

CITY OF THOMASTON, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FOR THE YEAR ENDED
DECEMBER 31, 2017**

**PREPARED BY:
FINANCE OFFICE**

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017
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INTRODUCTORY SECTION

CITY OF THOMASTON

FINANCE DEPARTMENT

106 East Lee Street

P.O. Box 672

Thomaston, Georgia, 30286-0009

706-647-6633

Telephone

706-647-6583

Fax

June 19, 2018

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, 2017.

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 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, 2017, 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, 2017, 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.

Management's Discussion and Analysis (MD&A) immediately follow the Independent Auditor's Report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

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 future growth. The City of Thomaston is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs when deemed appropriate by the governing council.

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

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 to have revenues sufficient to cover service costs and contribute to capital projects.

During 2017, 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 2017, the balance in the Reserve Account was \$587,021, and the Capital Purchases Account balance was \$749,660.

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 continue to 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.

CERTIFICATE OF ACHIEVEMENT

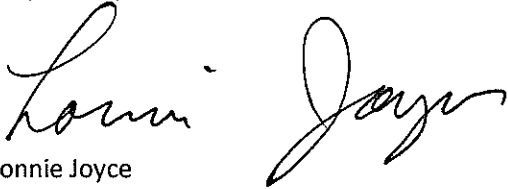
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Thomaston for its Comprehensive Annual Financial Report for the year ended December 31, 2016, our thirtieth consecutive year.

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 2017 CAFR.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Lonnie Joyce". The signature is fluid and cursive, with the first name "Lonnie" and the last name "Joyce" clearly distinguishable.

Lonnie Joyce
Finance Director



Government Finance Officers Association

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

Presented to

**City of Thomaston
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

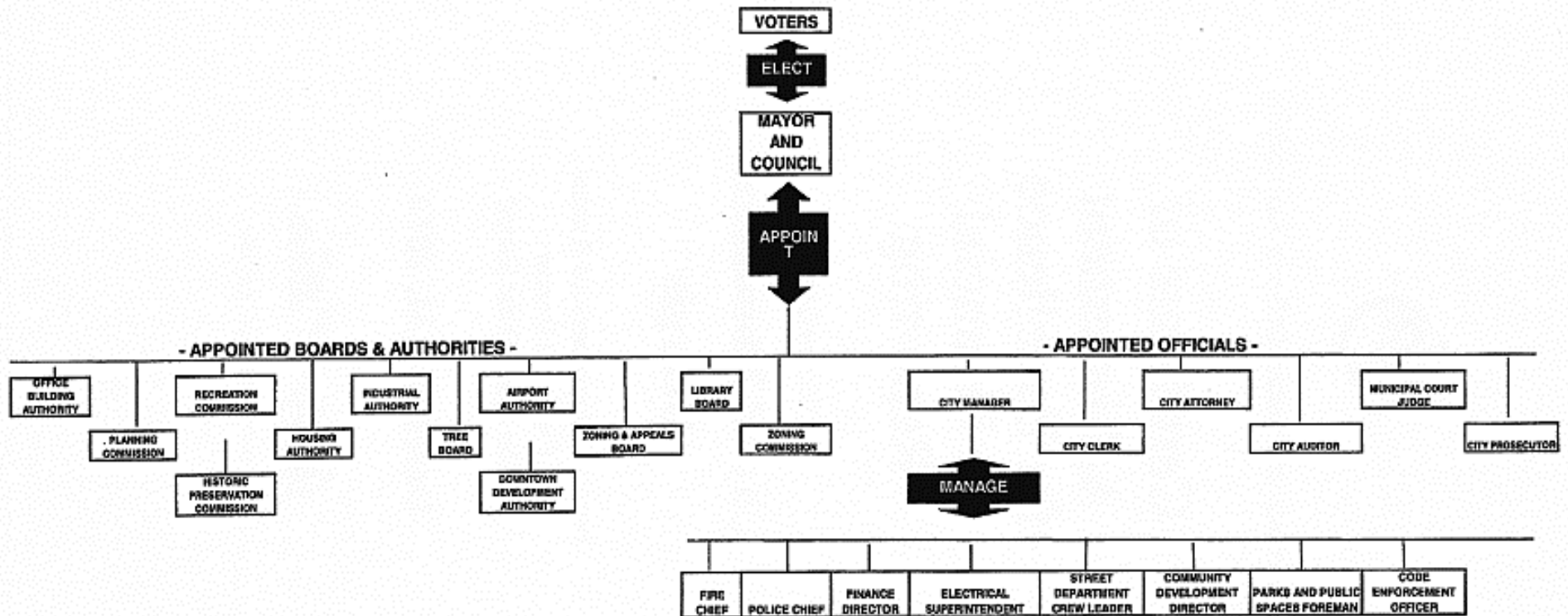
December 31, 2016

Christopher P. Morrell

Executive Director/CEO

CITY OF THOMASTON, GEORGIA

ORGANIZATIONAL CHART



CITY OF THOMASTON, GEORGIA

2017 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, CPA

INDEPENDENT AUDITORS

Driver & Adams
Certified Public Accountants

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FINANCIAL SECTION



DRIVER & ADAMS

CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

Wayne D. Driver, CPA
Reshann Pruett Adams, CPA

Cherry E. Coker
Sydney L. Sharpe, M.Acc.

Established 1977

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, 2017, 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 controls 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, 2017, 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 19, the Schedule of Changes in the City's Net Pension Liability and Related Ratios on page 55, the Schedule of City Contributions on page 56, and the notes to the required supplementary information on pages 57 through 58 be presented to supplement the basic financial statement. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Thomaston, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, budgetary comparison schedules, the Schedule of Projects Funded Through Special Purpose Local Option Sales Tax, 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, and the Schedule of Projects Funded Through Special Purpose Local Option Sales Tax 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 Funded Through Special Purpose Local Option Sales Tax are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2018, 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.

Driver & Adams

Thomaston, Georgia
June 5, 2018

MANAGEMENT'S DISCUSSION & ANALYSIS

CITY OF THOMASTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

Management's Discussion and Analysis

As management of the City of Thomaston, we offer the readers of the City of Thomaston's financial statements this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2017. The primary purpose of the discussion and analysis is to provide our City Council, our customers, our taxpayers, and other various users of the Comprehensive Annual Financial Report (CAFR) with additional insight into the financial performance of the City and to help place the operational information contained in the basic financial statements in its proper context.

FINANCIAL HIGHLIGHTS

- The Mayor and City Council completed \$5.4 million in infrastructure work in 2017. 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 \$43 million in capital purchases and infrastructure work since January 2005. The Mayor and City Council carried out \$6.1million of said purchases and work in 2017.
- The city government's total cash and cash equivalents at the end of 2017 was \$9,189,059. In addition to the \$9.1 million, the city held \$2,892,639 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 \$749,660 as of December 31, 2017.
- 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 2017 employee health, dental, disability, and life insurance premium costs totaled \$574,204.
- The City's net position increased by \$4,193,311 in 2017. Net Position for the Governmental Activities increased by \$1,300,176 in 2017. The City's net position for the Business-type Activities increased by \$2,893,135.
- Approximately 4/5^{ths} of the city's commercial electric accounts are either non-demand or small demand customers. The City of Thomaston electric utility consistently ranks in the lowest rate quarter of utilities reporting charges to the Georgia Public Service Commission for a household utilizing 1,000 kWh. Effective January 2017, the City of Thomaston no longer utilizes separate summer and winter rates. Electric rates remain constant throughout the year.

CITY OF THOMASTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

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, 2017

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, 2017

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 2017 totaled \$48,607,332. The City of Thomaston's total net position at the close of 2017 grew by \$4,193,311 or 9.4% in 2017.

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	
	2017	2016	2017	2016	2017	2016
<u>Assets</u>						
Current and Other Assets	\$ 6,425,861	\$ 5,246,015	\$ 8,193,401	\$ 6,443,152	\$ 14,619,262	\$ 11,689,167
Capital and Noncurrent Assets	16,334,227	16,262,913	35,673,645	35,613,440	52,007,872	51,876,353
Total Assets	22,760,088	21,508,928	43,867,046	42,056,592	66,627,134	63,565,520
Deferred Outflows of Resources	384,683	347,988	73,273	90,860	457,956	438,848
<u>Liabilities</u>						
Current Liabilities	\$ 69,477	\$ 95,520	\$ 984,226	\$ 1,203,776	\$ 1,053,703	\$ 1,299,296
Long-Term Liabilities	4,496,576	4,696,501	12,603,659	13,506,461	17,100,235	18,202,962
Total Liabilities	4,566,053	4,792,021	13,587,885	14,710,237	18,153,938	19,502,258
Deferred Inflows of Resources	\$ 272,009	\$ 58,362	\$ 51,811	\$ 29,727	\$ 323,820	\$ 88,089
<u>Net Position</u>						
Net Investment in Capital Assets	\$ 16,334,227	\$ 16,262,913	\$ 24,528,573	\$ 23,630,401	\$ 40,862,800	\$ 39,893,314
Restricted	1,762,493	1,080,664	290,506	288,824	2,052,999	1,369,488
Unrestricted (deficit)	209,989	(337,044)	5,481,544	3,488,263	5,691,533	3,151,219
Total Net Position	\$ 18,306,709	\$ 17,006,533	\$ 30,300,623	\$ 27,407,488	\$ 48,607,332	\$ 44,414,021

CITY OF THOMASTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<u>Revenues</u>						
Program Revenues:						
Charges for services	\$ 888,048	\$ 799,959	\$ 19,737,897	\$ 19,299,283	\$ 20,625,945	\$ 20,099,242
Operating grants and contributions	390,609	358,365	-	-	390,609	358,365
Capital grants	821,191	779,738	880,801	3,594,640	1,701,992	4,374,378
General Revenues:						
Taxes	4,840,178	4,537,042	-	-	4,840,178	4,537,042
Investment Earnings	16,490	13,362	1,232,864	46,598	1,249,354	59,960
Other	308,786	137,999	157,173	98,065	465,959	236,064
Total Revenue	<u>7,265,302</u>	<u>6,626,465</u>	<u>22,008,735</u>	<u>23,038,586</u>	<u>29,274,037</u>	<u>29,665,051</u>
<u>Expenses</u>						
General government	2,350,429	5,236,015	-	-	2,350,429	5,236,015
Judicial	298,331	212,879	-	-	298,331	212,879
Public safety	3,467,504	3,184,142	-	-	3,467,504	3,184,142
Public works	526,865	656,702	-	-	526,865	656,702
Economic development	212,937	358,257	-	-	212,937	358,257
Culture and recreation	1,129,060	1,526,021	-	-	1,129,060	1,526,021
Water and sewer	-	-	4,725,548	4,704,846	4,725,548	4,704,846
Electric	-	-	11,277,395	10,967,949	11,277,395	10,967,949
Sanitation	-	-	1,092,660	1,042,968	1,092,660	1,042,968
Total Expenses	<u>7,985,126</u>	<u>11,174,016</u>	<u>17,095,603</u>	<u>16,715,763</u>	<u>25,080,729</u>	<u>27,889,779</u>
Excess (deficiency) before contributions and transfers	(719,824)	(4,547,551)	4,913,135	6,322,823	4,193,311	1,775,272
Transfers	<u>2,020,000</u>	<u>1,500,000</u>	<u>(2,020,000)</u>	<u>(1,500,000)</u>	<u>-</u>	<u>-</u>
Change in Net Position	1,300,176	(3,047,551)	2,893,135	4,822,823	4,193,311	1,775,272
Net Position - Beginning 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>
Net Position - End of Year	<u>\$ 18,306,719</u>	<u>\$ 17,006,543</u>	<u>\$ 30,300,623</u>	<u>\$ 27,407,488</u>	<u>\$ 48,607,342</u>	<u>\$ 44,414,031</u>

CITY OF THOMASTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

Governmental Activities

The City of Thomaston's total net position increased during 2017. The governmental activities net position increased by \$1,300,716 or 7.6% from 2016. The city's Governmental Activities net investment in capital assets increased by \$71,314 or .43%. The city will be shifting all SPLOST funds from current to capital assets over the year.

The city's liabilities decreased by \$225,968 in 2017 from 2016. The estimated landfill post-closure cost was decreased in 2017 by \$138,504 from the 2016 estimate, and the net pension liability per GASB 68 (Accounting and Financial Reporting for Pensions) was booked at \$2,458,765.

Business-type Activities

The city's water and sewer fund net position increased by \$1,306,928 in 2017. The net investment in capital assets increased in 2017 by \$777,846. The reason is an increase in system upgrades and equipment purchases totaling \$931,480

The city's electric fund had a net position increase of \$1,518,499 in 2017.

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 \$376,154 in contributions to the pension fund in 2017. 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 2017 by \$847,820. Total revenues increased by \$492,613 or 10.93%.

The city's total gross wages paid to all general fund, electric fund, and community development fund workers (citywide) increased slightly in 2017. The city payroll was \$3,427,574 in 2017. 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 \$574,204 in 2017.

CITY OF THOMASTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

Total governmental funds net change in fund balances increased by \$4,287,833 in 2017. The Special Purpose Local Options Sales Tax revenues exceeded expenditures by \$219,742 in 2017.

Water and Sewer Fund

The water and sewer fund operating revenues for services and miscellaneous revenue increased in 2017 by \$594,499.

The city decreased water and sewer long-term liabilities by \$1,098,454 in 2017. The city had \$10,521,218 in water and sewer long-term liabilities at the close of 2017. The city expended \$837,968 on water and sewer debt principal and interest in 2017. This amount represents, as a figure, 15.6% of total operating revenue.

Electric Fund

The City's electrical total operating revenues decreased in 2017 by \$99,375 or .74%.

Approximately 4/5^{ths} of the city's commercial electric accounts are either non-demand or small demand customers. The City of Thomaston electric utility consistently ranks in the lowest rate quarter of utilities reporting charges to the Georgia Public Service Commission for a household utilizing 1,000 kWh.

SPLOST

The city has two special purpose local option sales tax (SPLOST) funds. The first account, set up in 2011, had a year-end balance of \$172,707. The second, set up in 2016, had a year-end balance of \$798,547. The revenues of the two funds exceeded expenditures by \$219,742. The city posted \$380,801 of SPLOST funds on capital outlay projects in 2017. The city had \$971,254 in SPLOST funds as of the close of 2017. 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, 2017

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 \$749,660 as of December 31, 2017.

Comparison of the Final 2017 Budget with the Actual Expenditures

The major variance in the General Fund expenditures is in the public safety category. The variation is \$418,905. The city did not begin work on \$176,770 of budgeted capital improvements on the police station and did not implement a budgeted \$80,000 volunteer program.

Comparison of the original 2017 Budget with the Final Amended Budget

The city undertook a budget revision in April of 2017 to account for a per day price increase for inmates housed at the Upson County Jail. In October of 2017, another budget revision was made to account for increased rental repairs for Community Development.

Capital Asset Administration

The City of Thomaston's investment in capital assets for its governmental and business-type activities as of December 31, 2017 amounts to \$52,007,872 net of accumulated depreciation. The investment in capital assets consists primarily of the Water and Sewer system and infrastructure owned by the City.

The largest general governmental activities purchase in 2017 was \$444,729, mostly on the paving of streets. The general government activities increased accumulated depreciation of \$474,333. The net investment in general government capital assets increased in 2017 by \$131,519.

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

CITY OF THOMASTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 2,736,182	\$ 2,747,932	\$ 2,439,469	\$ 2,439,469	\$ 5,175,651	\$ 5,187,401
Construction in Progress	457,224	29,402	237,186	4,170,945	694,410	4,200,347
Buildings	2,275,920	2,186,209	1,170,997	1,331,903	3,446,917	3,518,112
Systems		-	30,384,873	26,254,882	30,384,873	26,254,882
Equipment	1,060,110	1,105,963	1,387,910	1,342,661	2,448,020	2,448,624
Vehicles	867,692	844,810	53,210	73,580	920,902	918,390
Infrastructure	8,937,099	9,348,597	-	-	8,937,099	9,348,597
Total Capital Assets	<u>\$ 16,334,227</u>	<u>\$ 16,262,913</u>	<u>\$ 35,673,645</u>	<u>\$ 35,613,440</u>	<u>\$ 52,007,872</u>	<u>\$ 51,876,353</u>

Long-term Debt Administration

As of December 31, 2017, the City of Thomaston reported the following long-term debt:

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenue Bonds	\$ -	\$ -	\$ 5,780,000	\$ 6,280,000	\$ 5,780,000	\$ 6,280,000
GEFA Loan	-	-	5,365,072	5,703,039	5,365,072	5,703,039
Landfill Post-closure Liabilities	1,800,549	2,000,590	-	-	1,800,549	2,000,590
Compensated Absences	237,262	160,467	50,402	48,591	287,664	209,058
Net Pension Liability	2,458,765	2,535,444	863,891	937,767	3,322,656	3,473,211
Total Long-Term Debt	<u>\$ 4,496,576</u>	<u>\$ 4,696,501</u>	<u>\$ 12,059,365</u>	<u>\$ 12,969,397</u>	<u>\$ 16,555,941</u>	<u>\$ 17,665,898</u>

Additional information on the City's long-term debt can be found in Note 9 in the notes to the financial statements of this report. Note the net pension liability per the newly implemented GASB 68 (Accounting and Financial Reporting of Pensions) was booked at \$3,322,656.

CITY OF THOMASTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

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.

Despite the downturn in the local economy, the City maintains a healthy cash position. The City balances the general fund with transfers from the utility funds. The City continues to work to lower the transfer each year with projections to discontinue the transfer in 2022. Based on cash position and reserve amounts, the City continues to be in a positive fiscal position.

Requests for Information

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

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FINANCIAL STATEMENTS

City of Thomaston, Georgia
Statement of Net Position
December 31, 2017

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
<u>Assets</u>			
Current Assets:			
Cash and cash equivalents	\$ 5,809,108	\$ 3,379,951	\$ 9,189,059
Investments	-	2,892,639	2,892,639
Receivables, net of allowance:			
Taxes	169,117	-	169,117
Accounts	165,640	1,620,461	1,786,101
Intergovernmental	284,471	7,049	291,520
Internal balances	(2,795)	2,795	-
Prepays	320	-	320
Restricted cash and cash equivalents:			
Revenue bond covenant accounts	-	290,506	290,506
Capital assets:			
Non-depreciable	3,193,406	2,676,655	5,870,061
Depreciable, net	<u>13,140,821</u>	<u>32,996,990</u>	<u>46,137,811</u>
 Total Assets	 <u>22,760,088</u>	 <u>43,867,046</u>	 <u>66,627,134</u>
 <u>Deferred Outflows of Resources</u>			
Deferred outflows of resources related to pensions	<u>384,683</u>	<u>73,273</u>	<u>457,956</u>
 Total Deferred Outflows of Resources	 <u>384,683</u>	 <u>73,273</u>	 <u>457,956</u>

City of Thomaston, Georgia
Statement of Net Position
December 31, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Liabilities</u>			
Accounts payable	33,014	970,111	1,003,125
Accrued liabilities	25,706	-	25,706
Retainage payable	5,687	-	5,687
Deposits payable	5,070	-	5,070
Accrued interest payable	-	14,115	14,115
Noncurrent liabilities:			
Due within one year:			-
Accrued vacation	189,810	27,600	217,410
Notes payable	-	278,022	278,022
Revenue bonds payable	-	500,000	500,000
Landfill closure/postclosure	138,504	-	138,504
Due in more than one year:			
Customer deposits	-	544,294	544,294
Accrued vacation	47,452	22,802	70,254
Notes payable	-	5,087,050	5,087,050
Revenue bonds payable	-	5,280,000	5,280,000
Landfill closure/postclosure	1,662,045	-	1,662,045
Net pension liability	2,458,765	863,891	3,322,656
Total Liabilities	4,566,053	13,587,885	18,153,938
<u>Deferred Inflowss of Resources</u>			
Deferred inflows of resources related to pensions	272,009	51,811	323,820
Total Deferred Inflows of Resources	272,009	51,811	323,820
<u>Net Position</u>			
Net investment in capital assets	16,334,227	24,528,573	40,862,800
Restricted for:			
Capital outlay	1,345,295	-	1,345,295
Law enforcement	76,350	-	76,350
Joint projects	340,848	-	340,848
Revenue bond indenture	-	290,506	290,506
Unrestricted (deficit)	209,989	5,481,544	5,691,533
Total Net Position	\$ 18,306,709	\$ 30,300,623	\$ 48,607,332

City of Thomaston, Georgia
Statement of Activities
For the Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary Government							
Governmental Activities							
General government	\$ 2,350,429	\$ 871,001	\$ 381,727	\$ -	\$ (1,097,701)	\$ -	\$ (1,097,701)
Judicial	298,331	-	-	-	(298,331)	-	(298,331)
Public safety	3,467,504	17,047	8,882	-	(3,441,575)	-	(3,441,575)
Public works	526,865	-	-	821,191	294,326	-	294,326
Economic development	212,937	-	-	-	(212,937)	-	(212,937)
Culture and recreation	1,129,060	-	-	-	(1,129,060)	-	(1,129,060)
Total governmental activities	<u>7,985,126</u>	<u>888,048</u>	<u>390,609</u>	<u>821,191</u>	<u>(5,885,278)</u>	<u>-</u>	<u>(5,885,278)</u>
Business-Type Activities							
Water and Sewer	4,725,548	5,343,896	-	880,801	-	1,499,149	1,499,149
Electric	11,277,395	13,233,636	-	-	-	1,956,241	1,956,241
Sanitation	1,092,660	1,160,365	-	-	-	67,705	67,705
Total business-type activities	<u>17,095,603</u>	<u>19,737,897</u>	<u>-</u>	<u>880,801</u>	<u>-</u>	<u>3,523,095</u>	<u>3,523,095</u>
Total Primary Government	<u>25,080,729</u>	<u>20,625,945</u>	<u>390,609</u>	<u>1,701,992</u>	<u>(5,885,278)</u>	<u>3,523,095</u>	<u>(2,362,183)</u>
		General Revenues					
		Property tax			2,033,473	-	2,033,473
		Sales tax			1,299,989	-	1,299,989
		Other tax			1,506,716	-	1,506,716
		Investment earnings			16,490	1,232,864	1,249,354
		Miscellaneous			308,786	157,173	465,959
		Total General Revenues			<u>5,165,454</u>	<u>1,390,037</u>	<u>6,555,491</u>
		Transfers			<u>2,020,000</u>	<u>(2,020,000)</u>	<u>-</u>
		Total General Revenues and Transfers			<u>7,185,454</u>	<u>(629,963)</u>	<u>6,555,491</u>
		Change in Net Position			1,300,176	2,893,132	4,193,308
		Net Position - Beginning of Year			<u>17,006,533</u>	<u>27,407,488</u>	<u>44,414,021</u>
		Net Position - End of Year			<u>\$ 18,306,709</u>	<u>\$ 30,300,623</u>	<u>\$ 48,607,332</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, 2017

	General Fund	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	\$ 3,421,678	\$ 172,707	\$ 798,547	\$ 1,416,176	\$ 5,809,108
Receivables, net of allowance:					
Taxes	125,466	-	-	43,651	169,117
Accounts	160,170	-	-	5,470	165,640
Intergovernmental	284,471	-	-	-	284,471
Prepaid insurance	320	-	-	-	320
Due from other funds	4,282	-	-	5,687	9,969
Advance from other funds	621,091	-	-	-	621,091
Total Assets	<u>\$ 4,617,478</u>	<u>\$ 172,707</u>	<u>\$ 798,547</u>	<u>\$ 1,470,984</u>	<u>\$ 7,059,716</u>
<u>Liabilities</u>					
Accounts payable	\$ 22,609	\$ 8,217	\$ -	\$ 2,188	\$ 33,014
Accrued liabilities	25,706	-	-	-	25,706
Retainage payable	-	-	-	5,687	5,687
Deposits payable	5,070	-	-	-	5,070
Due to other funds	8,482	-	-	4,282	12,764
Advance to other funds	-	-	-	621,091	621,091
Total Liabilities	<u>61,867</u>	<u>8,217</u>	<u>-</u>	<u>633,248</u>	<u>703,332</u>
<u>Deferred Inflows of Resources</u>					
Unavailable revenue - property taxes	59,355	-	-	38,280	97,635
Unavailable revenue - grant revenues	-	-	-	-	-
Total Deferred Inflows of Resources	<u>59,355</u>	<u>-</u>	<u>-</u>	<u>38,280</u>	<u>97,635</u>
<u>Fund Balances</u>					
Nonspendable	621,411	-	-	-	621,411
Restricted for:					
Capital projects	-	164,490	798,547	382,258	1,345,295
Law enforcement	-	-	-	76,350	76,350
Joint Projects	-	-	-	340,848	340,848
Assigned	476,310	-	-	-	476,310
Unassigned (Deficit)	<u>3,398,535</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,398,535</u>
Total Fund Balances	<u>4,496,256</u>	<u>164,490</u>	<u>798,547</u>	<u>799,456</u>	<u>6,258,749</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,617,478</u>	<u>\$ 172,707</u>	<u>\$ 798,547</u>	<u>\$ 1,470,984</u>	<u>\$ 7,059,716</u>

City of Thomaston, Georgia
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement
of Net Position
December 31, 2017

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	\$ 6,258,749
Capital Assets	
Capital assets used in governmental activities are not financial resources are, therefore, are not reported in the funds.	\$ -
Cost of the assets	26,646,566
Accumulated depreciation	(10,312,339)
Other long-term assets are not available to pay current period expenditures and, therefore, are not reported as unavailable revenue in the funds.	97,635
Deferred outflows of resources	
Related to pensions	384,683
Long-Term Liabilities	
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities both current and long-term are reported in the Statement of Net Position. Long-term liabilities at year-end consist of the following:	
Landfill closure/postclosure	(1,800,549)
Compensated absences	(237,262)
Net pension liability	(2,458,765)
Deferred inflows of resources	
Related to pensions	<u>(272,009)</u>
Net position of governmental activities	<u><u>\$ 18,306,709</u></u>

City of Thomaston, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended
December 31, 2017

	General Fund	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	\$ 735,237	\$ -	\$ -	\$ 1,299,436	\$ 2,034,673
Sales tax	1,299,989	-	-	-	1,299,989
Other taxes	1,433,661	-	-	73,055	1,506,716
License and permits	194,122	-	-	-	194,122
Intergovernmental	390,609	1,286	598,796	220,648	1,211,339
Fines and forfeitures	427,498	-	-	17,047	444,545
Charges for services	19,550	-	-	4,029	23,579
Interest earnings	14,908	-	461	1,582	16,951
Rent	225,802	-	-	-	225,802
Other revenues	256,786	-	-	52,000	308,786
Total Revenues	<u>4,998,162</u>	<u>1,286</u>	<u>599,257</u>	<u>1,667,797</u>	<u>7,266,502</u>
<u>Expenditures</u>					
Current:					
General government	1,856,752	-	-	173,070	2,029,822
Judicial	298,331	-	-	-	298,331
Public safety	3,218,466	-	-	142,917	3,361,383
Public works	398,288	-	-	-	398,288
Economic development	-	-	-	212,937	212,937
Culture and recreation	572,929	-	-	556,131	1,129,060
Capital outlay	-	380,801	-	268,792	649,593
Total Expenditures	<u>6,344,766</u>	<u>380,801</u>	<u>-</u>	<u>1,353,847</u>	<u>8,079,414</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,346,604)</u>	<u>(379,515)</u>	<u>599,257</u>	<u>313,950</u>	<u>(812,912)</u>
<u>Other Financing Sources (Uses)</u>					
Transfers from other funds	2,194,424	-	-	-	2,194,424
Transfers to other funds	-	-	-	(174,424)	(174,424)
Total Other Financing Sources (Uses)	<u>2,194,424</u>	<u>-</u>	<u>-</u>	<u>(174,424)</u>	<u>2,020,000</u>
Net change in fund balances	847,820	(379,515)	599,257	139,526	1,207,089
Fund Balances, beginning of year	<u>3,648,436</u>	<u>544,005</u>	<u>199,290</u>	<u>659,929</u>	<u>5,051,660</u>
Fund Balances, end of year	<u>\$ 4,496,256</u>	<u>\$ 164,490</u>	<u>\$ 798,547</u>	<u>\$ 799,456</u>	<u>\$ 6,258,749</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, 2017

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	\$ 1,207,089
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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	545,647
Total depreciation	(474,333)

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	36,695
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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	200,041
Compensated absences	(76,795)
Net pension liability	76,679

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	(213,647)
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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.

	(1,200)
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Change in net position of governmental activities	\$ 1,300,176
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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, 2017

	<u>Budgeted Amounts</u>			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
<u>Revenues</u>				
Taxes	\$ 3,487,100	\$ 3,487,100	\$ 3,468,887	\$ (18,213)
License and permits	166,100	166,100	194,122	28,022
Intergovernmental	274,720	274,720	390,609	115,889
Fines and forfeitures	336,000	336,000	427,498	91,498
Charges for services	19,500	19,500	19,550	50
Rent	220,137	220,137	225,802	5,665
Miscellaneous	61,300	61,300	271,694	210,394
Total Revenues	<u>4,564,857</u>	<u>4,564,857</u>	<u>4,998,162</u>	<u>433,305</u>
<u>Expenditures</u>				
Current:				
General government	2,216,677	2,241,677	1,856,752	384,925
Judicial	293,476	303,475	298,331	5,144
Public safety	3,637,371	3,637,371	3,218,466	418,905
Public works	887,377	887,377	396,949	490,428
Culture and recreation	714,964	714,964	572,929	142,035
Total Expenditures	<u>7,749,861</u>	<u>7,784,861</u>	<u>6,343,427</u>	<u>1,441,434</u>
Excess of Revenues Over (Under)				
Expenditures	<u>(3,185,004)</u>	<u>(3,220,004)</u>	<u>(1,345,265)</u>	<u>1,874,739</u>
<u>Other Financing Sources (Uses)</u>				
Transfer from Hotel Motel Fund	36,000	36,000	43,858	7,858
Transfer from Electric Fund	1,800,000	1,800,000	1,800,000	-
Transfer from Water/Sewer Fund	220,000	220,000	220,000	-
Transfer from Joint Project Fund	127,280	127,280	129,227	1,947
Total Other Financing Sources (Uses)	<u>2,183,280</u>	<u>2,183,280</u>	<u>2,193,085</u>	<u>9,805</u>
Net change in fund balances	(1,001,724)	(1,036,724)	847,820	1,884,544
Fund balance, beginning of year	<u>3,648,436</u>	<u>3,648,436</u>	<u>3,648,436</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,646,712</u>	<u>\$ 2,611,712</u>	<u>\$ 4,496,256</u>	<u>\$ 1,884,544</u>

City of Thomaston, Georgia

Statement of Net Position

Proprietary Funds

December 31, 2017

	Business-Type Activities - Enterprise Funds			
	Water & Sewer Fund	Electric Fund	Non-Major Sanitation Fund	Total
<u>Assets</u>				
Current assets				
Cash and cash equivalents	\$ 1,727,144	\$ 1,332,763	\$ 320,044	\$ 3,379,951
Restricted cash and cash equivalents:				
Revenue bond covenant accounts	290,506	-	-	290,506
Investments	-	2,892,639	-	2,892,639
Accounts receivable (net of allowance for uncollectible)	419,570	1,095,193	105,698	1,620,461
Intergovernmental receivable	7,049	-	-	7,049
Due from other funds	2,795	75,255	-	78,050
Total current assets	<u>2,447,064</u>	<u>5,395,850</u>	<u>425,742</u>	<u>8,268,656</u>
Long-term assets				
Capital assets:				
Land	2,377,309	-	62,160	2,439,469
Construction in progress	237,186	-	-	237,186
Buildings	7,177,657	72,008	-	7,249,665
Systems - water, sewer, and electrical	34,911,722	1,713,324	-	36,625,046
Vehicles	573,462	716,239	-	1,289,701
Equipment	2,158,915	323,978	-	2,482,893
Less accumulated depreciation	<u>(13,120,862)</u>	<u>(1,529,453)</u>	<u>-</u>	<u>(14,650,315)</u>
Total capital assets, net	<u>34,315,389</u>	<u>1,296,096</u>	<u>62,160</u>	<u>35,673,645</u>
Total long-term assets	<u>34,315,389</u>	<u>1,296,096</u>	<u>62,160</u>	<u>35,673,645</u>
				-
Total Assets	<u>36,762,453</u>	<u>6,691,946</u>	<u>487,902</u>	<u>43,942,301</u>
				-
<u>Deferred outflows of resources</u>				-
Deferred outflows of resources related to pensions	<u>-</u>	<u>73,273</u>	<u>-</u>	<u>73,273</u>
				-
Total deferred outflows of resources	<u>-</u>	<u>73,273</u>	<u>-</u>	<u>73,273</u>

City of Thomaston, Georgia
Statement of Net Position (Continued)
Proprietary Funds
December 31, 2017

	Business-Type Activities - Enterprise Funds			
	Water & Sewer Fund	Electric Fund	Non-Major Sanitation Fund	Total
<u>Liabilities</u>				
Current liabilities				
Accounts payable	70,812	808,977	90,322	970,111
Accrued interest payable	14,115	-	-	14,115
Accrued liabilities	-	-	-	-
Accrued vacation	-	27,600	-	27,600
Due to other funds	66,135	-	9,120	75,255
Payable from restricted assets:	-	-	-	-
Notes payable - current	278,022	-	-	278,022
Revenue bonds payable - current	500,000	-	-	500,000
Total current liabilities	<u>929,084</u>	<u>836,577</u>	<u>99,442</u>	<u>1,865,103</u>
Long-term liabilities				
Customer deposits	154,168	390,126	-	544,294
Accrued vacation	-	22,802	-	22,802
Notes payable	5,087,050	-	-	5,087,050
Revenue bonds payable	5,280,000	-	-	5,280,000
Net pension liability	-	863,891	-	863,891
Total long-term liabilities	<u>10,521,218</u>	<u>1,276,819</u>	<u>-</u>	<u>11,798,037</u>
Total Liabilities	<u>11,450,302</u>	<u>2,113,396</u>	<u>99,442</u>	<u>13,663,140</u>
<u>Deferred inflows of resources</u>				
Deferred inflows of resources related to pensions	<u>-</u>	<u>51,811</u>	<u>-</u>	<u>51,811</u>
Total deferred inflows of resources	<u>-</u>	<u>51,811</u>	<u>-</u>	<u>51,811</u>
<u>Net Position</u>				
Net investment in capital assets	23,170,317	1,296,096	62,160	24,528,573
Restricted per revenue bond indenture	290,506	-	-	290,506
Unrestricted	<u>1,851,328</u>	<u>3,303,916</u>	<u>326,300</u>	<u>5,481,544</u>
Total Net Position	<u>\$ 25,312,151</u>	<u>\$ 4,600,012</u>	<u>\$ 388,460</u>	<u>\$ 30,300,623</u>

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

For the Year Ended December 31, 2017

	Business-Type Activities - Enterprise Funds			
	Water & Sewer Fund	Electric Fund	Non-Major Sanitation Fund	Total
<u>Operating Revenues</u>				
Charges and fees	\$ 5,343,896	\$ 13,233,636	\$ 1,160,365	\$ 19,737,897
Miscellaneous income	24,668	132,505	-	157,173
Total operating revenues	<u>5,368,564</u>	<u>13,366,141</u>	<u>1,160,365</u>	<u>19,895,070</u>
<u>Operating Expenses</u>				
Salaries and benefits	-	704,728	-	704,728
Contract management	2,380,166	-	1,083,498	3,463,664
Cost of sales	-	10,087,439	-	10,087,439
Legal and professional	90,194	17,429	-	107,623
Operating materials	4,690	155,344	-	160,034
Other operating expenses	342,954	118,243	9,162	470,359
Repairs and maintenance	130,175	63,811	-	193,986
Small equipment	9,821	6,210	-	16,031
Utilities	622,257	57,535	-	679,792
Depreciation	863,851	66,656	-	930,507
Total operating expenses	<u>4,444,108</u>	<u>11,277,395</u>	<u>1,092,660</u>	<u>16,814,163</u>
Operating income (loss)	<u>924,456</u>	<u>2,088,746</u>	<u>67,705</u>	<u>3,080,907</u>
<u>Nonoperating Revenues (Expenses)</u>				
Interest Income	3,111	4,516	-	7,627
Dividend Income	-	109,694	-	109,694
Interest Expense	(281,440)	-	-	(281,440)
Unrealized Gain/Loss	-	9,692	-	9,692
Municipal Competitive Trust	-	1,105,851	-	1,105,851
Total Nonoperating Revenues (Expenses)	<u>(278,329)</u>	<u>1,229,753</u>	<u>-</u>	<u>951,424</u>
Income (Loss) Before Transfers	<u>646,127</u>	<u>3,318,499</u>	<u>67,705</u>	<u>4,032,331</u>
Capital Contributions	880,801	-	-	880,801
Transfers In	-	-	-	-
Transfers Out	<u>(220,000)</u>	<u>(1,800,000)</u>	<u>-</u>	<u>(2,020,000)</u>
Change in Net Position	1,306,928	1,518,499	67,705	2,893,132
Net Position, Beginning of Year	<u>24,005,223</u>	<u>3,081,513</u>	<u>320,755</u>	<u>27,407,491</u>
Net Position, End of Year	<u>\$ 25,312,151</u>	<u>\$ 4,600,012</u>	<u>\$ 388,460</u>	<u>\$ 30,300,623</u>

City of Thomaston, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017

	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	\$ 5,523,485	\$ 13,245,614	\$ 1,237,190	\$ 20,006,289
Cash paid to suppliers for goods and services	(4,270,178)	(10,794,463)	(1,009,133)	(16,073,774)
Cash paid to employees	-	(702,917)	-	(702,917)
Net Cash Flows Provided by (Used for) Operating Activities	<u>1,253,307</u>	<u>1,748,234</u>	<u>228,057</u>	<u>3,229,598</u>
<u>Cash Flows From Noncapital Financing Activities</u>				
Intergovernmental	-	-	-	-
Transfers	(220,000)	(1,800,000)	-	(2,020,000)
Net Cash Flows Provided by (Used for) Noncapital Financing Activities	<u>(220,000)</u>	<u>(1,800,000)</u>	<u>-</u>	<u>(2,020,000)</u>
<u>Cash Flows From Capital and Related Financing Activities</u>				
Capital Grants	500,000	-	-	500,000
Principal payments on revenue bonds and notes	(1,215,472)	-	-	(1,215,472)
Interest and fiscal charges on revenue bonds and notes	(281,469)	-	-	(281,469)
Sale of capital assets	1,325	622	-	1,947
Proceeds from debt issuance	377,505	-	-	377,505
Purchase of capital assets	(424,251)	(187,604)	-	(611,855)
Net Cash Flows Provided by (Used for) Capital and Related Financing Activities	<u>(1,042,362)</u>	<u>(186,982)</u>	<u>-</u>	<u>(1,229,344)</u>
<u>Cash Flows From Investing Activities</u>				
Interest income	3,111	4,516	-	7,627
Dividend income	-	109,694	-	109,694
Municipal Competitive Trust Credits	-	1,105,851	-	1,105,851
Purchase of investments	-	(1,215,545)	-	(1,215,545)
Net Cash Flows Provided by (Used for) Investing Activities	<u>3,111</u>	<u>4,516</u>	<u>-</u>	<u>7,627</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(5,944)</u>	<u>(234,232)</u>	<u>228,057</u>	<u>(12,119)</u>
Cash and Cash Equivalents - Beginning of Year	<u>2,023,594</u>	<u>1,566,995</u>	<u>91,987</u>	<u>3,682,576</u>
Cash and Cash Equivalents - End of Year	<u>\$ 2,017,650</u>	<u>\$ 1,332,763</u>	<u>\$ 320,044</u>	<u>\$ 3,670,457</u>

City of Thomaston, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017
(Continued)

	Business-Type Activities - Enterprise Funds			
	Water & Sewer Fund	Electric Fund	Non-Major Sanitation Fund	Total
Classified as				
Current asset	\$ 1,727,144	\$ 1,332,763	\$ 320,044	\$ 3,379,951
Restricted assets	290,506	-	-	290,506
Total Cash and Cash Equivalents, End of Year	\$ 2,017,650	\$ 1,332,763	\$ 320,044	\$ 3,670,457
<u>Reconciliation of Net Operating Income (Loss) to Net</u>				
<u>Cash Provided by (Used for) Operating Activities</u>				
Net Operating Income (Loss)	\$ 924,456	\$ 2,088,746	\$ 67,705	\$ 3,080,907
<u>Adjustments to Reconcile Net Operating Income (Loss)</u>				
<u>to Net Cash Provided by (Used for) Operating Activities</u>				
Depreciation	863,851	66,656	-	930,507
Changes in Assets and Liabilities:				
(Increase) decrease in accounts receivable	93,539	(86,004)	(8,449)	(914)
(Increase) decrease in grants receivable	-	-	-	-
(Increase) decrease in accrued interest receivable	-	-	-	-
(Increase) decrease in due from other funds	61,382	(59,340)	85,274	87,316
(Increase) decrease in deferred outflows of resources	-	17,587	-	17,587
Increase (decrease) in accounts payable	(334,152)	26,120	90,322	(217,710)
Increase (decrease) in retainage payable	-	-	-	-
Increase (decrease) in customer deposits	-	7,230	-	7,230
Increase (decrease) in due to other funds	(355,769)	(260,969)	(6,795)	(623,533)
Increase (decrease) in net pension liability	-	(73,876)	-	(73,876)
Increase (decrease) in deferred inflows of resources	-	22,084	-	22,084
Total Adjustments	(535,000)	(407,168)	160,352	(781,816)
Net Cash Flows Provided by (Used for)				
Operating Activities	\$ 1,253,307	\$ 1,748,234	\$ 228,057	\$ 3,229,598
<u>Noncash investing, capital, and financing activities</u>				
Contributions of capital assets from government	\$ 380,801	\$ -	\$ -	\$ 380,801
Increase (decrease) in fair value of investments	-	9,692	-	9,692
Total noncash investing, capital, and financing activities	\$ 380,801	\$ 9,692	\$ -	\$ 390,493

NOTES TO THE FINANCIAL STATEMENTS

City of Thomaston, Georgia
Notes to the Financial Statements
For the Year Ended December 31, 2017

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, 2017

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, 2017

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.
- 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, 2017

- 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, 2017

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2017, 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 should be reported at acquisition value rather than fair value.

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 \$281,440. 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, 2017

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, 2017

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. The General Fund is the only fund that reports a positive unassigned fund balance.

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, 2017

The following is a summary of the fund balance classification as of December 31, 2017:

	General Fund	2011 SPLOST	2016 SPLOST	Nonmajor Governmental	Total
<u>Fund Balances</u>					
Nonspendable:					
Advances to other funds	\$ 621,411	\$ -	\$ -	\$ -	\$ 621,411
Restricted for:					
Law enforcement	-	-	-	76,350	76,350
Capital Projects	-	164,490	798,547	382,258	1,345,295
Joint Projects with County	-	-	-	340,848	340,848
Assigned:					
Fund balance appropriation	-	-	-	-	-
Law enforcement	4,070	-	-	-	4,070
Community development	11,302	-	-	-	11,302
Capital outlay	460,938	-	-	-	460,938
Unassigned (deficit)	<u>3,398,535</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,398,535</u>
Total Fund Balances	<u>\$ 4,496,256</u>	<u>\$ 164,490</u>	<u>\$ 798,547</u>	<u>\$ 799,456</u>	<u>\$ 6,258,749</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, 2017

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)	2,892,639	N/A

City of Thomaston, Georgia
Notes to the Financial Statements
For the Year Ended December 31, 2017

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

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

NOTE 4 – PROPERTY TAXES

State law requires that property taxes be based on assessed value, which is 40% of market value. All real and personal property (including motor vehicles) is valued as of January 1 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, 2017, is as follows:

City of Thomaston, Georgia
Notes to the Financial Statements
For the Year Ended December 31, 2017

Expenditures by Purpose	Amount	Tax Receipts	Percentage
Promote Tourism	\$ 29,198	\$ 73,055	40%
General Fund	43,857	-	60%
Total	<u>\$ 73,055</u>	<u>\$ 73,055</u>	<u>100%</u>

NOTE 6 – RECEIVABLES

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

	General	Water & Sewer	Electric	Nonmajor Proprietary Fund	Nonmajor Governmental	Total
<u>Receivables</u>						
Taxes	\$ 142,575	\$ -	\$ -	\$ -	\$ 45,949	\$ 188,524
Accounts	328,120	451,150	1,177,626	113,654	5,470	2,076,020
Intergovernmental	<u>118,621</u>	<u>7,049</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,670</u>
Gross Receivables	\$ 589,316	\$ 458,199	\$ 1,177,626	\$ 113,654	\$ 51,419	\$ 2,390,214
Less: Allowance for uncollectibles	<u>(19,209)</u>	<u>(31,580)</u>	<u>(82,433)</u>	<u>(7,956)</u>	<u>(2,298)</u>	<u>(143,476)</u>
Total Net Receivables	<u>\$ 570,107</u>	<u>\$ 426,619</u>	<u>\$ 1,095,193</u>	<u>\$ 105,698</u>	<u>\$ 49,121</u>	<u>\$ 2,246,738</u>

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2017, is as follows:

DUE TO/FROM OTHER FUNDS		
Receivable Fund	Payable Fund	Amount
General Fund	Hotel/Motel Tax Fund	\$ 3,282
General Fund	LMIG Fund	1,000
Water & Sewer Fund	General Fund	2,795
Electric Fund	Water & Sewer Fund	66,135
Electric Fund	Nonmajor Proprietary Fund	9,120
Nonmajor Governmental Fund	General Fund	<u>5,687</u>
Total		<u>\$ 88,019</u>

City of Thomaston, Georgia
Notes to the Financial Statements
For the Year Ended December 31, 2017

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 Project Fund	\$ 621,091
Total	Total	<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.

INTERFUND TRANSFERS		
	TRANSFER IN	
	General Fund	Total
Transfer Out:		
Electric Fund	\$ 1,800,000	\$ 1,800,000
Water & Sewer Fund	\$ 220,000	\$ 220,000
Nonmajor Governmental Fund	<u>173,085</u>	<u>173,085</u>
Total	<u>\$ 2,193,085</u>	<u>\$ 2,193,085</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, 2017

NOTE 8 – CAPITAL ASSETS

	Beginning Balances	Increase	Decrease	Ending Balance
<u>Governmental Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 2,747,932	\$ -	\$ (11,750)	\$ 2,736,182
Construction in progress	29,402	444,729	(16,907)	457,224
Total capital assets, not being depreciated:	<u>2,777,334</u>	<u>444,729</u>	<u>(28,657)</u>	<u>3,193,406</u>
Capital assets, being depreciated				
Buildings	4,174,352	248,530	-	4,422,882
Vehicles	1,917,739	152,704	(178,286)	1,892,157
Equipment	2,431,859	83,725	(178,970)	2,336,614
Infrastructure	14,799,635	1,872	-	14,801,507
Total capital assets, being depreciated	<u>23,323,585</u>	<u>486,831</u>	<u>(357,256)</u>	<u>23,453,160</u>
Less accumulated depreciation for:				
Buildings	(1,988,143)	(158,819)	-	(2,146,962)
Vehicles	(1,072,929)	(114,989)	163,453	(1,024,465)
Equipment	(1,325,896)	(110,429)	159,821	(1,276,504)
Infrastructure	(5,451,038)	(413,370)	-	(5,864,408)
Total accumulated depreciation	<u>(9,838,006)</u>	<u>(797,607)</u>	<u>323,274</u>	<u>(10,312,339)</u>
Total capital assets, being depreciated, net	<u>13,485,579</u>	<u>(310,776)</u>	<u>(33,982)</u>	<u>13,140,821</u>
Governmental activities capital assets, net	<u>\$ 16,262,913</u>	<u>\$ 133,953</u>	<u>\$ (62,639)</u>	<u>\$ 16,334,227</u>
<u>Business-Type Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 2,439,469	\$ -	\$ -	\$ 2,439,469
Construction in progress	4,832,960	27,549	(4,623,323)	237,186
Total capital assets, not being depreciated:	<u>7,272,429</u>	<u>27,549</u>	<u>(4,623,323)</u>	<u>2,676,655</u>
Capital assets, being depreciated				
Buildings	7,249,665	-	-	7,249,665
Systems - water, sewer, and electric	31,225,648	5,399,398	-	36,625,046
Equipment	2,295,289	187,604	-	2,482,893
Vehicles	1,321,900	-	(32,199)	1,289,701
Total capital assets, being depreciated	<u>42,092,502</u>	<u>5,587,002</u>	<u>(32,199)</u>	<u>47,647,305</u>
Less accumulated depreciation for:				
Buildings	(5,917,762)	(160,906)	-	(6,078,668)
Systems - water, sewer, and electric	(5,632,781)	(608,484)	1,092	(6,240,173)
Equipment	(952,628)	(142,355)	-	(1,094,983)
Vehicles	(1,248,320)	(18,762)	30,591	(1,236,491)
Total accumulated depreciation	<u>(13,751,491)</u>	<u>(930,507)</u>	<u>31,683</u>	<u>(14,650,315)</u>
Total capital assets, being depreciated, net	<u>28,341,011</u>	<u>4,656,495</u>	<u>(516)</u>	<u>32,996,990</u>
Business-type activities capital assets, net	<u>\$ 35,613,440</u>	<u>\$ 4,684,044</u>	<u>\$ (4,623,839)</u>	<u>\$ 35,673,645</u>
Less related long-term debt outstanding				<u>(11,145,072)</u>
Net investment in capital assets				<u>\$ 24,528,573</u>

City of Thomaston, Georgia
Notes to the Financial Statements
For the Year Ended December 31, 2017

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

<u>Governmental Activities</u>	
General government	\$ 337,520
Public safety	182,191
Public works	<u>277,896</u>
Total depreciation expense - governmental activities	<u>\$ 797,607</u>
<u>Business-Type Activities</u>	
Water and sewer	\$ 863,851
Electric	<u>66,656</u>
Total depreciation expense – business-type activities	<u>\$ 930,507</u>

NOTE 9 - LONG-TERM DEBIT

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2017, was as follows:

	Beginning Balances	Addition	Reduction	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
Landfill closure/postclosure	\$ 2,000,590	\$ -	\$ (200,041)	\$ 1,800,549	\$ 138,504
Compensated absences	160,467	150,429	(73,634)	237,262	189,810
Net pension liability	<u>2,535,444</u>	<u>-</u>	<u>(76,679)</u>	<u>2,458,765</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$ 4,696,501</u>	<u>\$ 150,429</u>	<u>\$ (350,354)</u>	<u>\$ 4,496,576</u>	<u>\$ 328,314</u>
<u>Business-Type Activities</u>					
Compensated absences	\$ 48,591	\$ 34,686	\$ (32,875)	\$ 50,402	\$ 27,600
GEFA Loan DW09002PF70	819,149	-	(43,909)	775,240	45,244
GEFA Loan DW10012	1,105,333	-	(60,874)	1,044,459	57,829
GEFA Loan DW13011	2,156,062	-	(105,058)	2,051,004	105,585
GEFA Loan DW14002	1,622,495	377,505	(505,631)	1,494,369	69,364
Revenue bonds payable	6,280,000	-	(500,000)	5,780,000	500,000
Net pension liability	<u>937,767</u>	<u>-</u>	<u>(73,876)</u>	<u>863,891</u>	<u>-</u>
Business-type activity long-term liabilities	<u>\$ 12,969,397</u>	<u>\$ 412,191</u>	<u>\$ (1,322,223)</u>	<u>\$ 12,059,365</u>	<u>\$ 805,622</u>

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.

City of Thomaston, Georgia
Notes to the Financial Statements
For the Year Ended December 31, 2017

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
2018	\$ 515,000	\$ 144,500
2019	525,000	131,625
2020	545,000	118,500
2021	565,000	105,300
2022-2027	3,630,000	324,575
Total	<u>\$ 5,780,000</u>	<u>\$ 824,500</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, 2017, the outstanding balance was \$775,240.

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, 2017, the outstanding balance was \$1,044,459.

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, 2017, on a monthly basis. Interest is accrued monthly at .5%. As December 31, 2017, the outstanding balance was \$2,051,004.

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 was completed in 2017 and the \$1,500,000 is to be paid over a twenty-year period starting December 2017, on a monthly basis. Interest is accrued monthly at 1.03%. As of December 31, 2017, the outstanding balance was \$1,494,369.

City of Thomaston, Georgia
Notes to the Financial Statements
For the Year Ended December 31, 2017

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

	GEFA DW09002PJ70		GEFA DW10012		GEFA DW13011		GEFA DW14002	
Years Ending December 31,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 45,244	\$ 22,638	\$ 57,828	\$ 30,686	\$ 105,586	\$ 10,540	\$ 67,950	\$ 15,072
2019	46,620	21,262	59,587	28,927	106,114	9,484	68,654	14,369
2020	48,038	19,844	61,400	27,114	106,645	8,952	69,364	13,658
2021	49,500	18,383	63,267	25,247	107,180	8,418	70,082	12,940
2022	51,005	16,878	65,191	23,322	107,717	7,881	70,807	12,215
2023-2027	269,262	60,151	356,933	85,365	546,737	31,251	365,180	49,931
2028-2032	265,571	15,959	380,253	25,706	560,575	17,415	384,471	34,578
2033-2037	-	-	-	-	410,450	3,774	397,861	10,330
Total	<u>\$ 775,240</u>	<u>\$ 175,115</u>	<u>\$ 1,044,459</u>	<u>\$ 246,367</u>	<u>\$ 2,051,004</u>	<u>\$ 97,715</u>	<u>\$ 1,494,369</u>	<u>\$ 163,093</u>

Restricted Assets

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

Revenue bond covenant account	<u>\$ 290,506</u>
	<u>\$ 290,506</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 \$1,800,549. 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 2017. 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.

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

City of Thomaston, Georgia
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For the Year Ended December 31, 2017

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, 2017, the date of the most recent actuarial valuation, there were 237 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	118
Terminated vested participants	40
Active vested employees	50
Active nonvested employees	<u>36</u>
Total	<u><u>244</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 13.13% 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, 2017, the City reported a net pension liability. The net pension liability was measured as of March 31, 2017. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of July 1, 2017.

For the year ended December 31, 2017, the City recognized pension expense relative to GMEBS in the amount of \$491,613. At December 31, 2017, 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 experience	\$ -	\$ -
Changes of assumptions	128,820	5,737
Net difference between projected and actual earnings on pension plan investments	329,136	318,083
Employer contribution subsequent to measurement date	<u>-</u>	<u>-</u>
	<u><u>\$ 457,956</u></u>	<u><u>\$ 323,820</u></u>

City of Thomaston, Georgia
Notes to the Financial Statements
For the Year Ended December 31, 2017

City contributions subsequent to the measurement date of March 31, 2017 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,		
2018	\$	79,420
2019		79,420
2020		42,504
2022 and thereafter		(67,208)

Actuarial Assumptions: The total pension liability as of December 31, 2017 was determined by an actuarial valuation as of July 1, 2017 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, 2017 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, 2017

Net Pension Liability:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2016	\$ 10,638,293	\$ 7,165,082	\$ 3,473,211
Charges for the year:			
Service cost	78,267	-	78,267
Interest	796,306	-	796,306
Difference between expected and actual experience	193,229	-	193,229
Contributions - employer	-	376,154	(376,154)
Contributions - employee	-	-	-
Net investment income	-	876,422	(876,422)
Benefit payments	(726,744)	(726,744)	-
Administrative expense	-	(34,219)	34,219
Other	-	-	-
Net Changes	<u>341,058</u>	<u>491,613</u>	<u>(150,555)</u>
Balance at December 31, 2017	<u>\$ 10,979,351</u>	<u>\$ 7,656,695</u>	<u>\$ 3,322,656</u>

The City's net pension liability is recorded in the Government-Wide Statement of Net Position in the amounts of \$2,458,765 and \$863,891, 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, 2017 is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Nominal Real Rate of Return
Domestic Equity	45.00%	6.71%	9.20%
International Equity	20.00%	7.71%	9.70%
Fixed Income	25.00%	2.79%	4.80%
Real Estate	10.00%	5.21%	7.00%
Cash	0.00%	0.00%	0.00%
Total	<u>100.00%</u>		

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

City of Thomaston, Georgia
Notes to the Financial Statements
For the Year Ended December 31, 2017

position was 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	\$ 4,430,620	\$ 3,322,656	\$ 2,375,146

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

City of Thomaston, Georgia
Notes to the Financial Statements
For the Year Ended December 31, 2017

prior to completion, or (ii) a project declared by the Authority to be totally and permanently retired from service, or (iii) a project is totally, but not permanently, out of service and the authority is unable to provide service from alternative sources, then each participant will remain liable to pay a fixed percentage default by a participant under its contracts relating to any of the various projects, such participant would remain liable to the greater of its obligation share of the Authority's costs attributable to such project or the amount determined to be due under the rates and charges established by the Authority.

Payments under the Power Sales Contracts are not subject to reduction whether by offset or otherwise, and will not be conditional upon the performance or 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, 2017, the balance of the account was \$2,892,639 (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, 2017 was \$4,402,694. 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, 2017 was \$840,696. 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, 2017

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 June 5, 2018, the date which the financial statements were available to be issued.

NOTE 16 – RESTATEMENT OF NET POSITION – PROPRIETARY FUNDS

As a result of management contracts for the Water & Sewer and Sanitation, the City reported all employment related expenses under the Electric Fund beginning January 1, 2017. Accordingly, a restatement of the beginning Net Position for each proprietary fund resulted as pension related liabilities, deferred inflows, and deferred outflows were moved to the Electric Fund.

	Water & Sewer Fund	Electric Fund	Sanitation Fund	Total
Net Position - December 31, 2016	\$ 23,829,896	\$ 3,283,139	\$ 294,456	\$ 27,407,491
Adjustment	175,327	(201,626)	26,299	-
Net Position - December 31, 2016	<u>\$ 24,005,223</u>	<u>\$ 3,081,513</u>	<u>\$ 320,755</u>	<u>\$ 27,407,491</u>

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REQUIRED SUPPLEMENTARY INFORMATION

City of Thomaston, Georgia
Required Supplementary Information
For the Years Ended December 31, 2017, 2016 and 2015

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability			
Service cost	\$ 78,267	\$ 92,484	\$ 100,665
Interest on total pension liability	796,305	783,446	753,703
Difference between expected and actual experience	193,229	(11,213)	241,530
Changes of assumptions	-	-	(56,111)
Change of benefit terms	-	-	-
Benefit payments, including refunds of employee contributions	<u>(726,744)</u>	<u>(670,815)</u>	<u>(641,192)</u>
Net change in total pension liability	\$ 341,057	\$ 193,902	\$ 398,595
Total pension liability - beginning, January 1	<u>10,638,294</u>	<u>10,444,392</u>	<u>10,045,797</u>
Total Pension liability - ending, December 31 (a)	<u><u>\$ 10,979,351</u></u>	<u><u>\$ 10,638,294</u></u>	<u><u>\$ 10,444,392</u></u>
Plan fiduciary net position			
Contributions - employer	\$ 376,154	\$ 347,962	\$ 330,659
Contributions - employee	-	-	-
Net investment income	876,422	18,576	678,062
Benefit payments, including refunds of member contributions	(726,744)	(670,815)	(641,192)
Administrative expenses	<u>(34,219)</u>	<u>(19,928)</u>	<u>(17,791)</u>
Net change in plan fiduciary net position	\$ 491,613	\$ (324,205)	\$ 349,738
Plan fiduciary net position - beginning, January 1	<u>7,165,082</u>	<u>7,489,287</u>	<u>7,139,549</u>
Plan fiduciary net position - ending, December 31 (b)	<u><u>\$ 7,656,695</u></u>	<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>\$ 3,322,656</u></u>	<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	69.74%	67.35%	71.71%
Covered-employee payroll	\$ 3,183,118	\$ 2,788,467	\$ 2,787,146
Net pension liability as a percentage of covered-employee payroll	104.38%	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, 2017, 2016 and 2015

Schedule of City Contributions

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	* \$	374,328	\$ 339,168
Contributions in relation to the actuarially determined contributions	* <u></u>	<u>402,592</u>	<u>310,909</u>
Contribution deficiency (excess)	* <u></u>	<u>\$ (28,264)</u>	<u>\$ 28,259</u>
City's covered-employee payroll	* \$	2,788,467	\$ 2,787,146
Contributions as a percentage of covered-employee payroll	*	14.44%	11.16%

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

*2017 information is determined after fiscal year-end and is included in 2018 report. That information was not available at the time of the audit.

City of Thomaston, Georgia
Notes to Required Supplementary Information
For the Year Ended December 31, 2017

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, 2017, 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, 2018.

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, 2017

	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	\$ -	\$ 76,350	\$ 956,568	\$ 377,743	\$ -	\$ 5,515	\$ 1,416,176
Receivables, net of allowance:							-
Taxes	-	-	43,651	-	-	-	43,651
Accounts	5,470	-	-	-	-	-	5,470
Due from Other Funds	-	-	-	-	5,687	-	5,687
Total Assets	\$ 5,470	\$ 76,350	\$ 1,000,219	\$ 377,743	\$ 5,687	\$ 5,515	\$ 1,470,984
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities:							
Accounts payable	\$ 2,188	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,188
Retainage payable	-	-	-	-	5,687	-	5,687
Due to other funds	3,282	-	-	-	-	1,000	4,282
Advance to other funds	-	-	621,091	-	-	-	621,091
Total Liabilities	\$ 5,470	\$ -	\$ 621,091	\$ -	\$ 5,687	\$ 1,000	\$ 633,248
Deferred inflows of resources:							
Unavailable revenue - property taxes	\$ -	\$ -	\$ 38,280	\$ -	\$ -	\$ -	\$ 38,280
Unavailable revenue - grant revenues	-	-	-	-	-	-	-
Total deferred inflows of resources	\$ -	\$ -	\$ 38,280	\$ -	\$ -	\$ -	\$ 38,280
Fund balances:							
Restricted	\$ -	\$ 76,350	\$ 340,848	\$ 377,743	\$ -	\$ 4,515	\$ 799,456
Unassigned (deficit)	-	-	-	-	-	-	-
Total fund balances	\$ -	\$ 76,350	\$ 340,848	\$ 377,743	\$ -	\$ 4,515	\$ 799,456
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,470	\$ 76,350	\$ 1,000,219	\$ 377,743	\$ 5,687	\$ 5,515	\$ 1,470,984

City of Thomaston, Georgia
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2017

	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	\$ -	\$ -	\$ 1,299,436	\$ -	\$ -	\$ -	\$ 1,299,436
Other taxes	73,055	-	-	-	-	-	73,055
Intergovernmental	-	-	-	-	-	220,648	220,648
Fines and forfeitures	-	17,047	-	-	-	-	17,047
Charges for services	-	-	-	4,029	-	-	4,029
Interest earnings	-	269	-	1,259	-	54	1,582
Donation	-	-	-	52,000	-	-	52,000
Total Revenues	<u>73,055</u>	<u>17,316</u>	<u>1,299,436</u>	<u>57,288</u>	<u>-</u>	<u>220,702</u>	<u>1,667,797</u>
Expenditures							
Current:							
General government	29,198	-	143,872	-	-	-	173,070
Public safety	-	4,715	138,202	-	-	-	142,917
Economic development	-	-	212,937	-	-	-	212,937
Culture and recreation	-	-	554,034	2,097	-	-	556,131
Capital outlay	-	52,597	-	-	-	216,195	268,792
Total Expenditures	<u>29,198</u>	<u>57,312</u>	<u>1,049,045</u>	<u>2,097</u>	<u>-</u>	<u>216,195</u>	<u>1,353,847</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>43,857</u>	<u>(39,996)</u>	<u>250,391</u>	<u>55,191</u>	<u>-</u>	<u>4,507</u>	<u>313,950</u>
Other Financing Sources (Uses)							
Transfers to other funds	<u>(43,857)</u>	<u>-</u>	<u>(130,566)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(174,423)</u>
Total other financing sources (uses)	<u>(43,857)</u>	<u>-</u>	<u>(130,566)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(174,423)</u>
Net change in fund balances	-	(39,996)	119,825	55,191	-	4,507	139,527
Fund balances, beginning of year (deficit)	-	116,346	221,023	322,552	-	8	659,929
Fund balances, end of year (deficit)	<u>\$ -</u>	<u>\$ 76,350</u>	<u>\$ 340,848</u>	<u>\$ 377,743</u>	<u>\$ -</u>	<u>\$ 4,515</u>	<u>\$ 799,456</u>

City of Thomaston, Georgia
General Fund
Comparative Balance sheet
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 3,421,678	\$ 2,033,690
Receivables, net of allowance		
Taxes	125,466	127,402
Accounts	160,170	50,479
Intergovernmental	284,471	351,492
Prepaid insurance	320	-
Due from other funds	4,282	669,772
Advance from other funds	621,091	621,091
Total Assets	<u>\$ 4,617,478</u>	<u>\$ 3,853,926</u>
Liabilities		
Accounts payable	\$ 22,609	\$ 10,054
Accrued liabilities	25,706	33,208
Deposit payable	5,070	10,707
Due to other funds	8,482	90,961
Total Liabilities	<u>61,867</u>	<u>144,930</u>
Deferred Inflows of Resources		
Unavailable revenue - property taxes	59,355	60,560
Total Deferred Inflows of Resources	<u>59,355</u>	<u>60,560</u>
Fund Balances		
Nonspendable	621,411	621,091
Assigned	476,310	890,093
Unassigned	3,398,535	2,137,252
Total Fund Balances	<u>4,496,256</u>	<u>3,648,436</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,617,478</u>	<u>\$ 3,853,926</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Taxes	\$ 3,468,887	\$ 3,255,891
Licenses and permits	194,122	170,697
Intergovernmental	390,609	443,084
Fines and forfeitures	427,498	291,590
Charges for services	19,550	22,550
Rent	225,802	221,775
Miscellaneous	271,694	99,962
Total Revenue	<u>4,998,162</u>	<u>4,505,549</u>
Expenditures		
Current:		
General government	1,856,752	1,641,978
Judicial	298,331	212,879
Public safety	3,218,466	3,063,846
Public works	398,288	670,456
Culture and recreation	572,929	925,225
Total Expenditures	<u>6,344,766</u>	<u>6,514,384</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>(1,346,604)</u>	<u>(2,008,835)</u>
Other Financing Sources (Uses)		
Transfer from Hotel Motel Fund	43,858	41,853
Transfer from Joint Projects Fund	130,566	128,518
Transfer from Electric Fund	1,800,000	1,500,000
Transfer from Water/Sewer Fund	220,000	-
Total Other Financing Sources (Uses)	<u>2,194,424</u>	<u>1,670,371</u>
Net Change in Fund Balance	847,820	(338,464)
Fund Balance - Beginning of Year	<u>3,648,436</u>	<u>3,986,900</u>
Fund Balance - End of Year	<u>\$ 4,496,256</u>	<u>\$ 3,648,436</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, 2017

Description	Final Budget	2017 Actual	Variance With Final Budget	2016 Actual
<u>Taxes</u>				
General property tax	\$ 1,060,000	\$ 735,237	\$ (324,763)	\$ 796,135
Local option sales tax	1,250,000	1,299,989	49,989	1,273,384
Other:				
Motor vehicle taxes	15,000	13,415	(1,585)	15,780
Title Ad Valorem tax	100,000	126,969	26,969	82,700
Mobile home taxes	100	83	(17)	46
Intangible taxes	6,000	12,038	6,038	8,324
Franchise taxes	325,000	485,320	160,320	320,539
Insurance premium tax	548,000	609,181	61,181	572,088
Real estate transfer tax	3,000	1,392	(1,608)	3,474
Beer and wine tax	180,000	185,263	5,263	183,421
Total Taxes	<u>3,487,100</u>	<u>3,468,887</u>	<u>(18,213)</u>	<u>3,255,891</u>
<u>Licenses and Permits</u>				
Business and occupation	125,000	143,932	18,932	124,287
Special sales permits	<u>41,100</u>	<u>50,190</u>	<u>9,090</u>	<u>46,410</u>
Total Licenses and Permits	<u>166,100</u>	<u>194,122</u>	<u>28,022</u>	<u>170,697</u>
<u>Intergovernmental Revenues</u>				
Housing authority	44,000	-	(44,000)	50,182
Upson County	216,720	220,601	3,881	215,482
State of Georgia - Hazardous Trust Fund	-	161,126	161,126	84,718
State grants:				
FEMA Grant	-	-	-	89,167
Drug Task Force	<u>14,000</u>	<u>8,882</u>	<u>(5,118)</u>	<u>3,535</u>
Total Intergovernmental Revenue	<u>274,720</u>	<u>390,609</u>	<u>115,889</u>	<u>443,084</u>
<u>Fines and Forfeitures</u>				
Recorder's Court	<u>336,000</u>	<u>427,498</u>	<u>91,498</u>	<u>291,590</u>
Total Fines and Forfeitures	<u>336,000</u>	<u>427,498</u>	<u>91,498</u>	<u>291,590</u>

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, 2017

Description	Final Budget	2017 Actual	Variance With Final Budget	2016 Actual
<u>Charges for Services</u>				
Cemetery fees	18,500	18,100	(400)	21,600
Weaver Park Pavillion Fees	1,000	1,450	450	950
Rent revenue	220,137	225,802	5,665	221,775
Total Charges for Services	239,637	245,352	5,715	244,325
<u>Miscellaneous</u>				
Interest earnings	10,150	14,908	4,758	12,344
Insurance reimbursement	-	75,274	75,274	15,710
Miscellaneous	51,150	181,512	130,362	71,908
Total Miscellaneous	61,300	271,694	210,394	99,962
Total Revenues	4,564,857	4,998,162	433,305	4,505,549

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, 2017

Description	Final Budget	2017 Actual	Variance With Final Budget	2016 Actual
<u>General Government</u>				
Governing body	36,831	34,605	2,226	42,784
City clerk	93,109	51,918	41,191	31,012
City manager	187,583	179,290	8,293	71,117
General administration	978,015	724,694	253,321	986,925
Finance	470,711	459,423	11,288	124,905
Human Resources	142,309	121,096	21,213	56,940
Tax administration	6,620	6,607	13	6,620
Legal service	100,000	65,339	34,661	138,505
Community development	226,499	213,780	12,719	183,170
Total General Government	2,241,677	1,856,752	384,925	1,641,978
<u>Judicial</u>				
Municipal Court	303,475	298,331	5,144	212,879
Total Judicial	303,475	298,331	5,144	212,879
<u>Public Safety</u>				
Police Department:				
Police administration	940,872	721,029	219,843	668,954
Patrol	1,546,460	1,422,805	123,655	1,254,606
Fire Department:				
Fire administration	328,416	190,818	137,598	213,029
Fire fighting	821,623	883,814	(62,191)	927,257
Total Public Safety	3,637,371	3,218,466	418,905	3,063,846
<u>Public Works</u>				
Public works administration	415,900	232,382	183,518	396,460
Public works crew	127,477	110,484	16,993	105,627
Landfill postclosure crew	344,000	55,422	288,578	168,369
Total Public Works	887,377	398,288	489,089	670,456

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, 2017

Description	Final Budget	2017 Actual	Variance With Final Budget	2016 Actual
<u>Culture and Recreation</u>				
Parks public space admin	493,100	346,814	146,286	702,419
Parks public space crew	<u>221,861</u>	<u>226,115</u>	<u>(4,254)</u>	<u>222,806</u>
Total Culture and Recreation	<u>714,961</u>	<u>572,929</u>	<u>142,032</u>	<u>925,225</u>
Total Expenditures	<u>7,784,861</u>	<u>6,344,766</u>	<u>1,440,095</u>	<u>6,514,384</u>
Excess of Revenue Over (Under) Expenditures	<u>(3,220,004)</u>	<u>(1,346,604)</u>	<u>1,873,400</u>	<u>(2,008,835)</u>
<u>Other Financing Sources (Uses)</u>				
Transfer in:				
Transfer from Hotel Motel Fund	36,000	43,858	7,858	41,853
Transfer from Electric Fund	1,800,000	1,800,000	-	1,500,000
Transfer from Water/Sewer Fund	220,000	220,000	-	-
Transfer from Joint Project Fund	<u>127,280</u>	<u>130,566</u>	<u>3,286</u>	<u>128,518</u>
Total Other Financing Sources (Uses)	<u>2,183,280</u>	<u>2,194,424</u>	<u>11,144</u>	<u>1,670,371</u>
Net Change in Fund Balance	(1,036,724)	847,820	1,884,544	(338,464)
Fund Balance, Beginning of Year	<u>3,648,436</u>	<u>3,648,436</u>	<u>-</u>	<u>3,986,900</u>
Fund Balance, End of Year	<u>\$ 2,611,712</u>	<u>\$ 4,496,256</u>	<u>\$ 1,884,544</u>	<u>\$ 3,648,436</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ -	\$ 151
Accounts receivable	<u>5,470</u>	<u>5,300</u>
Total Assets	<u><u>\$ 5,470</u></u>	<u><u>\$ 5,451</u></u>
Liabilities and Fund Balances		
<u>Liabilities</u>		
Accounts payable	\$ 2,188	\$ 2,180
Due to other funds	<u>3,282</u>	<u>3,271</u>
Total Liabilities	<u>5,470</u>	<u>5,451</u>
<u>Fund Balances</u>		
Restricted	<u>-</u>	<u>-</u>
Total Fund Balances	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u><u>\$ 5,470</u></u>	<u><u>\$ 5,451</u></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, 2017

	Final Budget	Actual	Variance With Final Budget
<u>Revenues</u>			
Hotel motel tax	\$ 75,000	\$ 73,055	\$ (1,945)
Total Revenues	<u>75,000</u>	<u>73,055</u>	<u>(1,945)</u>
<u>Expenditures</u>			
General government:			
Chamber of Commerce	30,000	29,198	802
Total Expenditures	<u>30,000</u>	<u>29,198</u>	<u>802</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>45,000</u>	<u>43,857</u>	<u>(1,143)</u>
<u>Other Financing Sources (Uses):</u>			
Transfers to general fund	(45,000)	(43,857)	1,143
Total Other Financing Sources (Uses)	<u>(45,000)</u>	<u>(43,857)</u>	<u>1,143</u>
Net change in fund balance	-	-	-
Fund balance - beginning of year	-	-	-
Fund balance - end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

City of Thomaston
Law Enforcement Confiscation Fund
Comparative Balance Sheet
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 76,350	\$ 120,194
Total Assets	<u><u>\$ 76,350</u></u>	<u><u>\$ 120,194</u></u>
Liabilities and Fund Balances		
<u>Liabilities</u>		
Accounts payable	\$ -	\$ -
Due to other funds	-	3,848
Total Liabilities	<u>-</u>	<u>3,848</u>
<u>Fund Balances</u>		
Restricted for law enforcement	76,350	116,346
Total Fund Balances	<u>76,350</u>	<u>116,346</u>
Total Liabilities and Fund Balances	<u><u>\$ 76,350</u></u>	<u><u>\$ 120,194</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, 2017

	Final Budget	Actual	Variance With Final Budget
<u>Revenues</u>			
Fines and forfeitures	\$ -	\$ 17,047	\$ 17,047
Interest Income	20	269	249
Total Revenues	<u>20</u>	<u>17,316</u>	<u>17,296</u>
<u>Expenditures</u>			
Current:			
Public safety	32,000	4,715	27,285
Capital outlay	53,020	52,597	423
Total Expenditures	<u>85,020</u>	<u>57,312</u>	<u>27,708</u>
Net change in fund balance	(85,000)	(39,996)	45,004
Fund balance - beginning of year	<u>116,346</u>	<u>116,346</u>	<u>-</u>
Fund balance - end of year	<u>\$ 31,346</u>	<u>\$ 76,350</u>	<u>\$ 45,004</u>

City of Thomaston
Joint Projects Tax Allocation District Fund
Comparative Balance sheet
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 956,568	\$ 828,282
Property tax receivable, net	<u>43,651</u>	<u>52,107</u>
Total Assets	<u>\$ 1,000,219</u>	<u>\$ 880,389</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances		
<u>Liabilities</u>		
Accounts payable	\$ -	\$ -
Advance to other funds	<u>621,091</u>	<u>621,091</u>
Total Liabilities	<u>621,091</u>	<u>621,091</u>
<u>Deferred Inflows of Resources</u>		
Unavailable revenue - property taxes	<u>38,280</u>	<u>38,275</u>
Total Deferred Inflows of Resources	<u>38,280</u>	<u>38,275</u>
<u>Fund Balances</u>		
Restricted	340,848	221,023
Unassigned	<u>-</u>	<u>-</u>
Total Fund Balances	<u>340,848</u>	<u>221,023</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,000,219</u>	<u>\$ 880,389</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, 2017

	Final Budget	Actual	Variance With Final Budget
<u>Revenues</u>			
Property taxes	\$ 1,108,055	\$ 1,299,436	\$ 191,381
Total Revenues	<u>1,108,055</u>	<u>1,299,436</u>	<u>191,381</u>
<u>Expenditures</u>			
Current:			
General government	157,403	143,872	13,531
Public safety	126,941	138,202	(11,261)
Economic development	193,348	212,937	(19,589)
Culture and recreation	543,304	554,034	(10,730)
Total Expenditures	<u>1,020,996</u>	<u>1,049,045</u>	<u>(28,049)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>87,059</u>	<u>250,391</u>	<u>163,332</u>
<u>Other Financing Sources (Uses):</u>			
Transfers to General Fund	(127,280)	(130,566)	(3,286)
Total Other Financing Uses	<u>(127,280)</u>	<u>(130,566)</u>	<u>(3,286)</u>
Net change in fund balance	(40,221)	119,825	160,046
Fund balance - beginning of year	<u>221,023</u>	<u>221,023</u>	<u>-</u>
Fund balance - end of year	<u>\$ 180,802</u>	<u>\$ 340,848</u>	<u>\$ 160,046</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.

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
2011 Special Local Option Sales Tax
Comparative Balance sheet
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 172,707	\$ 620,646
Total Assets	<u><u>\$ 172,707</u></u>	<u><u>\$ 620,646</u></u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 8,217	\$ 33,684
Due to other funds	-	42,957
Total Liabilities	<u>8,217</u>	<u>76,641</u>
Fund Balances		
Restricted for capital projects	<u>164,490</u>	<u>544,005</u>
Total Fund Balances	<u>164,490</u>	<u>544,005</u>
Total Liabilities and Fund Balances	<u><u>\$ 172,707</u></u>	<u><u>\$ 620,646</u></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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Intergovernmental	\$ 1,286	\$ 450,728
Interest earnings	<u>-</u>	<u>7,893</u>
Total Revenues	<u>1,286</u>	<u>458,621</u>
 Expenditures		
Capital outlay	<u>380,801</u>	<u>2,201,363</u>
Total Expenditures	<u>380,801</u>	<u>2,201,363</u>
 Net change in fund balance	 (379,515)	 (1,742,742)
 Fund balance - beginning of year	 <u>544,005</u>	 <u>2,286,747</u>
 Fund balance - end of year	 <u><u>\$ 164,490</u></u>	 <u><u>\$ 544,005</u></u>

City of Thomaston, Georgia
2016 Special Local Option Sales Tax
Comparative Balance sheet
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 798,547	\$ 199,290
Total Assets	<u>\$ 798,547</u>	<u>\$ 199,290</u>
Liabilities and Fund Balances		
Total Liabilities	\$ -	\$ -
Fund Balances		
Restricted for capital projects	<u>798,547</u>	<u>199,290</u>
Total Fund Balances	<u>798,547</u>	<u>199,290</u>
Total Liabilities and Fund Balances	<u><u>\$ 798,547</u></u>	<u><u>\$ 199,290</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Intergovernmental	\$ 598,796	\$ 199,274
Interest earnings	<u>461</u>	<u>16</u>
Total Revenues	<u>599,257</u>	<u>199,290</u>
 Expenditures		
Capital outlay	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>
 Net change in fund balance	599,257	199,290
 Fund balance - beginning of year	<u>199,290</u>	<u>-</u>
 Fund balance - end of year	<u><u>\$ 798,547</u></u>	<u><u>\$ 199,290</u></u>

City of Thomaston, Georgia
Greatest Generational Park Fund
Comparative Balance sheet
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 377,743	\$ 322,552
Total Assets	<u><u>\$ 377,743</u></u>	<u><u>\$ 322,552</u></u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>
Fund Balances		
Restricted for capital projects	<u>377,743</u>	<u>322,552</u>
Total Fund Balances	<u>377,743</u>	<u>322,552</u>
Total Liabilities and Fund Balances	<u><u>\$ 377,743</u></u>	<u><u>\$ 322,552</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Charges for services	\$ 4,029	\$ 3,165
Interest earnings	1,259	791
Donation	<u>52,000</u>	<u>50,381</u>
Total Revenues	<u>57,288</u>	<u>54,337</u>
Expenditures		
Current:		
Culture and recreation	2,097	1,500
Capital outlay	<u>-</u>	<u>12,806</u>
Total Expenditures	<u>2,097</u>	<u>14,306</u>
Net change in fund balance	55,191	40,031
Fund balance - beginning of year	<u>322,552</u>	<u>282,521</u>
Fund balance - end of year	<u><u>\$ 377,743</u></u>	<u><u>\$ 322,552</u></u>

City of Thomaston, Georgia
2014 Community Development Block Grant/Water Line Fund
Comparative Balance sheet
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ -	\$ -
Due from other funds	<u>5,687</u>	<u>5,687</u>
Intergovernmental receivable	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 5,687</u>	<u>\$ 5,687</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities		
Retainage payable	\$ 5,687	\$ 5,687
Due to other funds	<u>-</u>	<u>-</u>
Total Liabilities	<u>5,687</u>	<u>5,687</u>
Deferred inflows of resources		
Unavailable revenue - grant revenues	<u>-</u>	<u>-</u>
Total Fund Balances	<u>-</u>	<u>-</u>
Fund Balances		
Unassigned	<u>-</u>	<u>-</u>
Total Fund Balances	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,687</u>	<u>\$ 5,687</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Intergovernmental	\$ -	\$ 45,018
Total Revenues	<u>-</u>	<u>45,018</u>
Expenditures		
Capital outlay	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>
Net change in fund balance	-	45,018
Fund balance - beginning of year	<u>-</u>	<u>(45,018)</u>
Fund balance - end of year (deficit)	<u>\$ -</u>	<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, 2017

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

City of Thomaston, Georgia
DOT LMIG Fund
Comparative Balance sheet
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 5,515	\$ 1,008
Total Assets	<u><u>\$ 5,515</u></u>	<u><u>\$ 1,008</u></u>
Liabilities and Fund Balances		
Liabilities		
Due to other funds	\$ 1,000	\$ 1,000
Total Liabilities	<u>1,000</u>	<u>1,000</u>
Fund Balances		
Restricted for capital projects	<u>4,515</u>	<u>8</u>
Total Fund Balances	<u>4,515</u>	<u>8</u>
Total Liabilities and Fund Balances	<u><u>\$ 5,515</u></u>	<u><u>\$ 1,008</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Intergovernmental	\$ 220,648	\$ -
Interest earnings	<u>54</u>	<u>1</u>
Total Revenues	<u>220,702</u>	<u>1</u>
 Expenditures		
Capital outlay	<u>216,195</u>	<u>-</u>
Total Expenditures	<u>216,195</u>	<u>-</u>
 Net change in fund balance	 4,507	 1
 Fund balance - beginning of year	 <u>8</u>	 <u>7</u>
 Fund balance - end of year	 <u><u>\$ 4,515</u></u>	 <u><u>\$ 8</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>	84-89
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>	90-94
Debt Capacity <i>These schedule present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.</i>	95-98
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>	99-101
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>	102-103
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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities:										
Net investment in capital assets	\$ 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	\$ 16,334,227
Restricted	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	1,762,493
Unrestricted (deficit)	<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>	<u>209,989</u>
Total governmental activities net position	<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>	<u>\$ 18,306,709</u>
Business-type activities:										
Net investment in capital assets	\$ 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	\$ 24,528,573
Restricted	496,900	290,717	293,632	294,976	294,266	287,528	287,978	290,134	288,824	290,506
Unrestricted (deficit)	<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>	<u>5,481,544</u>
Total business-type activities net position	<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>	<u>\$ 30,300,623</u>
Primary government:										
Net investment in capital assets	\$ 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	\$ 40,862,800
Restricted	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	2,052,999
Unrestricted (deficit)	<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>	<u>5,691,533</u>
Total primary government net position	<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>	<u>\$ 48,607,332</u>

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government (Note 1)	\$ 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	\$ 2,350,429
Judicial	208,500	215,894	177,475	163,609	202,989	239,417	234,102	267,744	212,879	298,331
Public safety	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	3,467,504
Public works	647,224	924,573	1,634,486	794,525	1,431,991	1,335,976	909,316	502,207	656,702	526,865
Economic development	74,651	3,239	217,922	144,262	149,363	144,347	324,151	332,633	358,257	212,937
Culture and recreation	-	-	-	21,697	366,231	530,294	993,897	1,276,803	1,526,021	1,129,060
Total governmental activities expenses	<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>	<u>\$ 7,985,126</u>
Business-type activities:										
Water and sewer	\$ 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	\$ 4,725,548
Electric	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	11,277,395
Sanitation	-	988,594	994,802	1,083,916	1,073,394	1,147,044	1,083,180	1,131,507	1,042,968	1,092,660
Total business-type activities expenses	<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>	<u>\$ 17,095,603</u>
Total primary government expenses	<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>	<u>\$ 25,080,729</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Refuse collection	\$ 1,030,657	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cemetery fees	21,900	18,500	13,000	18,550	15,000	14,500	17,900	15,950	21,600	18,100
Fines and forfeitures	529,899	541,228	388,554	276,797	385,320	416,557	374,287	436,833	291,590	427,498
Licenses and permits	127,572	124,856	132,852	129,296	134,176	131,055	146,732	192,360	170,697	194,122
Public Safety	8,454	5,537	10,598	5,145	724	6,742	9,782	129,826	80,624	17,047
Rent	146,463	161,820	161,646	162,472	166,129	209,629	219,746	216,290	221,775	225,802
Other	-	-	-	2,530	3,270	3,520	4,145	4,130	4,116	5,479
Operating grants and contributions	248,199	823,238	801,356	220,301	283,760	316,429	322,856	620,317	443,083	390,609
Capital grants and contributions	223,375	898,288	1,481,609	438,426	1,908,281	756,809	1,166,516	1,449,990	704,577	821,191
Total governmental activities program revenues	<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>	<u>\$ 2,099,848</u>
Business-type activities:										
Charges for services:										
Water and sewer	\$ 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	\$ 5,343,896
Electric	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	13,233,636
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	1,160,365
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	880,801
Total business-type activities program revenues	<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>	<u>\$ 20,618,698</u>
Total primary government program revenues	<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>	<u>\$ 22,718,546</u>

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>Net (Expenses)/Revenue</u>										
Governmental activities	\$ (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)	\$ (5,885,278)
Business-type activities	926,975	3,150,123	5,174,142	738,756	2,804,126	2,650,488	2,769,732	3,149,321	6,178,160	3,523,095
Total primary government net (expenses)/revenues	<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>\$ (2,362,183)</u>
<u>General Revenue and Other Changes in Net Position</u>										
Governmental activities:										
Taxes:										
Property taxes	\$ 797,439	\$ 806,282	\$ 827,426	\$ 797,423	\$ 812,885	\$ 799,954	\$ 1,640,108	\$ 1,972,285	\$ 2,007,532	\$ 2,033,473
Sales taxes	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	1,299,989
Franchise taxes	367,655	398,461	307,630	358,274	335,574	367,435	336,097	331,887	320,539	485,320
Insurance premiums taxes	526,717	521,775	506,611	430,147	456,850	473,025	494,582	528,379	572,088	609,181
Other taxes	335,031	319,443	320,293	315,496	308,835	410,201	475,317	440,345	363,499	412,215
Interest revenue	176,526	123,181	58,012	30,354	17,188	13,346	13,166	10,949	13,362	16,490
Gain on sale of capital assets	-	14,391	8,157	20,565	2,111	5,291	535	-	-	-
Miscellaneous	275,166	299,702	86,416	112,765	106,287	45,438	197,118	174,759	137,999	308,786
Transfers	1,296,539	1,000,000	1,446,111	825,000	1,498,500	1,005,997	1,000,000	3,266,770	1,500,000	2,020,000
Total governmental activities	<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>	<u>\$ 7,185,454</u>
Business-type activities:										
Interest revenue	\$ 537,813	\$ 338,631	\$ 383,769	\$ 802,455	\$ 397,686	\$ 14,128	\$ 65,200	\$ 41,351	\$ 46,598	\$ 127,013
Miscellaneous	13,791	-	-	-	-	-	-	270,052	98,065	157,173
Municipal Competitive Trust	-	-	-	-	-	-	-	-	-	1,105,851
Transfers	(1,296,539)	(1,000,000)	(1,446,111)	(825,000)	(1,498,500)	(1,005,997)	(1,000,000)	(3,266,770)	(1,500,000)	(2,020,000)
Total business-type activities	<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>	<u>\$ (629,963)</u>
Total primary government	<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>	<u>\$ 6,555,491</u>
Change in Net Position										
Governmental activities	\$ 1,377,822	\$ 1,059,488	\$ 97,440	\$ (296,855)	\$ 748,110	\$ (63,584)	\$ 623,393	\$ 2,361,027	\$ (3,047,551)	\$ 1,300,176
Business-type activities	182,040	2,488,754	4,111,800	716,211	1,703,312	1,658,619	1,834,932	193,954	4,822,823	2,893,132
Total primary government	<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>	<u>\$ 4,193,308</u>

Schedule 3

City of Thomaston

Program Revenues by Function/Program

Last 10 Years

(accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>Function/Program</u>										
Governmental activities:										
General government	\$ 1,940,926	\$ 1,183,840	\$ 964,061	\$ 634,031	\$ 851,422	\$ 824,497	\$ 806,670	\$ 1,128,940	\$ 1,149,327	\$ 1,252,728
Public safety	30,175	36,253	185,961	40,020	45,454	39,540	22,265	168,507	84,158	25,929
Public works	142,043	1,353,374	1,839,593	579,466	1,999,784	991,204	1,433,029	1,768,249	704,577	821,191
Economic development	223,375	-	-	-	-	-	-	-	-	-
Subtotal governmental activities	<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>	<u>\$ 2,099,848</u>
Business-type activities:										
Electric	\$ 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	\$ 13,233,636
Water and sewer	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	6,224,697
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	1,160,365
Subtotal business-type activities	<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>	<u>\$ 20,618,698</u>
Total primary government	<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>	<u>\$ 22,718,546</u>

Schedule 4

City of Thomaston

Fund Balances, Governmental Funds

Last 10 Years

(modified accrual basis of accounting)

	2008	2009	Restated 2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ -	\$ -	\$ 70,704	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	3,523,676	3,613,786	3,932,640	-	-	-	-	-	-	-
Nonspendable	-	-	-	-		45,461	504,559	666,552	621,091	621,411
Assigned	-	-	-	1,228,319	1,567,152	584,882	1,881,368	1,088,523	588,126	476,310
Unassigned	-	-	-	2,886,174	2,152,349	3,455,261	1,563,106	2,231,825	2,439,219	3,398,535
Total General Fund	<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>	<u>\$ 4,496,256</u>
All Other Governmental Funds										
Reserved:										
Program purposes	\$ -	\$ 192,834	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital outlay	2,915,510	3,911,866	3,236,371	-	-	-	-	-	-	-
Public safety	-	6,989	17,887	-	-	-	-	-	-	-
Unreserved:										
Special Revenue Funds	241,426	-	-	-	-	-	-	-	-	-
Capital Projects Funds	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	1,345,295
Public safety	-	-	-	9,138	6,787	13,547	8,258	121,515	116,346	76,350
Joint projects	-	-	-	-	-	-	-	187,075	221,023	340,848
Unassigned	-	-	-	-	-	-	(89,110)	(45,018)	-	-
Total all other governmental funds	<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>	<u>\$ 1,762,493</u>

* Prior year amounts have been restated for the implementation of Statement 54.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>Revenues</u>										
Property taxes	\$ 760,324	\$ 893,218	\$ 849,227	\$ 781,027	\$ 839,576	\$ 790,859	\$ 766,757	\$ 701,445	\$ 796,135	\$ 735,237
Sales taxes	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	1,299,989
Other taxes	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	2,806,152
Licenses and permits	127,572	124,856	132,852	129,296	134,176	131,055	146,732	192,360	170,697	194,122
Intergovernmental	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	1,211,339
Fines and forfeitures	538,353	546,765	399,152	281,942	386,044	423,299	384,069	566,659	372,214	444,545
Charges for services	1,052,557	18,500	13,000	21,080	18,270	18,020	22,045	20,080	25,715	23,579
Interest earnings	176,526	123,181	97,507	62,710	35,002	28,269	27,413	26,324	22,919	16,951
Rent	146,463	161,820	161,646	162,472	166,129	209,629	219,746	216,290	221,775	225,802
Donations	200,000	200,295	255	50,461	17,752	4,350	85,461	-	-	-
Other	75,166	99,407	86,160	62,304	88,533	41,088	111,657	174,758	137,999	308,786
Total revenue	<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>	<u>\$ 7,266,502</u>
<u>Expenditures</u>										
General government (Note 1)	\$ 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	\$ 2,029,822
Judicial	208,500	215,894	177,475	163,609	202,989	239,417	234,102	267,744	212,879	298,331
Public safety	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	3,361,383
Public works	588,849	472,807	496,559	344,961	273,226	273,062	462,523	712,954	670,456	398,288
Economic development	68,852	47,609	50,092	440	-	-	183,246	183,219	212,056	212,937
Culture and recreation	-	-	-	21,697	366,231	530,294	983,947	1,276,803	1,526,021	1,129,060
Capital outlay	210,246	1,032,302	2,198,369	227,802	2,324,765	981,929	987,987	1,315,891	3,604,703	649,593
Total expenditures	<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>	<u>\$ 8,079,414</u>
Excess of revenues over (under) expenditures	<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>	<u>\$ (812,912)</u>
<u>Other Financing Sources (Uses)</u>										
Transfers from other funds	\$ 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	\$ 2,194,424
Transfers to other funds	(57,159)	(52,562)	(61,511)	(116,422)	(60,488)	(46,106)	(39,968)	(134,882)	(170,371)	(174,424)
Sale of Property	19,213	14,391	8,157	20,565	2,111	10,920	19,320	-	-	-
Total Other Financing Sources (Uses)	<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>	<u>\$ 2,020,000</u>
Net change in fund balances	<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>	<u>\$ 1,207,089</u>

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

Schedule 6
City of Thomaston
Tax Revenues by Source, Governmental Funds
Last Ten Years

Fiscal Year	Tax Revenues											Total
	General Property	Title Ad Valorem Motor Vehicle and Mobile Home	Local Option (LOST) Sales	Special Local Option (SPLOST) Sales	Joint Projects Special Taxing District	Intangible	Franchise	Insurance Premium	Real Estate Transfer	Alcoholic Beverage	Hotel/ Motel	
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	754,649	220,865	1,365,984	829,756	870,440	2,592	333,881	494,582	1,770	183,476	66,355	5,124,350
2015	751,285	179,877	1,319,486	802,146	1,221,786 (1)	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
2017	735,237	140,467	1,299,989	600,082	1,299,436	12,038	485,320	609,181	1,392	185,263	73,055	5,441,460

(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	
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	8.75
2015	122,795,489	306,988,722	81,863,659	204,659,148	204,659,148	511,647,870	10.08
2016	119,855,282	299,638,205	79,903,521	199,758,803	199,758,803	499,397,008	10.36
2017	119,811,961	299,529,903	79,874,640	199,686,600	199,686,601	499,216,503	10.32

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	
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
2017	3.77	6.55	0.00	10.32	0.00	9.52	15.11	34.95

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	2007				Taxpayer	2017			
	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	\$24,296,310	\$257,239	1	12.20%
Wal-Mart Stores, Inc.	6,932,652	26,552	2	3.01%	Wal-Mart Stores, Inc.	7,230,226	82,826	2	3.93%
Yamaha Music Mfg., Inc.	8,301,368	23,485	3	2.66%	Home Depot	3,815,659	39,378	3	1.87%
Atlantic Paper & Foil (Atlantic Lakeside Properties)	5,763,600	19,164	4	2.17%	Standard Textiles	3,094,736	31,939	4	1.51%
Home Depot	5,001,976	19,160	5	2.17%	North Creek Shopping Center	2,363,339	24,390	5	1.16%
One Four Five Associates	2,751,635	10,539	6	1.20%	Ingles Market	2,325,876	24,003	6	1.14%
Georgia Windstream	2,632,478	10,082	7	1.14%	SouthCrest Bank	2,844,183	19,145	7	0.91%
1888 Mills	8,777,745	7,895	8	0.90%	Blackstock Properties	1,680,072	17,329	8	0.82%
Oracle Packaging Co. of Georgia	3,736,823	7,144	9	0.81%	Charter Communications	2,449,630	16,113	9	0.76%
Royal Cord, Inc.	3,460,898	5,380	10	0.61%	Georgia Power Company	10,329,497	14,361	10	0.68%
	<u>\$ 84,574,175</u>	<u>\$ 271,934</u>		<u>30.83%</u>		<u>\$ 60,429,528</u>	<u>\$ 526,723</u>		<u>24.98%</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
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%	97,998	985,222	99.63%
2015	948,510	815,883	86.02%	119,980	935,863	98.67%
2016	877,627	758,185	86.39%	100,355	858,540	97.83%
2017	900,042	778,804	86.53%	0	778,804	86.53%

Source: Final Accounting Reports for the Upson County Tax Commissioner

Schedule 11
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			
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%
2017	---	5,780,000	5,365,072	11,145,072	1,215	0.2464%

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 2017 ending balance was \$ 775,240

(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 2017 ending balance was \$1,044,459

(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 2017 ending balance was \$2,054,004

(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 remainder of the loan was drawn in 2017. the 2017 ending balance was \$1,494,369

Total debt per capita is based on the city population on schedule 15.

Total debt as a percent of personal income is based on county per capita income on Schedule 15.

Schedule 12
City of Thomaston
Direct and Overlapping Governmental Activities Debt
As of December 31, 2017

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	0
Overlapping (3)	
Upson County - General Obligation Debt (1)	0
- GEFA Loans (2)	5,365,072
- Capital Leases (4)	0
Total Overlapping Debt	5,365,072
Total Direct and Overlapping	<u>5,365,072</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 13
City of Thomaston
Legal Debt Margin Information
Last Ten Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2016
Net Assessed Value	\$ 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	\$ 199,686,601
Debt Limit - 10% of Assessed Value	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	19,968,660
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	23,831,122	23,265,583	23,141,268	22,650,033	21,541,945	20,993,126	20,283,749	20,465,915	19,975,880	19,968,660
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 14
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	
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
2017	19,895,070	16,814,163	3,080,907	500,000	157,000	657,000	4.69

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 15
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
2017	9,170	27,466	38.2	6.2

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 16
City of Thomaston
Principal Employers
Current Year and Ten Years Ago

Employer	Number of Employees	2008 Rank
Thomaston/Upson County Schools	687	1
Quad/Graphics of Georgia	620	2
Upson Regional Medical Center	464	3
Standard Textiles	225	4
Yamaha Music Mfg	240	5
Department of Transportation	210	6
1888 Mills, LLC	185	7
Royal Cord, Inc.	172	8
Duni Corp	170	9
City of Thomaston	129	10

Employer	Number of Employees	2017 Rank
Thomaston/Upson County Schools	631	1
Upson Regional Medical Center	508	2
Department of Transportation	463	3
Quad/Graphics of Georgia	350	4
Standard Textiles	239	5
Upson County Government	218	6
DART Container	184	7
Walmart	129	8
Interfor	115	9
Tencate	101	10

Schedule 17
City of Thomaston
Full Time Equivalent City Government Employees by Function/Program
Last Ten Years

Full Time Equivalents as of December 31,										
Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Administration	10	10	10	10	5	4	4	4	6	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	5
Meter Readers (2)					2	2	3	3	3	3
Electric Department	14	13	13	13	13	11	11	12	12	12
Fire Department	19	21	21	20	20	19	15	17	17	17
Police Department										
Officers	27	23	22	23	21	20	22	22	22	24
Civilians	3	3	3	3	3	3	2	2	2	2
Street Department	11	10	8	5	4	4	4	2	2	2
Water/Wastewater Department (3)	25	24	21	19	21	19	20	20	20	19

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 18
City of Thomaston
Operating Indicators by Function/Program
Last Nine Years

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Building permits issued										
New Residential	7	5	3	0	0	1	0	1	0	0
New Commercial	6	6	4	5	6	1	5	3	1	1
Additions & Improvements - Residential	97	98	64	67	83	126	121	142	156	180
Additions & Improvements - Commercial	18	22	18	16	22	12	18	57	38	43
Police Department										
Physical arrests	1,120	587	794	620	425	729	691	783	744	1,047
Citations	3,648	2,916	1,853	1,751	2,602	3,091	2,650	2,906	1344	2,997
Fire Department										
Emergency (EMS) responses	134	149	193	228	156	191	206	201	433	530
Fire responses	28	89	75	79	71	53	52	51	70	78
Street Department										
Streets resurfaced (miles)	0.43	0.34	0.92	0.00	5.21	0.00	0.90	4.26	0	1.88
Sidewalks replaced (miles)	0.54	0.07	0.06	0.10	0.00	0.38	0.66	2.08	0.36	0.32
Electric Department										
Lines replaced (miles)	5.45	0.00	2.62	0.17	4.87	0.00	0.00	0.00	0.00	0.00
Water Department										
New connections	23	10	6	8	4	0	8	3	5	3
Water line breaks	319	240	184	343	60	346	348	316	300	99
Average daily consumption (million gallons)	1.56	1.45	1.30	1.18	1.18	1.07	1.11	1.05	1.21	1.51
Based on water billed to customers										

Sources: Various city departments

Schedule 19
City of Thomaston
Capital Asset Statistics by Function/Program
Last Ten Years

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police Department										
Stations	1	1	1	1	1	1	1	1	1	1
Marked Patrol cars	10	10	11	11	11	11	13	12	21	22
Fire Department										
Stations	1	1	1	1	1	1	1	1	1	1
Ladder Trucks	1	1	1	1	1	1	1	1	1	1
Pumper Trucks	3	3	3	3	3	3	3	3	3	3
Fire hydrants	600	600	600	610	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	99.54	99.54	99.54	99.54	99.54	99.54	99.77	99.77	100
Street Department										
Streets (miles)	52.24	52.61	52.61	52.61	52.61	52.61	52.77	52.77	52.77	52.77
Sidewalks (miles)	30.60	30.60	30.60	30.63	30.75	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	4.0	4.0	4.0	4.0	4.0	6	6.0
Water lines (miles)	82.74	83.28	83.66	83.66	83.66	83.66	83.66	83.66	83.66	114
Water tanks (above & underground)	10	10	10	7	8	8	8	8	4	4
Storage capacity (millions of gallons)	4.01	4.01	4.01	2.05	2.12	2.12	2.12	2.12	1.75	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	67.11	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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Compliance Section

City of Thomaston, Georgia
Schedule of Projects Constructed
With Special Sales Tax Proceeds
For the Year Ended December 31, 2017

2011 Special Local Options Sales Tax Projects:	Original Estimated Cost	Expenditures		
		Prior Year(s)	Current Year	Total
Sewer Line Replacement	\$ 4,183,276	\$ 3,472,799	\$ 380,801	\$ 3,853,600
Total	<u>\$ 4,183,276</u>	<u>\$ 3,472,799</u>	<u>\$ 380,801</u>	<u>\$ 3,853,600</u>

2016 Special Local Options Sales Tax Projects:	Original Estimated Cost	Expenditures		
		Prior Year(s)	Current Year	Total
Sewer Line Replacement	\$ 4,500,000	\$ -	\$ -	\$ -
Total	<u>\$ 4,500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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



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

Honorable Mayor and 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, 2017, and the related notes to the financial statements, which collectively comprise City of Thomaston, Georgia's basic financial statements, and have issued our report thereon dated June 5, 2018

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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

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.

Driver & Adams

Thomaston, Georgia
June 5, 2018