Accommodations	\$ 15,062	0.47%	\$ 15,065	0.53%	\$ 15,064	0.53%
Automotive	229,149	7.20%	283,516	10.02%	122,147	4.32%
Construction	5,934	0.19%	6,370	0.23%	6,326	0.22%
Food	489,032	15.36%	484,750	17.13%	474,079	16.75%
General	654,442	20.56%	657,277	23.23%	572,901	20.25%
Home	74,305	2.33%	77,508	2.74%	87,096	3.08%
Manufacturers	221,780	6.97%	224,828	7.94%	122,722	4.34%
Misc. Service	291,138	9.15%	285,521	10.09%	300,192	10.61%
Other Retail	287,674	9.04%	286,345	10.12%	267,560	9.45%
Other Services	83,953	2.64%	87,020	3.08%	96,849	3.42%
Utilities	355,224	11.16%	335,714	11.86%	326,948	11.55%
Wholesale	434,648	13.65%	439,413	15.53%	437,955	15.48%
Total	<u>\$ 3,142,341</u>	<u>98.71%</u>	<u>\$ 3,183,327</u>	<u>112.49%</u>	<u>\$ 2,829,839</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

Fiscal Year	City Direct Rate	Upson County
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
2013	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			
2004	\$ -	\$ 10,675,000 (1)	\$ 2,457,903 (2)	\$ 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%
2013	-	7,725,000	2,207,203	9,932,203	1,095	0.3042%

Notes: (1) The City of Thomaston issued \$11,200,000 in revenue bonds in November 2002. The 2002 bonds were refunded in August 2013 in the amount of \$8,200,000.

(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. This loan balance was all paid in August 2013.

(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 2013 ending balance was \$943,251.

(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 remainder of the loan was drawn in 2012. The 2013 ending balance was \$1,263,952.

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, 2013

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)	5,280,704
- Capital Leases (4)	259,022
Total Overlapping Debt	5,539,726
Total Direct and Overlapping	<u>\$ 5,539,726</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

	Legal Debt Margin Calculation									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net Assessed Value	\$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	\$209,931,260
Debt Limit - 10% of Assessed Value	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	20,993,126
Debt Applicable to Limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	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	20,993,126
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			Total	Coverage
				Principal	Interest			
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
2013	17,652,821	14,690,098	2,962,723	475,000	246,796		721,796	4.10

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.

The City of Thomaston issued \$11,200,000 in revenue bonds in November 2002. The 2002 bonds were refunded in August 2013 in the amount of \$8,200,000.

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

Year	Population	Per Capita Personal Income	Median Age	Unemployment Rate
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
2013	9,070	30,211	38.2	10.2

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 Nine Years Ago

Employer	Number of Employees	2004 Rank
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

Employer	Number of Employees	2013 Rank
Thomaston/Upson County Schools	819	1
Upson Regional Medical Center	690	2
Upson County Government	225	3
Southern Crescent Technical College	131	4
Standard Textile Company	123	5
Providence Nursing Home	105	6
Wal-Mart	100	7
Home Depot, Inc.	93	8
Beverly Health Rehab / Golden Living Center	92	9
City of Thomaston	80	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,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Administration	8	8	9	11	10	10	10	10	7	6
Finance	5	5	5	5	5	5	5	5	5	5
Down Town Development	1	1	1	1	1	1	1	0	0	0
Community Development	1	1	1	1	1	1	1	1	1	1
Parks & Public Spaces (1)									6	5
Electric Department	14	15	18	15	14	13	13	13	13	11
Fire Department	15	18	18	19	19	21	21	20	20	19
Police Department										
Officers	21	26	27	27	27	23	22	23	21	20
Civilians	3	3	3	2	3	3	3	3	3	3
Street Department	19	20	19	12	11	10	8	5	4	4
Water/Wastewater Department (Note 2)	25	25	25	25	25	24	21	19	21	19

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 Nine Years

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government									
Building permits issued									
New Residential	22	22	23	7	5	3	0	0	1
New Commercial	3	5	7	6	6	4	5	6	1
Additional & Improvements - Residential	144	129	110	97	98	64	67	83	126
Additional & Improvements - Commercial	6	10	10	18	22	18	16	22	12
Police Department									
Physical arrests	2,808	3122	2741	1120	587	794	620	425	729
Citations	1,690	2758	2184	3648	2916	1853	1751	2602	3091
Fire Department									
Emergency (EMS) responses	112	132	132	134	149	193	228	156	191
Fires extinguished	53	71	82	28	89	75	79	71	53
Street Department									
Streets resurfaced (miles)	0.82	0	1.38	0.43	0.34	0.92	0	5.21	0
Sidewalks replaced (miles)	N/A	0.29	1.96	0.54	0.07	0.06	0.1	0	0.38
Electric Department									
Lines replaced (miles)	0.62	2.38	2.16	5.45	0	2.62	0.17	4.87	0
Water Department									
New connections	33	30	31	23	10	6	8	4	0
Water main breaks	471	427	159	319	240	184	343	60	346
Average daily consumption (million gallons)	1.72	1.66	1.73	1.56	1.45	1.3	1.18	1.18	1.07
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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police Department										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol cars	9	9	10	10	10	10	11	11	11	11
Fire Department										
Stations	1	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	2	2	3	3	3	3	3	3
Fire hydrants	N/A	587	608	608	600	600	600	610	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	81	81	98.73	98.73	99.54	99.54	99.54	99.54	99.54
Street Department										
Streets (miles)	51.01	51.56	51.63	52.24	52.24	52.61	52.61	52.61	52.61	52.61
Sidewalks (miles)	30.6	30.6	30.6	30.6	30.6	30.6	30.6	30.63	30.75	30.75
Water Department										
Water filter plants	1	1	1	1	1	1	1	1	1	1
Filtering capacity (MGD)	6	6	6	4.3	4.3	4.3	4.3	4	4	4
Water lines (miles)	80.36	81.24	81.49	82.16	82.74	83.28	83.66	83.66	83.66	83.66
Water tanks (above & underground)	12	12	12	10	10	10	10	7	8	8
Storage capacity (millions of gallons)	4.41	4.41	4.41	4.01	4.01	4.01	4.01	2.05	2.12	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	66.67	66.67	67.11	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, 2013

2004 Special Local Option Sales Tax Projects:	Original Estimated Cost	Expenditures		
		Prior Year(s)	Current Year	Total
Sewer Projects	\$ 2,282,760	\$ 936,714	\$ 355,741	\$ 1,292,455
Bell Creek Project	1,175,040	971,068	-	971,068
Water & Wastewater Projects	1,175,040	721,113	177,576	898,689
Beautification Projects	195,840	375,094	-	375,094
Totals	<u>\$ 4,828,680</u>	<u>\$ 3,003,989</u>	<u>\$ 533,317</u>	<u>\$ 3,537,306</u>

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	\$ 425,158	\$ 584,485
Totals	<u>\$ 4,183,276</u>	<u>\$ 159,327</u>	<u>\$ 425,158</u>	<u>\$ 584,485</u>

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.

**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, 2013, 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 20, 2014.

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 responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet

important enough to merit attention by those charged with governance. We consider the deficiencies in the accompanying schedule of findings and responses to be material weaknesses. 2013-001, 2013-002, 2013-003, and 2013-004.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

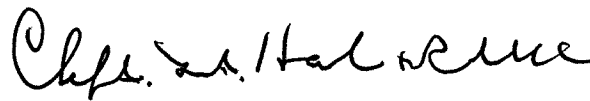
City of Thomaston, Georgia's Response to Findings

City of Thomaston, Georgia's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. 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 20, 2014

A handwritten signature in black ink, appearing to read "Chas. A. Hall".

CITY OF THOMASTON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2013

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*:

2013-001 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, an audit adjustment of \$31,792 was needed to correct the fund balance.
- In the Water and Sewer Fund, an audit adjustment of \$300,000 was needed to correct the net position account balance.
- In the Electric Fund, an audit adjustment of \$1,000,000 was 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 RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2013

2013-002 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:

- An audit adjustment of \$39,337 was needed to correct franchise tax receivables for the current year.
- Audit adjustment of \$506,742 was needed to correctly record the dividend income on the MEAG investment account in the Electric Fund.
- Audit adjustments of \$63,655 and \$37,181 were needed in the Water and Sewer Fund and Electric Fund to move accounts receivable and penalties to the appropriate fund.

EFFECT

Material audit adjustments were necessary to fairly report revenues and the related receivables for the year ended December 31, 2013.

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 revenue items in the proper fiscal period and fund.

CITY OF THOMASTON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2013

2013-003 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 \$24,492 and \$35,865 were needed to record additional accounts payable and accrued salaries. Adjustments of \$86,854 were also needed to allocate accounts payable to the appropriate funds.
- In the 2011 Special Local Option Sales Tax Fund, an adjustment of \$21,073 was needed to record current year retainage payable.
- In the Greatest Generational Park Fund, an adjustment of \$7,650 was needed to reverse prior year accounts payable.
- In the Water and Sewer Fund, net audit adjustments of \$106,060 were needed to correct accounts payable.
- In the Electric Fund, net audit adjustments of \$70,089 were needed to correct accounts payable.

EFFECT

Material audit adjustments were needed to fairly state and classify expenditure / expenses for the year ended December 31, 2013.

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 RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2013

2013-004 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:

- Net audit adjustments of \$70,235 were needed to correct the contributed capital and related construction/capital asset paid by the SPLOST Funds.
- An audit adjustment of \$238,685 was needed to reverse an entry for a prior year accounts payable item. An entry was also needed in the General Fund to reverse the entry.
- Numerous audit adjustments were needed to properly report construction projects, resulting in a net decrease in capital assets of \$25,877.
- Audit adjustments of \$2,437,247 were needed to reclassify completed projects from construction in progress to the capital asset accounts.

EFFECT

Material audit adjustments were needed to fairly report capital asset information for the year ended December 31, 2013.

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.