

CITY OF THOMASTON, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FOR THE YEAR ENDED
DECEMBER 31, 2016**

**PREPARED BY:
FINANCE OFFICE**

CITY OF THOMASTON, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016
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INTRODUCTORY SECTION

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CITY OF THOMASTON

FINANCE DEPARTMENT

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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, 2016.

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.

The City's financial statements have been audited by Driver & Adams, 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, 2016, 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, 2016, 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 9,000. The increasing industrial, commercial and residential growth from south of Atlanta together with a four-lane highway connector from Atlanta to this area, places the City in a very favorable geographic location conducive to 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 councils 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 2016, 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 ensure 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 2016, the balance in the Reserve Account was \$484,650, and the Capital Purchases Account balance was \$746,600.

Following the Special Purpose Local Option Sales Tax (SPLOST) funds that began in 2011 and ended for the City in 2016, another SPLOST began in 2016 with receipts beginning June 2016. 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

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, 2015, our twenty-ninth consecutive year.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual 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 the GFOA.

I want to thank the Mayor and members of 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 thank the City manager and our city auditors, Driver & Adams, for their contributions in the preparation of the 2016 CAFR.

Respectfully submitted,



Lonnie Joyce
Finance Director



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Thomaston
Georgia

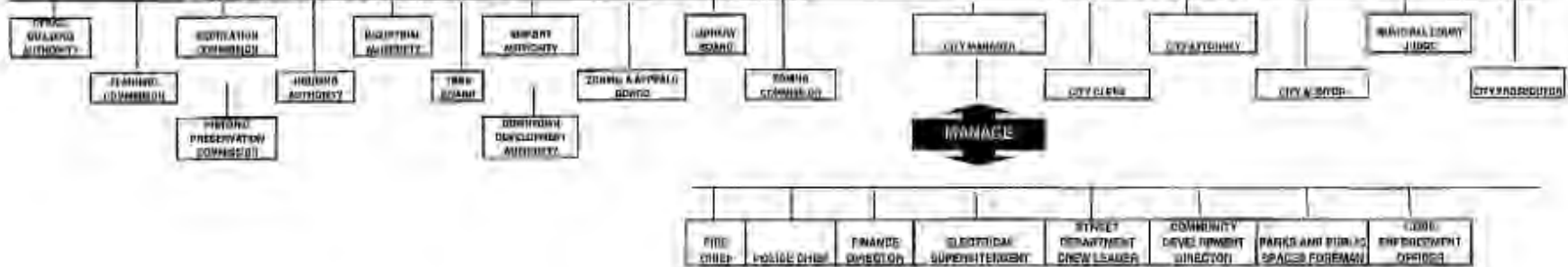
Text38:

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is written in a cursive, flowing style.

Executive Director/CEO



CITY OF THOMASTON, GEORGIA

2016 LIST OF ELECTED AND APPOINTED OFFICIALS

MAYOR

John David “J.D.” Stallings

CITY COUNCIL

Lakeitha Reeves

Jeff Middlebrooks

Ryan Tucker

Donald M. Greathouse

Doug Head

CITY MANAGER

Russell Thompson

CITY CLERK/TREASURER

FINANCE DIRECTOR

Lonnie Joyce

INDEPENDENT AUDITORS

Driver & Adams
Certified Public Accountants

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council Members
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, 2016, 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 Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principle 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 from 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 judgement, 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, 2016, and the respective changes in financial position, and, where applicable, cash flows, and the respective budgetary comparison information 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 on pages 10 through 20, the schedule of changes in the City's net pension liability and related ratios on page 56, the schedule of City contributions on page 57, and the notes to the required supplementary information on page 58 be presented to supplement 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 combining and individual nonmajor fund financial statements and schedules, budgetary comparison schedules, the schedule of projects constructed with special tax proceeds, and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the other information, such as the introductory section and statistical tables are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The combined 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 July 17, 2017, 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.

Thomaston, Georgia
July 17, 2017

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MANAGEMENT'S DISCUSSION & ANALYSIS

CITY OF THOMASTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016

Management's Discussion and Analysis

The discussion and analysis of the City of Thomaston's financial performance provide an overview of the City's financial activities for the year ended December 31, 2016.

FINANCIAL HIGHLIGHTS

- The Mayor and City Council completed \$2.7 million in infrastructure work in 2016. The city undertook the water line, sewer line, storm line, sidewalk, and milling and paving replacement work.
- The Mayor and City Council have carried out more than \$37 million in capital purchases and infrastructure work since January 2005. The Mayor and City Council carried out \$6.6 million of said purchases and work in 2016.
- The city government's total cash and cash equivalents at the end of 2016 was \$7,519,565. In addition to the \$7.5 million, the city held \$1,667,402 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 \$746,696 as of December 31, 2016.
- The Mayor and City Council reduced the size of city government over the past decade. The city had 1/3rd fewer employees in 2016 than 2002. The city paid just over \$3.1 million in total gross wages in 2016. The city paid less in total gross wages in 2016 than the city paid 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 2016 employee health, dental, disability, and life insurance premium costs totaled \$612,962.
- The City's net position increased by \$1,775,262 in 2016. Net Position for the Governmental Activities decreased by \$3,047,561 in 2016. The City's net position for the Business-type Activities increased by \$4,822,823.
- Approximately 4/5^{ths} 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.

CITY OF THOMASTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016

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, and present a longer-term view of the city's finances. For governmental activities, these statements tell how the 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 the 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 and fire departments, public works, parks and public spaces, city court, finance, and general administration. Property taxes, sales tax, 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 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, 2016

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 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.

- **Governmental 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 government fund balance sheet 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 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.

CITY OF THOMASTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016

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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the close of the most recent fiscal year. The City of Thomaston's total net position at the close of 2016 totaled \$44,414,021. The City of Thomaston's total net position at the close of 2016 grew by \$1,775,262 or 4.1% in 2016.

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 resources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Current and Other Assets	\$ 5,246,015	\$ 9,187,552	\$ 6,443,152	\$ 4,752,503	\$ 11,689,167	\$ 11,689,167
Capital and Noncurrent Assets	21,508,928	16,020,543	35,613,440	30,901,288	47,164,201	47,164,201
Total Revenue	26,754,943	25,208,095	42,056,592	35,653,791	58,853,368	58,853,368
Deferred Outflows of Resources	1,347,988	266,350	90,860	108,791	438,848	438,848
Liabilities						
Current Liabilities	\$ 95,520	\$ 906,342	\$ 1,203,776	\$ 1,053,058	\$ 1,299,296	\$ 1,959,400
Long-Term Liabilities	4,696,501	4,416,007	13,506,461	12,084,830	18,202,962	16,500,837
Total Liabilities	4,792,021	5,322,349	14,710,237	13,137,888	19,502,258	18,460,237
Deferred Inflows of Resources	58,362	98,002	29,727	40,029	88,089	138,031
Net Position						
Net Investment in Capital Assets	\$ 16,262,913	\$ 16,020,543	\$ 23,630,401	\$ 20,252,256	\$ 39,893,314	\$ 36,272,799
Restricted	1,080,664	4,190,523	288,824	290,134	1,369,488	4,480,657
Unrestricted (deficit)	(337,044)	(156,972)	3,488,263	2,042,275	3,151,219	1,885,303
Total Net Position	\$ 17,006,533	\$ 20,054,094	\$ 27,407,488	\$ 22,584,665	\$ 44,414,021	\$ 42,638,759

CITY OF THOMASTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues						
Charges for services	\$ 799,959	\$ 995,389	\$ 19,299,283	\$ 18,959,490	\$ 20,099,242	\$ 19,954,879
Operating grants and contributions	358,365	620,317	-	-	358,365	620,317
Capital grants	779,738	1,449,990	3,594,640	1,820,908	4,374,378	3,270,898
General Revenues					-	
Taxes	4,537,042	4,589,349	-	-	4,537,042	4,589,349
Investment Earnings	13,362	10,949	46,598	41,351	59,960	52,300
Other	137,999	174,759	98,065	270,052	236,064	444,811
Total Revenue	<u>6,626,465</u>	<u>7,840,753</u>	<u>23,038,586</u>	<u>21,091,801</u>	<u>29,665,051</u>	<u>28,932,554</u>
Expenses						
General government	5,236,015	3,639,830	-	-	5,236,015	3,639,830
Judicial	212,879	267,744	-	-	212,879	267,744
Public safety	3,184,142	2,727,279	-	-	3,184,142	2,727,279
Public works	656,702	502,207	-	-	656,702	502,207
Economic development	358,257	332,633	-	-	358,257	332,633
Culture and recreation	1,526,021	1,276,803	-	-	1,526,021	1,276,803
Water and sewer	-	-	4,704,846	4,747,369	4,704,846	4,747,369
Electric	-	-	10,967,949	11,752,201	10,967,949	11,752,201
Sanitation	-	-	1,042,968	1,131,507	1,042,968	1,131,507
Total Expenses	<u>11,174,016</u>	<u>8,746,496</u>	<u>16,715,763</u>	<u>17,631,077</u>	<u>27,889,779</u>	<u>26,377,573</u>
Excess (deficiency) before contributions and transfers	(4,547,551)	(905,743)	6,322,823	3,460,724	1,775,272	2,554,981
Transfers	<u>1,500,000</u>	<u>3,266,770</u>	<u>(1,500,000)</u>	<u>(3,266,770)</u>	-	-
Change in Net Position	(3,047,551)	2,361,027	4,822,823	193,954	1,775,272	2,554,981
Net Position - Beginning of Year	<u>20,054,094</u>	<u>17,693,067</u>	<u>22,584,665</u>	<u>22,390,711</u>	<u>42,638,759</u>	<u>40,083,778</u>
Net Position - End of Year	<u>\$ 17,006,543</u>	<u>\$ 20,054,094</u>	<u>\$ 27,407,488</u>	<u>\$ 22,584,665</u>	<u>\$ 44,414,031</u>	<u>\$ 42,638,759</u>

CITY OF THOMASTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016

Governmental Activities

The City of Thomaston's total net position decreased during 2016. The governmental activities net position decreased by \$3,047,551 or 15.1% from 2015. The city's Governmental Activities net investment in capital assets decreased by \$242,370 or 1.5%. The city will be shifting all SPLOST funds from current to capital assets over the year.

The city's liabilities decreased by \$530,328 in 2016 from 2015. This decrease is attributable to a reduction of accounts payable. The estimated landfill post closure cost was decreased in 2016 by \$187,202 from the 2015 estimate and the net pension liability per GASB 68 (Accounting and Financial Reporting for Pensions) was booked at \$2,535,444.

Business-type Activities

The city's water and sewer fund net position increased by \$4,168,729 in 2016. The net investment in capital assets increased in 2016 by \$3,442,195. The reason is an increase in system upgrades of \$5,482,007 and equipment purchases of \$134,647.

The city's electric fund had a net position increase of \$539,295 in 2016.

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 \$374,328 in contributions to the pension fund in 2016. The city contributed 100% of the recommended contribution as determined by the plan's actuary.

General Fund

General fund expenditures exceeded revenues and transfers from other financing sources in 2016 by \$338,464. Total revenues decreased by \$128,474 or 2.7%.

The city's total gross wages paid to all general fund, electric fund, and community development fund workers (city wide) increased slightly in 2016. The city payroll was \$3,134,489 in 2016. The city pays 100% of the employee's premium for health and other insurances. The city's total annual employee health, dental, disability and life insurance premium costs were \$612,962 in 2016.

CITY OF THOMASTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016

Total governmental funds net change in fund balances decreased by \$3,080,735 in 2016. The Special Purpose Local Options Sales Tax expenditures exceeded revenues by \$3,055,400 in 2016.

Water and Sewer Fund

The water and sewer fund operating revenues for services and miscellaneous revenue increased in 2016 by \$72,335.

The city increased water and sewer long-term liabilities by \$1,294,524 in 2016. The city had \$11,619,672 in water and sewer long-term liabilities at the close of 2016. The city expended \$849,601 on water and sewer debt principal and interest in 2016. This amount represents, as a figure, 19.08% of total operating revenue.

Electric Fund

The City's electrical total operating revenues increased in 2016 by \$96,209 or .072%.

Approximately 4/5^{ths} 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.

SPLOST

The city has three special purpose local option sales tax (SPLOST) funds. The first account, set up in 2004, expended all funds and had a year-end balance of \$0. The second, set up in 2011, had a year-end balance of \$620,646. The third, set up in 2016, had a year-end balance of \$199,290. The expenditures of the three funds exceeded revenues by \$3,055,400. The city posted \$3,515,669 of SPLOST funds on capital outlay projects in 2016. The city had \$819,936 in SPLOST funds as of the close of 2016. These funds will be expended on sewer line replacement and refurbishing over the next year. The city plans to utilize all of its incoming SPLOST dollars for sewer line work.

CITY OF THOMASTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016

Reserve and Capital Spending Accounts

The reserve is intended to serve as a buffer in the event of a drop in revenues caused by a natural disaster or fiscal crisis.

1. The city's reserve protects the city from sudden changes in the local economy and gives leaders time to make changes if a long-term change such as a major plant closing or loss of an ongoing revenue source occurs.

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 \$746,696 as of December 31, 2016.

1. 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 unconsolidated 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 \$360,000 on the Park Street and Weaver Park in recent years. Additionally, the city completed a \$235,000 improvement and bathroom facility at the Park Street playground during 2016.

Comparison of the Final 2016 Budget with the Actual Expenditures

The major variance in the General Fund expenditures is in the general administration category. The variation is \$917,973. The city did not move forward on \$699,000 of budgeted capital projects, equipment purchases and property purchases. The police department did not hire all of the officers that were planned in 2016.

Comparison of the original 2016 Budget with the Final Amended Budget

The city undertook a budget revision in March of 2016 to account for the purchase of police department take home cars, a software upgrade and the resignation of the city manager. A second revision was made in August of 2016 to reduce budgeted capital projects and allocate funds to additional legal fees, the hiring of a Human Resource Officer, and an emergency storm line project in the street department.

CITY OF THOMASTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016

Capital Asset Administration

The City of Thomaston's investment in capital assets for its governmental and business-type activities as of December 31, 2016 amounts to \$51,876,353 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 \$4,954,522. In 2015 investment in capital assets net depreciation increased \$5,149,462. In 2014 investment in capital assets net depreciation increased \$3,264,966. In 2013 investment in capital assets net depreciation increased \$551,365. In 2012 investment in capital assets net depreciation increased \$3,937,779. The city's water, sewer and electric systems ending balance in 2016 increased \$4,712,152 with water line improvements or construction in progress on water and sewer systems or equipment.

The largest general governmental activities purchase in 2016 was \$522,741, mostly on the purchase of police take home vehicles. The general government activities increased accumulated depreciation of \$757,309. The net investment in general government capital assets increased in 2016 by \$242,370.

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		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 2,747,932	\$ 2,747,932	\$ 2,439,469	\$ 2,439,469	\$ 5,187,401	\$ 5,187,401
Construction in Progress	29,402	-	4,170,945	1,302,318	4,200,347	1,302,318
Buildings	2,186,209	2,165,395	1,331,903	1,492,809	3,518,112	3,658,204
Systems	-	-	26,254,882	24,150,075	26,254,882	24,150,075
Equipment	1,105,963	1,046,094	1,342,661	1,423,853	2,448,624	2,469,947
Vehicles	844,810	401,298	73,580	92,764	918,390	494,062
Infrastructure	9,348,597	9,659,824	-	-	9,348,597	9,659,824
Total Capital Assets	<u>\$ 16,262,913</u>	<u>\$ 16,020,543</u>	<u>\$ 35,613,440</u>	<u>\$ 30,901,288</u>	<u>\$ 51,876,353</u>	<u>\$ 46,921,831</u>

CITY OF THOMASTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016

Long-term Debt Administration

As of December 31, 2016, the City of Thomaston reported the following long-term debt:

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenue Bonds	\$ -	\$ -	\$ 6,280,000	\$ 6,775,000	\$ 6,280,000	\$ 6,775,000
GEFA Loan	-	-	5,703,039	3,874,032	5,703,039	3,874,032
Landfill Postclosure Liabilities	2,000,590	2,187,792	-	-	2,000,590	2,187,792
Compensated Absences	160,467	130,091	48,591	48,255	209,058	178,346
Net Pension Liability	2,535,444	2,098,124	937,767	856,981	3,473,211	2,955,105
Total Long-Term Debt	\$ 4,696,501	\$ 4,416,007	\$ 12,969,397	\$ 11,554,268	\$ 17,665,898	\$ 15,970,275

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. Note the net pension liability per the newly implemented GASB 68 (Accounting and Financial Reporting of Pensions) was booked at \$3,473,211.

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 extra water storage. The acquisition and expansion of the former Thomaston Mills reservoir has added 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 25 miles of water lines in town over the past decade. This represents more than ¼ of the

CITY OF THOMASTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016

entire water distribution system. The city has another waterline replacement project on line for 2017.

The mayor and city council plan to set aside 100% of the next SPLOST on water, sewer and storm line enhancement or replacement.

Requests for Information

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

FINANCIAL STATEMENTS

City of Thomaston, Georgia
Statement of Net Position
December 31, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Current Assets:			
Cash and cash equivalents	\$ 4,125,813	\$ 3,393,752	\$ 7,519,565
Investments	-	1,667,402	1,667,402
Receivables, net of allowance:			-
Taxes	179,509	-	179,509
Accounts	55,779	1,464,568	1,520,347
Intergovernmental	351,492	162,028	513,520
Internal balances	533,422	(533,422)	-
Prepays	-		-
Restricted cash and cash equivalents:			-
Revenue bond covenant accounts	-	288,824	288,824
Capital assets:			-
Non-depreciable	2,777,334	6,610,414	9,387,748
Depreciable, net	<u>13,485,579</u>	<u>29,003,026</u>	<u>42,488,605</u>
 Total Assets	 <u>21,508,928</u>	 <u>42,056,592</u>	 <u>63,565,520</u>
 <u>Deferred Outflows of Resources</u>			
Deferred outflows of resources related to pensions	<u>347,988</u>	<u>90,860</u>	<u>438,848</u>
 Total Deferred Outflows of Resources	 <u>347,988</u>	 <u>90,860</u>	 <u>438,848</u>

City of Thomaston, Georgia
Statement of Net Position
December 31, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Liabilities</u>			
Accounts payable	45,918	1,189,632	1,235,550
Accrued liabilities	33,208	-	33,208
Retainage payable	5,687	-	5,687
Deposits payable	10,707	-	10,707
Accrued interest payable	-	14,144	14,144
Noncurrent liabilities:			-
Due within one year:			-
Accrued vacation	117,100	28,000	145,100
Notes payable	-	205,088	205,088
Revenue bonds payable	-	500,000	500,000
Landfill closure/postclosure	200,041	-	200,041
Due in more than one year:			-
Customer deposits	-	537,064	537,064
Accrued vacation	43,367	20,591	63,958
Notes payable	-	5,497,951	5,497,951
Revenue bonds payable	-	5,780,000	5,780,000
Landfill closure/postclosure	1,800,549	-	1,800,549
Net pension liability	2,535,444	937,767	3,473,211
Total Liabilities	4,792,021	14,710,237	19,502,258
<u>Deferred Inflowss of Resources</u>			
Deferred inflows of resources related to pensions	58,362	29,727	88,089
Total Deferred Inflows of Resources	58,362	29,727	88,089
<u>Net Position</u>			
Net investment in capital assets	16,262,913	23,630,401	39,893,314
Restricted for:			-
Capital outlay	743,295	-	743,295
Law enforcement	116,346	-	116,346
Joint projects	221,023	-	221,023
Revenue bond indenture	-	288,824	288,824
Unrestricted (deficit)	(337,044)	3,488,263	3,151,219
Total Net Position	\$ 17,006,533	\$ 27,407,488	\$ 44,414,021

City of Thomaston, Georgia
Statement of Activities
For the Year Ended December 31, 2016

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		
					Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities							
General government	\$ 5,236,015	\$ 709,778	\$ 439,549	\$ -	\$ (4,086,688)	\$ -	\$ (4,086,688)
Judicial	212,879	-	-	-	(212,879)	-	(212,879)
Public safety	3,184,142	80,624	3,534	-	(3,099,984)	-	(3,099,984)
Public works	656,702	-	-	704,577	47,875	-	47,875
Economic development	358,257	-	-	-	(358,257)	-	(358,257)
Culture and recreation	1,526,021	-	-	-	(1,526,021)	-	(1,526,021)
Total governmental activities	<u>11,174,016</u>	<u>790,402</u>	<u>443,083</u>	<u>704,577</u>	<u>(9,235,954)</u>	<u>-</u>	<u>(9,235,954)</u>
Business-Type Activities							
Water and Sewer	4,704,846	4,772,823	-	3,594,640	-	3,662,617	3,662,617
Electric	10,967,949	13,368,693	-	-	-	2,400,744	2,400,744
Sanitation	1,042,968	1,157,767	-	-	-	114,799	114,799
Total business-type activities	<u>16,715,763</u>	<u>19,299,283</u>	<u>-</u>	<u>3,594,640</u>	<u>-</u>	<u>6,178,160</u>	<u>6,178,160</u>
Total Primary Government	<u>27,889,779</u>	<u>20,089,685</u>	<u>443,083</u>	<u>4,299,217</u>	<u>(9,235,954)</u>	<u>6,178,160</u>	<u>(3,057,794)</u>
		General Revenues					
		Property tax			2,007,532	-	2,007,532
		Sales tax			1,273,384	-	1,273,384
		Other tax			1,256,126	-	1,256,126
		Investment earnings			13,362	46,598	59,960
		Miscellaneous			137,999	98,065	236,064
		Total General Revenues			<u>4,688,403</u>	<u>144,663</u>	<u>4,833,066</u>
		Transfers			1,500,000	(1,500,000)	-
		Total General Revenues and Transfers			<u>6,188,403</u>	<u>(1,355,337)</u>	<u>4,833,066</u>
		Change in Net Position			(3,047,551)	4,822,823	1,775,272
		Net Position - Beginning of Year			20,054,094	22,584,665	42,638,759
		Net Position - End of Year			<u>\$ 17,006,533</u>	<u>\$ 27,407,488</u>	<u>\$ 44,414,021</u>

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

City of Thomaston, Georgia

Balance Sheet

Governmental Funds

December 31, 2016

	General Fund	2004 Special Local Option Sales Tax	2011 Special Local Option Sales Tax	2016 Special Local Option Sales Tax	Non-Major Governmental Funds	Total Governmental Funds
<u>Assets</u>						
Cash and cash equivalent	\$ 2,033,690	\$ -	\$ 620,646	\$ 199,290	\$ 1,272,187	\$ 4,125,813
Receivables, net of allowance:						
Taxes	127,402	-	-	-	52,107	179,509
Accounts	50,479	-	-	-	5,300	55,779
Intergovernmental	351,492	-	-	-	-	351,492
Due from other funds	669,772	-	-	-	5,687	675,459
Advance from other funds	621,091	-	-	-	-	621,091
Total Assets	<u>\$ 3,853,926</u>	<u>\$ -</u>	<u>\$ 620,646</u>	<u>\$ 199,290</u>	<u>\$ 1,335,281</u>	<u>\$ 6,009,143</u>
<u>Liabilities</u>						
Accounts payable	\$ 10,054	\$ -	\$ 33,684	\$ -	\$ 2,180	\$ 45,918
Accrued liabilities	33,208	-	-	-	-	33,208
Retainage payable	-	-	-	-	5,687	5,687
Deposits payable	10,707	-	-	-	-	10,707
Due to other funds	90,961	-	42,957	-	8,119	142,037
Advance to other funds	-	-	-	-	621,091	621,091
Total Liabilities	<u>144,930</u>	<u>-</u>	<u>76,641</u>	<u>-</u>	<u>637,077</u>	<u>858,648</u>
<u>Deferred Inflows of Resources</u>						
Unavailable revenue - property taxes	60,560	-	-	-	38,275	98,835
Unavailable revenue - grant revenues	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>60,560</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,275</u>	<u>98,835</u>
<u>Fund Balances</u>						
Nonspendable	621,091	-	-	-	-	621,091
Restricted for:						
Capital projects	-	-	544,005	199,290	322,560	1,065,855
Law enforcement	-	-	-	-	116,346	116,346
Joint Projects	-	-	-	-	221,023	221,023
Assigned	588,126	-	-	-	-	588,126
Unassigned (Deficit)	2,439,219	-	-	-	-	2,439,219
Total Fund Balances	<u>3,648,436</u>	<u>-</u>	<u>544,005</u>	<u>199,290</u>	<u>659,929</u>	<u>5,051,660</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,853,926</u>	<u>\$ -</u>	<u>\$ 620,646</u>	<u>\$ 199,290</u>	<u>\$ 1,335,281</u>	<u>\$ 6,009,143</u>

City of Thomaston, Georgia
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement
of Net Position
December 31, 2016

Amounts reported for governmental activities in the Statement of Net Position differ from amounts reported in the Balance Sheet of Governmental Funds due to the following:

Total fund balances - governmental funds	\$ 5,051,660
Capital Assets	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	26,100,919
Cost of the assets	(9,838,006)
Accumulated depreciation	-
Other long-term assets are not available to pay current period expenditures and, therefore, are not reported as unavailable revenue in the funds.	98,835
Deferred outflows of resources	
Related to pensions	347,988
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	(2,000,590)
Compensated absences	(160,467)
Net pension liability	(2,535,444)
Deferred inflows of resources	
Related to pensions	<u>(58,362)</u>
Net position of governmental activities	<u><u>\$ 17,006,533</u></u>

City of Thomaston, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the Year Ended December 31, 2016

	General Fund	2004 Special Local Option Sales Tax	2011 Special Local Option Sales Tax	2016 Special Local Option Sales Tax	Non-Major Governmental Funds	Total Governmental Funds
<u>Revenues</u>						
Taxes:						
Property taxes	\$ 796,135	\$ -	\$ -	\$ -	\$ 1,261,357	\$ 2,057,492
Sales tax	1,273,384	-	-	-	-	1,273,384
Other taxes	1,186,372	-	-	-	69,754	1,256,126
License and permits	170,697	-	-	-	-	170,697
Intergovernmental	443,084	-	450,728	199,274	45,018	1,138,104
Fines and forfeitures	291,590	-	-	-	80,624	372,214
Charges for services	22,550	-	-	-	3,165	25,715
Interest earnings	12,344	1,648	7,893	16	1,018	22,919
Rent	221,775	-	-	-	-	221,775
Other revenues	87,618	-	-	-	50,381	137,999
Total Revenues	<u>4,505,549</u>	<u>1,648</u>	<u>458,621</u>	<u>199,290</u>	<u>1,511,317</u>	<u>6,676,425</u>
<u>Expenditures</u>						
Current:	-	-	-	-	-	-
General government	1,641,978	-	-	-	191,199	1,833,177
Judicial	212,879	-	-	-	-	212,879
Public safety	3,063,846	-	-	-	134,032	3,197,878
Public works	670,456	-	-	-	-	670,456
Economic development	-	-	-	-	212,056	212,056
Culture and recreation	925,225	-	-	-	600,796	1,526,021
Capital outlay	-	1,314,306	2,201,363	-	89,034	3,604,703
Total Expenditures	<u>6,514,384</u>	<u>1,314,306</u>	<u>2,201,363</u>	<u>-</u>	<u>1,227,117</u>	<u>11,257,170</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,008,835)</u>	<u>(1,312,658)</u>	<u>(1,742,742)</u>	<u>199,290</u>	<u>284,200</u>	<u>(4,580,745)</u>
<u>Other Financing Sources (Uses)</u>						
Transfers from other funds	1,670,371	-	-	-	-	1,670,371
Transfers to other funds	-	-	-	-	(170,371)	(170,371)
Total Other Financing Sources (Uses)	<u>1,670,371</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(170,371)</u>	<u>1,500,000</u>
Net change in fund balances	(338,464)	(1,312,658)	(1,742,742)	199,290	113,829	(3,080,745)
Fund Balances, beginning of year	<u>3,986,900</u>	<u>1,312,658</u>	<u>2,286,747</u>	<u>-</u>	<u>546,100</u>	<u>8,132,405</u>
Fund Balances, end of year	<u>\$ 3,648,436</u>	<u>\$ -</u>	<u>\$ 544,005</u>	<u>\$ 199,290</u>	<u>\$ 659,929</u>	<u>\$ 5,051,660</u>

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, 2016

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

Net changes in fund balances - total governmental funds	\$ (3,080,715)
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Capital Assets

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

Total capital outlays	999,679
Total depreciation	(757,309)

Deferred outflows of resources related to pensions is not available during the current period and, therefore, is not reported in the funds.

Change in deferred outflows of resources related to pensions	81,638
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Long-Term Debt

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

Landfill closure/postclosure	187,202
Compensated absences	(30,376)
Net pension liability	(437,320)

Deferred inflows of resources related to pensions is not available during the current period and, therefore, is not reported in the funds.

Change in deferred inflows of resources related to pensions	39,640
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Revenues

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

	<u>(49,970)</u>
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Change in net position of governmental activities	<u>\$ (3,047,551)</u>
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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, 2016

	<u>Budgeted Amounts</u>			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
<u>Revenues</u>				
Taxes	\$ 3,369,100	\$ 3,369,100	\$ 3,255,891	\$ (113,209)
License and permits	155,100	155,100	170,697	15,597
Intergovernmental	443,582	443,582	443,084	(498)
Fines and forfeitures	451,500	451,500	291,590	(159,910)
Charges for services	18,500	18,500	22,550	4,050
Rent	219,275	219,275	221,775	2,500
Miscellaneous	<u>81,800</u>	<u>83,600</u>	<u>99,962</u>	<u>16,362</u>
Total Revenues	<u>4,738,857</u>	<u>4,740,657</u>	<u>4,505,549</u>	<u>(235,108)</u>
<u>Expenditures</u>				
Current:				
General government	2,830,140	2,607,638	1,641,978	965,660
Judicial	273,275	273,275	212,879	60,396
Public safety	3,251,155	3,257,483	3,063,846	193,637
Public works	735,763	820,737	670,456	150,281
Culture and recreation	<u>910,042</u>	<u>1,043,042</u>	<u>925,225</u>	<u>117,817</u>
Total Expenditures	<u>8,000,375</u>	<u>8,002,175</u>	<u>6,514,384</u>	<u>1,487,791</u>
Excess of Revenues Over (Under)				
Expenditures	<u>(3,261,518)</u>	<u>(3,261,518)</u>	<u>(2,008,835)</u>	<u>1,252,683</u>
<u>Other Financing Sources (Uses)</u>				
Transfer from Hotel Motel Fund	38,000	38,000	41,853	3,853
Transfer from Electric Fund	1,500,000	1,500,000	1,500,000	-
Transfer from Joint Project Fund	<u>128,518</u>	<u>128,518</u>	<u>128,518</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,666,518</u>	<u>1,666,518</u>	<u>1,670,371</u>	<u>3,853</u>
Net change in fund balances	(1,595,000)	(1,595,000)	(338,464)	1,256,536
Fund balance, beginning of year	<u>3,942,786</u>	<u>3,942,786</u>	<u>3,986,900</u>	<u>44,114</u>
Fund balance, end of year	<u>\$ 2,347,786</u>	<u>\$ 2,347,786</u>	<u>\$ 3,648,436</u>	<u>\$ 1,300,650</u>

City of Thomaston, Georgia

Statement of Net Position

Proprietary Funds

December 31, 2016

	Business-Type Activities - Enterprise Funds			
	Water & Sewer Fund	Electric Fund	Non-Major Sanitation Fund	Total
<u>Assets</u>				
Current assets				
Cash and cash equivalents	\$ 1,734,770	\$ 1,566,995	\$ 91,987	\$ 3,393,752
Restricted cash and cash equivalents:				
Revenue bond covenant accounts	288,824	-	-	288,824
Investments	-	1,667,402	-	1,667,402
Accounts receivable (net of allowance for uncollectible)	358,130	1,009,189	97,249	1,464,568
Intergovernmental receivable	162,028	-	-	162,028
Due from other funds	64,177	15,915	85,274	165,366
Total current assets	<u>2,607,929</u>	<u>4,259,501</u>	<u>274,510</u>	<u>7,141,940</u>
Long-term assets				
Capital assets:				
Land	2,377,309	-	62,160	2,439,469
Construction in progress	4,170,945	-	-	4,170,945
Buildings	7,177,657	72,008	-	7,249,665
Systems - water, sewer, and electrical	30,174,339	1,713,324	-	31,887,663
Vehicles	593,210	728,690	-	1,321,900
Equipment	2,158,915	136,374	-	2,295,289
Less accumulated depreciation	(12,276,865)	(1,474,626)	-	(13,751,491)
Total capital assets, net	<u>34,375,510</u>	<u>1,175,770</u>	<u>62,160</u>	<u>35,613,440</u>
Total long-term assets	<u>34,375,510</u>	<u>1,175,770</u>	<u>62,160</u>	<u>35,613,440</u>
				-
Total Assets	<u>36,983,439</u>	<u>5,435,271</u>	<u>336,670</u>	<u>42,755,380</u>
				-
<u>Deferred outflows of resources</u>				-
Deferred outflows of resources related to pensions	<u>18,172</u>	<u>69,962</u>	<u>2,726</u>	<u>90,860</u>
				-
Total deferred outflows of resources	<u>18,172</u>	<u>69,962</u>	<u>2,726</u>	<u>90,860</u>

City of Thomaston, Georgia
Statement of Net Position (Continued)
Proprietary Funds
December 31, 2016

	Business-Type Activities - Enterprise Funds			
	Water & Sewer Fund	Electric Fund	Non-Major Sanitation Fund	Total
<u>Liabilities</u>				
Current liabilities				
Accounts payable	404,964	784,668	-	1,189,632
Accrued interest payable	14,144	-	-	14,144
Accrued liabilities	-	-	-	-
Accrued vacation	-	28,000	-	28,000
Due to other funds	421,904	260,969	15,915	698,788
Payable from restricted assets:	-	-	-	-
Notes payable - current	205,088	-	-	205,088
Revenue bonds payable - current	500,000	-	-	500,000
Total current liabilities	<u>1,546,100</u>	<u>1,073,637</u>	<u>15,915</u>	<u>2,635,652</u>
Long-term liabilities				
Customer deposits	154,168	382,896	-	537,064
Accrued vacation	-	20,591	-	20,591
Notes payable	5,497,951	-	-	5,497,951
Revenue bonds payable	5,780,000	-	-	5,780,000
Net pension liability	<u>187,553</u>	<u>722,081</u>	<u>28,133</u>	<u>937,767</u>
Total long-term liabilities	<u>11,619,672</u>	<u>1,125,568</u>	<u>28,133</u>	<u>12,773,373</u>
Total Liabilities	<u>13,165,772</u>	<u>2,199,205</u>	<u>44,048</u>	<u>15,409,025</u>
<u>Deferred inflows of resources</u>				
Deferred inflows of resources related to pensions	<u>5,946</u>	<u>22,889</u>	<u>892</u>	<u>29,727</u>
Total deferred inflows of resources	<u>5,946</u>	<u>22,889</u>	<u>892</u>	<u>29,727</u>
<u>Net Position</u>				
Net investment in capital assets	22,392,471	1,175,770	62,160	23,630,401
Restricted per revenue bond indenture	288,824	-	-	288,824
Unrestricted	<u>1,148,598</u>	<u>2,107,369</u>	<u>232,296</u>	<u>3,488,263</u>
Total Net Position	<u>\$ 23,829,893</u>	<u>\$ 3,283,139</u>	<u>\$ 294,456</u>	<u>\$ 27,407,488</u>

City of Thomaston, Georgia
Statement of Revenues, Expenditures, and Changes in Net Position
Proprietary Funds

For the Year Ended December 31, 2016

	Business-Type Activities - Enterprise Funds			
	Water & Sewer Fund	Electric Fund	Non-Major Sanitation Fund	Total
<u>Operating Revenues</u>				
Charges and fees	\$ 4,772,823	\$ 13,368,693	\$ 1,157,767	\$ 19,299,283
Miscellaneous income	1,242	96,823	-	98,065
Total operating revenues	<u>4,774,065</u>	<u>13,465,516</u>	<u>1,157,767</u>	<u>19,397,348</u>
<u>Operating Expenses</u>				
Salaries and benefits	226,865	1,009,653	44,241	1,280,759
Contract management	1,495,070	-	986,416	2,481,486
Cost of sales	-	9,445,676	-	9,445,676
Legal and professional	48,684	12,006	2,550	63,240
Operating materials	313,704	170,406	-	484,110
Other operating expenses	359,880	117,938	9,761	487,579
Repairs and maintenance	531,235	87,625	-	618,860
Small equipment	94,281	1,971	-	96,252
Utilities	542,176	58,624	-	600,800
Depreciation	840,452	64,050	-	904,502
Total operating expenses	<u>4,452,347</u>	<u>10,967,949</u>	<u>1,042,968</u>	<u>16,463,264</u>
Operating income (loss)	<u>321,718</u>	<u>2,497,567</u>	<u>114,799</u>	<u>2,934,084</u>
<u>Nonoperating Revenues (Expenses)</u>				
Interest Income	2,870	4,584	-	7,454
Dividend Income	-	26,662	-	26,662
Interest Expense	(252,499)	-	-	(252,499)
Unrealized Gain/Loss	-	12,482	-	12,482
Total Nonoperating Revenues (Expenses)	<u>(249,629)</u>	<u>43,728</u>	<u>-</u>	<u>(205,901)</u>
Income (Loss) Before Transfers	<u>72,089</u>	<u>2,541,295</u>	<u>114,799</u>	<u>2,728,183</u>
Capital Contributions	3,594,640	-	-	3,594,640
Transfers In	502,000	-	-	502,000
Transfers Out	-	(2,002,000)	-	(2,002,000)
Change in Net Position	<u>4,168,729</u>	<u>539,295</u>	<u>114,799</u>	<u>4,822,823</u>
Net Position, Beginning of Year	<u>19,661,164</u>	<u>2,743,844</u>	<u>179,657</u>	<u>22,584,665</u>
Net Position, End of Year	<u>\$ 23,829,893</u>	<u>\$ 3,283,139</u>	<u>\$ 294,456</u>	<u>\$ 27,407,488</u>

City of Thomaston, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	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	\$ 5,020,560	\$ 13,436,943	\$ 1,155,540	\$ 19,613,043
Cash paid to suppliers for goods and services	(3,069,477)	(9,885,166)	(1,083,503)	(14,038,146)
Cash paid to employees	(209,843)	(1,012,109)	(44,377)	(1,266,329)
Net Cash Flows Provided by (Used for) Operating Activities	1,741,240	2,539,668	27,660	4,308,568
<u>Cash Flows From Noncapital Financing Activities</u>				
Intergovernmental	-	-	-	-
Transfers	502,000	(2,002,000)	-	(1,500,000)
Net Cash Flows Provided by (Used for) Noncapital Financing Activities	502,000	(2,002,000)	-	(1,500,000)
<u>Cash Flows From Capital and Related Financing Activities</u>				
Capital Grants	78,973	-	-	78,973
Principal payments on revenue bonds and notes	(592,348)	-	-	(592,348)
Interest and fiscal charges on revenue bonds and notes	(257,253)	-	-	(257,253)
Proceeds from debt issuance	1,926,355	-	-	1,926,355
Purchase of capital assets	(2,100,987)	-	-	(2,100,987)
Net Cash Flows Provided by (Used for) Capital and Related Financing Activities	(945,260)	-	-	-
<u>Cash Flows From Investing Activities</u>				
Interest income	2,870	4,584	-	7,454
Dividend income	-	26,662	-	26,662
Purchase of investments	-	(484,276)	-	(484,276)
Net Cash Flows Provided by (Used for) Investing Activities	2,870	(453,030)	-	(450,160)
Net Increase (Decrease) in Cash and Cash Equivalents	1,300,850	84,638	27,660	1,413,148
Cash and Cash Equivalents - Beginning of Year	722,744	1,482,357	64,327	2,269,428
Cash and Cash Equivalents - End of Year	\$ 2,023,594	\$ 1,566,995	\$ 91,987	\$ 3,682,576

City of Thomaston, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016
(Continued)

	Business-Type Activities - Enterprise Funds			
	Water & Sewer Fund	Electric Fund	Non-Major Sanitation Fund	Total
Classified as				
Current asset	\$ 1,734,770	\$ 1,566,995	\$ 91,987	\$ 3,393,752
Restricted assets	<u>288,824</u>	<u>-</u>	<u>-</u>	<u>288,824</u>
Total Cash and Cash Equivalents, End of Year	<u>\$ 2,023,594</u>	<u>\$ 1,566,995</u>	<u>\$ 91,987</u>	<u>\$ 3,682,576</u>
<u>Reconciliation of Net Operating Income (Loss) to Net</u>				
<u>Cash Provided by (Used for) Operating Activities</u>				
Net Operating Income (Loss)	\$ 321,718	\$ 2,497,567	\$ 114,799	\$ 2,934,084
<u>Adjustments to Reconcile Net Operating Income (Loss)</u>				
<u>to Net Cash Provided by (Used for) Operating Activities</u>				
Depreciation	840,452	64,050	-	904,502
Changes in Assets and Liabilities:				
(Increase) decrease in accounts receivable	(20,428)	(45,914)	(2,765)	(69,107)
(Increase) decrease in grants receivable	287,364	-	-	287,364
(Increase) decrease in accrued interest receivable	-	-	-	-
(Increase) decrease in due from other funds	(20,441)	(2,968)	-	(23,409)
(Increase) decrease in deferred outflows of resources	3,586	13,807	538	17,931
Increase (decrease) in accounts payable	314,892	(69,090)	(89,994)	155,808
Increase (decrease) in retainage payable	-	-	-	-
Increase (decrease) in customer deposits	-	6,502	-	6,502
Increase (decrease) in due to other funds	-	21,441	2,968	24,409
Increase (decrease) in net pension liability	16,157	62,206	2,423	80,786
Increase (decrease) in deferred inflows of resources	<u>(2,060)</u>	<u>(7,933)</u>	<u>(309)</u>	<u>(10,302)</u>
Total Adjustments	<u>579,070</u>	<u>(21,949)</u>	<u>(87,139)</u>	<u>469,982</u>
Net Cash Flows Provided by (Used for)				
Operating Activities	<u>\$ 1,741,240</u>	<u>\$ 2,539,668</u>	<u>\$ 27,660</u>	<u>\$ 4,308,568</u>
<u>Noncash investing, capital, and financing activities</u>				
Contributions of capital assets from government	\$ 3,515,668	\$ -	\$ -	\$ 4,239,461
Increase (decrease) in fair value of investments	<u>-</u>	<u>12,482</u>	<u>-</u>	<u>12,482</u>
Total noncash investing, capital, and financing activities	<u>\$ 3,515,668</u>	<u>\$ 12,482</u>	<u>\$ -</u>	<u>\$ 4,251,943</u>

NOTES TO THE FINANCIAL STATEMENTS

City of Thomaston, Georgia
Notes to the Financial Statements
For the Year Ended December 31, 2016

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 act by 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 Board (GASB) No. 61 "The Financial Reporting Entity: Omnibus, an amendment of GASB Statement No. 14 and 34," The City's relationship 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 Commissions, (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. The City's Governmental Board is responsible for board appointments; however, the City has no further accountability for any of the organizations.

City of Thomaston, Georgia
Notes to the Financial Statements
For the Year Ended December 31, 2016

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 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 Commissions
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 segments 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 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.

City of Thomaston, Georgia
Notes to the Financial Statements
For the Year Ended December 31, 2016

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 measuring 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 principle ongoing operations. The principal operating revenue of the City's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The government reports the following major governmental funds:

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

City of Thomaston, Georgia
Notes to the Financial Statements
For the Year Ended December 31, 2016

- 2016 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.

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 represents 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 government 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.

City of Thomaston, Georgia
Notes to the Financial Statements
For the Year Ended December 31, 2016

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2016, 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.

- 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 asset 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 \$252,499. 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

City of Thomaston, Georgia
Notes to the Financial Statements
For the Year Ended December 31, 2016

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.

K. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources (expense / expenditures) until then. The City has one item that qualifies for reporting in this category. The deferred outflow of resources relative to the pension plans change in assumptions. This amount is deferred and will be recognized as a reduction of the net pension liability in the future years.

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 and acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of deferred 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 property taxes and grant revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City has one type of deferred inflow that arises under the accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, deferred inflows of resources related to pensions, is reported only in the governmental activities and proprietary funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts became 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.

City of Thomaston, Georgia
Notes to the Financial Statements
For the Year Ended December 31, 2016

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 require to be maintained intact
- Restricted- amounts are restricted when required constraints have been placed on the use or resources by (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed- amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council 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.

City of Thomaston, Georgia
Notes to the Financial Statements
For the Year Ended December 31, 2016

The following is a summary of the fund balance classification as of December 31, 2016:

	General	2004	2011	2016	Nonmajor	
	Fund	SPLOST	SPLOST	SPLOST	Governmental	Total
<u>Fund Balances</u>						
Nonspendable:						
Advances to other funds	\$ 621,091	\$ -	\$ -	\$ -	\$ -	\$ 621,091
Restricted for:						-
Law Enforcement	-	-	-	-	116,346	116,346
Capital Projects	-	-	544,005	199,290	322,560	1,065,855
Joint Projects with County	-	-	-	-	221,023	221,023
Assigned:						-
Fund balance appropriation	-	-	-	-	-	-
Law enforcement	4,070	-	-	-	-	4,070
Community development	126,102	-	-	-	-	126,102
Capital outlay	457,954	-	-	-	-	457,954
Unassigned (deficit)	<u>2,439,219</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,439,219</u>
Total Fund Balances	<u>3,648,436</u>	<u>-</u>	<u>544,005</u>	<u>199,290</u>	<u>659,929</u>	<u>5,051,660</u>

O. Risk Management

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

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 implementation of work programs while providing an orderly means for control and evaluation of the financial posture of the City.

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

City of Thomaston, Georgia
Notes to the Financial Statements
For the Year Ended December 31, 2016

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 deposit may not be recovered.

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

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.

Investment		
Type	Fair Value	SPLOST
Mutual Funds (MEAG)	1,667,402	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

City of Thomaston, Georgia
Notes to the Financial Statements
For the Year Ended December 31, 2016

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 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 determining 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 the following year. Judicial property sales are commenced during June and July of the following year.

The property tax calendar is as follows:

	Real/Personal Property (Excluding Vehicles)	Motor Vehicles
Assessment Date	January 1	January 1
Levy Date	September 10	January 1
Due date and collection date	November 24	Staggered

Property taxes receivable have been reduced to their estimated net realizable value. Estimated uncollectible amounts are based upon historical experiences rates and results 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, 2016, is as follows:

Expenditures by Purpose	Amount	Tax Receipts	Percentage
Promote Tourism	\$ 27,902	\$ 69,754	40%
General Fund	41,852	-	60%
Total	<u>\$ 69,754</u>	<u>\$ 69,754</u>	<u>100%</u>

City of Thomaston, Georgia
Notes to the Financial Statements
For the Year Ended December 31, 2016

NOTE 6 – RECEIVABLES

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

	General	Water & Sewer	Electric	Nonmajor Proprietary Fund	Nonmajor Governmental	Total
<u>Receivables</u>						
Taxes	\$ 144,775	\$ -	\$ -	\$ -	\$ 54,849	\$ 199,624
Accounts	61,487	412,042	1,085,596	104,535	5,300	1,668,960
Intergovernmental	<u>351,492</u>	<u>162,028</u>	-	-	-	<u>513,520</u>
Gross Receivables	557,754	574,070	1,085,596	104,535	60,149	2,382,104
Less: Allowance for uncollectibles	<u>(28,381)</u>	<u>(26,956)</u>	<u>(76,407)</u>	<u>(7,286)</u>	<u>(2,742)</u>	<u>(141,772)</u>
Total Net Receivables	<u>\$ 529,373</u>	<u>\$ 547,114</u>	<u>\$ 1,009,189</u>	<u>\$ 97,249</u>	<u>\$ 57,407</u>	<u>\$ 2,240,332</u>

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2016, is as follows:

DUE TO/FROM OTHER FUNDS		
Receivable Fund	Payable Fund	Amount
General Fund	Water & Sewer Fund	\$ 421,904
	Electric Fund	196,792
	Nonmajor Proprietary Fund	47,208
Nonmajor Governmental Fund	General Fund	5,687
Water & Sewer Fund	Electric Fund	64,177
Electric Fund	Nonmajor Proprietary Fund	15,915
Nonmajor Proprietary Fund	General Fund	<u>88,230</u>
		<u>\$ 839,913</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		
Receivable Fund	Payable Fund	Amount
General Fund	Joint Projects Fund	\$ 621,091
		<u>\$ 621,091</u>

The Joint Projects Fund received an advance from the General Fund during the year ended December 31, 2015 to help cash flow the start-up of the joint project fund.

City of Thomaston, Georgia
Notes to the Financial Statements
For the Year Ended December 31, 2016

INTERFUND TRANSFERS			
	Transfer In:		
	Water &		
	General Fund	Sewer Fund	Total
Transfer Out:			
Electric Fund	\$ 1,500,000	\$ 502,000	\$ 2,002,000
Nonmajor Governmental Fund	170,371	-	170,371
Total	<u>\$ 1,670,371</u>	<u>\$ 502,000</u>	<u>\$ 2,172,371</u>

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

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

City of Thomaston, Georgia
Notes to the Financial Statements
For the Year Ended December 31, 2016

NOTE 8 – CAPITAL ASSETS

	Beginning Balance	Increase	Decrease	Ending Balance
<u>Governmental Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 2,747,932	\$ -	\$ -	\$ 2,747,932
Construction in progress	-	29,402	-	29,402
Total capital assets, not being depreciated	2,747,932	29,402	-	2,777,334
Capital assets, being depreciated:				
Buildings	3,999,584	174,768	-	4,174,352
Vehicles	1,389,998	527,741	-	1,917,739
Equipment	2,268,632	163,227	-	6,092,091
Infrastructure	14,695,094	104,541	-	14,799,635
Total capital assets, being depreciated	22,353,308	970,277	-	23,323,585
Less accumulated depreciation for:				-
Buildings	(1,834,189)	(153,954)	-	(1,988,143)
Vehicles	(988,700)	(84,229)	-	(1,072,929)
Equipment	(1,222,538)	(103,358)	-	(3,061,072)
Infrastructure	(5,035,270)	(415,768)	-	(5,451,038)
Total accumulated depreciation	(9,080,697)	(757,309)	-	(9,838,006)
Total capital assets, being depreciated	13,272,611	212,968	-	13,485,579
Governmental activities capital assets, net	\$ 16,020,543	\$ 242,370	\$ -	\$ 16,262,913
<u>Business-Type Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 2,439,469	\$ -	\$ -	\$ 2,439,469
Construction in progress	1,302,318	3,530,642	-	4,832,960
Total capital assets, not being depreciated	3,741,787	3,530,642	-	7,272,429
Capital assets, being depreciated:				
Buildings	7,249,665	-	-	7,249,665
Systems - water, sewer, and electric	29,274,283	1,951,365	-	31,225,648
Equipment	2,160,642	134,647	-	2,295,289
Vehicles	1,321,900	-	-	1,321,900
Total capital assets, being depreciated	40,006,490	2,086,012	-	42,092,502
Less accumulated depreciation for:				
Buildings	(5,756,856)	(160,906)	-	(5,917,762)
Systems - water, sewer, and electric	(5,124,208)	(508,573)	-	(5,632,781)
Equipment	(736,789)	(215,839)	-	(952,628)
Vehicles	(1,229,136)	(19,184)	-	(1,248,320)
Total accumulated depreciation	(12,846,989)	(904,502)	-	(13,751,491)
Total capital assets, being depreciated, net	27,159,501	1,181,510	-	28,341,011
Business-type activities capital assets, net	\$ 30,901,288	\$ 4,712,152	\$ -	\$ 35,613,440
Less related long-term debt outstanding				(11,983,039)
Net investment in capital assets				\$ 23,630,401

City of Thomaston, Georgia
Notes to the Financial Statements
For the Year Ended December 31, 2016

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

<u>Governmental Activities</u>	
General government	\$ 180,686
Public safety	146,625
Public works	289,087
Economic development	<u>140,911</u>
Total depreciation expense - governmental activities	<u>\$ 757,309</u>
 <u>Business-Type Activities</u>	
Water and sewer	\$ 840,452
Electric	<u>64,050</u>
Total depreciation expense – business-type activities	<u>\$ 904,502</u>

NOTE 9 - LONG-TERM DEBIT

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2016, was as follows:

	Beginning			Ending	
	Balance	Additions	Reductions	Balance	Due Within One Year
<u>Governmental Activities</u>					
Landfill closure/postclosure	\$ 2,187,792	\$ -	\$ (187,202)	\$ 2,000,590	\$ 200,041
Compensated absences	130,091	125,904	(95,528)	160,467	117,100
Net pension liability	<u>2,098,124</u>	<u>437,320</u>	<u>-</u>	<u>2,535,444</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$ 4,416,007</u>	<u>\$ 563,224</u>	<u>\$ (282,730)</u>	<u>\$ 4,696,501</u>	<u>\$ 317,141</u>
 <u>Business-Type Activities</u>					
Compensated absences	\$ 48,255	\$ 32,868	\$ (32,532)	\$ 48,591	\$ 28,000
GEFA Loan DW09002PF70	861,762	-	(42,613)	819,149	43,918
GEFA Loan DW10012	1,160,068	-	(54,735)	1,105,333	56,121
GEFA Loan DW13011	1,852,202	347,479	(43,619)	2,156,062	105,058
GEFA Loan DW14002	-	1,622,495	-	1,622,495	-
Revenue bonds payable	6,775,000	-	(495,000)	6,280,000	500,000
Net pension liability	<u>856,981</u>	<u>80,786</u>	<u>-</u>	<u>937,767</u>	<u>-</u>
Business type activity long-term liabilities	<u>\$ 11,554,268</u>	<u>\$ 2,083,628</u>	<u>\$ (668,499)</u>	<u>\$ 12,969,397</u>	<u>\$ 733,097</u>

City of Thomaston, Georgia
Notes to the Financial Statements
For the Year Ended December 31, 2016

For the governmental activities, compensated absences, landfill closure/ postclosure, and net pension liability are generally liquidated by the general fund. For business-type activities, compensated absences and net pension liability are liquidated by the proprietary funds.

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.

Sinking Fund		
Year (December 1)	Principal	Interest
2017	\$ 500,000	\$ 157,000
2018	515,000	144,500
2019	525,000	131,625
2020	545,000	118,500
2021-2025	2,920,000	381,875
2026-2027	1,275,000	48,000
Total	<u>\$ 6,280,000</u>	<u>\$ 981,500</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 was 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%. As of December 31, 2016, the outstanding balance was \$819,149.

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%. As of December 31, 2016, the outstanding balance was \$1,105,333.

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 total proceeds for the loan were \$2,700,000, of which 18.5185% or \$500,000 is forgivable. The project was completed in 2015 and the remaining balance of \$2,199,681, is to be paid over a twenty-nine year period starting August 1, 2016, on a monthly basis. Interest is accrued monthly at .5%. As December 31, 2016, the outstanding balance was \$2,156,062. Annual debt service requirements to maturity for these notes payable are as follows:

City of Thomaston, Georgia
Notes to the Financial Statements
For the Year Ended December 31, 2016

	GEFA DW09002PJ70		GEFA DW10012		GEFA DW13011	
Years Ending						
December 31,	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 43,909	\$ 23,974	\$ 56,121	\$ 32,392	\$ 105,058	\$ 10,540
2018	45,244	22,638	57,828	30,686	105,586	10,013
2019	46,620	21,262	59,587	28,927	106,114	9,484
2020	48,038	19,844	61,400	27,114	106,645	8,952
2021	49,500	18,383	63,267	25,247	107,180	8,418
2022-2026	271,019	68,395	346,398	96,171	544,011	33,978
2027-2031	314,819	24,593	402,382	40,187	557,779	20,210
2032-2036	-	-	58,350	658	523,689	6,133
2037-2041	-	-	-	-	-	-
2042-2045	-	-	-	-	-	-
Total	<u>\$ 819,149</u>	<u>\$ 199,089</u>	<u>\$ 1,105,333</u>	<u>\$ 281,382</u>	<u>\$ 2,156,062</u>	<u>\$ 107,728</u>

In 2015, the City entered into a contract with GEFA 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 \$2,000,000 of which 25% or \$500,000 is forgivable. The project is ongoing in 2016 and the \$1,500,000 is to be paid over a twenty-year period starting March 1, 2018, on a monthly basis. Interest is accrued monthly at 1.03%. As of December 31, 2016, the drawdowns taken totaled \$1,622,495.

Restricted Assets

The balance of the restricted asset account in the Water and Sewer Enterprise Fund is as follows:

Revenue bond covenant account	<u>\$ 288,824</u>
	<u>\$ 288,824</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 of \$1,166,580. 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 2016. These costs are subject to change due to inflation or deflation, technology or applicable laws or regulations. The City is not required to commit financial resources to guarantee future maintenance and monitoring activities.

City of Thomaston, Georgia
Notes to the Financial Statements
For the Year Ended December 31, 2016

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 multi-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.

Plan Membership

At July 1, 2016, the date of the most recent actuarial valuation, there were 237 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	120
Terminated vested participants	39
Active vested employees	51
Active nonvested employees	<u>27</u>
Total	<u><u>237</u></u>

Benefits Provided

The GMEBS Plan provides retirement, disability and death benefits to plan members and beneficiaries. Effective January 1, 2015, the Plan was amended to provide for immediate participation for employees. This change has no impact on service credited under the Plan and has no impact on benefits. As a result of this change, all employees are now included in the valuation.

Contributions

The plan members are not required to contribute to the plan. The City is required to contribute at an actuarially determined rate; the current rate is 11.16% of annual covered payroll. The contribution requirements of the City are established and may be amended by the GMEBS Board of Trustees.

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

At December 31, 2016, the City reported a net pension liability. The net pension liability was measured as of March 31, 2016. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of July 1, 2016.

City of Thomaston, Georgia
Notes to the Financial Statements
For the Year Ended December 31, 2016

For the year ended December 31, 2016, the City recognized pension expense relative to GMEBS in the amount of \$514,217. At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to the Pension from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual expenses	\$ 120,765	\$ 5,607
Change of assumptions	-	28,056
Net difference between projected and actual earnings on pension plan investments	-	54,426
Employer contributions subsequent to the measurement date	318,083	-
	<u>\$ 438,848</u>	<u>\$ 88,089</u>

City contributions subsequent to the measurement date of March 31, 2016 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in the pension expense as follows:

	Years Ending December 31,			
	2017	\$	76,611	
	2018		82,218	
	2019		82,218	
	2020		109,712	
	2021 and thereafter		-	

Actuarial Assumptions: The total pension liability as of December 31, 2016 was determined by an actuarial valuation as of July 1, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increase	3.25%, plus service based merit increases
Investment rate of return	7.75%, On-going basis, based on long-term expected rate of return of pension plan investments.

Mortality rates were based on the RP-2000 Combined Mortality Table with sex-distinct rates, set forward two years for males and one year for females, and the RP-2000 Disabled Mortality Table with sex-distinct rates.

The mortality and economic actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 to June 30, 2014.

City of Thomaston, Georgia
Notes to the Financial Statements
For the Year Ended December 31, 2016

Net Pension Liability:

	Total Pension	Fiduciary Net	Net Pension
	Liability	Position	Liability
Balances at December 31, 2015	\$10,444,391	\$ 7,489,287	\$ 2,955,104
Charges for the year:			
Service cost	92,484	-	92,484
Interest	783,446	-	783,446
Difference between expected and actual experience	(11,213)	-	(11,213)
Contributions - employer	-	347,962	(347,962)
Contributions - employee	-	-	-
Net investment income	-	18,576	(18,576)
Benefit payments	(670,815)	(670,815)	-
Administrative expense	-	(19,928)	19,928
Other	-	-	-
Net Changes	193,902	(324,205)	518,107
Balance at December 31, 2016	<u>\$10,638,293</u>	<u>\$ 7,165,082</u>	<u>\$ 3,473,211</u>

The City's net pension liability is recorded in the Government-Wide Statement of Net Position in the amounts of \$2,535,444 and \$937,767 respectively.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2016 is summarized in the following table:

Asset Class	Target Allocation	Long-Term	Long-Term
		Expected Real Rate of Return	Nominal Real Rate of Return
Domestic Equity	45.00%	6.75%	9.20%
International Equity	20.00%	7.45%	9.70%
Fixed Income	25.00%	2.50%	4.80%
Real Estate	10.00%	4.55%	7.00%
Cash	0.00%		
Total	100.00%		

Discount Rate: The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was

City of Thomaston, Georgia
Notes to the Financial Statements
For the Year Ended December 31, 2016

projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount rate: The following presents the City's net pension liability calculated using the discount rate of 7.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease <u>(6.75%)</u>	Current discount rate <u>(7.75%)</u>	1% Increase <u>(8.75%)</u>
Sensitivity of the Net Pension Liability to Changes in the Discount Rate	\$ 4,581,700	\$ 3,473,211	\$ 2,528,033

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued GMEBS financial report which is publicly available at www.gmanet.com.

NOTE 12 – SPECIAL FUNDING DEFINED BENEFIT PENSION PLAN

A. Georgia Firefighters' Pension Fund

The city's Volunteer Firemen are eligible to participate in the Georgia Firefighters' Pension Fund, a voluntary pension system. The City makes no contributions to this plan. Contributions are made through monthly dues by eligible firefighters electing to participate in the plan and non-employer contributions which consist of insurance premium taxes collected and remitted by insurers directly to the pension fund in accordance with the law. The plan is administered by the Georgia Firefighters' Pension Fund located at 2171 Eastview Parkway NE in Conyers, Georgia where separate financial statements may be obtained. This plan is considered immaterial to the City of Thomaston's financial statements.

B. Peace Officer's Annuity and Benefit Fund of Georgia

The City's Deputies are covered by the State of Georgia Peace Officers' Annuity and Benefit Fund. The City makes no contributions to this plan. Contributions are collected by the City as the agent for this fund through its court systems. This plan is administrated through the Peace Officers' Annuity and Benefit Fund of Georgia located at 1210 Greenbelt Parkway in Griffin, Georgia where separate financial statements may be obtained. This plan is considered immaterial to the City of Thomaston's financial statements.

NOTE 13 – LEGAL CONTRACTS AND AGREEMENTS

The City of Thomaston, Georgia is one of approximately 50 participants who have entered into Power and Sales Contract with the Municipal Electrical Authority of Georgia (MEAG). Under these contracts, the Authority has agreed to provide to the participant and the participants have agreed to take from the Authority, such output and services from the various projects of the Authority as may be available for the useful life thereof. The participants are required to make payments therefore according to the rates and charges established by the Authority to produce revenues sufficient to pay the Authority's cost attributable to such projects. In general, the Power Sales Contract provide that if, at any time, (i) a project is terminated prior to completion, or (ii) a

City of Thomaston, Georgia
Notes to the Financial Statements
For the Year Ended December 31, 2016

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 non performance by any party of any agreement for any cause whatsoever. Each Power Sales Contract will continue in full force at 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 trust's beneficiaries a means to mitigate the expected differential between market rates for power and the cost 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, 2016, the balance of the account was \$1,667,402 (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, 2016 was \$4,300,094. Due to the Trust restrictions on access to the funds, this account balance is not reflected in the accompanying statement of net position.

Reserve Funded Debt Account and Credit Support Operating Account

On November 22, 2006, the City (along with all other MEAG cities participating in the Trust) approved a resolution to amend the original Trust agreement allowing for distribution of funds from the Reserve Funded Debt Account and Credit Support Operating Account. The distributions will occur from January 1, 2010 to December 31, 2018. These funds have been held in the Trust in the anticipation that deregulation of retail electric power might occur by 2009, and the funds accumulated in these Trust accounts could be used for competitive margins for retail electric power supply. The balance in these accounts for the benefit of the City as of December 31, 2016 was \$820,428. 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 the 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.

City of Thomaston, Georgia
Notes to the Financial Statements
For the Year Ended December 31, 2016

NOTE 14 – CONTINGENT LIABILITIES

A. Litigation

During the course of normal opportunities 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.

NOTE 15 – EVALUATION OF SUBSEQUENT EVENTS

The City has evaluated subsequent events through July 17, 2017, the date which the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Thomaston, Georgia
Required Supplementary Information
For the Years Ended December 31, 2016 and 2015

Schedule of Changes in the City's Net Pension Liability and Related Ratios

	<u>2016</u>	<u>2015</u>
Total pension liability		
Service cost	\$ 92,484	\$ 100,665
Interest on total pension liability	783,446	753,703
Difference between expected and actual experience	(11,213)	241,530
Changes of assumptions	-	(56,111)
Change of benefit terms	-	-
Benefit payments, including refunds of employee contributions	(670,815)	(641,192)
Net change in total pension liability	<u>\$ 193,902</u>	<u>\$ 398,595</u>
Total pension liability - beginning, January 1	<u>10,444,392</u>	<u>10,045,797</u>
Total Pension liability - ending, December 31 (a)	<u><u>\$ 10,638,294</u></u>	<u><u>\$ 10,444,392</u></u>
Plan fiduciary net position		
Contributions - employer	\$ 347,962	\$ 330,659
Contributions - employee	-	-
Net investment income	18,576	678,062
Benefit payments, including refunds of member contributions	(670,815)	(641,192)
Administrative expenses	(19,928)	(17,791)
Net change in plan fiduciary net position	<u>\$ (324,205)</u>	<u>\$ 349,738</u>
Plan fiduciary net position - beginning, January 1	<u>7,489,287</u>	<u>7,139,549</u>
Plan fiduciary net position - ending, December 31 (b)	<u><u>\$ 7,165,082</u></u>	<u><u>\$ 7,489,287</u></u>
City's net pension liability (asset) - ending (a) - (b)	<u><u>\$ 3,473,212</u></u>	<u><u>\$ 2,955,105</u></u>
Plan fiduciary net position as a percentage of the total pension liability	67.35%	71.71%
Covered-employee payroll	\$ 2,788,467	\$ 2,787,146
Net pension liability as a percentage of covered-employee payroll	124.56%	106.03%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

City of Thomaston, Georgia
Required Supplementary Information
For the Years Ended December 31, 2016 and 2015

Schedule of City Contributions

	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 339,173	\$ 339,168
Contributions in relation to the actuarially determined contributions	<u>339,173</u>	<u>339,168</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 2,788,467	\$ 2,787,146
Contributions as a percentage of covered-employee payroll	12.16%	12.17%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

City of Thomaston, Georgia
Notes to Required Supplementary Information
For the Year Ended December 31, 2016

Changes of assumptions:

As a result of the plan change to provide immediate participation for employees, for the fiscal ending 2016, the eligibility assumption has been changed from one year to immediate. The increase in the Plan's NPL is minimal and has been included in the differences between expected and actuarial experience.

As a result of the new administrative fee structure approved by the board, the administrative expense assumption was updated for the fiscal years beginning in 2016.

Amounts reported for the fiscal year ending in 2016, and later reflect the following assumption changes approved by the Board in December 2014 based on the results of an actuarial experience study covering the period January 1, 2010 to June 30, 2014:

- The morality table for disabled participants was changed to remove the two-year set-forward for males and the one-year set forward for females.
- The turnover rates were updated to introduce select rates for services less than five years and to reduce the ultimate rate by 15% and to assume no turnover on and after age 55. The select period rates were further constrained to not be less than the ultimate rates.
- The retirement rates where normal retirement is only available on or after age 65 were changed from the prior assumption of 100% at age 65 to the new assumption of 60% at age 65 to 69 and 100% at age 70. Where normal retirement is available prior to age 65, the rates were changed from the prior assumption of 100% at earliest unreduced age, but not below age 60, to the new assumption of 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65-69 and 100% at age 70.
- The inflation assumption was decreased from 3.50% to 3.25%.
- The salary increase assumption was changed from select period rate during the first five years of service, followed by age-related rates to an assumption based on new service-related rates. Under the prior assumption, the salary increases ranged from 4.00% to 11.00% and included an inflation assumption of 3.50%. Under the new assumption, the salary increases range from 3.75% to 8.00% and include an inflation assumption of 3.25%.

Benefit Changes

Effective January 1, 2015, the Plan was amended to provide for immediate participation for employees. This change has no impact on service credited under the Plan and has no impact on benefits.

Valuation Date

The actuarially determined contribution rate was determined as of July 1, 2016, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the year ending December 31, 2017.

City of Thomaston, Georgia
Required Supplementary Information
For the Year Ended December 31, 2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Closed level dollar for the 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 the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of the market value.
Net Investment Rate of Return	7.75%
Projected Salary Increases	3.25% plus service based merit increases
Cost Living Adjustments	0.00%
Retirement Age	Ages 55-59 rate of 10%, age 60 rate of 20%, age 61 rate of 25%, age 62 rate of 35%, age 63 rate of 40%, age 64 rate of 45%, ages 65-69 rate of 50% and age 70 and over 100%
Mortality	RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

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SUPPLEMENTARY INFORMATION

City of Thomsaton, Georgia
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

	Special Revenue Funds			Capital Project Funds			Total Non-Major Governmental Funds
	Hotel Motel Tax	Law Enforcement Confiscation	Joint Projects Fund	Greatest Generational Park	CDBG/ 2014 Water Line Fund	DOT LMIG Fund	
Assets							
Cash and cash equivalents	\$ 151	\$ 120,194	\$ 828,282	\$ 322,552	\$ -	\$ 1,008	\$ 1,272,187
Receivables, net of allowance:							-
Taxes	-	-	52,107	-	-	-	52,107
Accounts	5,300	-	-	-	-	-	5,300
Due from Other Funds	-	-	-	-	5,687	-	5,687
Total Assets	\$ 5,451	\$ 120,194	\$ 880,389	\$ 322,552	\$ 5,687	\$ 1,008	\$ 1,335,281
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities:							
Accounts payable	\$ 2,180	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,180
Retainage payable	-	-	-	-	5,687	-	5,687
Due to other funds	3,271	3,848	-	-	-	1,000	8,119
Advance to other funds	-	-	621,091	-	-	-	621,091
Total Liabilities	\$ 5,451	\$ 3,848	\$ 621,091	\$ -	\$ 5,687	\$ 1,000	\$ 637,077
Deferred inflows of resources:							
Unavailable revenue - property taxes	\$ -	\$ -	\$ 38,275	\$ -	\$ -	\$ -	\$ 38,275
Unavailable revenue - grant revenues	-	-	-	-	-	-	-
Total deferred inflows of resources	\$ -	\$ -	\$ 38,275	\$ -	\$ -	\$ -	\$ 38,275
Fund balances:							
Restricted	\$ -	\$ 116,346	\$ 221,023	\$ 322,552	\$ -	\$ 8	\$ 659,929
Unassigned (deficit)	-	-	-	-	-	-	-
Total fund balances	\$ -	\$ 116,346	\$ 221,023	\$ 322,552	\$ -	\$ 8	\$ 659,929
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,451	\$ 120,194	\$ 880,389	\$ 322,552	\$ 5,687	\$ 1,008	\$ 1,335,281

City of Thomaston, Georgia
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2016

	Special Revenue Funds			Capital Project Funds			Total Non-Major Governmental Funds
	Hotel Motel Tax	Law Enforcement Confiscation	Joint Projects Fund	Greatest Generational Park	CDBG/ 2014 Water Line Fund	DOT LMIG Fund	
Revenues							
Taxes:							
Property taxes	\$ -	\$ -	\$ 1,261,357	\$ -	\$ -	\$ -	\$ 1,261,357
Other taxes	69,754	-	-	-	-	-	69,754
Intergovernmental	-	-	-	-	45,018	-	45,018
Fines and forfeitures	-	80,624	-	-	-	-	80,624
Charges for services	-	-	-	3,165	-	-	3,165
Interest earnings	-	226	-	791	-	1	1,018
Donation	-	-	-	50,381	-	-	50,381
Total Revenues	<u>69,754</u>	<u>80,850</u>	<u>1,261,357</u>	<u>54,337</u>	<u>45,018</u>	<u>1</u>	<u>1,511,317</u>
Expenditures							
Current:							
General government	27,902	-	163,298	-	-	-	191,200
Public safety	-	9,791	124,241	-	-	-	134,032
Economic development	-	-	212,056	-	-	-	212,056
Culture and recreation	-	-	599,296	1,500	-	-	600,796
Capital outlay	-	76,228	-	12,806	-	-	89,034
Total Expenditures	<u>27,902</u>	<u>86,019</u>	<u>1,098,891</u>	<u>14,306</u>	<u>-</u>	<u>-</u>	<u>1,227,118</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>41,852</u>	<u>(5,169)</u>	<u>162,466</u>	<u>40,031</u>	<u>45,018</u>	<u>1</u>	<u>284,199</u>
Other Financing Sources (Uses)							
Transfers to other funds	<u>(41,852)</u>	<u>-</u>	<u>(128,518)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(170,370)</u>
Total other financing sources (uses)	<u>(41,852)</u>	<u>-</u>	<u>(128,518)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(170,370)</u>
Net change in fund balances	-	(5,169)	33,948	40,031	45,018	1	113,829
Fund balances, beginning of year (deficit)	-	121,515	187,075	282,521	(45,018)	7	546,100
Fund balances, end of year (deficit)	<u>\$ -</u>	<u>\$ 116,346</u>	<u>\$ 221,023</u>	<u>\$ 322,552</u>	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ 659,929</u>

City of Thomaston, Georgia
General Fund
Comparative Balance sheet
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and cash equivalents	\$ 2,033,690	\$ 2,765,229
Receivables, net of allowance		
Taxes	127,402	105,735
Accounts	50,479	62,963
Intergovernmental	351,492	174,339
Prepaid insurance	-	45,461
Due from other funds	669,772	1,071,314
Advance from other funds	621,091	621,091
Total Assets	<u>\$ 3,853,926</u>	<u>\$ 4,846,132</u>
Liabilities		
Accounts payable	\$ 10,054	\$ 639,316
Accrued liabilities	33,208	50,959
Deposit payable	10,707	10,632
Due to other funds	90,961	85,274
Total Liabilities	<u>144,930</u>	<u>786,181</u>
Deferred Inflows of Resources		
Unavailable revenue - property taxes	60,560	73,051
Total Deferred Inflows of Resources	<u>60,560</u>	<u>73,051</u>
Fund Balances		
Nonspendable	621,091	666,552
Assigned	890,093	1,088,523
Unassigned	2,137,252	2,231,825
Total Fund Balances	<u>3,648,436</u>	<u>3,986,900</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,853,926</u>	<u>\$ 4,846,132</u>

The notes to financial statements are an integral part of these financial statements.

City of Thomaston, Georgia
General Fund
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenues		
Taxes	\$ 3,255,891	\$ 3,251,351
Licenses and permits	170,697	192,360
Intergovernmental	443,084	398,131
Fines and forfeitures	291,590	436,833
Charges for services	22,550	15,950
Rent	221,775	216,290
Miscellaneous	99,962	123,108
Total Revenue	<u>4,505,549</u>	<u>4,634,023</u>
Expenditures		
Current:		
General government	1,641,978	3,314,610
Judicial	212,879	267,744
Public safety	3,063,846	2,809,698
Public works	670,456	712,954
Culture and recreation	925,225	892,802
Total Expenditures	<u>6,514,384</u>	<u>7,997,808</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>(2,008,835)</u>	<u>(3,363,785)</u>
Other Financing Sources (Uses)		
Transfer from Hotel Motel Fund	41,853	40,295
Transfer from Joint Projects Fund	128,518	94,587
Transfer from Electric Fund	1,500,000	3,266,770
Total Other Financing Sources (Uses)	<u>1,670,371</u>	<u>3,401,652</u>
Net Change in Fund Balance	(338,464)	37,867
Fund Balance - Beginning of Year	3,986,900	3,949,033
Fund Balance - End of Year	<u><u>\$ 3,648,436</u></u>	<u><u>\$ 3,986,900</u></u>

The notes to financial statements are an integral part of these financial statements.

City of Thomaston, Georgia
General Fund
Comparative Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2016

Description	Final Budget	2016 Actual	Variance With Final Budget	2015 Actual
<u>Taxes</u>				
General property tax	\$ 800,000	\$ 796,135	\$ (3,865)	\$ 701,445
Local option sales tax	1,350,000	1,273,384	(76,616)	1,316,453
Other:				
Motor vehicle taxes	15,000	15,780	780	179,822
Title Ad Valorem tax	160,000	82,700	(77,300)	-
Mobile home taxes	100	46	(54)	55
Intangible taxes	3,000	8,324	5,324	9,414
Franchise taxes	325,000	320,539	(4,461)	331,887
Insurance premium tax	525,000	572,088	47,088	528,379
Real estate transfer tax	1,000	3,474	2,474	4,293
Beer and wine tax	190,000	183,421	(6,579)	179,603
Total Taxes	3,369,100	3,255,891	(113,209)	3,251,351
<u>Licenses and Permits</u>				
Business and occupation	130,000	124,287	(5,713)	118,801
Special sales permits	25,100	46,410	21,310	73,559
Total Licenses and Permits	155,100	170,697	15,597	192,360
<u>Intergovernmental Revenues</u>				
Housing authority	44,000	50,182	6,182	44,052
Upson County	215,482	215,482	-	219,325
State of Georgia - Hazardous Trust Fund	-	84,718	84,718	-
State grants:				
FEMA Grant	-	89,167	89,167	-
Department of Transportation	150,000	-	(150,000)	63,017
Drug Task Force	29,100	3,535	(25,565)	38,682
Georgia Underground Tank	5,000	-	(5,000)	33,055
Total Intergovernmental Revenue	443,582	443,084	(498)	398,131
<u>Fines and Forfeitures</u>				
Recorder's Court	451,500	291,590	(159,910)	436,833
Total Fines and Forfeitures	451,500	291,590	(159,910)	436,833

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

City of Thomaston, Georgia
General Fund
Comparative Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Continued)
For the Year Ended December 31, 2016

Description	Final Budget	2016 Actual	Variance With Final Budget	2015 Actual
<u>Charges for Services</u>				
Cemetery fees	18,500	21,600	3,100	15,950
Weaver Park Pavillion Fees	-	950	950	-
Rent revenue	<u>219,275</u>	<u>221,775</u>	<u>2,500</u>	<u>216,290</u>
 Total Charges for Services	 <u>237,775</u>	 <u>244,325</u>	 <u>6,550</u>	 <u>232,240</u>
<u>Miscellaneous</u>				
Interest earnings	12,150	12,344	194	9,993
Insurance reimbursement	-	15,710	15,710	29,094
Miscellaneous	<u>71,450</u>	<u>71,908</u>	<u>458</u>	<u>84,021</u>
 Total Miscellaneous	 <u>83,600</u>	 <u>99,962</u>	 <u>16,362</u>	 <u>123,108</u>
 Total Revenues	 <u>4,740,657</u>	 <u>4,505,549</u>	 <u>(235,108)</u>	 <u>4,634,023</u>

City of Thomaston, Georgia
General Fund
Comparative Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Continued)
For the Year Ended December 31, 2016

Description	Final Budget	2016 Actual	Variance With Final Budget	2015 Actual
<u>General Government</u>				
Governing body	35,552	42,784	7,232	19,062
City clerk	32,533	31,012	(1,521)	41,364
City manager	88,097	71,117	(16,980)	74,992
General administration	1,904,898	986,925	(917,973)	2,790,551
Finance	143,988	124,905	(19,083)	103,248
Human Resources	58,000	56,940	(1,060)	-
Tax administration	6,620	6,620	-	6,500
Legal service	91,500	138,505	47,005	96,631
Community development	246,450	183,170	(63,280)	182,262
Total General Government	2,607,638	1,641,978	(965,660)	3,314,610
<u>Judicial</u>				
Municipal Court	273,275	212,879	(60,396)	267,744
Total Judicial	273,275	212,879	(60,396)	267,744
<u>Public Safety</u>				
Police Department:				
Police administration	785,095	668,954	(116,141)	629,388
Patrol	1,432,174	1,254,606	(177,568)	1,121,274
Fire Department:				
Fire administration	230,812	213,029	(17,783)	197,500
Fire fighting	809,402	927,257	117,855	861,536
Total Public Safety	3,257,483	3,063,846	(193,637)	2,809,698
<u>Public Works</u>				
Public works administration	383,874	396,460	12,586	250,607
Public works crew	92,863	105,627	12,764	137,841
Landfill postclosure crew	344,000	168,369	(175,631)	324,506
Total Public Works	820,737	670,456	(150,281)	712,954

City of Thomaston, Georgia
General Fund
Comparative Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Continued)
For the Year Ended December 31, 2016

Description	Final Budget	2016 Actual	Variance With Final Budget	2015 Actual
<u>Culture and Recreation</u>				
Parks	756,600	702,419	(54,181)	712,377
Parks and public space crew	<u>286,442</u>	<u>222,806</u>	<u>(63,636)</u>	<u>180,425</u>
Total Culture and Recreation	<u>1,043,042</u>	<u>925,225</u>	<u>(117,817)</u>	<u>892,802</u>
Total Expenditures	<u>8,002,175</u>	<u>6,514,384</u>	<u>(1,487,791)</u>	<u>7,997,808</u>
Excess of Revenue Over (Under) Expenditures	<u>(3,261,518)</u>	<u>(2,008,835)</u>	<u>1,252,683</u>	<u>(3,363,785)</u>
<u>Other Financing Sources (Uses)</u>				
Transfer in:				
Transfer from Hotel Motel Fund	38,000	41,853	3,853	40,295
Transfer from Electric Fund	1,500,000	1,500,000	-	3,266,770
Transfer from Joint Project Fund	<u>128,518</u>	<u>128,518</u>	<u>-</u>	<u>94,587</u>
Total Other Financing Sources (Uses)	<u>1,666,518</u>	<u>1,670,371</u>	<u>3,853</u>	<u>3,401,652</u>
Net Change in Fund Balance	(1,595,000)	(338,464)	1,256,536	37,867
Fund Balance, Beginning of Year	<u>3,942,786</u>	<u>3,986,900</u>	<u>-</u>	<u>3,949,033</u>
Fund Balance, End of Year	<u>\$ 2,347,786</u>	<u>\$ 3,648,436</u>	<u>\$ 1,256,536</u>	<u>\$ 3,986,900</u>

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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 payments of services.

City of Thomaston
Hotel/Motel Tax Fund
Comparative Balance sheet
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and cash equivalents	\$ 151	\$ -
Accounts receivable	<u>5,300</u>	<u>5,539</u>
Total Assets	<u>\$ 5,451</u>	<u>\$ 5,539</u>
Liabilities and Fund Balances		
<u>Liabilities</u>		
Accounts payable	\$ 2,180	\$ 2,216
Due to other funds	<u>3,271</u>	<u>3,323</u>
Total Liabilities	<u>5,451</u>	<u>5,539</u>
<u>Fund Balances</u>		
Restricted	<u>-</u>	<u>-</u>
Total Fund Balances	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 5,451</u>	<u>\$ 5,539</u>

City of Thomaston
Hotel/Motel Tax Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual

For the Year Ended December 31, 2016

	Final Budget	Actual	Variance With Final Budget
<u>Revenues</u>			
Hotel motel tax	\$ 70,000	\$ 69,754	\$ (246)
Total Revenues	<u>70,000</u>	<u>69,754</u>	<u>(246)</u>
<u>Expenditures</u>			
General government:			
Chamber of Commerce	28,000	27,902	98
Total Expenditures	<u>28,000</u>	<u>27,902</u>	<u>98</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>42,000</u>	<u>41,852</u>	<u>(148)</u>
<u>Other Financing Sources (Uses):</u>			
Transfers to general fund	(42,000)	(41,852)	148
Total Other Financing Sources (Uses)	<u>(42,000)</u>	<u>(41,852)</u>	<u>148</u>
Net change in fund balance	-	-	-
Fund balance - beginning of year	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Thomaston
Law Enforcement Confiscation Fund
Comparative Balance Sheet
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and cash equivalents	\$ 120,194	\$ 121,515
Total Assets	<u><u>\$ 120,194</u></u>	<u><u>\$ 121,515</u></u>
Liabilities and Fund Balances		
<u>Liabilities</u>		
Accounts payable	\$ -	\$ -
Due to other funds	3,848	-
Total Liabilities	<u>3,848</u>	<u>-</u>
<u>Fund Balances</u>		
Restricted for law enforcement	116,346	121,515
Total Fund Balances	<u>116,346</u>	<u>121,515</u>
Total Liabilities and Fund Balances	<u><u>\$ 120,194</u></u>	<u><u>\$ 121,515</u></u>

City of Thomaston
Law Enforcement Confiscation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2016

	Final Budget	Actual	Variance With Final Budget
<u>Revenues</u>			
Fines and forfeitures	\$ 100	\$ 80,624	\$ 80,524
Interest Income	25	226	201
Total Revenues	<u>125</u>	<u>80,850</u>	<u>80,725</u>
<u>Expenditures</u>			
Current:			
Public safety	-	9,791	(9,791)
Capital outlay	128,460	76,228	52,232
Total Expenditures	<u>128,460</u>	<u>86,019</u>	<u>42,441</u>
Net change in fund balance	(128,335)	(5,169)	123,166
Fund balance - beginning of year	121,515	121,515	-
Fund balance - end of year	<u>\$ (6,820)</u>	<u>\$ 116,346</u>	<u>\$ 123,166</u>

City of Thomaston
Joint Projects Tax Allocation District Fund
Comparative Balance sheet
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and cash equivalents	\$ 828,282	\$ 774,617
Property tax receivable, net	<u>52,107</u>	<u>84,750</u>
Total Assets	<u>\$ 880,389</u>	<u>\$ 859,367</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances		
<u>Liabilities</u>		
Accounts payable	\$ -	\$ 20,465
Advance to other funds	<u>621,091</u>	<u>621,091</u>
Total Liabilities	<u>621,091</u>	<u>641,556</u>
<u>Deferred Inflows of Resources</u>		
Unavailable revenue - property taxes	<u>38,275</u>	<u>30,736</u>
Total Deferred Inflows of Resources	<u>38,275</u>	<u>30,736</u>
<u>Fund Balances</u>		
Restricted	221,023	187,075
Unassigned	<u>-</u>	<u>-</u>
Total Fund Balances	<u>221,023</u>	<u>187,075</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 880,389</u>	<u>\$ 859,367</u>

City of Thomaston
Joint Projects Tax Allocation District Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2016

	Final Budget	Actual	Variance With Final Budget
<u>Revenues</u>			
Property taxes	\$ 1,142,938	\$ 1,261,357	\$ 118,419
Total Revenues	<u>1,142,938</u>	<u>1,261,357</u>	<u>118,419</u>
<u>Expenditures</u>			
Current:			
General government	213,086	163,298	49,788
Public safety	113,969	124,241	(10,272)
Economic development	195,259	212,056	(16,797)
Culture and recreation	620,624	599,296	21,328
Total Expenditures	<u>1,142,938</u>	<u>1,098,891</u>	<u>44,047</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>162,466</u>	<u>162,466</u>
<u>Other Financing Sources (Uses):</u>			
Transfers to General Fund	-	(128,518)	(128,518)
Total Other Financing Uses	<u>-</u>	<u>(128,518)</u>	<u>(128,518)</u>
Net change in fund balance	-	33,948	33,948
Fund balance - beginning of year	<u>187,075</u>	<u>187,075</u>	<u>-</u>
Fund balance - end of year	<u>\$ 187,075</u>	<u>\$ 221,023</u>	<u>\$ 33,948</u>

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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 Options 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.

2016 Special Local Option Sales Tax Fund - to account for the City of Thomaston sewer line project 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.

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

City of Thomaston, Georgia
2004 Special Local Option Sales Tax
Comparative Balance sheet
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and cash equivalents	\$ -	\$ 1,443,638
Total Assets	<u><u>\$ -</u></u>	<u><u>\$ 1,443,638</u></u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ 116,606
Retainage payable	<u>-</u>	<u>14,974</u>
Total Liabilities	<u>-</u>	<u>130,980</u>
Fund Balances		
Restricted for capital projects	<u>-</u>	<u>1,312,658</u>
Total Fund Balances	<u>-</u>	<u>1,312,658</u>
Total Liabilities and Fund Balances	<u><u>\$ -</u></u>	<u><u>\$ 1,443,638</u></u>

City of Thomaston, Georgia
2004 Special Local Option Sales Tax
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenues		
Interest earnings	\$ 1,648	\$ 7,673
Total Revenues	<u>1,648</u>	<u>7,673</u>
 Expenditures		
Capital outlay	<u>1,314,306</u>	<u>260,198</u>
Total Expenditures	<u>1,314,306</u>	<u>260,198</u>
 Net change in fund balance	(1,312,658)	(252,525)
 Fund balance - beginning of year	<u>1,312,658</u>	<u>1,565,183</u>
 Fund balance - end of year	<u><u>\$ -</u></u>	<u><u>\$ 1,312,658</u></u>

City of Thomaston, Georgia
2011 Special Local Option Sales Tax
Comparative Balance sheet
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and cash equivalents	\$ 620,646	\$ 2,222,961
Due from other funds	-	-
Due from other governments	<u>-</u>	<u>64,855</u>
Total Assets	<u>\$ 620,646</u>	<u>\$ 2,287,816</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 33,684	\$ 1,069
Due to other funds	<u>42,957</u>	<u>-</u>
Total Liabilities	<u>76,641</u>	<u>1,069</u>
Fund Balances		
Restricted for capital projects	<u>544,005</u>	<u>2,286,747</u>
Total Fund Balances	<u>544,005</u>	<u>2,286,747</u>
Total Liabilities and Fund Balances	<u>\$ 620,646</u>	<u>\$ 2,287,816</u>

City of Thomaston, Georgia
2011 Special Local Option Sales Tax
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenues		
Intergovernmental	\$ 450,728	\$ 802,146
Interest earnings	<u>7,893</u>	<u>7,702</u>
Total Revenues	<u>458,621</u>	<u>809,848</u>
 Expenditures		
Capital outlay	<u>2,201,363</u>	<u>197,872</u>
Total Expenditures	<u>2,201,363</u>	<u>197,872</u>
 Net change in fund balance	 (1,742,742)	 611,976
 Fund balance - beginning of year	 <u>2,286,747</u>	 <u>1,674,771</u>
 Fund balance - end of year	 <u><u>\$ 544,005</u></u>	 <u><u>\$ 2,286,747</u></u>

City of Thomaston, Georgia
2016 Special Local Option Sales Tax
Comparative Balance sheet
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and cash equivalents	\$ 199,290	\$ -
Total Assets	<u>\$ 199,290</u>	<u>\$ -</u>
Liabilities and Fund Balances		
Total Liabilities	\$ -	\$ -
Fund Balances		
Restricted for capital projects	199,290	-
Total Fund Balances	<u>199,290</u>	<u>-</u>
Total Liabilities and Fund Balances	<u><u>\$ 199,290</u></u>	<u><u>\$ -</u></u>

City of Thomaston, Georgia
2016 Special Local Option Sales Tax
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenues		
Intergovernmental	\$ 199,274	\$ -
Interest earnings	<u>16</u>	<u>-</u>
Total Revenues	<u>199,290</u>	<u>-</u>
 Expenditures		
Capital outlay	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>
 Net change in fund balance	 199,290	 -
 Fund balance - beginning of year	 <u>-</u>	 <u>-</u>
 Fund balance - end of year	 <u><u>\$ 199,290</u></u>	 <u><u>\$ -</u></u>

City of Thomaston, Georgia
Greatest Generational Park Fund
Comparative Balance sheet
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and cash equivalents	\$ 322,552	\$ 282,521
Total Assets	<u><u>\$ 322,552</u></u>	<u><u>\$ 282,521</u></u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>
Fund Balances		
Restricted for capital projects	<u>322,552</u>	<u>282,521</u>
Total Fund Balances	<u>322,552</u>	<u>282,521</u>
Total Liabilities and Fund Balances	<u><u>\$ 322,552</u></u>	<u><u>\$ 282,521</u></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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenues		
Charges for services	\$ 3,165	\$ 4,130
Interest earnings	791	764
Donation	<u>50,381</u>	<u>61,643</u>
Total Revenues	<u>54,337</u>	<u>66,537</u>
Expenditures		
Current:		
Culture and recreation	1,500	395
Capital outlay	<u>12,806</u>	<u>-</u>
Total Expenditures	<u>14,306</u>	<u>395</u>
Net change in fund balance	40,031	66,142
Fund balance - beginning of year	<u>282,521</u>	<u>216,379</u>
Fund balance - end of year	<u><u>\$ 322,552</u></u>	<u><u>\$ 282,521</u></u>

City of Thomaston, Georgia
2014 Community Development Block Grant/Water Line Fund
Comparative Balance sheet
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and cash equivalents	\$ -	\$ 1,000
Due from other funds	<u>5,687</u>	<u>-</u>
Intergovernmental receivable	<u>-</u>	<u>500,000</u>
Total Assets	<u>\$ 5,687</u>	<u>\$ 501,000</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities		
Retainage payable	\$ 5,687	\$ 50,705
Due to other funds	<u>-</u>	<u>450,295</u>
Total Liabilities	<u>5,687</u>	<u>501,000</u>
Deferred inflows of resources		
Unavailable revenue - grant revenues	<u>-</u>	<u>45,018</u>
Total Fund Balances	<u>-</u>	<u>45,018</u>
Fund Balances		
Unassigned	<u>-</u>	<u>(45,018)</u>
Total Fund Balances	<u>-</u>	<u>(45,018)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,687</u>	<u>\$ 501,000</u>

City of Thomaston, Georgia
2014 Community Development Block Grant/Water Line Fund
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenues		
Intergovernmental	\$ 45,018	\$ 454,982
Total Revenues	<u>45,018</u>	<u>454,982</u>
Expenditures		
Capital outlay	<u>-</u>	<u>500,000</u>
Total Expenditures	<u>-</u>	<u>500,000</u>
Net change in fund balance	45,018	(45,018)
Fund balance - beginning of year	<u>(45,018)</u>	<u>-</u>
Fund balance - end of year (deficit)	<u><u>\$ -</u></u>	<u><u>\$ (45,018)</u></u>

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, 2016

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
Revenues				
Department of Community Affairs	\$ 454,982	\$ 45,018	\$ 500,000	\$ 500,000
Total Revenues	<u>454,982</u>	<u>45,018</u>	<u>500,000</u>	<u>500,000</u>
Expendituress				
Contingencies - Unprogrammed Funds	-	-	50,000	50,000
Water Facilities	<u>500,000</u>	<u>-</u>	<u>450,000</u>	<u>450,000</u>
Total Expenditures	<u>500,000</u>	<u>-</u>	<u>500,000</u>	<u>500,000</u>
Net change in fund balance	(45,018)	45,018	-	-
Fund balance - beginning of year	<u>-</u>	<u>(45,018)</u>	<u>-</u>	<u>-</u>
Fund balance - end of year (deficit)	<u><u>\$ (45,018)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

City of Thomaston, Georgia
DOT LMIG Fund
Comparative Balance sheet
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and cash equivalents	\$ 1,008	\$ 7
Total Assets	<u><u>\$ 1,008</u></u>	<u><u>\$ 7</u></u>
Liabilities and Fund Balances		
Liabilities		
Due to other funds	\$ 1,000	\$ -
Total Liabilities	<u>1,000</u>	<u>-</u>
Fund Balances		
Restricted for capital projects	<u>8</u>	<u>7</u>
Total Fund Balances	<u>8</u>	<u>7</u>
Total Liabilities and Fund Balances	<u><u>\$ 1,008</u></u>	<u><u>\$ 7</u></u>

City of Thomaston, Georgia
DOT LMIG Fund
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenues		
Intergovernmental	\$ -	\$ 164,057
Interest earnings	<u>1</u>	<u>37</u>
Total Revenues	<u>1</u>	<u>164,094</u>
 Expenditures		
Capital outlay	<u>-</u>	<u>164,098</u>
Total Expenditures	<u>-</u>	<u>164,098</u>
 Net change in fund balance	 1	 (4)
 Fund balance - beginning of year	 <u>7</u>	 <u>11</u>
 Fund balance - end of year	 <u><u>\$ 8</u></u>	 <u><u>\$ 7</u></u>

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, no 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>	87-92
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>	93-99
Debt Capacity <i>These schedule presents 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>	100-103
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>	104-106
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>	107-108
Sources: <i>Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.</i>	

Schedule 1
City of Thomaston
Net Position by Component
Last 10 Years
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
Net investment in capital assets	\$ 10,703,996	\$ 11,086,621	\$ 11,367,708	\$ 12,433,446	\$ 12,132,055	\$ 13,618,213	\$ 13,232,483	\$ 13,671,438	\$ 16,020,543	\$ 16,262,913
Restricted	2,166,140	2,915,510	4,111,689	3,254,258	3,517,736	3,248,886	3,039,003	3,464,602	4,190,523	1,080,664
Unrestricted (deficit)	<u>3,626,015</u>	<u>3,871,842</u>	<u>3,038,370</u>	<u>2,927,503</u>	<u>2,668,561</u>	<u>2,199,363</u>	<u>2,731,392</u>	<u>2,490,231</u>	<u>(156,972)</u>	<u>(337,044)</u>
Total governmental activities net position	<u>\$ 16,496,151</u>	<u>\$ 17,873,973</u>	<u>\$ 18,517,767</u>	<u>\$ 18,615,207</u>	<u>\$ 18,318,352</u>	<u>\$ 19,066,462</u>	<u>\$ 19,002,878</u>	<u>\$ 19,626,271</u>	<u>\$ 20,054,094</u>	<u>\$ 17,006,533</u>
Business-type activities:										
Net investment in capital assets	\$ (1,706,248)	\$ 2,376,544	\$ 5,039,575	\$ 10,181,069	\$ 11,194,897	\$ 13,683,729	\$ 15,342,717	\$ 17,418,300	\$ 20,252,256	\$ 23,630,401
Restricted	3,553,683	496,900	290,717	293,632	294,976	294,266	287,528	287,978	290,134	288,824
Unrestricted (deficit)	<u>8,908,778</u>	<u>8,064,809</u>	<u>8,512,409</u>	<u>7,479,800</u>	<u>7,180,839</u>	<u>6,396,029</u>	<u>6,402,398</u>	<u>6,161,297</u>	<u>2,042,275</u>	<u>3,488,263</u>
Total business-type activities net position	<u>\$ 10,756,213</u>	<u>\$ 10,938,253</u>	<u>\$ 13,842,701</u>	<u>\$ 17,954,501</u>	<u>\$ 18,670,712</u>	<u>\$ 20,374,024</u>	<u>\$ 22,032,643</u>	<u>\$ 23,867,575</u>	<u>\$ 22,584,665</u>	<u>\$ 27,407,488</u>
Primary government:										
Net investment in capital assets	\$ 8,997,748	\$ 13,463,165	\$ 16,407,283	\$ 22,614,515	\$ 23,326,952	\$ 27,301,942	\$ 28,575,200	\$ 31,089,738	\$ 36,272,799	\$ 39,893,314
Restricted	5,719,823	3,412,410	4,402,406	3,547,890	3,812,712	3,543,152	3,326,531	3,752,580	4,480,657	1,369,488
Unrestricted (deficit)	<u>12,534,793</u>	<u>11,936,651</u>	<u>11,550,779</u>	<u>10,407,303</u>	<u>9,849,400</u>	<u>8,595,392</u>	<u>9,133,790</u>	<u>8,651,528</u>	<u>1,885,303</u>	<u>3,151,219</u>
Total primary government net position	<u>\$ 27,252,364</u>	<u>\$ 28,812,226</u>	<u>\$ 32,360,468</u>	<u>\$ 36,569,708</u>	<u>\$ 36,989,064</u>	<u>\$ 39,440,486</u>	<u>\$ 41,035,521</u>	<u>\$ 43,493,846</u>	<u>\$ 42,638,759</u>	<u>\$ 44,414,021</u>

Schedule 2
City of Thomaston
Changes in Net Position
Last 10 Years
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government (Note 1)	\$ 3,751,117	\$ 3,539,659	\$ 2,244,192	\$ 2,827,252	\$ 1,914,999	\$ 2,038,116	\$ 1,245,804	\$ 1,612,310	\$ 3,639,830	\$ 5,236,015
Judicial	208,664	208,500	215,894	177,475	163,609	202,989	239,417	234,102	267,744	212,879
Public safety	2,571,097	2,524,923	2,831,390	2,963,077	2,751,102	2,870,384	2,745,709	3,093,608	2,727,279	3,184,142
Public works	162,254	647,224	924,573	1,634,486	794,525	1,431,991	1,335,976	909,316	502,207	656,702
Economic development	471,662	74,651	3,239	217,922	144,262	149,363	144,347	324,151	332,633	358,257
Culture and recreation	-	-	-	-	21,697	366,231	530,294	993,897	1,276,803	1,526,021
Total governmental activities expenses	<u>\$ 7,164,794</u>	<u>\$ 6,994,957</u>	<u>\$ 6,219,288</u>	<u>\$ 7,820,212</u>	<u>\$ 5,790,194</u>	<u>\$ 7,059,074</u>	<u>\$ 6,241,547</u>	<u>\$ 7,167,384</u>	<u>\$ 8,746,496</u>	<u>\$ 11,174,016</u>
Business-type activities:										
Water and sewer	\$ 3,068,279	\$ 3,326,701	\$ 3,806,922	\$ 3,452,263	\$ 3,978,918	\$ 4,361,621	\$ 4,093,022	\$ 4,335,355	\$ 4,747,369	\$ 4,704,846
Electric	9,124,833	9,767,618	8,546,908	9,220,580	11,008,854	11,465,199	10,672,120	11,954,799	11,752,201	10,967,949
Sanitation	-	-	988,594	994,802	1,083,916	1,073,394	1,147,044	1,083,180	1,131,507	1,042,968
Total business-type activities expenses	<u>\$ 12,193,112</u>	<u>\$ 13,094,319</u>	<u>\$ 13,342,424</u>	<u>\$ 13,667,645</u>	<u>\$ 16,071,688</u>	<u>\$ 16,900,214</u>	<u>\$ 15,912,186</u>	<u>\$ 17,373,334</u>	<u>\$ 17,631,077</u>	<u>\$ 16,715,763</u>
Total primary government expenses	<u>\$ 19,357,906</u>	<u>\$ 20,089,276</u>	<u>\$ 19,561,712</u>	<u>\$ 21,487,857</u>	<u>\$ 21,861,882</u>	<u>\$ 23,959,288</u>	<u>\$ 22,153,733</u>	<u>\$ 24,540,718</u>	<u>\$ 26,377,573</u>	<u>\$ 27,889,779</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Refuse collection	\$ 1,018,178	\$ 1,030,657	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cemetery fees	7,600	21,900	18,500	13,000	18,550	15,000	14,500	17,900	15,950	21,600
Fines and forfeitures	566,318	529,899	541,228	388,554	276,797	385,320	416,557	374,287	436,833	291,590
Licenses and permits	126,336	127,572	124,856	132,852	129,296	134,176	131,055	146,732	192,360	170,697
Public Safety	1,624	8,454	5,537	10,598	5,145	724	6,742	9,782	129,826	80,624
Rent	144,272	146,463	161,820	161,646	162,472	166,129	209,629	219,746	216,290	221,775
Other	-	-	-	-	2,530	3,270	3,520	4,145	4,130	4,116
Operating grants and contributions	527,095	248,199	823,238	801,356	220,301	283,760	316,429	322,856	620,317	443,083
Capital grants and contributions	409,015	223,375	898,288	1,481,609	438,426	1,908,281	756,809	1,166,516	1,449,990	704,577
Total governmental activities program revenues	<u>\$ 2,800,438</u>	<u>\$ 2,336,519</u>	<u>\$ 2,573,467</u>	<u>\$ 2,989,615</u>	<u>\$ 1,253,517</u>	<u>\$ 2,896,660</u>	<u>\$ 1,855,241</u>	<u>\$ 2,261,964</u>	<u>\$ 3,065,696</u>	<u>\$ 1,938,062</u>
Business-type activities:										
Charges for services:										
Water and sewer	\$ 3,796,102	\$ 3,751,551	\$ 3,598,022	\$ 3,548,910	\$ 3,667,827	\$ 4,042,795	\$ 4,140,579	\$ 4,534,921	\$ 4,624,733	\$ 4,772,823
Electric	10,267,643	10,269,743	10,537,058	11,261,852	11,646,993	12,074,428	12,370,325	13,352,066	13,176,252	13,368,693
Sanitation	-	-	1,018,375	1,017,658	1,010,003	1,090,951	1,098,606	1,142,030	1,158,505	1,157,767
Capital grants and contributions	-	-	1,339,092	3,013,367	485,621	2,496,166	953,164	1,114,049	1,820,908	3,594,640
Total business-type activities program revenues	<u>\$ 14,063,745</u>	<u>\$ 14,021,294</u>	<u>\$ 16,492,547</u>	<u>\$ 18,841,787</u>	<u>\$ 16,810,444</u>	<u>\$ 19,704,340</u>	<u>\$ 18,562,674</u>	<u>\$ 20,143,066</u>	<u>\$ 20,780,398</u>	<u>\$ 22,893,923</u>
Total primary government program revenues	<u>\$ 16,864,183</u>	<u>\$ 16,357,813</u>	<u>\$ 19,066,014</u>	<u>\$ 21,831,402</u>	<u>\$ 18,063,961</u>	<u>\$ 22,601,000</u>	<u>\$ 20,417,915</u>	<u>\$ 22,405,030</u>	<u>\$ 23,846,094</u>	<u>\$ 24,831,985</u>

Schedule 2
City of Thomaston
Changes in Net Position
Last 10 Years
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>Net (Expenses)/Revenue</u>										
Governmental activities	\$ (4,364,356)	\$ (4,658,438)	\$ (3,645,821)	\$ (4,830,597)	\$ (4,536,677)	\$ (4,162,414)	\$ (4,386,306)	\$ (4,905,420)	\$ (5,680,800)	\$ (9,235,954)
Business-type activities	<u>1,870,633</u>	<u>926,975</u>	<u>3,150,123</u>	<u>5,174,142</u>	<u>738,756</u>	<u>2,804,126</u>	<u>2,650,488</u>	<u>2,769,732</u>	<u>3,149,321</u>	<u>6,178,160</u>
Total primary government net (expenses)/revenues	<u>\$ (2,493,723)</u>	<u>\$ (3,731,463)</u>	<u>\$ (495,698)</u>	<u>\$ 343,545</u>	<u>\$ (3,797,921)</u>	<u>\$ (1,358,288)</u>	<u>\$ (1,735,818)</u>	<u>\$ (2,135,688)</u>	<u>\$ (2,531,479)</u>	<u>\$ (3,057,794)</u>
<u>General Revenue and Other Changes in Net Position</u>										
Governmental activities:										
Taxes:										
Property taxes	\$ 857,612	\$ 797,439	\$ 806,282	\$ 827,426	\$ 797,423	\$ 812,885	\$ 799,954	\$ 1,640,108	\$ 1,972,285	\$ 2,007,532
Sales taxes	2,469,820	2,261,187	1,222,074	1,367,381	1,349,798	1,372,294	1,202,035	1,371,890	1,316,453	1,273,384
Franchise taxes	373,555	367,655	398,461	307,630	358,274	335,574	367,435	336,097	331,887	320,539
Insurance premiums taxes	514,395	526,717	521,775	506,611	430,147	456,850	473,025	494,582	528,379	572,088
Other taxes	327,877	335,031	319,443	320,293	315,496	308,835	410,201	475,317	440,345	363,499
Interest revenue	204,273	176,526	123,181	58,012	30,354	17,188	13,346	13,166	10,949	-
Gain on sale of capital assets	-	-	14,391	8,157	20,565	2,111	5,291	535	-	13,362
Miscellaneous	234,779	275,166	299,702	86,416	112,765	106,287	45,438	197,118	174,759	137,999
Transfers	<u>1,260,067</u>	<u>1,296,539</u>	<u>1,000,000</u>	<u>1,446,111</u>	<u>825,000</u>	<u>1,498,500</u>	<u>1,005,997</u>	<u>1,000,000</u>	<u>3,266,770</u>	<u>1,500,000</u>
Total governmental activities	<u>\$ 6,242,378</u>	<u>\$ 6,036,260</u>	<u>\$ 4,705,309</u>	<u>\$ 4,928,037</u>	<u>\$ 4,239,822</u>	<u>\$ 4,910,524</u>	<u>\$ 4,322,722</u>	<u>\$ 5,528,813</u>	<u>\$ 8,041,827</u>	<u>\$ 6,188,403</u>
Business-type activities:										
Interest revenue	\$ 701,622	\$ 537,813	\$ 338,631	\$ 383,769	\$ 802,455	\$ 397,686	\$ 14,128	\$ 65,200	\$ 41,351	\$ 46,598
Miscellaneous	-	13,791	-	-	-	-	-	-	270,052	98,065
Transfers	<u>(1,260,067)</u>	<u>(1,296,539)</u>	<u>(1,000,000)</u>	<u>(1,446,111)</u>	<u>(825,000)</u>	<u>(1,498,500)</u>	<u>(1,005,997)</u>	<u>(1,000,000)</u>	<u>(3,266,770)</u>	<u>(1,500,000)</u>
Total business-type activities	<u>\$ (558,445)</u>	<u>\$ (744,935)</u>	<u>\$ (661,369)</u>	<u>\$ (1,062,342)</u>	<u>\$ (22,545)</u>	<u>\$ (1,100,814)</u>	<u>\$ (991,869)</u>	<u>\$ (934,800)</u>	<u>\$ (2,955,367)</u>	<u>\$ (1,355,337)</u>
Total primary government	<u>\$ 5,683,933</u>	<u>\$ 5,291,325</u>	<u>\$ 4,043,940</u>	<u>\$ 3,865,695</u>	<u>\$ 4,217,277</u>	<u>\$ 3,809,710</u>	<u>\$ 3,330,853</u>	<u>\$ 4,594,013</u>	<u>\$ 5,086,460</u>	<u>\$ 4,833,066</u>
Change in Net Position										
Governmental activities	\$ 1,878,022	\$ 1,377,822	\$ 1,059,488	\$ 97,440	\$ (296,855)	\$ 748,110	\$ (63,584)	\$ 623,393	\$ 2,361,027	\$ (3,047,551)
Business-type activities	<u>1,312,188</u>	<u>182,040</u>	<u>2,488,754</u>	<u>4,111,800</u>	<u>716,211</u>	<u>1,703,312</u>	<u>1,658,619</u>	<u>1,834,932</u>	<u>193,954</u>	<u>4,822,823</u>
Total primary government	<u>\$ 3,190,210</u>	<u>\$ 1,559,862</u>	<u>\$ 3,548,242</u>	<u>\$ 4,209,240</u>	<u>\$ 419,356</u>	<u>\$ 2,451,422</u>	<u>\$ 1,595,035</u>	<u>\$ 2,458,325</u>	<u>\$ 2,554,981</u>	<u>\$ 1,775,272</u>

Schedule 3

City of Thomaston

Program Revenues by Function/Program

Last 10 Years

(accrual basis of accounting)

	Program Revenue									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>Function/Program</u>										
Governmental activities:										
General government	\$ 2,338,542	\$ 1,940,926	\$ 1,183,840	\$ 964,061	\$ 634,031	\$ 851,422	\$ 824,497	\$ 806,670	\$ 1,128,940	\$ 1,149,327
Public safety	41,646	30,175	36,253	185,961	40,020	45,454	39,540	22,265	168,507	84,158
Public works	11,235	142,043	1,353,374	1,839,593	579,466	1,999,784	991,204	1,433,029	1,768,249	704,577
Economic development	409,015	223,375	-	-	-	-	-	-	-	-
Subtotal governmental activities	<u>\$ 2,800,438</u>	<u>\$ 2,336,519</u>	<u>\$ 2,573,467</u>	<u>\$ 2,989,615</u>	<u>\$ 1,253,517</u>	<u>\$ 2,896,660</u>	<u>\$ 1,855,241</u>	<u>\$ 2,261,964</u>	<u>\$ 3,065,696</u>	<u>\$ 1,938,062</u>
Business-type activities:										
Electric	\$ 10,267,643	\$ 10,269,743	\$ 10,537,058	\$ 11,267,401	\$ 11,654,531	\$ 12,074,428	\$ 12,370,325	\$ 13,352,066	\$ 13,176,252	\$ 13,368,693
Water and sewer	3,796,102	3,751,551	4,937,114	6,556,728	4,145,910	6,538,961	5,093,743	5,648,970	6,445,641	8,367,463
Sanitation	-	-	1,018,375	1,017,658	1,010,003	1,090,951	1,098,606	1,142,030	1,158,505	1,157,767
Subtotal business-type activities	<u>\$ 14,063,745</u>	<u>\$ 14,021,294</u>	<u>\$ 16,492,547</u>	<u>\$ 18,841,787</u>	<u>\$ 16,810,444</u>	<u>\$ 19,704,340</u>	<u>\$ 18,562,674</u>	<u>\$ 20,143,066</u>	<u>\$ 20,780,398</u>	<u>\$ 22,893,923</u>
Total primary government	<u>\$ 16,864,183</u>	<u>\$ 16,357,813</u>	<u>\$ 19,066,014</u>	<u>\$ 21,831,402</u>	<u>\$ 18,063,961</u>	<u>\$ 22,601,000</u>	<u>\$ 20,417,915</u>	<u>\$ 22,405,030</u>	<u>\$ 23,846,094</u>	<u>\$ 24,831,985</u>

Schedule 4

City of Thomaston

Fund Balances, Governmental Funds

Last 10 Years

(modified accrual basis of accounting)

	2007	2008	2009	Restated 2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ 70,704	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	3,468,554	3,523,676	3,613,786	3,932,640	-	-	-	-	-	-
Nonspendable	-	-	-	-	-		45,461	504,559	666,552	621,091
Assigned	-	-	-	-	1,228,319	1,567,152	584,882	1,881,368	1,088,523	588,126
Unassigned	-	-	-	-	2,886,174	2,152,349	3,455,261	1,563,106	2,231,825	2,439,219
Total General Fund	<u>\$ 3,468,554</u>	<u>\$ 3,523,676</u>	<u>\$ 3,613,786</u>	<u>\$ 4,003,344</u>	<u>\$ 4,114,493</u>	<u>\$ 3,719,501</u>	<u>\$ 4,085,604</u>	<u>\$ 3,949,033</u>	<u>\$ 3,986,900</u>	<u>\$ 3,648,436</u>
All Other Governmental Funds										
Reserved:										
Program purposes	\$ -	\$ -	\$ 192,834	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital outlay	2,166,140	2,915,510	3,911,866	3,236,371	-	-	-	-	-	-
Public safety	-	-	6,989	17,887	-	-	-	-	-	-
Unreserved:										
Special Revenue Funds	230,339	241,426	-	-	-	-	-	-	-	-
Capital Projects Funds	567,768	718,442	-	8,430	-	-	-	-	-	-
Restricted:										
Capital Projects Funds	-				3,508,598	3,242,099	3,025,456	3,456,344	3,881,933	1,065,855
Public safety	-	-	-	-	9,138	6,787	13,547	8,258	121,515	116,346
Joint projects	-	-	-	-	-	-	-	-	187,075	221,023
Unassigned	-	-	-	-	-	-	-	(89,110)	(45,018)	-
Total all other governmental funds	<u>\$ 2,964,247</u>	<u>\$ 3,875,378</u>	<u>\$ 4,111,689</u>	<u>\$ 3,262,688</u>	<u>\$ 3,517,736</u>	<u>\$ 3,248,886</u>	<u>\$ 3,039,003</u>	<u>\$ 3,375,492</u>	<u>\$ 4,145,505</u>	<u>\$ 1,403,224</u>

Schedule 5
City of Thomaston
Changes in Fund Balance, Governmental Funds
Last 10 Years
(modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Property taxes	\$ 792,745	\$ 760,324	\$ 893,218	\$ 849,227	\$ 781,027	\$ 839,576	\$ 790,859	\$ 766,757	\$ 701,445	\$ 796,135
Sales taxes	2,469,820	2,261,187	1,222,074	1,367,381	1,349,798	1,372,294	1,202,035	1,371,890	1,316,453	1,273,384
Other taxes	1,215,827	1,229,403	1,239,679	1,134,534	1,103,917	1,101,261	1,250,661	2,176,436	2,507,926	2,517,493
Licenses and permits	126,336	127,572	124,856	132,852	129,296	134,176	131,055	146,732	192,360	170,697
Intergovernmental	936,110	471,574	1,721,526	2,243,471	626,371	2,174,227	1,058,315	1,475,125	2,054,933	1,138,104
Fines and forfeitures	567,942	538,353	546,765	399,152	281,942	386,044	423,299	384,069	566,659	372,214
Charges for services	1,025,778	1,052,557	18,500	13,000	21,080	18,270	18,020	22,045	20,080	25,715
Interest earnings	204,273	176,526	123,181	97,507	62,710	35,002	28,269	27,413	26,324	22,919
Rent	144,272	146,463	161,820	161,646	162,472	166,129	209,629	219,746	216,290	221,775
Donations	-	200,000	200,295	255	50,461	17,752	4,350	85,461	-	-
Other	234,779	75,166	99,407	86,160	62,304	88,533	41,088	111,657	174,758	137,999
Total revenue	<u>\$ 7,717,882</u>	<u>\$ 7,039,125</u>	<u>\$ 6,351,321</u>	<u>\$ 6,485,185</u>	<u>\$ 4,631,378</u>	<u>\$ 6,333,264</u>	<u>\$ 5,157,580</u>	<u>\$ 6,787,331</u>	<u>\$ 7,777,228</u>	<u>\$ 6,676,435</u>
Expenditures										
General government (Note 1)	\$ 3,237,612	\$ 3,611,428	\$ 2,455,040	\$ 2,593,089	\$ 1,610,689	\$ 2,573,930	\$ 1,235,802	\$ 1,653,501	\$ 3,506,908	\$ 1,833,177
Judicial	208,664	208,500	215,894	177,475	163,609	202,989	239,417	234,102	267,744	212,879
Public safety	2,603,913	2,698,239	2,727,019	2,756,897	2,741,548	2,756,576	2,757,773	3,101,427	2,972,599	3,197,878
Public works	571,184	588,849	472,807	496,559	344,961	273,226	273,062	462,523	712,954	670,456
Economic development	441,423	68,852	47,609	50,092	440	-	-	183,246	183,219	212,056
Culture and recreation	-	-	-	-	21,697	366,231	530,294	983,947	1,276,803	1,526,021
Capital outlay	816,427	210,246	1,032,302	2,198,369	227,802	2,324,765	981,929	987,987	1,315,891	3,604,703
Total expenditures	<u>\$ 7,879,223</u>	<u>\$ 7,386,114</u>	<u>\$ 6,950,671</u>	<u>\$ 8,272,481</u>	<u>\$ 5,110,746</u>	<u>\$ 8,497,717</u>	<u>\$ 6,018,277</u>	<u>\$ 7,606,733</u>	<u>\$ 10,236,118</u>	<u>\$ 11,257,170</u>
Excess of revenues over (under) expenditures	<u>\$ (161,341)</u>	<u>\$ (346,989)</u>	<u>\$ (599,350)</u>	<u>\$ (1,787,296)</u>	<u>\$ (479,368)</u>	<u>\$ (2,164,453)</u>	<u>\$ (860,697)</u>	<u>\$ (819,402)</u>	<u>\$ (2,458,890)</u>	<u>\$ (4,580,735)</u>
Other Financing Sources (Uses)										
Transfers from other funds	\$ 1,362,050	\$ 1,351,188	\$ 1,052,562	\$ 1,381,207	\$ 941,422	\$ 1,558,988	\$ 1,052,103	\$ 1,039,968	\$ 3,401,652	\$ 1,670,371
Transfers to other funds	(101,983)	(57,159)	(52,562)	(61,511)	(116,422)	(60,488)	(46,106)	(39,968)	(134,882)	(170,371)
Sale of Property	14,901	19,213	14,391	8,157	20,565	2,111	10,920	19,320	-	-
Total Other Financing Sources (Uses)	<u>\$ 1,274,968</u>	<u>\$ 1,313,242</u>	<u>\$ 1,014,391</u>	<u>\$ 1,327,853</u>	<u>\$ 845,565</u>	<u>\$ 1,500,611</u>	<u>\$ 1,016,917</u>	<u>\$ 1,019,320</u>	<u>\$ 3,266,770</u>	<u>\$ 1,500,000</u>
Net change in fund balances	<u>\$ 1,113,627</u>	<u>\$ 966,253</u>	<u>\$ 415,041</u>	<u>\$ (459,443)</u>	<u>\$ 366,197</u>	<u>\$ (663,842)</u>	<u>\$ 156,220</u>	<u>\$ 199,918</u>	<u>\$ 807,880</u>	<u>\$ (3,080,735)</u>

Note 1: Prior year balances have been restated to break out Judicial expenditures.

Schedule 6
City of Thomaston
Tax Revenue by Source, Governmental Funds
Last 10 Years
(modified accrual basis of accounting)

Fiscal Year	Vehicle and Motor Home	Motor Vehicle and Motor Home	Local Option (LOST) Sales	Special Local Option (SPOST) Sales	Joint Projects Special Taxing District	Intangible	Franchise	Insurance Premium	Real Estate Transfer	Alcoholic Beverage	Hotel/Motel	Total
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
2015	751,285	179,877	1,319,486	802,146	1,221,786	9,414	333,289	528,379	4,293	179,603	67,404	5,396,962
2016	796,135	98,527	1,273,384	650,002	1,261,367	8,324	320,539	572,088	3,474	183,421	69,754	5,237,015

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	
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	231,412,680	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
2015	122,795,489	306,988,722	81,863,659	204,659,148	204,659,148	511,647,870	3.80
2016	119,855,282	299,638,205	79,903,521	199,758,803	199,758,803	499,397,008	3.81

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	
2007	3.66		0.00	3.66	0.25	12.72	15.03	31.66
2008	3.62		0.00	3.62	0.25	12.72	14.30	30.89
2009	3.62		0.00	3.62	0.25	12.72	14.30	30.89
2010	3.62		0.00	3.62	0.25	12.72	14.30	30.89
2011	3.62		0.00	3.62	0.25	12.72	14.30	30.89
2012	3.84		0.00	3.84	0.20	7.77	15.30	27.11
2013	3.84		0.00	3.84	0.15	16.50	15.34	35.83
2014	3.84	4.91	0.00	8.75	0.10	11.13	15.38	35.36
2015	3.80	6.28	0.00	10.08	0.05	9.76	15.38	35.27
2016	3.81	6.55	0.00	10.36	0.00	9.77	15.42	35.55

The city's basic property tax rate (millage rate) is established by the city council each year in August or September.

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

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

Taxpayer	2006				Taxpayer	2016			
	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	\$37,215,000	\$142,533	1	16.16%	West Georgia Generating	\$28,831,822	\$294,036	1	13.78%
Wal-Mart Stores, Inc.	6,932,652	26,552	2	3.01%	Wal-Mart Stores, Inc.	7,899,217	81,837	2	3.84%
Yamaha Music Mfg., Inc.	8,301,368	23,485	3	2.66%	Home Depot	3,717,341	38,512	3	1.81%
Atlantic Paper & Foil (Atlantic Lakeside Properties)	5,763,600	19,164	4	2.17%	Standard Textiles	10,271,141	29,203	4	1.37%
Home Depot	5,001,976	19,160	5	2.17%	North Creek Shopping Center	2,363,339	24,485	5	1.15%
One Four Five Associates	2,751,635	10,539	6	1.20%	Ingles Market	2,307,639	23,907	6	1.12%
Georgia Windstream	2,632,478	10,082	7	1.14%	SouthCrest Bank	3,467,932	23,538	7	1.10%
1888 Mills	8,777,745	7,895	8	0.90%	Blackstock Properties	1,676,141	17,360	8	0.81%
Oracle Packaging Co. of Georgia	3,736,823	7,144	9	0.81%	Charter Communications	2,404,583	16,200	9	0.76%
Royal Cord, Inc.	3,460,898	5,380	10	0.61%	Thomaston Affordable Housing	1,293,029	13,396	10	0.63%
	<u>\$ 84,574,175</u>	<u>\$ 271,934</u>		<u>30.83%</u>		<u>\$ 64,232,184</u>	<u>\$ 562,474</u>		<u>26.37%</u>

Source: Upson County Tax Commissioner's Office

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
2007	917,470	734,117	80.02%	183,304	917,421	99.99%
2008	868,711	729,936	84.03%	138,647	868,583	99.99%
2009	879,011	768,774	87.46%	109,843	878,617	99.96%
2010	875,559	769,592	87.90%	105,445	875,037	99.94%
2011	851,015	734,588	86.32%	115,652	850,240	99.91%
2012	875,547	640,085	73.11%	234,084	874,169	99.84%
2013	950,132	856,029	90.10%	92,252	948,281	99.81%
2014	988,859	887,224	89.72%	97,988	985,212	99.63%
2015	948,510	815,883	86.02%	107,125	923,008	97.31%
2016	877,627	758,185	86.39%	-----	758,185	86.39%

Source: Final Accounting Reports for 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
	2014	of Total		2015	of Total		2016	of Total
Accommodations	\$ 15,732	0.50%	Accommodations	\$ 14,802	0.48%	Accommodations	\$ 16,697	0.56%
Auto	61,186	1.93%	Auto	64,036	2.09%	Auto	65,979	2.23%
Construction	6,457	0.20%	Construction	7,085	0.23%	Construction	15,906	0.54%
Food/bars	500,737	15.76%	Food/bars	531,623	17.33%	Food/bars	547,683	18.51%
General Merchandise	705,332	22.20%	General Merchandise	735,377	23.97%	General Merchandise	660,010	22.30%
Home Furnishings	73,792	2.32%	Home Furnishings	70,615	2.30%	Home Furnishings	75,729	2.56%
Manufacturing	323,088	10.17%	Manufacturing	234,770	7.65%	Manufacturing	217,835	7.36%
Misc. Service	310,128	9.76%	Misc. Service	320,032	10.43%	Misc. Service	334,083	11.29%
Other Retail	299,195	9.42%	Other Retail	285,450	9.30%	Other Retail	326,845	11.04%
Other Services	70,941	2.23%	Other Services	71,480	2.33%	Other Services	61,617	2.08%
Utilities	333,714	10.50%	Utilities	291,981	9.52%	Utilities	269,443	9.10%
Wholesale	477,192	15.48%	Wholesale	440,889	15.48%	Wholesale	367,752	12.43%
	<u>\$ 3,177,494</u>	<u>100.00%</u>		<u>\$ 3,068,140</u>	<u>100.00%</u>		<u>\$ 2,959,579</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
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 (4)
2011	2.00% LOST & SPLOST (5)	3.00% LOST & SPLOST (5) & 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
2015	2.00% LOST & SPLOST	3.00% LOST & SPLOST & ELOST (6)
2016	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: The City's direct sales tax rate is included in the County rate. 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 4/1/2005 and ended 3/31/2011. The City of Thomaston, City of Yatesville and Upson County share the SPLOST funds.

(3) The 1% ELOST began 7/1/2006 and ended 6/30/2010.

(4) The 1% ELOST began 7/1/2010 and will end 6/30/2015.

(5) 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.

(6) The 1% ELOST began 7/1/2015 and will end 6/30/2020.

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			
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	1,166	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	1,182	0.2957%
2015	---	6,775,000	4,294,717 (6)	11,069,717	1,226	0.2784%
2016	---	6,280,000	5,703,039	11,983,039	1,337	0.2198%

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 2016 ending balance was \$819,149.

(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 2016 ending balance was \$1,105,333.

(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 2016 ending balance was \$2,156,062.

(6) The City of Thomaston entered into a promissory note agreement with the Georgia Environmental Finance Authority (GEFA) in 2014. The first draw on the loan was made in 2016. The 2016 ending balance was \$1,622,495.

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, 2016

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)	0
Total Direct Debt	<u>0</u>
Overlapping (3)	
Upson County - General Obligation Debt (1)	0
- GEFA Loans (2)	5,703,039
- Capital Leases (4)	0
Total Overlapping Debt	<u>5,703,039</u>
Total Direct and Overlapping	<u><u>5,703,039</u></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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net Assessed Value	\$ 233,927,871	\$ 238,311,219	\$ 232,655,825	\$ 231,412,680	\$ 226,500,330	\$ 215,419,451	\$ 209,931,260	\$ 202,837,486	\$ 204,659,148	\$ 199,758,803
Debt Limit - 10% of Assessed Value	23,392,787	23,831,122	23,265,583	23,141,268	22,650,033	21,541,945	20,993,126	20,283,749	20,465,915	19,975,880
Debt Applicable to Limit:										
General obligation bonds	0	0	0	0	0	0	0	0	0	0
Net debt applicable to limit	0	0	0	0	0	0	0	0	0	0
Legal Debt Margin	23,392,787	23,831,122	23,265,583	23,141,268	22,650,033	21,541,945	20,993,126	20,283,749	20,465,915	19,975,880
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	
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
2015	19,264,755	16,507,873	2,756,882	480,000	181,375	661,375	4.17
2016	19,431,464	15,558,762	3,872,702	495,000	169,375	664,375	5.83

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 Income	Median Age	Unemployment Rate
2007	9,165	24,811	N/A	N/A
2008	9,191	26,041	N/A	N/A
2009	9,191	26,498	N/A	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
2015	9,032	30,815	38.2	7.1
2016	8,962	26,335	38.2	8.3

Notes: The population number for 2011 was obtained from 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, 2010, and 2016 was obtained from the Georgia Department of Labor.

N/A = Not Available

Schedule 18
City of Thomaston
Principal Employers
Current Year and Ten Years Ago

Employer	Number of Employees	2007 Rank
Thomaston/Upson County Schools	736	1
Upson Regional Medical Center	636	2
Standard Textile Company	210	3
City of Thomaston	122	4
Atlantic Paper & Foil (Note 1)	110	5
Thomaston Mfg. / ATD American	84	6
1888 Mills, LLC.	70	7
Oracle Packaging of Georgia (Note 1)	57	8
Hill Construction	42	9
J.M. Clayton Electrical Contractors	42	10

Employer	Number of Employees	2016 Rank
Thomaston/Upson County Schools	696	1
Upson Regional Medical Center	670	2
Standard Textile Company	240	3
Upson County Government	230	4
Wal-Mart	181	5
Harborview Thomaston LLC	118	6
Southern Crescent Technical College	110	7
Riverside Nursing Home	91	8
City of Thomaston	89	9
Providence Nursing Home	82	10

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

Function/Program	Full Time Equivalents as of December 31,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Administration	11	10	10	10	10	5	4	4	4	6
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 (1)						6	5	5	5	5
Meter Readers (2)						2	2	3	3	3
Electric Department	15	14	13	13	13	13	11	11	12	12
Fire Department	19	19	21	21	20	20	19	15	17	17
Police Department										
Officers	27	27	23	22	23	21	20	22	22	22
Civilians	2	3	3	3	3	3	3	2	2	2
Street Department	12	11	10	8	5	4	4	4	2	2
Water/Wastewater Department (3)	25	25	24	21	19	21	19	20	20	20

Source: Payroll records

(1) The Parks & Public Spaces Department began in 2012.

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

(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 Nine Years

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Building permits issued										
New Residential	23	7	5	3	0	0	1	0	1	0
New Commercial	7	6	6	4	5	6	1	5	3	1
Additions & Improvements - Residential	110	97	98	64	67	83	126	121	142	156
Additions & Improvements - Commercial	10	18	22	18	16	22	12	18	57	38
Police Department										
Physical arrests	2,741	1,120	587	794	620	425	729	691	783	744
Citations	2,184	3,648	2,916	1,853	1,751	2,602	3,091	2,650	2,906	1,344
Fire Department										
Emergency (EMS) responses	132	134	149	193	228	156	191	206	201	433
Fire responses	82	28	89	75	79	71	53	52	51	70
Street Department										
Streets resurfaced (miles)	1.38	0.43	0.34	0.92	0.00	5.21	0.00	0.90	4.26	0.00
Sidewalks replaced (miles)	1.96	0.54	0.07	0.06	0.10	0.00	0.38	0.66	2.08	0.36
Electric Department										
Lines replaced (miles)	2.16	5.45	0.00	2.62	0.17	4.87	0.00	0.00	0.00	0.00
Water Department										
New connections	31	23	10	6	8	4	0	8	3	5
Water line breaks	159	319	240	184	343	60	346	348	316	300
Average daily consumption (million gallons)	1.73	1.56	1.45	1.30	1.18	1.18	1.07	1.11	1.05	1.21
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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police Department										
Stations	1	1	1	1	1	1	1	1	1	1
Marked Patrol cars	10	10	10	11	11	11	11	13	12	21
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	2	3	3	3	3	3	3	3	3	3
Fire hydrants	608	600	600	600	610	610	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)	98.73	98.73	99.54	99.54	99.54	99.54	99.54	99.54	99.77	99.77
Street Department										
Streets (miles)	52.24	52.24	52.61	52.61	52.61	52.61	52.61	52.77	52.77	52.77
Sidewalks (miles)	30.60	30.60	30.60	30.60	30.63	30.75	30.75	30.75	30.75	30.75
Water Department										
Water filter plants	1	1	1	1	1	1	1	1	1	1
Filtering capacity (MGD)	4.3	4.3	4.3	4.3	4.0	4.0	4.0	4.0	4.0	6.0
Water lines (miles)	82.16	82.74	83.28	83.66	83.66	83.66	83.66	83.66	83.66	83.66
Water tanks (above & underground)	10	10	10	10	7	8	8	8	8	4
Storage capacity (millions of gallons)	4.01	4.01	4.01	4.01	2.05	2.12	2.12	2.12	2.12	1.75
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)	66.67	66.67	67.11	67.11	67.11	67.11	67.11	67.11	67.11	67.11

Souces: 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).

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City of Thomaston, Georgia
Schedule of Projects Constructed
With Special Sales Tax Proceeds
For the Year Ended December 31, 2016

2011 Special Local Options Sales Tax Projects:	Original Estimated Cost	Expenditures		
		Prior Year(s)	Current Year	Total
Sewer Line Replacement	\$ 4,183,276	\$ 1,271,436	\$ 2,201,363	\$ 3,472,799
Total	\$ 4,183,276	\$ 1,271,436	\$ 2,201,363	\$ 3,472,799

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

SINGLE AUDIT SECTION

**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 City Council Members
The 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, 2016, 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 July 17, 2017

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 procedure 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.

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 weakness 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 questioned costs that we consider to be material weakness. 2016-001, 2016-002, and 2016-003.

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 is 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.

Thomaston, Georgia
July 17, 2017



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT
ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE**

Honorable Mayor and City Council Members
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 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, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U. S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2016.

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 consider 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 procedure that are appropriate in the circumstances for the purpose expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 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 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 weakness or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2016-005 that we consider to be material weakness.

The City of Thomaston, Georgia's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Thomaston, Georgia's response was not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report of Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the City of Thomaston, Georgia as of and for the year ended December 31, 2016, and have issued our report thereon dated July 17, 2017, 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 the purposes of additional analysis as required by the Uniform Guidance and is not 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 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 expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Thomaston, Georgia
July 17, 2017

City of Thomaston
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016

Federal/Grantor/Pass-Through Grantor/Program Title or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<u>Environmental Protection Agency</u>				
Passed through Georgia Environmental Finance Agency:				
Drinking Water State Revolving Fund	66.468	DWSRF14-002	\$ -	\$ 1,622,495
Total Environmental Protection Agency			-	1,622,495
<u>U.S. Department of Homeland Security</u>				
Passed through Georgia Emergency Mangement Agency:				
FEMA Grant	97.036	4259-DR-GA	-	89,167
Total U.S. Department of Homeland Security			-	89,167
Total Expenditures and Federal Awards			\$ -	\$ 1,711,662

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, 2016

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Thomaston, Georgia. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. 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 the Uniform Guidance, 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. De Minimis Indirect Cost Rate

The City of Thomaston, Georgia has elected not to use the 10-percent de minimis indirect cost rate for the year ended December 31, 2016.

Note 4. Noncash Assets

The City of Thomaston, Georgia did not receive noncash federal awards during the year ended December 31, 2016.

City of Thomaston, Georgia
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2016

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?	Yes
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 2 CFR 200.516(a)?	Yes

Identification of major programs:

CFDA Numbers

Name of Federal Program

97.036

FEMA

66.468

Drinking Water State Revolving Fund

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

City of Thomaston, Georgia
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2016

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*:

2016-001 Accounts Receivable / Revenue

CRITERIA

Accounting procedures should be designed to ensure that revenues are accrued and recognized when 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

- Net audit adjustment of \$85,678 was required to correct property tax revenues and to correct the receivables, related deferred inflows, and the allowance for uncollectable accounts.
- Audit adjustments of \$6,130 was required to record December 2016 rental revenue for the Community Development activity.

Joint Projects Fund

- Audit adjustments of \$35,841 were required to correct property tax revenues, receivables, deferred inflows, and the allowance for uncollectable accounts. Joint Projects property tax receivables balances were calculated estimates based off of reports provided to the City from the Upson County Tax Commissioner’s Office. The Upson County Tax Commissioner’s Office was unable to provide the City a report that only included the City’s portion of the joint outstanding balances.

Proprietary Funds

- Audit adjustments of \$29,134 were required in the Water and Sewer Fund and Electric Fund to record revenues for penalties in the appropriate fund.
- Audit adjustment of \$154,979 was required to record GEFA grant/loan receivable 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, 2016.

CAUSE

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

City of Thomaston, Georgia
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2016

RECOMMENDATION

We recommend that the City develop procedures to ensure 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.

2016-002 Accounts Payable / Expenditures 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 field.

CONDITION

In performing year-end audit procedures, we noted that the city did not have adequate accounting review procedures in place to ensure that expenditure / expenses are recorded and properly classified in the appropriate year.

CONTEXT

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

- In the General Fund, an audit adjustment of \$44,114 was needed to record accounts payable.
- In the General Fund, an audit adjustment of \$45,461 was needed to expense prepaid insurance posted in 2015.
- In the Water and Sewer Fund, multiple audit adjustments were needed to record additional accounts payable of \$404,964, in addition an audit adjustment of \$89,411 was needed to reverse prior year accounts payable.
- In the Electric Fund, multiple audit adjustments were needed to record additional accounts payable of \$742,204. An audit adjustment of \$808,139 was needed to reverse prior year accrued salaries.
- In the 2004 SPLOST Fund, an audit adjustment of \$30,411 was needed to reverse prior year accounts payable.
- In the 2011 SPLOST Fund, an audit adjustment of \$45,018 was needed to reverse prior year retainage payable.

City of Thomaston, Georgia
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2016

EFFECT

Material audit adjustments were needed to fairly state and classify expenditure / expense for the year ended December 31, 2016.

CAUSE

The City did not have adequate internal control procedures to ensure the recording and proper classification of incurred expenditure/expenses in the appropriate year.

RECOMMENDATION

The City should establish procedures to ensure 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.

2016-003 Capital Assets – Water and Sewer Fund

CRITERIA

Accounting and control procedures should be designed to ensure that capital asset activity is recorded and reported in the business-type activities financial statements. Capital asset records must be supported by detail supporting documentation.

CONDITION

In performing year-end audit procedures, we noted that the City did not have adequate review procedures in place to verify Water and Sewer Fund capital asset records had been properly recorded for 2016.

CONTEXT

Audit procedures identified that adjustments were required to correct the recording of capital assets in the Water and Sewer Fund as follows:

- Net audit adjustments of \$3,515,667 were needed to correct the contributed capital and related construction/capital asset accounts paid with SPLOST Funds.

EFFECT

Material audit adjustments were needed to fairly report the capital asset information for the year ended December 31, 2016.

CAUSE

The City did not have adequate internal control procedures in place. In addition, accounting personnel may have lacked adequate training in capital asset accounting.

RECOMMENDATION

The City should establish additional internal control procedures to ensure 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 and in the correct fiscal period.