

City of Thomaston, Georgia



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2014**

CITY OF THOMASTON, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2014

PREPARED BY:

FINANCE OFFICE

CITY OF THOMASTON, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2014

TABLE OF CONTENTS

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	1-4
Certificate of Achievement for Excellence in Financial Reporting	5
Organizational Chart	6
List of Elected and Appointed Officials.....	7
<u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITOR’S REPORT	8-10
MANAGEMENT’S DISCUSSION & ANALYSIS	11-22
FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position	23
Statement of Activities.....	24
Fund Financial Statements:	
Balance Sheet – Governmental Funds	25
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	26
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	27
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund.....	29
Statement of Net Position – Proprietary Funds.....	30-31
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds.....	32-33
Statement of Cash Flows – Proprietary Funds	34-35
Notes to the Financial Statements.....	36-56
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Pension Funding Progress.....	57

CITY OF THOMASTON, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2014

TABLE OF CONTENTS
(CONTINUED)

	<u>Page</u>
SUPPLEMENTARY INFORMATION	
<u>Governmental Funds</u>	
<u>Nonmajor Governmental Funds</u>	
Combining Balance Sheet – Nonmajor Governmental Funds	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	59
<u>General Fund</u>	
Comparative Balance Sheet	60
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	61
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual.....	62-65
<u>Special Revenue Funds</u>	
Hotel/Motel Tax Fund	
Comparative Balance Sheet	66
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual.....	67
Law Enforcement Confiscation Fund	
Comparative Balance Sheet	68
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual.....	69
Joint Projects Fund	
Balance Sheet.....	70
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual.....	71
<u>Capital Projects Funds</u>	
2004 Special Local Option Sales Tax	
Comparative Balance Sheet	72
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances.....	73
2011 Special Local Option Sales Tax	
Comparative Balance Sheet	74
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances.....	75

CITY OF THOMASTON, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2014

TABLE OF CONTENTS
(CONTINUED)

	<u>Page</u>
Greatest Generational Park	
Comparative Balance Sheet	76
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances.....	77
2014 Community Development Block Grant \ Water Line Fund	
Balance Sheet.....	78
Statement of Revenues, Expenditures and Changes in Fund Balances.....	79
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	80
2012 Community Development Block Grant \ Water Line Fund	
Comparative Balance Sheet	81
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances.....	82
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	83
DOT LMIG Fund	
Comparative Balance Sheet	84
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances.....	85

STATISTICAL SECTION

Fund Information:

Financial Trends

Net Position by Component	86
Changes in Net Position	87-88
Program Revenues by Function / Program	89
Fund Balances, Governmental Funds	90
Changes in Fund Balances, Governmental Funds.....	91

Revenue Capacity

Tax revenues by Source, Governmental Funds.....	92
Assessed Value and Estimated Actual Value of Taxable Property	93
Direct and Overlapping Property Tax Rates	94
Principal Property Tax Payers.....	95
Property Tax Levies and Collections	96
Sales Tax Revenue by Category	97
Direct and Overlapping Sales Tax Rates	98

CITY OF THOMASTON, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2014

TABLE OF CONTENTS
(CONTINUED)

	<u>Page</u>
<i>Debt Capacity</i>	
Outstanding Debt by Type	99
Direct and Overlapping Governmental Activities Debt	100
Legal Debt Margin Information	101
Pledged-Revenue Coverage	102
 <i>Demographic and Economic Information</i>	
Demographic and Economic Statistics	103
Principal Employers	104
Full-time Equivalent City Government Employees by Function / Program	105
 <i>Operating Information</i>	
Operating Indicators by Function / Program	106
Capital Asset Statistics by Function / Program	107
 Schedule of Projects Constructed with Special Sales	
Tax Proceeds	108

SINGLE AUDIT SECTION

Schedule of Expenditures of Federal Awards	109
Notes to the Schedule of Expenditures of Federal Awards	110
Summary Schedule of Prior Audit Findings	111
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 <i>Government Auditing Standards</i>	112-113
Independent Auditor's Report on Compliance for each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by <i>OMB Circular A-133</i>	114-116
Schedule of Findings and Questioned Costs	117-123

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 18, 2015

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, 2014.

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, 2014, 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, 2014, 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 2014, 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 2014, the balance in the Reserve Account was \$1.2 million, and the Capital Purchases Account balance was \$740,000.

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, 2013, our twenty eighth 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 2014 CAFR.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Clint Chester". The signature is fluid and cursive, with a large loop at the end.

Finance Director



Government Finance Officers Association

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

Presented to

**City of Thomaston
Georgia**

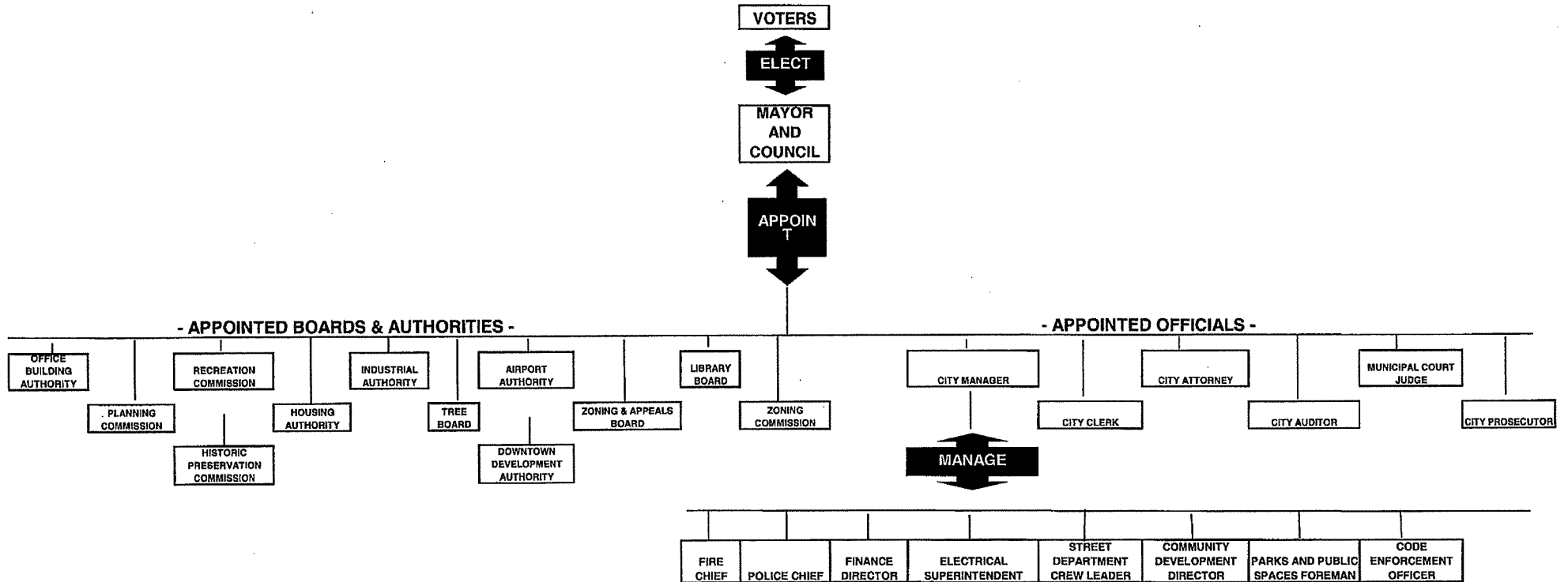
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

CITY OF THOMASTON, GEORGIA

ORGANIZATIONAL CHART



LIST OF ELECTED AND APPOINTED OFFICIALS

**CITY OF THOMASTON, GEORGIA
2014**

MAYOR

Hays Arnold, Jr.

CITY COUNCIL

Gary Atwater
Donald M. Greathouse
Doug Head
Patsy Perdue
J. D. Stallings

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

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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, 2014, 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, 2014, 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 22 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 schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, the budgetary comparison schedules, the schedule of projects constructed with special sales tax proceeds, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, the budgetary comparison schedules, the schedule of projects constructed with special sales tax proceeds, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2015, 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.

A handwritten signature in black ink, appearing to read "Cheryl L. Rene". The signature is fluid and cursive, with the first name "Cheryl" and last name "Rene" being clearly legible.

Macon, Georgia
June 18, 2015

MANAGEMENT'S DISCUSSION & ANALYSIS

CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2014

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, 2014.

FINANCIAL HIGHLIGHTS

- The Mayor and City Council completed \$3.8 million in infrastructure work in 2014. The city undertook water line, sewer line, storm line, sidewalk, and milling and paving replacement work.
- The Mayor and City Council have carried out more than \$25 million in capital purchases and infrastructure work since January 2005. The mayor and city council carried out \$4.6 million of said purchases and work in 2014.
- The city government's total cash and cash equivalents at the end of 2014 was \$8,978,667. In addition to the \$8.9 million, the city held \$4,286,681 in investments.
- 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 \$740,896 as of December 31, 2014.
- The Mayor and City Council reduced the size of city government over the past decade. The city had 1/3rd fewer employees in 2014 than 2002. The city paid just under \$3.0 million in total gross wages in 2014. The city paid less in total gross wages in 2014 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 2014 employee health, dental, disability, and life insurance premium costs totaled \$501,234. The city paid \$546,078 on health insurance in 2013.
- The City's net position increased by \$2,458,325 in 2014. Net position for the Governmental Activities increased by \$623,393 in 2014. The City's net position for the Business type Activities increased by \$1,834,932.
- The City maintained the same property tax rate in 2014.
- The city government increased electric rates across the board again in 2014. The City's electric total operating revenues increased in 2014 by \$981,741 or 7.9%. The city's 2014 electricity costs less off system electricity sales increased by \$1,172,953 or 12.6%.
- Approximately 4/5ths of the city's commercial electric accounts are either non-demand or small demand customers. The city's non-demand commercial electric customers pay less than Georgia Power Company rates. 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 did not increase electric rates for 2014.

CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014
(CONTINUED)

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.

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.

CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014
(CONTINUED)

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 several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each of the three major governmental funds.

-Proprietary Funds: When the city charges customers for the services it provides – whether to outside customers or to other units of the city – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the city's enterprise funds are the same as the business-type activities we report in the government-wide statements but provide more detail.

Notes to the Financial Statements

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

Government-wide Financial Analysis

Net position 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 2014 totaled \$43,493,846. The City of Thomaston's total net position grew by \$2,458,325 or 6% in 2014.

CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2014

(CONTINUED)

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	
	2014	2013	2014	2013	2014	2013
Assets						
Current and Other Assets	\$ 7,781,795	\$ 7,588,338	\$ 7,857,841	\$ 7,607,964	\$ 15,639,636	\$ 15,196,302
Capital and Noncurrent Assets	13,671,438	13,232,483	28,100,931	25,274,920	41,772,369	38,507,403
Total Assets	21,453,233	20,820,821	35,958,772	32,882,884	57,412,005	53,703,705
Liabilities						
Current Liabilities	371,990	381,362	1,365,757	878,706	1,737,747	1,260,068
Long-term Liabilities	1,454,972	1,436,581	10,725,440	9,971,535	12,180,412	11,408,116
Total Liabilities	1,826,962	1,817,943	12,091,197	10,850,241	13,918,159	12,668,184
Net Position						
Net Investment in Capital Assets	13,671,438	13,232,483	17,418,300	15,342,717	31,089,738	28,575,200
Restricted	3,464,602	3,039,003	287,978	287,528	3,752,580	3,326,531
Unrestricted	2,490,231	2,731,392	6,161,297	6,402,398	8,651,528	9,133,790
Total Net Position	\$ 19,626,271	\$ 19,002,878	\$ 23,867,575	\$ 22,032,643	\$ 43,493,846	\$ 41,035,521

CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014
(CONTINUED)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program Revenues						
Charges for services	\$ 772,592	\$ 782,003	\$ 19,029,017	\$ 17,609,510	\$ 19,801,609	\$ 18,391,513
Operating grants and contributions	322,856	316,429	-	-	322,856	316,429
Capital grants	1,166,516	756,809	1,114,049	953,164	2,280,565	1,709,973
General Revenues						
Taxes	4,317,994	3,252,650	-	-	4,317,994	3,252,650
Investment earnings	13,166	13,346	65,200	14,128	78,366	27,474
Gain on sale of capital assets	535	-	-	-	535	-
Other	197,118	50,729	-	-	197,118	50,729
Total Revenue	6,790,777	5,171,966	20,208,266	18,576,802	26,999,043	23,748,768
Expenses						
General government	1,846,412	1,485,221	-	-	1,846,412	1,485,221
Public safety	3,093,608	2,745,709	-	-	3,093,608	2,745,709
Public works	909,316	1,335,976	-	-	909,316	1,335,976
Economic development	324,151	144,347	-	-	324,151	144,347
Culture & recreation	993,897	530,294	-	-	993,897	530,294
Water & Sewer	-	-	4,335,355	4,093,022	4,335,355	4,093,022
Electric	-	-	11,954,799	10,672,120	11,954,799	10,672,120
Sanitation	-	-	1,083,180	1,147,044	1,083,180	1,147,044
Total Expenses	7,167,384	6,241,547	17,373,334	15,912,186	24,540,718	22,153,733
Excess (deficiency) before contributions and transfers	(376,607)	(1,069,581)	2,834,932	2,664,616	2,458,325	1,595,035
Transfers	1,000,000	1,005,997	(1,000,000)	(1,005,997)	-	-
Change in Net Position	623,393	(63,584)	1,834,932	1,658,619	2,458,325	1,595,035
Net Position - Beginning of year	19,002,878	19,066,462	22,032,643	20,374,024	41,035,521	39,440,486
Net Position - End of year	\$ 19,626,271	\$ 19,002,878	\$ 23,867,575	\$ 22,032,643	\$ 43,493,846	\$ 41,035,521

Governmental Activities

The City of Thomaston's total net position increased during 2014. The governmental activities net position increased by \$623,393 or 3.3% from 2013. The city's governmental activities net investment in capital assets increased by \$438,955 or 3.3%. The city will be shifting all SPLOST funds from current to capital assets over the next two years.

The city reclaimed and paved approximately .9 miles of city streets, replaced out several blocks of city sidewalks, and expended \$493,386 on sewer line replacement projects in 2014. The sewer line replacement projects are expected to reduce ground water infiltrating the city sewer lines.

CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2014 (CONTINUED)

The city's liabilities increased by just \$9,019 in 2014 from 2013. Retainage payable and accounts payable increased by \$184,890. The estimated landfill post closure cost was increased in 2014 by \$24,380 from the 2013 estimate.

Business-Type Activities

The city's water and sewer fund net position increased by \$2,117,802 in 2014. The net investment in capital assets increased in 2014 by \$2,168,570. The reason is an increase in construction in progress of \$2,236,329, system upgrades of \$782,643, and equipment purchases of \$546,574.

The city's electric fund had a net position decrease of \$341,720 in 2014. This result is primarily due to a decrease in investments of \$1,384,192. The electric fund total liabilities decreased in 2014 by \$1,013,428. The current liabilities provided most of the decrease dropping by \$1,024,136.

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 \$327,821 in contributions to the pension fund in 2014. This was an increase of \$40,510 or 14.1% from 2013 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 were exceeded by expenditures in 2014 by \$136,571. Total revenues increased by \$102,906 or 2.4%. The mayor and city council kept the same property tax rate in 2014 as 2013.

The city's total gross wages paid to all general fund, electric fund, and community development fund workers (city wide) increased slightly in 2014. The city payroll was \$2,976,871 in 2014. 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 less than the premium cost in 2013. The city's total annual employee health, dental, disability, and life insurance premium costs were \$44,844 or 8.2% less in 2014 than what the city paid in 2013.

Total governmental funds net change in fund balances increased by \$199,918 in 2014. The 2011 Special Purpose Local Option Sales Tax revenues exceeded expenditures by \$347,110 in 2014.

CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2014 (CONTINUED)

Water and Sewer Fund

The water and sewer fund operating revenues for services and miscellaneous revenue increased in 2014 by \$394,342.

The city increased water and sewer long-term liabilities by \$703,954 in 2014. The city had \$10,199,025 in water and sewer long-term liabilities at the close of 2014. 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 31.7% of the total operating revenues. The city expended \$828,525 on water and sewer debt principal and interest in 2014. This represents, as a figure, 18.3% of total operating revenue.

Electric Fund

The City's electric total operating revenues increased in 2014 by \$981,741 or 7.9%. The city's 2014 electricity costs less off system electricity sales increased by \$1,172,953 or 12.6% from 2013.

Approximately 4/5ths of the city's commercial electric accounts are either non-demand or small demand customers. The city's non-demand commercial electric customers pay less than Georgia Power Company rates. 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 \$1,565,183. The second, set up in 2011, had a year-end balance of \$1,674,771. The revenues of the two funds exceeded expenditures by \$350,617. The city posted \$493,356 of SPLOST funds on capital outlay projects in 2014. The city had \$3,239,954 in SPLOST funds as of the close of 2014. These funds will be expended on sewer line replacement and refurbishing over the next two years. The city plans to utilize all of its incoming SPLOST dollars on sewer line work.

Reserve and Capital Spending Accounts

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.

CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2014

(CONTINUED)

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 added more than 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 \$740,896 as of December 31, 2014.

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 widened sections of Route 74 in Thomaston. The project required the city to move utilities along the expansion route. This project required the city to commitment funds to move the utilities. Fortunately, the city had funds in the bank to undertake the project.
4. The city set aside a capital project account for undertaking future general fund projects. The city has replaced out more than 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.
5. The mayor and city council have initiated a major park development and expansion program since 2005. The mayor and city council created the Greatest Generation Memorial Park which opened in 2009. The mayor and city council deconsolidated the parks during service delivery negotiations in 2013 resulting in the city taking back two of the city parks from the county government's oversight. The mayor and city council have already expended more than \$130,000 on the Park Street and Weaver Park parks in recent years and plan major upgrades to these parks in 2015. The city also plans to expend funds to develop Lake Thomaston into a recreation site for city citizens.

CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2014

(CONTINUED)

Comparison of the Final 2014 Budget with the Actual Expenditures

The major variance in the General Fund expenditures is in the general administration category. The variation is \$584,486. The city did not complete until 2015 the downtown sidewalk replacement work projected for completion in 2014. The city did not accept all of the milling and paving work in 2014. The city projected spending as much as \$37,020 more on legal professional fees associated with service delivery disputes and litigation with the county government.

The city anticipated spending an additional \$270,430 on police administrative expenditures. The city hired four officer positions later than the first of the year though they were budgeted for the entire year. Two additional positions budgeted were not filled. Two positions opened in the first quarter of the year because of vacancies. And a third position was removed from the department to the administration department. The police chief did not expend \$30,696 budgeted for equipment purchases such as laptop computers, portable video microphones, a computer or accessory equipment, Tasers, a digital camera, vehicle laptop computers, and communication air cards.

The city did not expend \$28,148 in budgeted funds for the fire department administration because the fire chief chose not to purchase \$10,360 for new fire-fighting training videos or acquire \$6,234 of replacement equipment or \$3,323 in fire gear. The fire chief did not execute any significant work at the fire training facility even though \$2,500 was budgeted for that purpose. He did not expend the \$2,500 allocated for training or equipping volunteers. The city did not expend \$109,374 for firefighting personnel but held off on replacing positions because the city chose not to increase property taxes in August of 2014 as originally planned.

The city parks and public spaces department expended \$34,689 less than what was budgeted. The city did not undertake the traffic island beautification project at the south end of town. This project accounts for about the entire amount of the variance.

Comparison of the Original 2014 Budget with the Final Amended Budget

The city undertook a budget revision in June of 2014. The city/county building inspection function was de-consolidated in 2014. The city allocated \$15,000 in anticipation of receiving new revenues for 2014 for building permit fees. The city has a contract with a local contractor to undertake the inspection of properties where a permit is issued. A second budget revision was undertaken to identify the expenditures required for the city tax payers' share of the cost to operate the joint projects. The city adopted a third revision to allocate \$342,000 of carry-over funds for the street road work projects approved for late 2014. The city also needed to account for the \$150,000 the county billed the city for the city citizens use of county owned and maintained roads. The revision also refined the amount the city anticipated expending on the joint project operations in 2014. The city and county updated its service delivery agreement. The 2014 calendar year is the first year the agreement operated. The budget allocations were set by the county for 2014 and 2015. The new joint project funding process is expected to continue going forward except that both parties will be involved in the budget process for 2016.

CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014
(CONTINUED)

Capital Asset Administration

The City of Thomaston's investment in capital assets for its governmental and business-type activities as of December 31, 2014 amounts to \$41,772,369 net of accumulated depreciation. The investment in capital assets consists primarily of the Water and Sewer system and infrastructure owned by the City. For the current year, the investment in capital assets net depreciation increased \$3,264,966. In 2013, the investment in capital assets net depreciation increased \$551,365. In 2012, the investment in capital assets net depreciation increased \$3,937,779. In 2011, the investment in capital assets net depreciation increased \$1,741,778. The city's water, sewer, and electric systems ending balance in 2014 increased \$2,075,583. The water and sewer line replacement and refurbishing projects accounted for most of the increase to the capital asset values. The city expended \$2,612,190 on water line improvements or construction in progress and \$953,357 on water and sewer systems or equipment.

The largest general government activities purchase in 2014 was \$787,016 mostly on road reclamation and paving. The city initiated over \$200,000 in downtown sidewalk replacements. Some of the work was not completed until 2015. The general government activities resulted in an increase in accumulated depreciation of \$523,414. The net investment in general government capital assets increased in 2014 by \$438,955.

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	
	2014	2013	2014	2013	2014	2013
Land	\$ 2,735,147	\$ 2,745,397	\$ 2,353,716	\$ 2,353,716	\$ 5,088,863	\$ 5,099,113
Construction in progress	122,678	64,803	3,104,992	868,663	3,227,670	933,466
Buildings	2,013,303	2,114,771	1,653,717	1,815,434	3,667,020	3,930,205
Systems	-	-	19,994,632	19,598,797	19,994,632	19,598,797
Equipment	1,046,129	1,053,050	866,410	453,041	1,912,539	1,506,091
Vehicles	503,334	548,078	127,464	185,269	630,798	733,347
Infrastructure	7,250,847	6,706,384	-	-	7,250,847	6,706,384
Total capital assets	\$ 13,671,438	\$ 13,232,483	\$ 28,100,931	\$ 25,274,920	\$ 41,772,369	\$ 38,507,403

CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014
(CONTINUED)

Long-term Debt Administration

As of December 31, 2014, the City of Thomaston reported the following long-term debt:

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenue bonds	\$ -	\$ -	\$ 7,255,000	\$ 7,725,000	\$ 7,255,000	\$ 7,725,000
GEFA loan	-	-	3,427,631	2,207,203	3,427,631	2,207,203
Landfill postclosure liabilities	1,296,200	1,271,820	-	-	1,296,200	1,271,820
Compensated absences	158,772	164,761	42,809	39,332	201,581	204,093
Total outstanding debt	\$ 1,454,972	\$ 1,436,581	\$ 10,725,440	\$ 9,971,535	\$ 12,180,412	\$ 11,408,116

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 increased long term debt for GEFA Notes and Bonds Payable at the close of 2014 by \$750,428. The city added an additional GEFA Note in 2014 adding \$1,311,859 in long-term debt as of the close of 2014.

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.

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 multi-million dollar reservoir expansion project in 2010, adding ¼ million gallons of added water storage. The acquisition and expansion of the former Thomaston Mills reservoir has added a ½ billion gallons of water to the city's water reserve. The combined measure has added approximately 190 days to the city's water reserve. 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 24 miles of water lines in town over the past decade. This represents more than ¼ of the entire water distribution system. The city has another water line replacement project on line for kick-off in the summer of 2015.

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

CITY OF THOMASTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2014

(CONTINUED)

enhancement or replacement work. The mayor and city council plan to set aside 100% of the next SPLOST on sewer and storm 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 have invested heavily in parks to enhance the quality of life of Thomaston citizens. The city council took back Park Street and Weaver Parks in the middle of 2014 with the deconsolidation of the county park system that took place as a result of the service delivery negotiations between the city and county governments in 2012. These measures taken by the mayor and city council combined with the significant strides in infrastructure and equipment replacement have reduced the chance for unforeseen capital or infrastructure issues to 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.

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FINANCIAL STATEMENTS

CITY OF THOMASTON, GEORGIA

STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 7,194,953	\$ 1,783,714	\$ 8,978,667
Investments	-	4,286,681	4,286,681
Receivables, net of allowance			
Taxes	106,758	-	106,758
Accounts	70,185	1,424,786	1,494,971
Intergovernmental	237,451	247,130	484,581
Internal balances	172,448	(172,448)	-
Restricted cash and cash equivalents:			
Revenue bond covenant accounts	-	287,978	287,978
Capital assets			
Non depreciable	2,857,825	5,458,708	8,316,533
Depreciable, net	10,813,613	22,642,223	33,455,836
Total Assets	21,453,233	35,958,772	57,412,005
LIABILITIES			
Accounts payable	361,603	708,588	1,070,191
Retainage payable	-	130,967	130,967
Deposits payable	10,387	505,798	516,185
Accrued interest payable	-	20,404	20,404
Noncurrent liabilities			
Due within one year	229,620	640,845	870,465
Due in more than one year	1,225,352	10,084,595	11,309,947
Total Liabilities	1,826,962	12,091,197	13,918,159
NET POSITION			
Net investment in capital assets	13,671,438	17,418,300	31,089,738
Restricted for:			
Capital outlay	3,456,344	-	3,456,344
Law enforcement	8,258	-	8,258
Revenue bond indenture	-	287,978	287,978
Unrestricted	2,490,231	6,161,297	8,651,528
Total Net Position	\$ 19,626,271	\$ 23,867,575	\$ 43,493,846

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, 2014

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	\$ 1,846,412	\$ 762,810	\$ 43,860	\$ -	\$ (1,039,742)	\$ -	\$ (1,039,742)
Public safety	3,093,608	9,782	12,483	-	(3,071,343)	-	(3,071,343)
Public works	909,316	-	266,513	1,166,516	523,713	-	523,713
Economic development	324,151	-	-	-	(324,151)	-	(324,151)
Culture and recreation	993,897	-	-	-	(993,897)	-	(993,897)
Total governmental activities	7,167,384	772,592	322,856	1,166,516	(4,905,420)	-	(4,905,420)
Business-Type Activities							
Water & Sewer	4,335,355	4,534,921	-	1,114,049	-	1,313,615	1,313,615
Electric	11,954,799	13,352,066	-	-	-	1,397,267	1,397,267
Sanitation	1,083,180	1,142,030	-	-	-	58,850	58,850
Total business-type activities	17,373,334	19,029,017	-	1,114,049	-	2,769,732	2,769,732
Total Primary Government	\$ 24,540,718	\$ 19,801,609	\$ 322,856	\$ 2,280,565	(4,905,420)	2,769,732	(2,135,688)
General Revenues							
Property tax					1,640,108	-	1,640,108
Sales tax					1,371,890	-	1,371,890
Franchise tax					336,097	-	336,097
Insurance premium tax					494,582	-	494,582
Other tax					475,317	-	475,317
Investment earnings					13,166	65,200	78,366
Gain on sale of capital assets					535	-	535
Miscellaneous					197,118	-	197,118
Total General Revenues					4,528,813	65,200	4,594,013
Transfers					1,000,000	(1,000,000)	-
Total General Revenues and Transfers					5,528,813	(934,800)	4,594,013
Change in Net Position					623,393	1,834,932	2,458,325
Net Position - Beginning of year					19,002,878	22,032,643	41,035,521
Net Position - End of year					\$ 19,626,271	\$ 23,867,575	\$ 43,493,846

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, 2014

	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	\$ 3,240,590	\$ 1,565,183	\$ 1,630,451	\$ 758,729	\$ 7,194,953
Receivables, net of allowance					
Taxes	106,758	-	-	-	106,758
Accounts	64,401	-	-	5,784	70,185
Intergovernmental	119,064	-	69,880	48,507	237,451
Due from other funds	263,244	-	13,057	-	276,301
Advance from other funds	504,559	-	-	-	504,559
Total Assets	\$ 4,298,616	\$ 1,565,183	\$ 1,713,388	\$ 813,020	\$ 8,390,207
<u>LIABILITIES</u>					
Accounts payable	\$ 155,594	\$ -	\$ 38,617	\$ 167,392	\$ 361,603
Deposit payable	10,387	-	-	-	10,387
Due to other funds	98,322	-	-	5,531	103,853
Advance to other funds	-	-	-	504,559	504,559
Total Liabilities	264,303	-	38,617	677,482	980,402
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable revenue - property taxes	85,280	-	-	-	85,280
Total Deferred Inflows of Resources	85,280	-	-	-	85,280
<u>FUND BALANCES</u>					
Nonspendable	504,559	-	-	-	504,559
Restricted for:					
Capital projects	-	1,565,183	1,674,771	216,390	3,456,344
Law enforcement	-	-	-	8,258	8,258
Assigned	1,881,368	-	-	-	1,881,368
Unassigned (Deficit)	1,563,106	-	-	(89,110)	1,473,996
Total Fund Balances	3,949,033	1,565,183	1,674,771	135,538	7,324,525
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,298,616	\$ 1,565,183	\$ 1,713,388	\$ 813,020	\$ 8,390,207

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, 2014

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

Total fund balances - governmental funds	\$ 7,324,525
Capital Assets	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Cost of the assets	22,198,343
Accumulated depreciation	(8,526,905)
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	85,280
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	(1,296,200)
Compensated absences	<u>(158,772)</u>
Net position of governmental activities	<u>\$ 19,626,271</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, 2014

	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	\$ 766,757	\$ -	\$ -	\$ -	\$ 766,757
Sales tax	1,371,890	-	-	-	1,371,890
Other taxes	1,239,382	-	-	937,054	2,176,436
License and permits	146,732	-	-	-	146,732
Intergovernmental	160,795	-	829,756	484,574	1,475,125
Fines and forfeitures	374,287	-	-	9,782	384,069
Charges for services	17,900	-	-	4,145	22,045
Interest earnings	12,453	7,814	6,433	713	27,413
Rent	219,746	-	-	-	219,746
Donation	-	-	-	85,461	85,461
Other revenues	111,657	-	-	-	111,657
Total Revenues	4,421,599	7,814	836,189	1,521,729	6,787,331
<u>Expenditures:</u>					
Current:					
General government	1,708,179	-	-	179,424	1,887,603
Public safety	2,925,737	-	-	175,690	3,101,427
Public works	379,776	-	-	82,747	462,523
Economic development	-	-	-	183,246	183,246
Culture and recreation	603,766	-	-	380,181	983,947
Capital Outlay	-	4,307	489,079	494,601	987,987
Total Expenditures	5,617,458	4,307	489,079	1,495,889	7,606,733
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,195,859)	3,507	347,110	25,840	(819,402)
<u>Other Financing Sources (Uses):</u>					
Transfers from other funds	1,039,968	-	-	-	1,039,968
Transfers to other funds	-	-	-	(39,968)	(39,968)
Proceeds from sale of property	19,320	-	-	-	19,320
Total other financing sources (uses)	1,059,288	-	-	(39,968)	1,019,320
Net change in fund balances	(136,571)	3,507	347,110	(14,128)	199,918
Fund Balances, beginning of year	4,085,604	1,561,676	1,327,661	149,666	7,124,607
Fund Balances, end of year	\$ 3,949,033	\$ 1,565,183	\$ 1,674,771	\$ 135,538	\$ 7,324,525

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, 2014

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

Net changes in fund balances - total governmental funds	\$ 199,918
---	------------

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	1,048,089
Total depreciation	(590,349)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, annexing, transfers) is to increase/(decrease) net position.	(18,785)
--	----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	2,911
--	-------

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	(24,380)
Compensated absences	5,989

Change in net position of governmental activities	\$ 623,393
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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 REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<u>Revenues:</u>				
Taxes	\$ 3,415,219	\$ 3,415,219	\$ 3,378,029	\$ (37,190)
Licenses and permits	130,100	145,100	146,732	1,632
Intergovernmental	53,600	53,600	160,795	107,195
Fines and forfeitures	401,500	401,500	374,287	(27,213)
Charges for services	13,000	13,000	17,900	4,900
Rent	218,947	218,947	219,746	799
Miscellaneous	58,200	58,200	124,110	65,910
Total Revenue	4,290,566	4,305,566	4,421,599	116,033
<u>Expenditures:</u>				
Current:				
General government	1,867,810	2,220,310	1,708,179	512,131
Public safety	3,313,480	3,338,480	2,925,737	412,743
Public works	289,614	419,614	379,776	39,838
Culture and recreation	676,446	676,446	603,766	72,680
Total Expenditures	6,147,350	6,654,850	5,617,458	1,037,392
Excess of Revenue Over (Under) Expenditure	(1,856,784)	(2,349,284)	(1,195,859)	1,153,425
<u>Other Financing Sources (Uses):</u>				
Transfer from Hotel Motel Fund	42,000	42,000	39,968	(2,032)
Transfer from Electric Fund	1,500,000	1,500,000	1,000,000	(500,000)
Proceeds from sale of property	7,119	7,119	19,320	12,201
Total Other Financing Sources (Uses)	1,549,119	1,549,119	1,059,288	(489,831)
Net change in fund balance	(307,665)	(800,165)	(136,571)	663,594
Fund balance, beginning of year	4,085,604	4,085,604	4,085,604	-
Fund balance, end of year	\$ 3,777,939	\$ 3,285,439	\$ 3,949,033	\$ 663,594

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, 2014

	Business-type Activities- Enterprise Funds			
	Water & Sewer Fund	Electric Fund	Non-major Sanitation Fund	Total
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 894,087	\$ 794,155	\$ 95,472	\$ 1,783,714
Restricted cash and cash equivalents:				
Revenue bond covenant accounts	287,978	-	-	287,978
Investments	-	4,286,681	-	4,286,681
Accounts receivable (net of allowance for uncollectible)	331,691	997,499	95,596	1,424,786
Intergovernmental receivable	247,130	-	-	247,130
Due from other funds	220,670	15,076	85,265	321,011
Total current assets	1,981,556	6,093,411	276,333	8,351,300
Long-term assets:				
Capital assets:				
Land	2,353,716	-	-	2,353,716
Construction in progress	3,104,992	-	-	3,104,992
Buildings	7,177,657	72,008	-	7,249,665
Systems - water, sewer and electrical	22,946,572	1,713,324	-	24,659,896
Vehicles	593,210	728,690	-	1,321,900
Equipment	1,273,664	136,374	-	1,410,038
Less accumulated depreciation	(10,661,493)	(1,337,783)	-	(11,999,276)
Total capital assets, net	26,788,318	1,312,613	-	28,100,931
Total long-term assets	26,788,318	1,312,613	-	28,100,931
Total Assets	\$ 28,769,874	\$ 7,406,024	\$ 276,333	\$ 36,452,231

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, 2014
 (CONTINUED)

	Business-type Activities- Enterprise Funds			Total
	Water & Sewer Fund	Electric Fund	Non-major Sanitation Fund	
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	\$ 494,085	\$ 126,282	\$ 88,221	\$ 708,588
Accrued interest payable	20,404	-	-	20,404
Retainage payable	130,967	-	-	130,967
Accrued vacation	-	26,000	-	26,000
Due to other funds	91,607	386,776	15,076	493,459
Payable from restricted assets:				
Notes payable - current	134,845	-	-	134,845
Revenue bonds payable - current	480,000	-	-	480,000
Total current liabilities	1,351,908	539,058	103,297	1,994,263
Long-term liabilities:				
Customer deposits	131,239	374,559	-	505,798
Accrued vacation	-	16,809	-	16,809
Notes payable	3,292,786	-	-	3,292,786
Revenue bonds payable	6,775,000	-	-	6,775,000
Total long-term liabilities	10,199,025	391,368	-	10,590,393
Total Liabilities	11,550,933	930,426	103,297	12,584,656
<u>NET POSITION</u>				
Net investment in capital assets	16,105,687	1,312,613	-	17,418,300
Restricted per revenue bond indenture	287,978	-	-	287,978
Unrestricted	825,276	5,162,985	173,036	6,161,297
Total Net Position	\$ 17,218,941	\$ 6,475,598	\$ 173,036	\$ 23,867,575

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, 2014

	Business-type Activities- Enterprise Funds			
	Water & Sewer Fund	Electric Fund	Non-major Sanitation Fund	Total
<u>Operating revenues:</u>				
Charges and fees	\$ 4,532,737	\$ 13,140,337	\$ 1,142,030	\$ 18,815,104
Miscellaneous income	2,184	211,729	-	213,913
Total operating revenues	4,534,921	13,352,066	1,142,030	19,029,017
<u>Operating expenses:</u>				
Salaries and benefits	213,305	920,658	37,273	1,171,236
Contract management	1,435,910	-	1,035,155	2,471,065
Cost of sales	-	10,453,329	-	10,453,329
Legal and professional	35,299	25,462	-	60,761
Operating materials	299,316	204,929	-	504,245
Other operating expenses	337,022	117,259	10,752	465,033
Repairs and maintenance	479,102	63,186	-	542,288
Small equipment	132,113	6,037	-	138,150
Utilities	489,645	70,952	-	560,597
Depreciation	646,549	92,987	-	739,536
Total operating expenses	4,068,261	11,954,799	1,083,180	17,106,240
Operating income (loss)	466,660	1,397,267	58,850	1,922,777
<u>Nonoperating revenues (expenses):</u>				
Interest income	4,187	3,328	-	7,515
Dividend income	-	35,417	-	35,417
Unrealized gain/(loss)	-	22,268	-	22,268
Interest expense	(267,094)	-	-	(267,094)
Total nonoperating revenues (expenses)	(262,907)	61,013	-	(201,894)
Income (loss) before transfers	203,753	1,458,280	58,850	1,720,883

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, 2014
 (CONTINUED)

	Business-type Activities- Enterprise Funds			Total
	Water & Sewer Fund	Electric Fund	Non-major Sanitation Fund	
Capital contributions	1,114,049	-	-	1,114,049
Transfers in	800,000	-	-	800,000
Transfers out	-	(1,800,000)	-	(1,800,000)
Change in net position	2,117,802	(341,720)	58,850	1,834,932
Total Net Position - Beginning of Year	15,101,139	6,817,318	114,186	22,032,643
Total Net Position - Ending of Year	\$ 17,218,941	\$ 6,475,598	\$ 173,036	\$ 23,867,575

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, 2014

	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	\$ 4,259,279	\$ 12,259,239	\$ 1,178,266	\$ 17,696,784
Cash paid to suppliers for goods and services	(2,755,066)	(10,932,700)	(1,046,788)	(14,734,554)
Cash paid to employees	(213,305)	(927,783)	(37,273)	(1,178,361)
Net Cash Flows Provided by (Used for) Operating Activities	1,290,908	398,756	94,205	1,783,869
<u>Cash Flows from Noncapital Financing Activities:</u>				
Transfers	800,000	(1,800,000)	-	(1,000,000)
Net Cash Flows Provided by (Used for) Noncapital Financing Activities	800,000	(1,800,000)	-	(1,000,000)
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Capital grants	298,150	-	-	298,150
Principal payments on revenue bonds and notes	(561,431)	-	-	(561,431)
Interest and fiscal charges on revenue bonds and notes	(268,302)	-	-	(268,302)
Proceeds from debt issuance	1,311,859	-	-	1,311,859
Purchases of capital assets	(2,749,648)	-	-	(2,749,648)
Net Cash Flows Provided by (Used for) Capital and Related Financing Activities	(1,969,372)	-	-	(1,969,372)
<u>Cash Flows from Investing Activities:</u>				
Interest income	4,187	3,328	-	7,515
Dividend income	-	35,417	-	35,417
Purchase of investments	-	1,406,460	-	1,406,460
Net Cash Flows Provided by (Used for) Investing Activities	4,187	1,445,205	-	1,449,392
Net Increase (Decrease) in Cash and Cash Equivalents	125,723	43,961	94,205	263,889
Cash and Cash Equivalents, Beginning of Year	1,056,342	750,194	1,267	1,807,803
Cash and Cash Equivalents, End of Year	\$ 1,182,065	\$ 794,155	\$ 95,472	\$ 2,071,692

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, 2014
 (CONTINUED)

	Business-type Activities- Enterprise Funds			
	Water & Sewer Fund	Electric Fund	Non-major Sanitation Fund	Total
Classified as:				
Current assets	\$ 894,087	\$ 794,155	\$ 95,472	\$ 1,783,714
Restricted assets	287,978	-	-	287,978
Total Cash and Cash Equivalents, End of Year	<u>\$ 1,182,065</u>	<u>\$ 794,155</u>	<u>\$ 95,472</u>	<u>\$ 2,071,692</u>
Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Net Operating Income (Loss)	\$ 466,660	\$ 1,397,267	\$ 58,850	\$ 1,922,777
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	646,549	92,987	-	739,536
Changes in Assets and Liabilities:				
(Increase) decrease in accounts receivable	(41,662)	(71,982)	(3,503)	(117,147)
(Increase) decrease in grants receivable	(247,130)	-	-	(247,130)
(Increase) decrease in due from other funds	6,210	(6,088)	33,651	33,773
Increase (decrease) in accounts payable	348,600	8,454	(468)	356,586
Increase (decrease) in accrued liabilities	(2,450)	(7,125)	(413)	(9,988)
Increase (decrease) in retainage payable	130,967	-	-	130,967
Increase (decrease) in customer deposits	6,940	7,231	-	14,171
Increase (decrease) in due to other funds	(23,776)	(1,021,988)	6,088	(1,039,676)
Total Adjustments	<u>824,248</u>	<u>(998,511)</u>	<u>35,355</u>	<u>(138,908)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 1,290,908</u>	<u>\$ 398,756</u>	<u>\$ 94,205</u>	<u>\$ 1,783,869</u>
Noncash investing, capital, and financing activities:				
Contributions of capital assets from government	\$ 815,899	\$ -	\$ -	\$ 815,899
Increase (decrease) in fair value of investments	-	22,268	-	22,268
Total noncash investing, capital, and financing activities	<u>\$ 815,899</u>	<u>\$ 22,268</u>	<u>\$ -</u>	<u>\$ 838,167</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, 2014

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, 2014
(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, 2014

(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, 2014
(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, 2014
(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, 2014, 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, 2014
(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 \$267,094. 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, 2014
(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 assets. 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
DECEMBER 31, 2014
(CONTINUED)

- Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council through adoption of a resolution. The City Council also may modify or rescind the commitment.
- Assigned – amounts that are constrained by the City Council's intent to be used for specific purposes, but are neither restricted nor committed. By resolution, the City Council has authorized the Mayor or City Clerk or designee to assign fund balances.
- Unassigned – amounts that have not been assigned to other funds and that are not restricted, committed or assigned to specific purposes within the General Fund.

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

- Committed
- Assigned
- Unassigned

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

The following is a summary of the fund balance classifications as of December 31, 2014:

	General Fund	2004 SPLOST	2011 SPLOST	Nonmajor Governmental	Total
Fund Balances:					
Nonspendable:					
Advances to other funds	\$ 504,559	\$ -	\$ -	\$ -	\$ 504,559
Restricted for:					
Law enforcement	-	-	-	8,258	8,258
Capital projects	-	1,565,183	1,674,771	216,390	3,456,344
Assigned:					
Fund balance appropriations	1,323,550	-	-	-	1,323,550
Law enforcement	4,070	-	-	-	4,070
Community development	99,436	-	-	-	99,436
Capital outlay	454,312	-	-	-	454,312
Unassigned	1,563,106	-	-	(89,110)	1,473,996
Total fund balances	\$3,949,033	\$1,565,183	\$1,674,771	\$ 135,538	\$7,324,525

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, 2014
(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

Deposits

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

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(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)	\$ 4,286,681	N/A

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

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

NOTE 4 – PROPERTY TAXES

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

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

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

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

The property tax calendar is as follows:

	Real/Personal Property (Excluding Vehicles)	Motor Vehicles
Assessment date	January 1	January 1
Levy date	August 27	January 1
Due date and collection date	November 17	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, 2014, is as follows:

<u>Expenditures By Purpose</u>	<u>Amount</u>	<u>Tax Receipts</u>	<u>Percentage</u>
Promote tourism	\$ 26,646	\$ 66,614	40%
General Fund	<u>39,968</u>	<u>-</u>	<u>60%</u>
Total	<u>\$ 66,614</u>	<u>\$ 66,614</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	\$ 118,517	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 118,517
Accounts	73,205	-	359,796	1,082,020	103,696	5,784	1,624,501
Intergovernmental	119,064	69,880	247,130	-	-	48,507	484,581
Gross Receivables	<u>310,786</u>	<u>69,880</u>	<u>606,926</u>	<u>1,082,020</u>	<u>103,696</u>	<u>54,291</u>	<u>2,227,599</u>
Less: allowance for uncollectibles	<u>(20,563)</u>	<u>-</u>	<u>(28,105)</u>	<u>(84,521)</u>	<u>(8,100)</u>	<u>-</u>	<u>(141,289)</u>
Total net receivables	<u>\$ 290,223</u>	<u>\$ 69,880</u>	<u>\$ 578,821</u>	<u>\$ 997,499</u>	<u>\$ 95,596</u>	<u>\$ 54,291</u>	<u>\$ 2,086,310</u>

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2014, is as follows:

Due to / from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water & Sewer Fund	\$ 91,607
	Electric Fund	168,106
	Non-Major Governmental Fund	3,531
2011 SPLOST	General Fund	13,057
Water & Sewer Fund	Electric Fund	218,670
	Non-Major Governmental Fund	2,000
Electric Fund	Non-Major Proprietary Fund	15,076
Non-Major Proprietary Fund	General Fund	85,265
		<u>\$ 597,312</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.

Advances to / from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Joint Projects Fund	\$ 504,559
		<u>\$ 504,559</u>

The Joint Projects Fund received an advance from the General Fund during the year ended December 31, 2014 to help cash flow the start-up of the joint project fund.

Interfund transfers:

	<u>Transfer In:</u>		
	<u>General Fund</u>	<u>Water & Sewer Fund</u>	<u>Total</u>
Transfer Out:			
Electric Fund	\$ 1,000,000	\$ 800,000	\$ 1,800,000
Non-major Governmental	39,968	-	39,968
Total	<u>\$ 1,039,968</u>	<u>\$ 800,000</u>	<u>\$ 1,839,968</u>

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

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.

NOTE 8 – CAPITAL ASSETS

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,745,397	\$ -	\$ (10,250)	\$ 2,735,147
Construction in progress	64,803	57,875	-	122,678
Total capital assets, not being depreciated	2,810,200	57,875	(10,250)	2,857,825
Capital assets, being depreciated:				
Buildings	3,655,977	44,517	-	3,700,494
Vehicles	1,404,414	69,245	(71,370)	1,402,289
Equipment	2,113,484	89,436	(4,100)	2,198,820
Infrastructure	11,251,899	787,016	-	12,038,915
Total capital assets, being depreciated	18,425,774	990,214	(75,470)	19,340,518
Less accumulated depreciation for:				
Buildings	(1,541,206)	(145,985)	-	(1,687,191)
Vehicles	(856,336)	(106,290)	63,671	(898,955)
Equipment	(1,060,434)	(95,521)	3,264	(1,152,691)
Infrastructure	(4,545,515)	(242,553)	-	(4,788,068)
Total accumulated depreciation	(8,003,491)	(590,349)	66,935	(8,526,905)
Total capital assets, being depreciated, net	10,422,283	399,865	(8,535)	10,813,613
Net investment in capital assets	\$ 13,232,483	\$ 457,740	\$ (18,785)	\$ 13,671,438

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

	Beginning Balance	Increase	Decrease	Transfers/ Reclassifications	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 2,353,716	\$ -	\$ -	\$ -	\$ 2,353,716
Construction in progress	868,663	2,612,190	-	(375,861)	3,104,992
Total capital assets, not being depreciated	3,222,379	2,612,190	-	(375,861)	5,458,708
Capital assets, being depreciated:					
Buildings	7,249,665	-	-	-	7,249,665
Systems—water, sewer, and electric	23,877,252	406,783	-	375,861	24,659,896
Equipment	863,464	546,574	-	-	1,410,038
Vehicles	1,321,900	-	-	-	1,321,900
Total capital assets being depreciated	33,312,281	953,357	-	375,861	34,641,499
Less accumulated depreciation for:					
Buildings	(5,434,231)	(161,717)	-	-	(5,595,948)
Systems—water, sewer, and electric	(4,278,455)	(386,809)	-	-	(4,665,264)
Equipment	(410,423)	(133,205)	-	-	(543,628)
Vehicles	(1,136,631)	(57,805)	-	-	(1,194,436)
Total accumulated depreciation	(11,259,740)	(739,536)	-	-	(11,999,276)
Total capital assets, being depreciated, net	22,052,541	213,821	-	375,861	22,642,223
Business-type activities capital assets, net	\$ 25,274,920	\$ 2,826,011	\$ -	\$ -	\$ 28,100,931
Less related long-term debt outstanding					(10,682,631)
Net investment in capital assets					\$ 17,418,300

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

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

Governmental activities:

General government	\$ 54,234
Public safety	105,943
Public works	279,392
Economic development	150,780

Total depreciation expense - governmental activities	<u>\$ 590,349</u>
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Business-type activities:

Water and sewer	\$ 646,549
Electric	92,987

Total depreciation expense - business-type activities	<u>\$ 739,536</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, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Landfill closure / postclosure	\$ 1,271,820	\$ 24,380	\$ -	\$ 1,296,200	\$ 129,620
Compensated absences	164,761	134,688	(140,677)	158,772	100,000
Governmental activity long-term liabilities	<u>\$ 1,436,581</u>	<u>\$ 159,068</u>	<u>\$ (140,677)</u>	<u>\$ 1,454,972</u>	<u>\$ 229,620</u>
Business-type activities:					
Compensated absences	\$ 39,332	\$ 29,732	\$ (26,255)	\$ 42,809	\$ 26,000
GEFA loan DW09002PF70	943,251	-	(40,134)	903,117	41,355
GEFA loan DW10012	1,263,952	-	(51,297)	1,212,655	52,857
GEFA loan DW13011	-	1,311,859	-	1,311,859	40,633
Revenue bonds payable	7,725,000	-	(470,000)	7,255,000	480,000
Business-type activity long-term liabilities	<u>\$ 9,971,535</u>	<u>\$ 1,341,591</u>	<u>\$ (587,686)</u>	<u>\$ 10,725,440</u>	<u>\$ 640,845</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 proprietary funds.

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

Revenue Bonds

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

\$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.

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

<u>Sinking Fund Year (December 1)</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 480,000	\$ 181,375
2016	495,000	169,375
2017	500,000	157,000
2018	515,000	144,500
2019	525,000	131,625
2020-2024	2,855,000	453,250
2025-2027	1,885,000	95,125
Total	<u>\$ 7,255,000</u>	<u>\$ 1,332,250</u>

Notes Payable

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

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

In 2010, the City entered into a contract with the Georgia Environmental Facilities Authority for a Drinking Water State Revolving Loan Fund grant/loan to provide financing for the replacement of existing water mains. The total proceeds for the loan were \$1,900,000, of which 30% or \$570,000 is forgivable. The project was completed in 2012 and the remaining balance of \$1,330,000 is to be paid over a twenty-year period starting September 1, 2012, on a monthly basis. Interest is accrued monthly at 3.0%.

In 2014, the City entered into a contract with the Georgia Environmental Facilities Authority for a Drinking Water State Revolving Loan Fund grant/loan to provide financing for the replacement of existing water mains. The City may draw down funds up to \$2,700,000, of which 18.5185% or \$500,000 is forgivable. As of December 31, 2014, \$1,311,859 has been drawn down. Interest is accrued monthly at .5%. Principal payments will begin after the final draw has been made.

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

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

Years Ending December 31	GEFA DW09002PF70		GEFA DW10012		(Estimated) GEFA DW13011	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 41,355	\$ 26,528	\$ 52,857	\$ 35,657	\$ 40,633	\$ 6,466
2016	42,613	25,270	54,465	34,049	40,837	6,263
2017	43,909	23,974	56,121	32,392	41,041	6,058
2018	45,244	22,639	57,828	30,686	41,247	5,852
2019	46,620	21,262	59,587	28,927	41,454	5,646
2020-2024	255,254	84,159	326,249	116,319	210,406	25,091
2025-2029	296,509	42,904	378,978	63,592	215,731	19,766
2030-2034	131,613	4,153	226,570	9,466	221,192	14,305
2035-2039	-	-	-	-	226,790	8,707
2040-2044	-	-	-	-	232,528	2,967
Total	\$ 903,117	\$ 250,889	\$ 1,212,655	\$ 351,088	\$ 1,311,859	\$ 101,121

Restricted Assets

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

Revenue bond covenant account	<u>\$ 287,978</u>
	<u><u>\$ 287,978</u></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 \$1,296,200. 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 2014. 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, 2014
(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, 2014, the date of the most recent actuarial valuation, there were 225 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	111
Terminated vested participants	37
Active vested employees	57
Active nonvested employees	<u>20</u>
Total	<u><u>225</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 11.66% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the system's Board of Trustees.

Annual Pension Cost

The 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, 2014 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.

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

Fiscal Year Ended December 31,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation/ (Asset)
2014	\$ 327,821	100%	-
2013	287,311	100%	-
2012	234,206	100%	-

As of the most recent valuation date, July 1, 2014, 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
7/1/2014	\$ 8,414,794	\$ 9,391,978	\$ 977,184	89.60%	\$ 2,733,159	35.75%

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, 2014.

The assumptions used in the July 1, 2014 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 10 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 20% of market value
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.

CITY OF THOMASTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

NOTE 12 – LEGAL CONTRACTS AND AGREEMENTS

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

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

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, 2014, the balance of the account was \$4,286,681 (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, 2014 was \$3,167,620. Due to the Trust restrictions on access to the funds, this account balance is not reflected in the accompanying statement of net position.

CITY OF THOMASTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

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, 2014 was \$2,514,664. 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.

B. Grants

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

C. Commitments

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF THOMASTON, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2014
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
07/01/14	\$ 8,415	\$ 9,392	\$ 977	89.60%	\$ 2,733	35.75%
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%

Note: Amounts reported above are in thousands.

SUPPLEMENTARY INFORMATION

CITY OF THOMASTON, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	Special Revenue Funds			Capital Project Funds				Total
	Hotel Motel Tax	Law Enforcement Confiscation	Joint Projects Fund	Greatest Generational Park	CDBG \ 2014 Water Line Fund	CDBG \ 2012 Water Line Fund	DOT LMIG Fund	Nonmajor Governmental Funds
ASSETS								
Cash and cash equivalent	\$ 100	\$ 8,258	\$ 531,981	\$ 216,379	\$ 1,000	\$ 1,000	\$ 11	\$ 758,729
Receivables, net of allowance								
Accounts	5,784	-	-	-	-	-	-	5,784
Intergovernmental	-	-	-	-	-	48,507	-	48,507
Total Assets	\$ 5,884	\$ 8,258	\$ 531,981	\$ 216,379	\$ 1,000	\$ 49,507	\$ 11	\$ 813,020
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 2,353	\$ -	\$ 116,532	\$ -	\$ -	\$ 48,507	\$ -	\$ 167,392
Due to other funds	3,531	-	-	-	1,000	1,000	-	5,531
Advance to other funds	-	-	504,559	-	-	-	-	504,559
Total Liabilities	5,884	-	621,091	-	1,000	49,507	-	677,482
Fund Balances:								
Restricted	-	8,258	-	216,379	-	-	11	224,648
Unassigned (Deficit)	-	-	(89,110)	-	-	-	-	(89,110)
Total Fund Balances	-	8,258	(89,110)	216,379	-	-	11	135,538
Total Liabilities and Fund Balances	\$ 5,884	\$ 8,258	\$ 531,981	\$ 216,379	\$ 1,000	\$ 49,507	\$ 11	\$ 813,020

CITY OF THOMASTON, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Special Revenue Funds			Capital Project Funds				Total Nonmajor Governmental Funds
	Hotel Motel Tax	Law Enforcement Confiscation	Joint Projects Fund	Greatest Generational Park	CDBG \ 2014 Water Line Fund	CDBG \ 2012 Water Line Fund	DOT LMIG Fund	
<u>Revenues:</u>								
Taxes								
Other taxes	\$ 66,614	\$ -	\$ 870,440	\$ -	\$ -	\$ -	\$ -	\$ 937,054
Intergovernmental	-	-	-	-	-	322,513	162,061	484,574
Fines and forfeitures	-	9,782	-	-	-	-	-	9,782
Charges for services	-	-	-	4,145	-	-	-	4,145
Interest earnings	-	21	-	604	-	-	88	713
Donation	-	-	-	85,461	-	-	-	85,461
Total Revenues	66,614	9,803	870,440	90,210	-	322,513	162,149	1,521,729
<u>Expenditures:</u>								
Current:								
General government	26,646	-	152,778	-	-	-	-	179,424
Public safety	-	32	160,598	-	-	-	-	160,630
Public works	-	-	82,747	-	-	-	-	82,747
Economic development	-	-	183,246	-	-	-	-	183,246
Culture and recreation	-	-	380,181	-	-	-	-	380,181
Capital outlay	-	15,060	-	9,950	-	322,513	162,138	509,661
Total Expenditures	26,646	15,092	959,550	9,950	-	322,513	162,138	1,495,889
Excess (Deficiency) of Revenues Over (Under) Expenditures	39,968	(5,289)	(89,110)	80,260	-	-	11	25,840
<u>Other Financing Sources (Uses):</u>								
Transfers to other funds	(39,968)	-	-	-	-	-	-	(39,968)
Total other financing sources (uses)	(39,968)	-	-	-	-	-	-	(39,968)
Net change in fund balances	-	(5,289)	(89,110)	80,260	-	-	11	(14,128)
Fund Balances, beginning of year	-	13,547	-	136,119	-	-	-	149,666
Fund Balances, end of year (Deficit)	\$ -	\$ 8,258	\$ (89,110)	\$ 216,379	\$ -	\$ -	\$ 11	\$ 135,538

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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, 2014 AND 2013

<u>ASSETS</u>	2014	2013
Cash and cash equivalent	\$ 3,240,590	\$ 2,811,948
Receivables, net of allowance		
Taxes	106,758	91,739
Accounts	64,401	59,453
Intergovernmental	119,064	113,158
Prepaid insurance	-	45,461
Due from other funds	263,244	1,301,582
Advance from other funds	504,559	-
Total Assets	<u>\$ 4,298,616</u>	<u>\$ 4,423,341</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 155,594	\$ 93,874
Accrued liabilities	-	32,319
Deposit payable	10,387	10,259
Due to other funds	98,322	118,916
Total Liabilities	<u>264,303</u>	<u>255,368</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Unavailable revenue - property taxes	85,280	82,369
Total Deferred Inflows of Resources	<u>85,280</u>	<u>82,369</u>
Fund Balances:		
Nonspendable	504,559	45,461
Assigned	581,369	584,882
Unassigned	2,863,105	3,455,261
Total Fund Balances	<u>3,949,033</u>	<u>4,085,604</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,298,616</u>	<u>\$ 4,423,341</u>

CITY OF THOMASTON, GEORGIA

GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
<u>Revenues:</u>		
Taxes	\$ 3,378,029	\$ 3,176,714
Licenses and permits	146,732	131,055
Intergovernmental	160,795	316,429
Fines and forfeitures	374,287	416,557
Charges for services	17,900	14,500
Rent	219,746	209,629
Miscellaneous	124,110	53,809
Total Revenue	4,421,599	4,318,693
<u>Expenditures:</u>		
Current:		
General government	1,708,179	1,448,483
Public safety	2,925,737	2,757,773
Public works	379,776	273,062
Culture and recreation	603,766	530,294
Total Expenditures	5,617,458	5,009,612
Excess (Deficiency) of Revenue Over (Under) Expenditures	(1,195,859)	(690,919)
<u>Other Financing Sources (Uses):</u>		
Transfer from Hotel Motel Fund	39,968	40,105
Transfer from Water & Sewer Fund	-	5,999
Transfer from Electric Fund	1,000,000	1,005,999
Transfer to Sanitation Fund	-	(6,001)
Proceeds from sale of property	19,320	10,920
Total Other Financing Sources (Uses)	1,059,288	1,057,022
Net change in fund balance	(136,571)	366,103
Fund balance - beginning of year	4,085,604	3,719,501
Fund balance - end of year	\$ 3,949,033	\$ 4,085,604

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, 2014

Description:	Final Budget	2014 Actual	Variance with Final Budget	2013 Actual
<u>Taxes:</u>				
General property tax	\$ 1,188,119	\$ 766,757	\$ (421,362)	\$ 790,859
Local option sales tax	1,110,000	1,371,890	261,890	1,202,035
<u>Other:</u>				
Motor vehicle taxes	120,000	220,727	100,727	150,957
Mobile home taxes	100	138	38	45
Intangible taxes	4,000	2,592	(1,408)	3,213
Franchise taxes	342,000	336,097	(5,903)	367,435
Insurance premium tax	460,000	494,582	34,582	473,025
Real estate transfer tax	1,000	1,770	770	1,024
Beer and wine tax	190,000	183,476	(6,524)	188,121
Total Taxes	3,415,219	3,378,029	(37,190)	3,176,714
<u>Licenses and Permits:</u>				
Business and occupation	130,000	135,313	5,313	130,915
Special sales permits	15,100	11,419	(3,681)	140
Total Licenses and Permits	145,100	146,732	1,632	131,055
<u>Intergovernmental Revenues:</u>				
Housing authority	35,000	43,860	8,860	43,236
Upson County	-	-	-	6,000
<u>State grants:</u>				
Department of transportation	-	100,299	100,299	218,211
Drug task force	13,600	12,483	(1,117)	32,798
Georgia underground tank	5,000	4,153	(847)	16,184
Total Intergovernmental Revenue	53,600	160,795	107,195	316,429
<u>Fines and Forfeitures:</u>				
Recorder's Court	401,500	374,287	(27,213)	416,557
Total Fines and Forfeitures	\$ 401,500	\$ 374,287	\$ (27,213)	\$ 416,557

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, 2014
(CONTINUED)

Description:	Final Budget	2014 Actual	Variance with Final Budget	2013 Actual
<u>Charges for Services:</u>				
Cemetery fees	\$ 13,000	\$ 17,900	\$ 4,900	\$ 14,500
Rent revenue	218,947	219,746	799	209,629
Total Charges for Services	231,947	237,646	5,699	224,129
<u>Miscellaneous:</u>				
Interest earnings	10,150	12,453	2,303	12,721
Miscellaneous	48,050	111,657	63,607	41,088
Total Miscellaneous	58,200	124,110	65,910	53,809
Total Revenues	\$ 4,305,566	\$ 4,421,599	\$ 116,033	\$ 4,318,693

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, 2014
(CONTINUED)

Description:	Final Budget	2014 Actual	Variance with Final Budget	2013 Actual
<u>General Government</u>				
Governing body	\$ 19,402	\$ 18,925	\$ 477	\$ 17,684
City clerk	37,128	36,960	168	36,008
City manager	87,272	69,555	17,717	69,500
General administration	1,416,364	986,878	429,486	665,281
Finance	95,457	85,577	9,880	109,635
Tax administration	6,620	6,620	-	6,120
Legal service	99,892	62,872	37,020	154,364
Municipal Court	196,725	234,102	(37,377)	239,417
Community Development	261,450	206,690	54,760	150,474
Total General Government	2,220,310	1,708,179	512,131	1,448,483
<u>Public Safety</u>				
Police Department				
Police administration	994,809	724,379	270,430	588,297
Patrol	1,229,875	1,225,084	4,791	1,110,529
Fire Department				
Fire administration	185,160	157,012	28,148	192,688
Fire fighting	928,636	819,262	109,374	866,259
Total Public Safety	3,338,480	2,925,737	412,743	2,757,773
<u>Public Works</u>				
Public works administration	249,200	219,252	29,948	93,234
Public works crew	170,414	160,524	9,890	179,828
Total Public Works	419,614	379,776	39,838	273,062

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, 2014
(CONTINUED)

Description:	Final Budget	2014 Actual	Variance with Final Budget	2013 Actual
<u>Culture and Recreation</u>				
Parks	\$ 465,450	\$ 427,459	\$ 37,991	\$ 364,716
Parks and public spaces crew	210,996	176,307	34,689	165,578
Total Culture and Recreation	676,446	603,766	72,680	530,294
Total Expenditures	6,654,850	5,617,458	1,037,392	5,009,612
Excess of Revenue Over (Under) Expenditures	(2,349,284)	(1,195,859)	1,153,425	(690,919)
<u>Other financing sources (uses)</u>				
Transfer In:				
Transfer from Hotel Motel Fund	42,000	39,968	(2,032)	40,105
Transfer from Water & Sewer Fund	-	-	-	5,999
Transfer from Electric Fund	1,500,000	1,000,000	(500,000)	1,005,999
Transfer Out:				
Transfer to Sanitation Fund	-	-	-	(6,001)
Proceeds from sale of property	7,119	19,320	12,201	10,920
Total Other Financing Sources (Uses)	1,549,119	1,059,288	(489,831)	1,057,022
Net change in fund balance	(800,165)	(136,571)	663,594	366,103
Fund balance, beginning of year	4,085,604	4,085,604	-	3,719,501
Fund balance, end of year	\$ 3,285,439	\$ 3,949,033	\$ 663,594	\$ 4,085,604

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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.

JOINT PROJECTS FUND - to account for property taxes collected and payment of services.

CITY OF THOMASTON, GEORGIA

HOTEL/MOTEL TAX FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2014 AND 2013

ASSETS

	2014	2013
Cash and cash equivalent	\$ 100	\$ -
Accounts receivable	5,784	5,525
Total Assets	<u>\$ 5,884</u>	<u>\$ 5,525</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	\$ 2,353	\$ 2,210
Due to other funds	3,531	3,315

Total Liabilities	<u>5,884</u>	<u>5,525</u>
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Fund Balances:

Restricted	<u>-</u>	<u>-</u>
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Total Fund Balances	<u>-</u>	<u>-</u>
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Total Liabilities and Fund Balances	<u>\$ 5,884</u>	<u>\$ 5,525</u>
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CITY OF THOMASTON, GEORGIA

HOTEL/MOTEL TAX FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2014

	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Hotel motel tax	\$ 70,000	\$ 66,614	\$ (3,386)
Total Revenues	70,000	66,614	(3,386)
<u>Expenditures:</u>			
General government:			
Chamber of Commerce	28,000	26,646	1,354
Total Expenditures	28,000	26,646	1,354
Excess (Deficiency) of Revenues Over (Under) Expenditures	42,000	39,968	(2,032)
<u>Other Financing Uses:</u>			
Transfers to general fund	(42,000)	(39,968)	2,032
Total Other Financing Sources (Uses)	(42,000)	(39,968)	2,032
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, 2014 AND 2013

ASSETS

	2014	2013
Cash and cash equivalent	\$ 8,258	\$ 13,547
Total Assets	\$ 8,258	\$ 13,547

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	\$ -	\$ -
Total Liabilities	-	-

Fund Balances:

Restricted for law enforcement	8,258	13,547
Total Fund Balances	8,258	13,547
Total Liabilities and Fund Balances	\$ 8,258	\$ 13,547

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, 2014

	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Fines and forfeitures	\$ 16,600	\$ 9,782	\$ (6,818)
Interest income	25	21	(4)
Total Revenues	16,625	9,803	(6,822)
<u>Expenditures:</u>			
Current:			
Public safety	1,565	32	1,533
Capital outlay	15,060	15,060	-
Total Expenditures	16,625	15,092	1,533
Net change in fund balance	-	(5,289)	(5,289)
Fund balance - beginning of year	-	13,547	13,547
Fund balance - end of year	\$ -	\$ 8,258	\$ 8,258

CITY OF THOMASTON, GEORGIA

JOINT PROJECTS TAX ALLOCATION DISTRICT FUND
BALANCE SHEET
DECEMBER 31, 2014

ASSETS

Cash and cash equivalent	\$ 531,981
Total Assets	<u>\$ 531,981</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	\$ 116,532
Advance to other funds	<u>504,559</u>

Total Liabilities	<u>621,091</u>
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Fund Balances:

Unassigned	<u>(89,110)</u>
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Total Fund Balances (Deficit)	<u>(89,110)</u>
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Total Liabilities and Fund Balances	<u>\$ 531,981</u>
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CITY OF THOMASTON, GEORGIA

JOINT PROJECTS TAX ALLOCATION DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Taxes	\$ 1,301,400	\$ 870,440	\$ (430,960)
Total Revenues	1,301,400	870,440	(430,960)
<u>Expenditures:</u>			
Current:			
General government	223,000	152,778	70,222
Public safety	180,000	160,598	19,402
Public works	112,000	82,747	29,253
Economic development	135,000	183,246	(48,246)
Culture and recreation	375,000	380,181	(5,181)
Total Expenditures	1,025,000	959,550	65,450
Net change in fund balance	276,400	(89,110)	(365,510)
Fund balance - beginning of year	-	-	-
Fund balance - end of year (Deficit)	\$ 276,400	\$ (89,110)	\$ (365,510)

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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.

2014 COMMUNITY DEVELOPMENT BLOCK GRANT \ WATER LINE FUND - to account for the cost of water line construction.

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

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

CITY OF THOMASTON, GEORGIA

2004 SPECIAL LOCAL OPTION SALES TAX FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2014 AND 2013

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Cash and cash equivalent	\$ 1,565,183	\$ 1,573,252
Total Assets	<u>\$ 1,565,183</u>	<u>\$ 1,573,252</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ -	\$ 11,576
Total Liabilities	<u>-</u>	<u>11,576</u>
Fund Balances:		
Restricted for capital projects	<u>1,565,183</u>	<u>1,561,676</u>
Total Fund Balances	<u>1,565,183</u>	<u>1,561,676</u>
Total Liabilities and Fund Balances	<u>\$ 1,565,183</u>	<u>\$ 1,573,252</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, 2014 AND 2013

	2014	2013
<u>Revenues:</u>		
Interest earnings	\$ 7,814	\$ 9,202
Total Revenues	7,814	9,202
<u>Expenditures:</u>		
Capital outlay	4,307	533,317
Total Expenditures	4,307	533,317
Net change in fund balance	3,507	(524,115)
Fund balance - beginning of year	1,561,676	2,085,791
Fund balance - end of year	<u>\$ 1,565,183</u>	<u>\$ 1,561,676</u>

CITY OF THOMASTON, GEORGIA

2011 SPECIAL LOCAL OPTION SALES TAX FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2014 AND 2013

ASSETS

	2014	2013
Cash and cash equivalent	\$ 1,630,451	\$ 1,334,443
Due from other funds	13,057	-
Due from other governments	69,880	62,271
Total Assets	<u>\$ 1,713,388</u>	<u>\$ 1,396,714</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	\$ 38,617	\$ 47,980
Retainage payable	-	21,073

Total Liabilities	<u>38,617</u>	<u>69,053</u>
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Fund Balances:

Restricted for capital projects	<u>1,674,771</u>	<u>1,327,661</u>
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Total Fund Balances	<u>1,674,771</u>	<u>1,327,661</u>
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Total Liabilities and Fund Balances	<u>\$ 1,713,388</u>	<u>\$ 1,396,714</u>
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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, 2014 AND 2013

	2014	2013
<u>Revenues:</u>		
Intergovernmental	\$ 829,756	\$ 741,886
Interest earnings	6,433	5,721
Total Revenues	836,189	747,607
<u>Expenditures:</u>		
Capital outlay	489,079	425,158
Total Expenditures	489,079	425,158
Net change in fund balance	347,110	322,449
Fund balance - beginning of year	1,327,661	1,005,212
Fund balance - end of year	<u>\$ 1,674,771</u>	<u>\$ 1,327,661</u>

CITY OF THOMASTON, GEORGIA
GREATEST GENERATIONAL PARK FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2014 AND 2013

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Cash and cash equivalent	\$ 216,379	\$ 136,119
Total Assets	<u>\$ 216,379</u>	<u>\$ 136,119</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>
Fund Balances:		
Restricted for capital projects	<u>216,379</u>	<u>136,120</u>
Total Fund Balances	<u>216,379</u>	<u>136,120</u>
Total Liabilities and Fund Balances	<u>\$ 216,379</u>	<u>\$ 136,120</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, 2014 AND 2013

	2014	2013
<u>Revenues:</u>		
Charges for services	\$ 4,145	\$ 3,520
Interest earnings	604	607
Donation	85,461	4,351
Total Revenues	90,210	8,478
<u>Expenditures:</u>		
Capital outlay	9,950	23,454
Total Expenditures	9,950	23,454
Net change in fund balance	80,260	(14,976)
Fund balance - beginning of year	136,119	151,096
Fund balance - end of year	\$ 216,379	\$ 136,120

CITY OF THOMASTON, GEORGIA

2014 COMMUNITY DEVELOPMENT BLOCK GRANT \ WATER LINE FUND
BALANCE SHEET
DECEMBER 31, 2014

ASSETS

Cash and cash equivalent	\$ 1,000
Total Assets	<u>\$ 1,000</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Due to other funds	\$ 1,000
Total Liabilities	<u>1,000</u>

Fund Balances:

Restricted for capital projects	-
Total Fund Balances	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 1,000</u>

CITY OF THOMASTON, GEORGIA

2014 COMMUNITY DEVELOPMENT BLOCK GRANT \ WATER LINE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2014

Revenues:

Intergovernmental	\$ -
Total Revenues	-

Expenditures:

Capital outlay	-
Total Expenditures	-
Net change in fund balance	-
Fund balance - beginning of year	-
Fund balance - end of year	\$ -

CITY OF THOMASTON, GEORGIA

2014 COMMUNITY DEVELOPMENT BLOCK GRANT \ WATER LINE FUND

14p-x-145-2-5701

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED DECEMBER 31, 2014

	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

2012 COMMUNITY DEVELOPMENT BLOCK GRANT \ WATER LINE FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2014 AND 2013

<u>ASSETS</u>	2014	2013
Cash and cash equivalent	\$ 1,000	\$ 1,000
Due from other governments	48,507	-
Total Assets	<u>\$ 49,507</u>	<u>\$ 1,000</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Due to other funds	\$ 1,000	\$ 1,000
Accounts payable	48,507	-
Total Liabilities	<u>49,507</u>	<u>1,000</u>
Fund Balances:		
Restricted for capital projects	-	-
Total Fund Balances	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 49,507</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, 2014 AND 2013

	2014	2013
<u>Revenues:</u>		
Intergovernmental	\$ 322,513	\$ -
Total Revenues	322,513	-
<u>Expenditures:</u>		
Capital outlay	322,513	-
Total Expenditures	322,513	-
Net change in fund balance	-	-
Fund balance - beginning of year	-	-
Fund balance - end of year	\$ -	\$ -

CITY OF THOMASTON, GEORGIA

2012 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, 2014

	Prior Years	Current Year	Total to Date	Project Authorization
<u>Revenues:</u>				
Department of Community Affairs	\$ -	\$ 322,513	\$ 322,513	\$ 500,000
Total Revenues	-	322,513	322,513	500,000
<u>Expenditures:</u>				
Contingencies - Unprogramed Funds	-	-	-	50,000
Water Facilities	-	322,513	322,513	450,000
Total Expenditures	-	322,513	322,513	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, 2014 AND 2013

ASSETS

	2014	2013
Cash and cash equivalent	\$ 11	\$ 162,071
Total Assets	\$ 11	\$ 162,071

LIABILITIES AND FUND BALANCES

Liabilities:

Unearned revenue	\$ -	\$ 162,071
Total Liabilities	-	162,071

Fund Balances:

Restricted for capital projects	11	-
Total Fund Balances	11	-
Total Liabilities and Fund Balance	\$ 11	\$ 162,071

CITY OF THOMASTON, GEORGIA

DOT LMIG FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
<u>Revenues:</u>		
Intergovernmental	\$ 162,061	\$ -
Interest earnings	88	-
Total Revenues	162,149	-
<u>Expenditures:</u>		
Capital outlay	162,138	-
Total Expenditures	162,138	-
Net change in fund balance	11	-
Fund balance - beginning of year	-	-
Fund balance - end of year	\$ 11	\$ -

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STATISTICAL SECTION

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Statistical Section

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

<u>Contents</u>	<u>Page</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.</i>	86-91
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>	92-98
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>	99-102
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>	103-105
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>	106-107

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

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	\$ 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	\$ 13,671,438
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	3,464,602
Unrestricted	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	2,490,231
Total governmental activities net position	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	19,626,271
Business-type activities										
Net investment in capital assets	(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	17,418,300
Restricted	4,025,974	3,784,861	3,553,683	496,900	290,717	293,632	294,976	294,266	287,528	287,978
Unrestricted	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	6,161,297
Total business-type activities net position	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	23,867,575
Primary government										
Net investment in capital assets	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	31,089,738
Restricted	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	3,752,580
Unrestricted	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	8,651,528
Total primary government net position	\$ 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	\$ 43,493,846

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	\$ 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	\$ 1,846,412
Public safety	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	3,093,608
Public works	978,069	964,826	162,254	647,224	924,573	1,634,486	794,525	1,431,991	1,335,976	909,316
Economic development	-	-	471,662	74,651	3,239	217,922	144,262	149,363	144,347	324,151
Culture and recreation	-	-	-	-	-	-	21,697	366,231	530,294	993,897
Miscellaneous general government	37,770	97,832	-	-	-	-	-	-	-	-
Total governmental activities expenses	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	7,167,384
Business-type activities:										
Water & Sewer	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	4,335,355
Electric	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	11,954,799
Sanitation	-	-	-	-	988,594	994,802	1,083,916	1,073,394	1,147,044	1,083,180
Total business-type activities expenses	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	17,373,334
Total primary government expenses	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	24,540,718
Program Revenues										
Governmental activities:										
Charges for services:										
Refuse collection	962,637	1,021,529	1,018,178	1,030,657	-	-	-	-	-	-
Cemetery fees	20,200	8,500	7,600	21,900	18,500	13,000	18,550	15,000	14,500	17,900
Fines and forfeitures	327,839	401,093	566,318	529,899	541,228	388,554	276,797	385,320	416,557	374,287
Licenses and permits	118,725	121,030	126,336	127,572	124,856	132,852	129,296	134,176	131,055	146,732
Public safety	5,612	8,699	1,624	8,454	5,537	10,598	5,145	724	6,742	9,782
Rent	114,469	128,813	144,272	146,463	161,820	161,646	162,472	166,129	209,629	219,746
Other	-	-	-	-	-	-	2,530	3,270	3,520	4,145
Operating grants and contributions	217,055	249,367	527,095	248,199	823,238	801,356	220,301	283,760	316,429	322,856
Capital grants and contributions	-	-	409,015	223,375	898,288	1,481,609	438,426	1,908,281	756,809	1,166,516
Total governmental activities program revenues	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	2,261,964
Business-type activities:										
Charges for services:										
Water & Sewer	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	4,534,921
Electric	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	13,352,066
Sanitation	-	-	-	-	1,018,375	1,017,658	1,010,003	1,090,951	1,098,606	1,142,030
Capital grants and contributions	-	-	-	-	1,339,092	3,013,367	485,621	2,496,166	953,164	1,114,049
Total business-type activities program revenues	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	20,143,066
Total primary government program revenues	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	22,405,030

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net (Expenses)/Revenue										
Governmental activities	\$ (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)	\$ (4,905,420)
Business-type activities	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	2,769,732
Total primary government net expense	(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)	(2,135,688)
General Revenue and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	854,243	847,104	857,612	797,439	806,282	827,426	797,423	812,885	799,954	1,640,108
Sales taxes	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	1,371,890
Franchise taxes	404,525	425,578	373,555	367,655	398,461	307,630	358,274	335,574	367,435	336,097
Insurance premiums taxes	471,432	493,135	514,395	526,717	521,775	506,611	430,147	456,850	473,025	494,582
Other taxes	282,094	338,259	327,877	335,031	319,443	320,293	315,496	308,835	410,201	475,317
Unrestricted grants and contributions	-	228,295	-	-	-	-	-	-	-	-
Interest revenue	103,180	161,332	204,273	176,526	123,181	58,012	30,354	17,188	13,346	13,166
Gain on sale of capital assets	-	-	-	-	14,391	8,157	20,565	2,111	5,291	535
Miscellaneous	400,062	121,860	234,779	275,166	299,702	86,416	112,765	106,287	45,438	197,118
Transfers	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	1,000,000
Total government activities	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	5,528,813
Business-type activities:										
Unrestricted grants and contributions	73,933	-	-	-	-	-	-	-	-	-
Interest revenue	284,311	416,988	701,622	537,813	338,631	383,769	802,455	397,686	14,128	65,200
Miscellaneous	37,285	38,558	-	13,791	-	-	-	-	-	-
Transfers	(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)	(1,000,000)
Total business-type activities	(827,534)	(778,710)	(558,445)	(744,935)	(661,369)	(1,062,342)	(22,545)	(1,100,814)	(991,869)	(934,800)
Total primary government	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	4,594,013
Change in Net Position										
Governmental activities	1,432,957	1,211,216	1,878,022	1,377,822	1,059,488	97,440	(296,855)	748,110	(63,584)	623,393
Business-type activities	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	1,834,932
Total primary government	\$ 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	\$ 2,458,325

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

	Program Revenues									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Function/Program										
Governmental activities:										
General Government	\$ 1,543,870	\$ 1,898,229	\$ 2,338,542	\$ 1,940,926	\$ 1,183,840	\$ 964,061	\$ 634,031	\$ 851,422	\$ 824,497	\$ 806,670
Public Safety	5,612	40,802	41,646	30,175	36,253	185,961	40,020	45,454	39,540	22,265
Public Works	-	-	11,235	142,043	1,353,374	1,839,593	579,466	1,999,784	991,204	1,433,029
Economic Development	-	-	409,015	223,375	-	-	-	-	-	-
Subtotal government activities	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	2,261,964
Business-type activities										
Electricity	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	13,352,066
Water & Sewer	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	5,648,970
Sanitation	-	-	-	-	1,018,375	1,017,658	1,010,003	1,090,951	1,098,606	1,142,030
Subtotal business-type activities	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	20,143,066
Total primary government	\$ 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	\$ 22,405,030

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

	2005	2006	2007	2008	2009	Restated 2010	2011 *	2012	2013	2014
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,704	\$ -	\$ -	\$ -	\$ -
Unreserved	2,535,435	3,166,496	3,468,554	3,523,676	3,613,786	3,932,640	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	45,461	504,559
Assigned	-	-	-	-	-	-	1,228,319	1,567,152	584,882	1,881,368
Unassigned	-	-	-	-	-	-	2,886,174	2,152,349	3,455,261	1,563,106
Total General Fund	\$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	\$3,949,033
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	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	3,456,344
Public safety	-	-	-	-	-	-	9,138	6,787	13,547	8,258
Unassigned	-	-	-	-	-	-	-	-	-	(89,110)
Total all other government funds	\$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	\$3,375,492

* 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.

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Property taxes	\$ 832,471	\$ 955,826	\$ 792,745	\$ 760,324	\$ 893,218	\$ 849,227	\$ 781,027	\$ 839,576	\$ 790,859	\$ 766,757
Sales taxes	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	1,371,890
Other taxes	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	2,176,436
Licenses and permits	118,725	121,030	126,336	127,572	124,856	132,852	129,296	134,176	131,055	146,732
Intergovernmental	217,055	255,054	936,110	471,574	1,721,526	2,243,471	626,371	2,174,227	1,058,315	1,475,125
Fines and forfeitures	333,451	409,792	567,942	538,353	546,765	399,152	281,942	386,044	423,299	384,069
Charges for services	982,837	1,030,029	1,025,778	1,052,557	18,500	13,000	21,080	18,270	18,020	22,045
Interest earnings	103,180	161,332	204,273	176,526	123,181	97,507	62,710	35,002	28,269	27,413
Rent	114,469	128,813	144,272	146,463	161,820	161,646	162,472	166,129	209,629	219,746
Donations	-	-	-	200,000	200,295	255	50,461	17,752	4,350	85,461
Other revenues	400,062	116,173	234,779	75,166	99,407	86,160	62,304	88,533	41,088	111,657
Total revenue	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	6,787,331
Expenditures										
General Government	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	1,887,603
Public Safety	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	3,101,427
Public Works	954,244	880,566	571,184	588,849	472,807	496,559	344,961	273,226	273,062	462,523
Economic Development	37,770	97,832	441,423	68,852	47,609	50,092	440	-	-	183,246
Culture and Recreation	-	-	-	-	-	-	21,697	366,231	530,294	983,947
Capital outlay	24,845	28,671	816,427	210,246	1,032,302	2,198,369	227,802	2,324,765	981,929	987,987
Total expenditures	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	7,606,733
Excess of revenues over (under) expenditures	92,759	354,976	(161,341)	(346,989)	(599,350)	(1,787,296)	(479,368)	(2,164,453)	(860,697)	(819,402)
Other Financing Sources (Uses)										
Transfers from other funds	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	1,039,968
Transfers to other funds	(42,721)	(47,803)	(101,983)	(57,159)	(52,562)	(61,511)	(116,422)	(60,488)	(46,106)	(39,968)
Sale of property	24,120	48,908	14,901	19,213	14,391	8,157	20,565	2,111	10,920	19,320
Total other financing sources (uses)	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	1,019,320
Net change in fund balances	\$ 1,339,942	\$ 1,638,140	\$ 1,113,627	\$ 966,253	\$ 415,041	\$ (459,443)	\$ 366,197	\$ (663,842)	\$ 156,220	\$ 199,918

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

Fiscal Year	Tax Revenues												Total
	General Property	Motor Vehicle and Mobile Home	Local Option (LOST) Sales	Special Local	Joint Projects Special Taxing District	Intangible	Franchise	Insurance Premium	Real Estate Transfer	Alcoholic Beverage	Hotel/Motel		
				Option (SPLOST) Sales									
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	
2014	766,757	220,865	1,371,890	829,756	870,440	2,592	336,097	494,582	1,770	183,476	66,614	5,144,839	

Note 1: The Joint Projects Special Taxing District began in year 2014.

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	
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
2014	121,702,492	304,256,229	81,134,994	202,837,486	202,837,486	507,093,715	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	Joint Projects Rate	General Obligation Debt Service	Total Direct Rate	State of Georgia	Upson County	City-County School System	
2005	3.83	0.00	0.00	3.83	0.25	13.31	13.46	30.85
2006	3.68	0.00	0.00	3.68	0.25	12.80	14.34	31.07
2007	3.66	0.00	0.00	3.66	0.25	12.72	15.03	31.66
2008	3.62	0.00	0.00	3.62	0.25	12.72	14.30	30.89
2009	3.62	0.00	0.00	3.62	0.25	12.72	14.30	30.89
2010	3.62	0.00	0.00	3.62	0.25	12.72	14.30	30.89
2011	3.62	0.00	0.00	3.62	0.25	12.72	14.30	30.89
2012	3.84	0.00	0.00	3.84	0.20	7.77	15.30	27.11
2013	3.84	0.00	0.00	3.84	0.15	16.50	15.34	35.83
2014	3.84	4.91	0.00	8.75	0.10	11.13	15.38	35.36

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

In 2014 the City of Thomaston adopted a joint projects rate for services being paid for by both city and county residents. The rate made the City portion of taxes increase, but reduced the overlapping County portion of taxes. Projects such as the Recreation Department, Airport, Archives, Industrial Development Authority, E-911, etc. are being funded by the Joint Projects Tax Rate.

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

Taxpayer	2014				Taxpayer	2005			
	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	\$32,869,331	\$287,607	1	15.37%	West Georgia Generating	\$37,215,000	\$142,533	1	16.16%
Wal-Mart Stores, Inc.	7,039,742	61,598	2	3.30%	Wal-Mart Stores, Inc.	6,932,652	26,552	2	3.01%
Home Depot	6,745,276	33,846	3	1.81%	Yamaha Music Mfg., Inc.	8,301,368	23,485	3	2.66%
Standard Textiles	10,081,473	31,571	4	1.69%	Atlantic Paper & Foil	5,763,600	19,164	4	2.17%
North Creek Shopping Center	3,236,940	28,232	5	1.51%	Home Depot	5,001,976	19,160	5	2.17%
SouthCrest Bank - previously Bank of Upson	2,602,993	22,776	6	1.22%	One Four Five Associates	2,751,635	10,539	6	1.20%
Ingles Market	1,994,991	17,456	7	0.93%	Georgia Alltel Telecom	2,632,478	10,082	7	1.14%
1888 Mills	6,757,458	16,172	8	0.87%	1888 Mills, LLC	8,777,745	7,895	8	0.90%
Georgia Windstream	1,389,430	13,465	9	0.72%	Oracle packaging Co. of Georgia	3,736,823	7,144	9	0.81%
Charter Communication	1,319,801	11,548	10	0.62%	Royal Cord, Inc.	3,460,898	5,380	10	0.61%
	<u>\$ 74,037,435</u>	<u>\$ 524,271</u>		<u>28.04%</u>		<u>\$ 84,574,175</u>	<u>\$ 271,934</u>		<u>30.83%</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
2005	\$	881,590	\$ 778,706	88.33%	\$ 102,871	\$ 881,577	100.00%
2006		874,757	760,294	86.91%	114,301	874,575	99.98%
2007		917,470	734,117	80.02%	183,140	917,257	99.98%
2008		868,711	729,936	84.03%	138,484	868,420	99.97%
2009		879,011	768,774	87.46%	109,744	878,518	99.94%
2010		875,559	769,592	87.90%	105,231	874,823	99.92%
2011		851,015	734,588	86.32%	115,125	849,713	99.85%
2012		875,547	640,085	73.11%	232,751	872,836	99.69%
2013		950,132	856,029	90.10%	68,657	924,686	97.32%
2014		988,859	887,224	89.72%	-	887,224	89.72%

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
	2012	of Total	2013	of Total	2014	of Total
Accommodations	\$ 15,065	0.47%	\$ 15,064	0.53%	\$ 15,732	0.50%
Automotive	283,516	8.91%	122,147	4.32%	61,186	1.93%
Construction	6,370	0.20%	6,326	0.22%	6,457	0.20%
Food	484,750	15.23%	474,079	16.75%	500,737	15.76%
General	657,277	20.65%	572,901	20.25%	705,332	22.20%
Home	77,508	2.43%	87,096	3.08%	73,792	2.32%
Manufacturers	224,828	7.06%	122,722	4.34%	323,088	10.17%
Misc. Service	285,521	8.97%	300,192	10.61%	310,128	9.76%
Other Retail	286,345	9.00%	267,560	9.45%	299,195	9.42%
Other Services	87,020	2.73%	96,849	3.42%	70,941	2.23%
Utilities	335,714	10.55%	326,948	11.55%	333,714	10.50%
Wholesale	439,413	13.80%	437,955	15.48%	477,192	15.02%
Total	<u>\$ 3,183,327</u>	<u>100.00%</u>	<u>\$ 2,829,839</u>	<u>100.00%</u>	<u>\$ 3,177,494</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
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
2014	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 ended 6/30/2010.
- (6) The 1% ELOST began 7/1/2010 and will end 6/30/2015.
- (7) 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			
2005	\$ -	\$ 10,370,000 (1)	\$ 2,223,743 (2)	\$ 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 (4)	10,654,096	1,169	0.2631%
2013	-	7,725,000	2,207,203	9,932,203	1,095	0.3042%
2014	-	7,255,000	3,478,651 (5)	10,733,651	1,183	0.2957%

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 2014 ending balance was \$903,117.

(4) 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 2014 ending balance was \$1,212,655.

(5) The City of Thomaston entered into a promissory note agreement with the Georgia Environmental Finance Authority (GEFA) in 2013. The first draw on the loan was made in 2014. The 2014 ending balance was \$1,362,879.

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, 2014

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)	4,781,233
- Capital Leases (4)	186,416
Total Overlapping Debt	4,967,649
Total Direct and Overlapping	<u>\$ 4,967,649</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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net Assessed Value	\$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	\$202,837,486
Debt Limit - 10% of Assessed Value	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	20,283,749
Debt Applicable to Limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	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	20,283,749
Legal debt margin as a percentage of the debt limit	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

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

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

Public Utilities System Revenue Bonds									
Year	Gross Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service			Coverage		
				Principal	Interest	Total			
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		
2014	19,071,949	16,366,704	2,705,245	470,000	192,146	662,146	4.09		

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
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
2014	9,081	31,739	38.2	9.2

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	2014 Rank	Employer	Number of Employees	2005 Rank
Thomaston/Upson County Schools	571	1	Thomaston/Upson County Schools	687	1
Upson Regional Medical Center	540	2	Upson Regional Medical Center	464	2
Upson County Government	232	3	Yamaha Music Mfg.	240	3
Wal-Mart	207	4	Standard Textile Company	225	4
Standard Textile Company	171	5	Georgia Dept. of Transportation	210	5
Southern Crescent Technical College	122	6	1888 Mills, LLC.	185	6
Providence Nursing Home	115	7	Royal Cord, Inc.	172	7
Ingles Supermarket	110	8	Duni Corporation	170	8
Beverly Health Rehab / Golden Living Ctr	101	9	City of Thomaston	129	9
McDonald's Restaurant	89	10	Atlantic Paper & Foil	122	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: Innaware, 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,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Administration	8	9	11	10	10	10	10	5	4	4
Finance	5	5	5	5	5	5	5	5	5	5
Community Development	1	1	1	1	1	1	1	1	1	1
Parks & Public Spaces (Note 1)								6	5	5
Meter Readers (Note 2)								2	2	3
Electric Department	15	18	15	14	13	13	13	13	11	11
Fire Department	18	18	19	19	21	21	20	20	19	15
Police Department										
Officers	26	27	27	27	23	22	23	21	20	22
Civilians	3	3	2	3	3	3	3	3	3	2
Street Department	20	19	12	11	10	8	5	4	4	4
Water/Wastewater Department (Note 3)	25	25	25	25	24	21	19	21	19	20

Source: Payroll records

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

Note 2: The Meter Readers were reclassified from Administration to their own line item beginning in 2012.

Note 3: The city's water and wastewater activities were contracted to Severn Trent Services for 2013.

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 Ten Years

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Building permits issued										
New Residential	22	22	23	7	5	3	0	0	1	0
New Commercial	3	5	7	6	6	4	5	6	1	5
Additional & Improvements - Residential	144	129	110	97	98	64	67	83	126	121
Additional & Improvements - Commercial	6	10	10	18	22	18	16	22	12	18
Police Department										
Physical arrests	2,808	3122	2741	1120	587	794	620	425	729	691
Citations	1,690	2758	2184	3648	2916	1853	1751	2602	3091	2650
Fire Department										
Emergency (EMS) responses	112	132	132	134	149	193	228	156	191	206
Fires extinguished	53	71	82	28	89	75	79	71	53	52
Street Department										
Streets resurfaced (miles)	0.82	0	1.38	0.43	0.34	0.92	0	5.21	0	0.9
Sidewalks replaced (miles)	N/A	0.29	1.96	0.54	0.07	0.06	0.1	0	0.38	0.66
Electric Department										
Lines replaced (miles)	0.62	2.38	2.16	5.45	0	2.62	0.17	4.87	0	0
Water Department										
New connections	33	30	31	23	10	6	8	4	0	8
Water main breaks	471	427	159	319	240	184	343	60	346	348
Average daily consumption (million gallons)	1.72	1.66	1.73	1.56	1.45	1.3	1.18	1.18	1.07	1.11
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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police Department										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol cars	9	10	10	10	10	11	11	11	11	13
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	2	2	3	3	3	3	3	3	3
Fire hydrants	587	608	608	600	600	600	610	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)	81	81	98.73	98.73	99.54	99.54	99.54	99.54	99.54	99.54
Street Department										
Streets (miles)	51.56	51.63	52.24	52.24	52.61	52.61	52.61	52.61	52.61	52.77
Sidewalks (miles)	30.6	30.6	30.6	30.6	30.6	30.6	30.63	30.75	30.75	30.75
Water Department										
Water filter plants	1	1	1	1	1	1	1	1	1	1
Filtering capacity (MGD)	6	6	4.3	4.3	4.3	4.3	4	4	4	4
Water lines (miles)	81.24	81.49	82.16	82.74	83.28	83.66	83.66	83.66	83.66	83.66
Water tanks (above & underground)	12	12	10	10	10	10	7	8	8	8
Storage capacity (millions of gallons)	4.41	4.41	4.01	4.01	4.01	4.01	2.05	2.12	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	66.67	66.67	67.11	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

CITY OF THOMASTON, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2014

2004 Special Local Option Sales Tax Projects:	Original Estimated Cost	Expenditures		
		Prior Year(s)	Current Year	Total
Sewer Projects	\$ 2,282,760	\$ 1,292,455	\$ 4,307	\$ 1,296,762
Bell Creek Project	1,175,040	971,068	-	971,068
Water & Wastewater Projects	1,175,040	898,689	-	898,689
Beautification Projects	195,840	375,094	-	375,094
Totals	<u>\$ 4,828,680</u>	<u>\$ 3,537,306</u>	<u>\$ 4,307</u>	<u>\$ 3,541,613</u>

2011 Special Local Option Sales Tax Projects:	Original Estimated Cost	Expenditures		
		Prior Year(s)	Current Year	Total
Sewer Line Replacement	\$ 4,183,276	\$ 584,485	\$ 489,079	\$ 1,073,564
Totals	<u>\$ 4,183,276</u>	<u>\$ 584,485</u>	<u>\$ 489,079</u>	<u>\$ 1,073,564</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.

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SINGLE AUDIT SECTION

CITY OF THOMASTON, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

Federal/Grantor/Pass-Through Grantor/Program Title or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>Environmental Protection Agency</u>			
Passed through Georgia Environmental Finance Agency:			
Drinking Water State Revolving Fund	66.468	DWSRF 13-011	\$ 298,150
Total Environmental Protection Agency			298,150
<u>U.S. Department of Homeland Security</u>			
Passed through Georgia Emergency Management Agency:			
FEMA Grant	97.036	FEMA-4165-DR-GA	23,816
Total U.S. Department of Homeland Security			23,816
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Georgia Department of Community Affairs:			
2012 Community Development Block Grant	14.218	12p-x-145-2-5470	322,513
Total U.S. Department of Housing and Urban Development			322,513
<u>U.S. Department of Justice</u>			
Direct Programs			
Federal Forfeiture Program	16.922		13,060
Total U.S. Department of Justice			13,060
Total Expenditures of Federal Awards			\$ 657,539

The accompanying notes are an integral part of these financial statements

CITY OF THOMASTON, GEORGIA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the City of Thomaston, Georgia under programs of the federal government for the year ended December 31, 2014. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the City of Thomaston, Georgia, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Thomaston, Georgia.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 – SUBRECIPIENTS

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

CITY OF THOMASTON, GEORGIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2014

FEDERAL AWARD FINDINGS

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

NONE REPORTED

**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, 2014, 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 18, 2015.

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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses. 2014-001, 2014-002, 2014-003, 2014-004 and 2014-005.

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

Purpose of this Report

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

Macon, Georgia
June 18, 2015



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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Thomaston, Georgia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Thomaston, Georgia's major federal programs for the year ended December 31, 2014. The City of Thomaston, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Thomaston, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Thomaston, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Thomaston, Georgia's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Thomaston, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Report on Internal Control Over Compliance

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

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Thomaston, Georgia as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City of Thomaston, Georgia's basic financial statements and have issued our report thereon dated June 18, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Macon, Georgia
June 18, 2015

CITY OF THOMASTON, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
14.218	Community Development Block Grant
97.036	FEMA

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

CITY OF THOMASTON, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

Section II – Financial Statement Findings

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

2014-001 Direct Adjustments to Fund Balance

CRITERIA

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

CONDITION

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

CONTEXT

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

- In the General Fund, an audit adjustment of \$589,051 was needed to correct the fund balance.
- In the Joint Projects Fund, an audit adjustment of \$621,091 was needed to correct the fund balance.
- In the Greatest Generational Park Fund, an audit adjustment of \$10,000 was needed to correct the fund balance.

EFFECT

Material audit adjustments were necessary to correct beginning fund balances.

CAUSE

Accounting personnel may have lacked adequate training.

RECOMMENDATION

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

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

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

CITY OF THOMASTON, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

2014-002 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

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

General Fund

- Audit adjustments of \$39,337 and \$41,174 were needed to reverse the prior year receivable and record the current year receivable for franchise taxes.
- Net audit adjustment of \$17,536 was needed to correct property tax revenues and to correct the receivables, related deferred inflows, and the allowance for uncollectible accounts.

Capital Projects Funds

- Audit adjustment of \$48,507 was needed to record a grant receivable from CDBG in the 2012 CDBG Water Line Fund.
- Audit adjustment of \$69,880 was needed to remove an outstanding deposit from cash and to record an accounts receivable in the 2011 SPLOST Fund.

Proprietary Funds

- Audit adjustment of \$580,391 was needed to correctly record the dividend income on the MEAG investment account in the Electric Fund.
- Audit adjustment of \$38,246 was needed in the Water and Sewer Fund and Electric Fund to move penalties to the appropriate fund.
- Audit adjustments of \$58,485 were needed to move accounts receivable from the Electric Fund to the Water and Sewer Fund \$52,397 and the Sanitation Fund \$6,088.
- Audit adjustment of \$247,130 was needed to record a grant receivable from GEFA in the Water and Sewer Fund.
- Audit adjustment of \$1,110,494 was needed to properly report GEFA loan debt in the Water and Sewer Fund.

EFFECT

Material audit adjustments were necessary to fairly report revenues and the related receivables for the year ended December 31, 2014.

CAUSE

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

CITY OF THOMASTON, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

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 QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

2014-003 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

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

- In the General Fund, an audit adjustment of \$104,742 was needed to record additional accounts payable.
- In the General Fund, an audit adjustment of \$35,865 was needed to reverse prior year accrued salaries.
- In the Water and Sewer Fund, multiple audit adjustments were needed to record additional accounts payable of \$357,983, in addition an audit adjustment of \$130,967 was needed to record retainage payable as of December 31, 2014.
- In the Electric Fund, an audit adjustment of \$55,161 was needed to record additional accounts payable.
- In the Electric Fund, an audit adjustment of \$10,607 was needed to reverse prior year accrued salaries.

EFFECT

Material audit adjustments were needed to fairly state and classify expenditure / expenses for the year ended December 31, 2014.

CAUSE

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

RECOMMENDATION

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

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

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

CITY OF THOMASTON, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

2014-004 **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

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 \$50,588 were needed to correct the contributed capital and related construction/capital asset accounts paid with SPLOST Funds.
- An audit adjustment of \$379,750 was needed to properly report capital asset accounts as of December 31, 2014.
- Audit adjustments of \$2,612,190 were needed to reclassify construction in progress projects out of completed project capital asset accounts.

EFFECT

Material audit adjustments were needed to fairly report capital asset information for the year ended December 31, 2014.

CAUSE

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

RECOMMENDATION

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

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

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

CITY OF THOMASTON, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

2014-005 Customer Deposits

CRITERIA

Accounting and control procedures should be designed to insure customer deposit subsidiary records are reconciled to the general ledger control accounts on a timely basis.

CONDITION

The City was unable to provide detailed subsidiary records for customer deposits which agree to the general ledger control accounts for customer deposits in the Electric Fund and Water and Sewer Fund as of December 31, 2014.

CONTEXT

The City was unable to reconcile a difference of \$28,329 between the customer deposit listing and the general ledger control accounts in the Electric Fund and Water and Sewer Fund.

EFFECT

Incomplete and unreconciled accounting records create an environment where misstatements in the accounting records, either through error or fraud, will not be detected and corrected in a timely manner. In addition, interim financial reports, which are used by management for fiscal-related decisions, could have been relied upon in error.

CAUSE

The City had inadequate internal control procedures regarding customer deposits.

RECOMMENDATION

The City should establish procedures to perform monthly reconciliations between the customer deposits records and the general ledger and clearly identify any differences that occur each month.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management concurs with the finding. The City will establish procedures to perform periodic reconciliations between customer deposit records and the general ledger and clearly identify any differences that occur each month.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.