CITY OF THOMASTON, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2010

PREPARED BY:

FINANCE OFFICE

CITY OF THOMASTON, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Letter of Transmittal 1-4
Certificate of Achievement for Excellence in Financial Reporting 5
Organizational Chart 6
List of Elected and Appointed Officials 7

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT 8-9

MANAGEMENT'S DISCUSSION & ANALYSIS 10-22

FINANCIAL STATEMENTS

Government-wide Financial Statements:

Statement of Net Assets 23
Statement of Activities 24

Fund Financial Statements:

Balance Sheet – Governmental Funds 25
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets 26
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 27
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 28
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund 29
Statement of Net Assets – Proprietary Funds 30-31
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds 32-33
Statement of Cash Flows – Proprietary Funds 34-35

Notes to the Financial Statements 36-54

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Pension Funding Progress 55

CITY OF THOMASTON, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010

TABLE OF CONTENTS
(CONTINUED)

Page

SUPPLEMENTARY INFORMATION

Governmental Funds

Nonmajor Governmental Funds

Combining Balance Sheet – Nonmajor Governmental Funds 56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds 57

General Fund

Comparative Balance Sheet 58
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances 59
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual 60-63

Special Revenue Funds

Hotel/Motel Tax Fund
Comparative Balance Sheet 64
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual 65

Community Development Fund
Comparative Balance Sheet 66
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual 67

Law Enforcement Confiscation Fund
Comparative Balance Sheet 68
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual 69

Capital Projects Funds

Special Local Option Sales Tax
Comparative Balance Sheet 70
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance 71

Greatest Generational Park
Comparative Balance Sheet 72
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance 73

TABLE OF CONTENTS
(CONTINUED)

Page

Community Development Block Grant
Comparative Balance Sheet....74
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance....75

Community Development Block Grant \ Sewer Line Fund
Comparative Balance Sheet....76
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance....77

Community Development Block Grant \ Water Line Fund
Balance Sheet....78
Statement of Revenues, Expenditures and
Changes in Fund Balance....79

STATISTICAL SECTION

Fund Information:

Financial Trends
Net Assets by Component....80-81
Changes in Net Assets....82-83
Program Revenues by Function / Program....84
Fund Balances, Governmental Funds....85
Changes in Fund Balances, Governmental Funds....86

Revenue Capacity
Tax revenues by Source, Governmental Funds....87
Assessed Value and Estimated Actual Value of Taxable Property....88
Direct and Overlapping Property Tax Rates....89
Principal Property Tax Payers....90
Property Tax Levies and Collections....91
Sales Tax Revenue by Category....92
Direct and Overlapping Sales Tax Rates....93

Debt Capacity
Outstanding Debt by Type....94
Direct and Overlapping Governmental Activities Debt....95
Legal Debt Margin Information....96
Pledged-Revenue Coverage....97

Demographic and Economic Information
Demographic and Economic Statistics....98
Principal Employers....99
Full-time Equivalent City Government Employees by
Function / Program....100

CITY OF THOMASTON, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010

TABLE OF CONTENTS
(CONTINUED)

Page

Operating Information
Operating Indicators by Function / Program 101
Capital Asset Statistics by Function / Program 102

GOVERNMENTAL REPORTS

State of Georgia Requirements

Schedule of Projects Constructed with Special Sales Tax Proceeds 103

SINGLE AUDIT SECTION

Schedule of Expenditures of Federal Awards 104

Notes to Schedule of Expenditures of Federal Awards 105

Summary Schedule of Prior Audit Findings and Questioned Costs 106

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* 107-108

Report on Compliance with Requirements Applicable to each Major Program and Internal Control Over Compliance in Accordance with *OMB Circular A-133* 109-110

Schedule of Findings and Questioned Costs 111-113

INTRODUCTORY SECTION

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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 23, 2011

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, 2010.

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

The City's financial statements have been audited by Clifton, Lipford, Hardison & Parker, L.L.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Thomaston, Georgia for the fiscal year ended December 31, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended December 31, 2010, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Profile of the Government

The City of Thomaston, Georgia, incorporated in 1825, is located in the west central part of the state, approximately 68 miles south of Atlanta, 45 miles west of Macon and 57 miles northeast of Columbus, and serves a population of approximately 10,000. 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 for future growth. The City of Thomaston is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

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

The annual budget serves as the foundation for the City's financial planning and control. All departments and agencies funded by the City are required to submit a request for appropriations to the city manager each year. The mayor and council are required to hold public hearings on the proposed budget. The appropriated budget is prepared by fund (e.g., general), function (e.g., Police Department) and account (e.g., salaries and wages).

ECONOMICS

The city charges user fees for customers who use city services. The user fees for electricity, water, sewer, curbside trash and household garbage services are established by ordinance and watched closely by the city manager in order to have revenues sufficient to cover service costs and contribute to capital projects.

During 2010, the City of Thomaston maintained strong financial stability and as such, reinforced the City's long term financial planning. In an effort by the city council and the city manager to insure that funds will be available for future capital expenditures, there were two significant resolutions adopted by the council during 2006. One resolution established a capital extension, maintenance, or replacement account, Capital Purchases Account, for the General Fund, Water/Sewer Fund and the Electric Fund. Another resolution established a reserve account for the same three funds. During 2010 the balance in the Reserve Account increased 1.8%, while the Capital Purchases Account balance decreased 11.0% for the same period, due to expenditures for an Electric Department project. The City's overall cash in banks decreased 9.85% for 2010.

Water, sewer and electrical projects are an ongoing user of capital funds. During 2010, the City was awarded a $500,000 Community Development Block Grant for a water line replacement project. The City was also awarded a $1.9 million, 30% forgivable loan, from Georgia Environmental Finance Authority (GEFA), for a water line replacement project. These projects came about due to the actions of the city council and city manager to actively pursue grant funds to supplement the City's normal revenue.

The City received Special Purpose Local Option Sales Tax (SPLOST) funds through November 2010, since at that point, the City's pre-determined amount from the six year SPLOST, which began on April 1, 2005, was reached. The SPLOST funds were available because of an agreement with the Upson County Commission that allowed the City to receive a portion of the SPLOST funds to use at the City Council's discretion. The city is currently using the funds for beautification and water/sewer projects.

During 2010, the City's Community Development Department completed the community project using funds awarded in 2004 for a Community Development Block Grant. The $800,000 grant was used for water facilities, street improvements, clearing properties and the rehabilitation of properties in the grant area.

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.

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

CERTIFICATE OF ACHIEVEMENT AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Thomaston for its Comprehensive Annual Financial Report for the year ended December 31, 2009, our twenty fourth consecutive year.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA.

I want to thank the Mayor and members of the City Council, and the City Manager for their interest and support in planning and conducting the operations of the City in a responsible and progressive manner, and also to thank the City Manager and our city auditors, Clifton, Lipford, Hardison & Parker, L.L.C. for their contributions in the preparation of the 2010 CAFR.

Respectfully submitted,

Dennis Truitt

Dennis Truitt
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Thomaston

Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

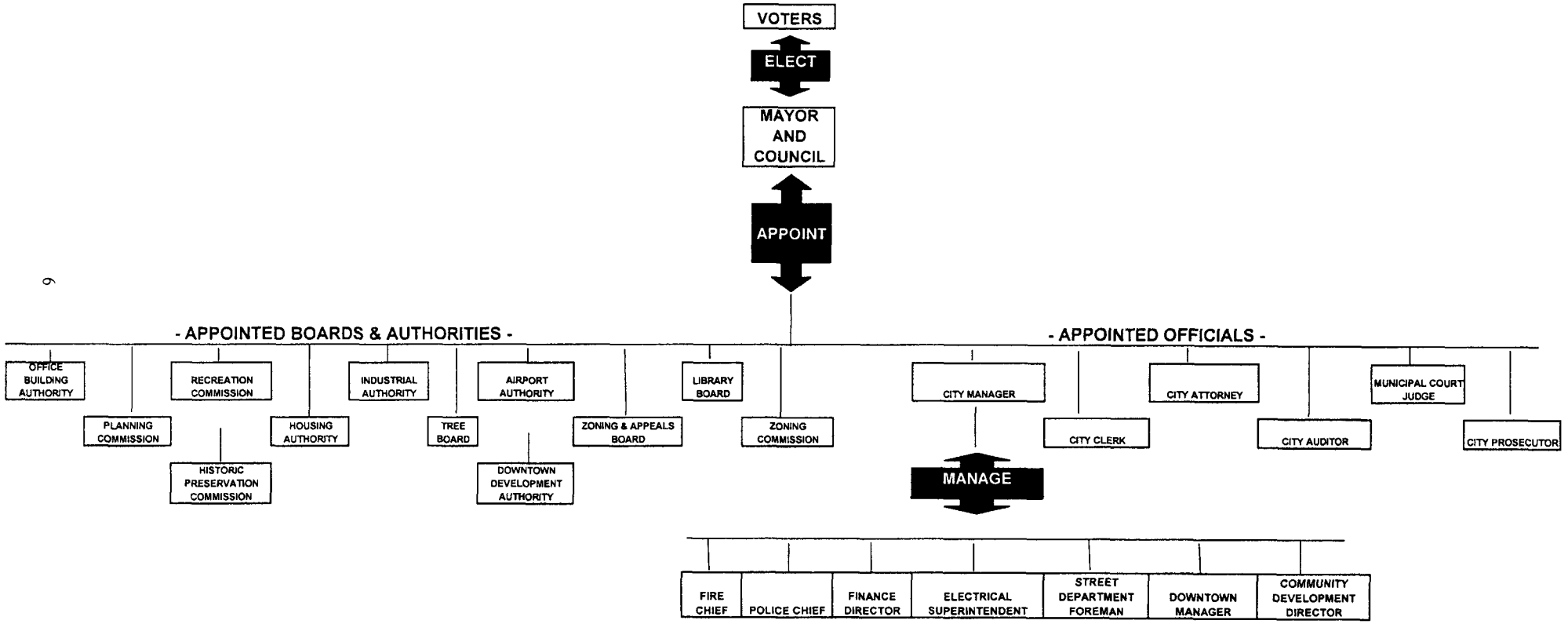


President

Executive Director

CITY OF THOMASTON, GEORGIA

ORGANIZATIONAL CHART



LIST OF ELECTED AND APPOINTED OFFICIALS

CITY OF THOMASTON, GEORGIA
2010

MAYOR
Hays Arnold, Jr.

CITY COUNCIL
Gary Atwater
Ed Bell
Doug Head
Patsy Perdue
Wallace Rhodes

CITY MANAGER
Patrick Comiskey

CITY CLERK/TREASURER
FINANCE DIRECTOR
Dennis Truitt

CITY ATTORNEYS
A. Joel Bentley, Jr.
Attorney at Law

INDEPENDENT AUDITORS
Clifton, Lipford, Hardison & Parker, L.L.C.
Certified Public Accountants

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FINANCIAL SECTION

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CLH&P

CLIFTON, LIPFORD, HARDISON & PARKER, LLC

J. Russell Lipford, Jr., CPA
Mark O. Hardison, CPA
Terry I. Parker, CPA
Christopher S. Edwards, CPA
Lynn S. Hudson, CPA
Kevin E. Lipford, CPA

Member of
American Institute of
Certified Public Accountants
Truman W. Clifton (1902-1989)

INDEPENDENT AUDITOR'S REPORT

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

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, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Thomaston, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2010, and the respective changes in financial position, and cash flows, where applicable, and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2011, 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* and should be considered in assessing the results of our audit.

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The management's discussion and analysis information and the schedule of pension funding progress on pages 10 through 22 and page 55, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Thomaston, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, budgetary comparison schedules, statistical tables, and the schedule of projects constructed with special sales tax proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of *States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of City of Thomaston, Georgia. The combining and individual nonmajor fund financial statements and schedules, the budgetary comparison schedules, the schedule of projects constructed with special sales tax proceeds and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, 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 express no opinion on them.

Macon, Georgia
June 23, 2011

MANAGEMENT'S DISCUSSION & ANALYSIS

The discussion and analysis of the City of Thomaston's financial performance provides an overview of the City's financial activities for the year ended December 31, 2010.

FINANCIAL HIGHLIGHTS

- The City established a reserve policy in 2006 establishing a 15% cash reserve requirement for selected major funds – General, Water and Sewer, and Electric Funds. The reserves for these funds had a combined total of $4,455,002 as of December 31, 2010.

- 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 $809,387 as of December 31, 2010. The city utilized $111,560 during the year for line infrastructure replacement.

- The city government has been shrinking in recent years since the close of Thomaston Mills Company, the city's largest employer, in July of 2001. The City's total gross wages paid in 2010 was $630,185 or 15.5% less than the city paid out in 2002. Total gross wages paid in 2010 was $125,983 or 3.5% less than 2009. The city's employee health, dental, disability, and life insurance premium costs were only $115,267 or 24.2% more in 2009 than what the city paid in 2002. However, the premium costs were $90,672 or 18.1% higher than 2009.

- The City's total net assets increased by $4,209,240 in 2010. Net Assets for the Governmental Activities increased by $97,440 in 2010. The City's net assets for the Business type Activities increased by $4,111,800.

- The City reduced its Business-type Activities notes and bonds payable debt by $621,904 in 2010. The City did not borrow any additional funds during 2010.

- The City maintained its property tax rate in 2010 instead of allowing the roll-back provision to increase the property tax rate; therefore, the city has achieved a new ten year low at 3.62 mils.

- The City's net change in fund balance for the General Fund in 2010 was $157,259. The City's change in net assets for the Water and Sewer Fund was $3,999,545. The City's change in net assets for the Electric Fund was $114,435.

- The city's employee pension contributions increased by $160,080 or 85% in 2010.

- The City's electric charges for services revenues increased by $661,869 in 2010. This represents an overall increase of 6.3% from 2009. The city's electricity costs less off system electricity sales rose by $976,033 in 2010 for an increase of 11.6% from 2009; a backward slide of $314,164 in 2010 from 2009. The backward slide in 2009 was $172,534 from 2008. Therefore, the margin decreased by $486,698 over the past two years.

- The average small, non-demand commercial city electric customer would pay more than 10% more if they were a Georgia Power customer. Approximately 4/5ths of the city's commercial electric accounts are either non-demand or small demand customers. The residential rate comparison report issued by the Georgia Public Service Commission in summer 2010 identified

the City of Thomaston electric utility as having the 7th lowest monthly electric charges out of 95 utilities reporting charges for a household utilizing 1,000 kWh.

- The City of Thomaston's total net assets at the close of 2010 totaled $36,569,708; $6,553,274 of which were in cash or cash equivalents. An additional $3,517,428 of net assets was held in investments that are convertible in the time it takes for an electronic wire transfer. And finally, $5,000,000 of additional net assets was held in certificates of deposit that will come available within the 2011 calendar year.

- The City's investment in capital assets of governmental activities rose by $1,065,738 in 2010 for an increase of 9.4% from 2009. The city's investment in business type activity capital assets rose by $5,141,494 or 29.5% in 2010.

- The City's General Fund tax collections decreased again in 2010. This time by $7,134 or a decrease of less than 1.0% from 2009. This is $105,156 or 3.1% less than those collected in 2001.

- The City's water and sewer charges for services and miscellaneous revenues decreased again in 2010. This time the decrease amounted to $49,112 or a decrease of 1.4%. The city increased the water rate and sewer rates again in 2010.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The statement of Net Assets and the Statement of Activities provide information about the activities of the city as a whole, and present a longer-term view of the city's finances. For governmental activities, these statements tell how these financial statements also report the city's operations in more detail than the government-wide statements by providing information about the city's most significant funds. The remaining statements provide financial information about activities for which the city acts solely as a trustee or agent for the benefit of those outside of the government.

REPORTING THE CITY AS A WHOLE

The Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the city's finances is, "Is the city as whole better off or worse off as a result of the year's activities?" The Statement of Net Assets 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 assets and liabilities – as one way to measure the city's financial health, or financial position. Overtime, increases or decreases in the city's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the city's property tax base and the condition of the city's roads, to assess overall health of the city.

In the Statement of Net Assets and the Statement of Activities we divide the city into two kinds of activities:

Governmental Activities: Most of the city's basic services are reported here, including the police, fire, public works, city court, finance, and general administration. Property taxes, sales taxes, franchise fees, sanitation taxes, ad transfers from the electric department finance most of these activities.

Business-type Activities: The city charges a fee to customers to help it cover all or most of the cost of certain services it provides. The city's water and sewer system, electric distribution services, and the sanitation service are discussed here.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the city as a whole. Some accounts are required to be established by State law and by bond covenants. However, the city council establishes many other accounts to help control and manage money for particular purposes such as the bond sinking account to show that it is meeting legal responsibilities for certain taxes, user fees, or other money (like money received from the 2002 bond issue). The city's two kinds of funds – governmental and proprietary – use different accounting approaches.

Government Funds: Most of the city's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year – end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short term view of the city's general government operations and basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the city's programs. We describe the relationship (or differences) between governmental activities reported in the Statement of Net Assets 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 nine (9) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each of the two major governmental funds.

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

Notes to the Financial Statements

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

Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Thomaston, assets exceeded liabilities at the close of the most recent fiscal year. The City of Thomaston's total net assets at the close of 2010 totaled $36,569,708; $6,553,274 of which were in cash or cash equivalents. An additional $3,517,428 of net assets was held in investments that are convertible in the time it takes for an electronic wire transfer. And finally, $5,000,000 of additional net assets was held in certificates of deposit that will come available within the 2011 calendar year. The City of Thomaston's total net assets grew by $4,209,240 in 2010.

A large portion of the city's net assets reflects its investment in capital assets (e.g. infrastructure, land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the city of Thomaston's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Thomaston, Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets						
Current and Other Assets	$ 8,296,274	$ 8,194,641	$ 9,016,370	$ 10,561,683	$ 17,312,644	$ 18,756,324
Capital and Noncurrent Assets	12,433,446	11,367,708	19,843,035	15,323,445	32,276,481	26,691,153
Total Assets	20,729,720	19,562,349	28,859,405	25,885,128	49,589,125	45,447,477
Liabilities						
Current Liabilities	1,171,673	502,335	1,874,190	2,367,967	3,045,863	2,870,302
Long-term Liabilities	942,840	542,247	9,030,714	9,674,460	9,973,554	10,216,707
Total Liabilities	2,114,513	1,044,582	10,904,904	12,042,427	13,019,417	13,087,009
Net Assets						
Invested in Capital Assets, Net of Related Debt	12,433,446	11,367,708	10,181,069	5,039,575	22,614,515	16,407,283
Restricted	3,254,258	4,111,689	293,632	290,717	3,547,890	4,402,406
Unrestricted	2,927,503	3,038,370	7,479,800	8,512,409	10,407,303	11,550,779
Total Net Assets	$ 18,615,207	$ 18,517,767	$ 17,954,501	$ 13,842,701	$ 36,569,708	$ 32,360,468

City of Thomaston, Change in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program Revenues						
Charges for services	$ 706,650	$ 851,941	$ 15,828,420	$ 15,153,455	$ 16,535,070	$ 16,005,396
Operating grants and contributions	801,356	823,238	-	-	801,356	823,238
Capital grants	1,481,609	898,288	3,013,367	1,339,092	4,494,976	2,237,380
General Revenues						
Taxes	3,329,341	3,268,035	-	-	3,329,341	3,268,035
Interest revenue	58,012	123,181	383,769	338,631	441,781	461,812
Other	94,573	314,093	-	-	94,573	314,093
Total Revenue	6,471,541	6,278,776	19,225,556	16,831,178	25,697,097	23,109,954
Expenses						
General government	3,004,727	2,460,086	-	-	3,004,727	2,460,086
Public safety	2,963,077	2,831,390	-	-	2,963,077	2,831,390
Public works	1,634,486	924,573	-	-	1,634,486	924,573
Economic development	217,922	3,239	-	-	217,922	3,239
Water & Sewer	-	-	3,452,263	3,806,922	3,452,263	3,806,922
Electric	-	-	9,220,580	8,546,908	9,220,580	8,546,908
Sanitation	-	-	994,802	988,594	994,802	988,594
Total Expenses	7,820,212	6,219,288	13,667,645	13,342,424	21,487,857	19,561,712
Excess (deficiency) before contributions and transfers	(1,348,671)	59,488	5,557,911	3,488,754	4,209,240	3,548,242
Transfers	1,446,111	1,000,000	(1,446,111)	(1,000,000)	-	-
Change in Net Assets	97,440	1,059,488	4,111,800	2,488,754	4,209,240	3,548,242
Net Assets - Beginning of year	18,517,767	17,458,279	13,842,701	11,353,947	32,360,468	28,812,226
Net Assets - End of year	$ 18,615,207	$ 18,517,767	$ 17,954,501	$ 13,842,701	$ 36,569,708	$ 32,360,468

Governmental Activities

The City of Thomaston's total net assets increased during 2010. The governmental activities net assets increased by $97,440 from 2009. The city's governmental activities cash position was decreased by $169,100. The city will be shifting all SPLOST funds from current to capital assets over the next few years. The city expended $793,754 on the Greatest Generation Park project of which $405,321 was received in grants, gifts, and interest for the project. The city established in 2006 a minimum 15% reserve fund for each of the major funds. The city also established capital replacement accounts for each of the major funds.

The city expended $1,513,772 in 2010 on general government capital assets. A total of $247,428 of the capital expenditures was expended on infrastructure replacement. A total of $1,193,853 was expended on new infrastructure and land improvements. A major project was the development of The Greatest Generation Memorial Park. The city invested $1,418,550 in buildings, equipment, and land

improvements on the first two phases of the project. The city paved more than one mile in city streets at a cost of $212,410. The city expended $120,540 further developing the city's South View Cemetery.

The city added $805,976 in capital assets from SPLOST spending in 2010. The city expended the majority of the funds on the Bell Creek sewer line improvement project. The project eliminated two sewer lift stations from the city system directing the flow to a new trunk line that allowed for gravity flow. The project resulted in a reduction of ground water infiltrating the city sewer lines.

The city's liabilities rose by $1,069,931 during 2010. Retainage payable, intergovernmental payables, and Landfill closure / postclosure cost combined to increase current year liabilities by $1,148,383.

Business-Type Activities

The city's water and sewer fund net assets increased by $3,999,545 in 2010. Almost all of this growth is due to a $4,464,067 increase in capital assets, net depreciation. The largest driver in the increase in net assets came from $2,379,999 in forgivable loan proceeds from GEFA. The next contributor was from a transfer of $1.3 million from the Electric Fund. The loan had 70% of the $3.4 million dollar award earmarked as a forgivable loan. The city planned to pay out the 30% instead of entering into a 20 year loan agreement. The third largest factor was $585,125 in water and sewer projects and purchases undertaken with SPLOST proceeds.

The GEFA loan program offered 70% of the $3.4 million project as a forgivable loan or grant. The city undertook several major construction projects during 2010. The city borrowed the $3.4 million to undertake water line replacements in the downtown, around the hospital, and areas in between the two. The city also eliminated two sewer lift stations diverting the sewage flow to a gravity sewer line. This million dollar project was supported with $458,595 of SPLOST contributions in 2010 as well as $500,000 in federal grant support.

The city decreased the Water Fund Notes and Bonds Payable balance by $621,904.

The city's electric fund net assets remained constant with a slight increase of $114,435. This consistency resulted from a transfer in of $1,297,767 of funds from a restricted account that was released to the city as a result of an agreement reached with MEAG's financiers. The city successfully utilized these funds to leverage for federal grant funds for water line replacements in the downtown and hospital areas.

The electric fund total liabilities grew slightly by $99,352 in 2010. The current liabilities provided most of the increase growing by $80,332. Accounts payable rose by $20,858. The due to other funds grew by $54,474. Accrued vacation grew by $5,000.

The investment in capital assets net of related debt grew by $55,523. Total net assets grew by $114,435.

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's employee pension fund contributions increased by $160,080 or 85% in 2010.

General Fund

Governmental fund expenditures exceeded revenues and fund transfers in 2010 by $459,443. Most of the loss came from expenditures in the non-major governmental funds section. The largest outlay was the construction of the Greatest Generation Memorial Park project. The city expended $848,019 on the park in 2010.

General fund taxes consisting primarily of property taxes, sales taxes, franchise fees, insurance premium taxes fell by $7,134 or 2/10ths of 1.0%. This is the fourth year of decline after experiencing three years of growth from 2004-2006 and after experiencing a decline for the two years of 2002 and 2003. Collections in 2010 were $105,156 or 3.1% less than in 2001. The mayor and city council maintained the property tax rate in 2010 because a roll back in the rate would have increased the rate slightly from 2009. The city rolled back the rate for six straight years when the roll back resulted in a reduction to the mill rate. The current mill rate is 3.62 (a 10 year low).

The city's total gross wages paid to all general fund, electric fund, and community development fund workers (city wide) dropped by $125,983 or 3.5% in 2010. The city government has been shrinking in recent years since the close of Thomaston Mills Company, the city's largest employer, in July of 2001. The City's total gross wages paid in 2010 for all fund departments was $630,185 or 15.5% less than the city paid out in 2002. This figure does not include the subsequent reductions in payroll taxes and workers compensation. The city's employee health, dental, disability, and life insurance premium costs were $115,267 or 24.2% more in 2010 than what the city paid in 2002 and $90,672 or 18.1% more than what was paid in 2009.

Water and Sewer Fund

The water and sewer fund operating revenues for services and miscellaneous revenue decreased in 2010 by $49,112. This amounted to a decrease in revenue of 1.4% from 2009. Revenues dropped by $160,546 or 4.3% in 2009. In fact, revenues have been diminishing over the past three (3) years. The city increased the water and sewer rates in January of 2008, 2009, and 2010. Revenues decreased in all three (3) years as water usage dropped by more than 24% from 2007 to 2010.

The city spent $1,056,800 on debt, principle, and related expenses in 2010. This accounts for 29.8% of total revenues received for services and miscellaneous revenue in 2010. The city expended $210,420 in 2010 on the Lake Thomaston Dam and Reservoir project. The project will increase the city's water storage capacity by greater than 50%. The city expended $3,153,905 on the replacement of nine (9) miles of water lines in the downtown and areas west including the hospital. The change out will improve service delivery, provide a back up service line to feed the main service to the hospital, and reduce the water loss in the distribution system.

Electric Fund

The city electric revenues from charges and fees increased in 2010 by $724,794. The City's electricity costs less off system electricity sales rose by $976,033 in 2010 for an increase of 11.6% from 2009. This represents a backward slide of $251,239 in 2010 from 2009 and a slide of $423,775 from 2008.

The average small, non-demand commercial city electric customer would pay more than 10% more if he/she was a Georgia Power customer. Approximately 4/5ths of the city's commercial electric accounts are either small demand or non-demand customers. The residential rate comparison report issued by the Georgia Public Service Commission for summer 2010 identified the City of Thomaston electric utility as having the 7th lowest monthly electric charges out of 95 utilities reporting charges for a household utilizing 1,000 kWh.

The city initiated a comprehensive review and mapping of the city's electric distribution system in 2006 at an initial phase cost of $25,000. The city completed the comprehensive review in 2007 spending $68,737. The study identified more than ½ million dollars in system improvements. The city performed $228,587 in distribution system improvements in 2008. The city performed another $35,618 of the improvements in 2009. The city expended $111,561 of the improvements in 2010.

SPLOST

The city's special purpose local option sales tax fund (SPLOST) expenditures exceeded revenues by $14,614. The city has several projects designated for spending the SPLOST funds. One major project completed in 2010 at an expense of $458,595 in SPLOST funds and $500,000 in CDBG funds was a sewer line improvement project in East Thomaston. An even larger project in the organization stage is a sewer line replacement project along the west side of town. This project is still in the easement acquisition stage. The construction is expected to begin as early as late 2011. The city is planning to expend the balance of the SPLOST funds on infrastructure replacement over the next two years.

Reserve and Capital Spending Accounts

The city council passed a resolution in 2006 establishing a minimum 15% reserve account for each major fund. The reserve is intended to serve as a buffer in the event of a drop in revenues caused from a natural disaster or fiscal crisis. The reserve was also intended to boost the city's financial rating for borrowing. Standard and Poor's has upgraded the city's financial rating since 2002. The city's current rating is 'A'.

1. The city's general fund tax collections dropped by $503,602 or 14.3% between 2002 and 2003. General fund taxes collections increased from 2003 to a figure in 2007 of $299,574 more than they were in 2001. The city's general fund tax collections dropped over the next 3 years to a level $98,022 less than those collected 2001. The major contributors in the drop include the loss of the community's largest employer in 2001, the Thomaston Mills Corporation. Figures from the University of Georgia, Terry College of Business indicate that the community has lost over 1,700 jobs from 2000 to 2005. This represents a 17.5% loss in jobs. The college projected a further loss of 933 more jobs through the end of the decade. The city leadership felt that the projected loss of over 1 in 4 jobs in a 10 year period called for preemptive action. In fact, two mills employing collectively approximately 400 workers closed in 2007.

2. The city is completed the construction of a new dam and reservoir expansion project in 2010. The new Lake Thomaston dam and reservoir project is expected to add 160 days to the city's reserve.

The capital project accounts will allow the city to keep up with major capital replacement projects. The city plans on initiating several major projects in upcoming years.

1. The city hired a firm to undertake an analysis of the city's electric distribution system. The study began in 2006 and was completion in the fall of 2007. The firm presented a list of upgrade and replacement recommendations total more than ½ million dollars. The city completed $228,587 of electric line upgrades and replacements in 2008. The city undertook $35,618 worth of improvement work in 2009. The city expended $111,561 on improvement work in 2010. The city has $364,300 available in the capital account to utilize in future upgrades, replacements, and improvements.

2. The city approved bids in December 2007 for the Lake Thomaston reservoir expansion project. Most of the project was completed in 2008. The city expended $3,164,945 on the project in 2008. Another $946,193 was expended on the project in 2009. And another $210,419 was expended on the project in 2010. The project was completed in 2010. The city depleted all of the funds in the capital account to complete the reservoir project in addition to the bond funds set aside for the project. A major capital project expected in the long term is the movement of water lines along Georgia State Route 19 in order to allow for the widening of the road. This project is expected to take place within the next three (3) years and cost the city more than $500,000. The city received a state aid commitment from the state to assist in a major portion of the cost associated with moving the lines.

3. The city set aside a capital project account for undertaking future general fund projects. The account had a balance of $445,087 at the end of the calendar year. The city plans to mill and pave streets each year. The city expended $212,410 on capital street resurfacing and improvements in 2010.

Comparison of the Final 2010 Budget with the Actual Expenditures

The major variance in the General Fund expenditures is in the general government category. The largest line items accounting for $433,147 of the total $621,341 variance from the final budget for spending and the actual spending are the capital projects and purchases and the contingency line items. The city tries to hold on to the contingency for carry-over for the next calendar year so the city will not have to obtain a tax anticipation note to allow for sufficient cash to operate in the first half of the year. The single largest variance was the additional $172,803 that was expended as pass through funds from the city to the county. The Airport Authority has been successful in obtaining federal funding to pay for airport projects. The city is the official conduit for their funding. It is difficult to estimate when funds will be reimbursed for projects that are undertaken independently of the city.

The city budgeted for $535,000 in general fund capital projects and purchases in 2010. The city expended 28.1% of the funds. Some of the projects were not completed or undertaken in 2010 as anticipated. The burn building for the fire training and the new tractor for the grass crew were not purchased. Those items were budgeted for $137,000. The Silvertown Estates storm water drainage

project cost $40,000 less than what was budgeted. The personnel wages and accompanying personnel costs line items were short for a combined approximate amount of $131,462. This resulted because the manager intended on transferring several employees over to the administration department but did not make the switch in 2010. Another major variance was the $250,000 budgeted for the industrial authority to recruit an industry into the former Yamaha Building. The new company has been delayed in locating its operation to the building. Additional line items include the professional services and contractual services line items totaling $72,590. The city did not draw on as much technical assistance during the year as was budgeted.

Comparison of the Original 2010 Budget with the Final Amended Budget

The city reviews the city budget throughout making approximately four (4) revisions during the year. The city implemented five (5) budget revisions to the 2010 budget. Most of the revisions involved adjustments to the water, sewer, and electric funds. A handful of changes were made to the 2010 General Fund Budget after the original budget was passed. The largest change was in the refuse collection and trash pick-up charges. The city removed the posting of garbage fees and expenditures from the general fund and created a new sanitation fund. This new sanitation fund is new enterprise fund. The city created an industrial authority line item to provide a $250,000 donation to the local Industrial Development Authority to develop infrastructure in an effort to help recruit a new industry to town. The industry did buy the building but the Industrial Authority has not requested the committed assistance in 2010, so the city will not expend the donation until 2011.

The city changed four additional line items during the year. The first was the cemetery improvements line item. The city has made major investments in the two city cemeteries in recent years, particularly in the South View Cemetery. One of the fencing refurbishing projects authorized in 2009 was not competed until 2010 so an adjustment was made to account for the work originally budgeted in 2009, but completed and paid in 2010. The city increased the amount budgeted for city projects by $15,000 to accommodate additional project work. The city also increased the amount budgeted for the Weaver Park Building to accommodate having the building insulated in 2010 instead of undertaking kitchen work as was originally planned. The kitchen work will be budgeted for 2012. The city increased the capital improvements line item by $80,000 to allow for the creation of intersection crossings in the downtown after the downtown paving was completed; however, it was decided to hold off on the project in an effort to explore a more cost effective approach.

Capital Asset Administration

The City of Thomaston's investment in capital assets for its governmental and business-type activities as of December 31, 2010 amounts to $32,276,481 net of accumulated depreciation. The investment in capital assets consists primarily of the Water and Sewer system and infrastructure owned by the City. For the current year, the investment in capital assets net depreciation increased $5,585,328. The city's water line replacement project provided the largest portion of the increase adding $3,153,905 to the capital asset values. The second largest contributor to the capital asset increase is the Bell Creek sewer line upgrade project. The city expended $958,595 on the project in 2010. The third largest contributor is the $236,994 expended in 2010 on the Lake Thomaston Dam and Reservoir project. The city replaced two soda ash feeders at the water plant at a cost of $39,000.

The largest general government activities capital purchase was the $793,754 expended in 2010 on the first two major phases of the Greatest Generation Memorial Park project. The city expended $212,410 on Street resurfacing and capital improvements. The city expended $29,550 on the installation of new air conditioning units and air ducts in the city finance department offices. The city purchased two used backhoes from a contractor that closed his construction company. The two pieces of equipment cost $64,092.

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'S CAPITAL ASSETS
(net of depreciation)

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Land	$ 2,705,015	$ 2,699,485	$ 2,241,040	$ 2,225,658	$ 4,946,055	$ 4,925,143
Construction in progress	1,662,740	574,366	5,252,641	1,882,848	6,915,381	2,457,214
Buildings	880,204	910,165	2,324,289	2,464,671	3,204,493	3,374,836
Systems	-	-	9,430,483	8,088,486	9,430,483	8,088,486
Equipment	827,113	692,813	265,785	213,258	1,092,898	906,071
Vehicles	673,572	749,498	328,797	448,524	1,002,369	1,198,022
Infrastructure	5,684,802	5,741,381	-	-	5,684,802	5,741,381
Total capital assets	$ 12,433,446	$ 11,367,708	$ 19,843,035	$ 15,323,445	$ 32,276,481	$ 26,691,153

Long-term Debt Administration

As of December 31, 2010, the City of Thomaston reported the following long-term debt:

CITY OF THOMASTON, GEORGIA'S OUTSTANDING DEBT

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Revenue bonds	$ -	$ -	$ 8,720,000	$ 9,070,000	$ 8,720,000	$ 9,070,000
GEFA loan	-	-	941,966	1,213,870	941,966	1,213,870
Landfill postclosure liabilities	985,464	462,461	-	-	985,464	462,461
Compensated absences	182,376	218,325	38,901	37,494	221,277	255,819
Total outstanding debt	$ 1,167,840	$ 680,786	$ 9,700,867	$ 10,321,364	$ 10,868,707	$ 11,002,150

Additional information on the City's long-term debt can be found in Note 9 in the notes to the financial statements of this report. The city has reduced long term debt by approximately ½ million dollars in each of the past eight (8) years. The city did not take on any additional debt in 2010.

Fiscal Condition of the City

The local economy has taken a body blow in the manufacturing area in recent years with the closing of the largest employer and several other significant employers. The city leadership undertook several strategies to place the organization on stronger footing. The most effective step has been the reduction of personnel in every city department. The city began eliminating positions in 2002 and has continued to eliminate positions primarily through attrition. The city refinanced water and sewer fund debt at the end of 2002 and added approximately four million dollars to that funds debt service numbers. The city completed the $4 1/2 million project in 2010 expand a city reservoir, adding ¼ million gallons of added water storage. The purchase of the reservoir from the bankrupt Thomaston Mills Company and the city upgrade and expansion increased the city's water storage reserve by approximately 160 days. The city hopes to utilize the new water supply to attract industry to town.

The city implemented additional measures. The city increased the electric rates in 2002 and cut in half its planned participation in a combined cycle electric power plant constructed by MEAG in 2004, reducing annual principal and interest costs by over $400,000. The city bid out the water and sewer management services at the end of 2005 resulting in a 7% reduction in the annual contract costs saving the city $92,251 in the first year and almost $½ million over the five year period. The city has reduced its debt each year by ½ million dollars since 2003. The city established a 15% reserve fund for each of the major city funds. All of these steps were to prepare the city for even tougher times expected ahead.

The city increased water and sewer rates each year except 2007. The rate increases were modest in an attempt to build the rates incrementally to allow for funds to be set aside for capital projects. The plan was helping until water usage started to drop as two industries, Royal Cord and Yamaha Manufacturing closed their doors in Thomaston in 2007. Others reduced consumption because of changes in production such as 1888 that stopped its print screen operation. The city's industrial water usage dropped by approximately 55% over a two year period from 2007 to 2008.

The water and sewer fund operating revenues for services and miscellaneous revenue decreased in 2010 by $49,112 or 1.4% from 2009. Revenues have decreased since 2007, despite rate increases in January of each year, as water usage dropped by more than 24% from 2007 to 2010. Revenues in 2010 were $247,192 or 6.5% less than those received in 2007.

The city plans to increase the usage rate charges annually to bring the revenues in line with expenditures and capital replacement needs reducing the need to rely on the electric fund. The city also anticipates less water usage from the County of Upson since they completed wells in 2010. The county commissioners plan to install additional wells to eliminate as much of their daily usage from the city as possible.

The city's water and sewer operating costs are broken against revenues as follows. The management services contract the city has with Southwest Water Company equaled approximately 36.4% of the total revenues from charges for services. The annual debt payments equaled approximately 29.8% of the total revenues from charges for services. The annual utility costs of water and sewer operations account for 14.5% of the total revenues from charges for services. The water and sewer fund principal and interest payments will drop off by $305,280 in 2015 when the state GEFA loan final payment is made in 2014.

The city did not increase electric rates for the two industries that are on the city's services by in 2010. The city increased all electric rates modestly at the close of 2009 to take effect in January of 2010. The

city raised electric rates in January of 2011 and anticipates raising the electric rates in each of the next two years as costs have risen steadily over the past few years. Costs have risen faster than the city's revenues as the city government has attempted to absorb the increase in the short run and spread rate increase over a longer period of time. The City of Thomaston has some of the lowest electric rates in the State of Georgia. The average city residential customer's electric rate was the 7th lowest in the state of the 95 utilities in Georgia reporting during 2010. The average small, non-demand commercial city electric customer would pay more than 10% more if they were a Georgia Power customer. Approximately 4/5ths of the city's commercial electric accounts are either non-demand or small demand customers.

The city implemented an aggressive strategy of reducing general fund personnel costs in 2002. The effort reduced personnel costs by $822,428 from 2001 through 2005. This was a drop of 21.8%. The City's total gross wages paid in 2010 were $630,185 or 15.5% less than the city paid out in 2002. They were $125,983 or 3.5% less than wages paid in 2009. The city's employee health, dental, disability, and life insurance premium costs were $115,267 or 24.2% more in 2010 than what the city paid in 2002. The insurance premiums in 2010 were $90,672 or 18.1% more than what were paid in 2009. The city's pension fund contributions in 2010 increased by $16,281 or 85% from 2009. The city anticipates that the employee benefits costs will serve as the leading expenditure growth to monitor going forward. The city currently pays 100% of the employee health insurance premiums and 100% of the retirement fund contributions.

The city has been aggressive in recent years in replacing infrastructure. In fact, the city's capital assets book value in both governmental and enterprise funds have grown in each of the past six (6) years. The city initiated two (2) projects in 2010 that will replace out more than five (5) miles of water lines over the next two years. The city also plans to commit all of the current SPLOST funds and 95% of any future SPLOST funds on sewer line replacement projects. The city plans to continue to replace water lines each year as funds allow. The city plans to further develop the Greatest Generation Memorial Park in the upcoming years probably doubling the current investment. The city also plans to consider the development of the Lake Thomaston Reservoir site for recreation.

The City's General Fund tax collections were $7,134 less in 2010 than 2009. This represents a decrease of less than 1.0% from 2009. This is $105,156 or 3.1% less than those collected in 2001. The city council maintained the city millage rate again in 2010 at 3.62 mils. This represents better than a ten (10) year low. The city contracted out yard waste collection services at the end of 2005. The city extended its garbage and yard waste collection and disposal contact with Veolia for fixed three year rate. The agreement will maintain rates through 2012. The city continues to evaluate services to determine if the city should contract out or handle the services with city employees. The city is using two prison crews and temporary service workers to support city functions, in supplement to full-time city employees, to handle various functions. The city will continue to consider ways of providing services through more cost effective means.

Requests for Information

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

FINANCIAL STATEMENTS

CITY OF THOMASTON, GEORGIA

STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 4,731,893	$ 1,821,381	$ 6,553,274
Certificate of deposit	2,900,000	2,100,000	5,000,000
Investments	-	3,517,428	3,517,428
Receivables, net of allowance			
Taxes	234,051	-	234,051
Accounts	26,980	1,151,136	1,178,116
Intergovernmental	444,516	-	444,516
Interest	12,136	8,787	20,923
Internal balances	(124,006)	124,006	-
Prepaids	70,704	-	70,704
Restricted cash and cash equivalents:			
Revenue bond covenant accounts	-	293,632	293,632
Capital assets			
Non depreciable	4,367,755	7,493,681	11,861,436
Depreciable, net	8,065,691	12,349,354	20,415,045
Total Assets	20,729,720	28,859,405	49,589,125
LIABILITIES			
Accounts payable	229,826	572,210	802,036
Accrued liabilities	16,639	-	16,639
Retainage payable	226,285	171,517	397,802
Deposits payable	10,183	453,245	463,428
Escrow payable	8,299	-	8,299
Accrued interest payable	-	7,065	7,065
Intergovernmental payable	444,516	-	444,516
Unearned revenue	10,925	-	10,925
Noncurrent liabilities			
Due within one year	225,000	670,153	895,153
Due in more than one year	942,840	9,030,714	9,973,554
Total Liabilities	2,114,513	10,904,904	13,019,417
NET ASSETS			
Invested in capital assets, net of related debt	12,433,446	10,181,069	22,614,515
Restricted for:			
Capital outlay	3,236,371	-	3,236,371
Public safety	17,887	-	17,887
Revenue bond indenture	-	293,632	293,632
Unrestricted	2,927,503	7,479,800	10,407,303
Total Net Assets	$ 18,615,207	$ 17,954,501	$ 36,569,708

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

CITY OF THOMASTON, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Business-Type Activities	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Total
Primary Government:							
Governmental Activities							
General government	$ 3,004,727	$ 696,052	$ 77,762	$ 190,247	$ (2,040,666)	$ -	$ (2,040,666)
Public safety	2,963,077	10,598	175,363	-	(2,777,116)	-	(2,777,116)
Public works	1,634,486	-	548,231	1,291,362	205,107	-	205,107
Economic development	217,922	-	-	-	(217,922)	-	(217,922)
Total governmental activities	7,820,212	706,650	801,356	1,481,609	(4,830,597)	-	(4,830,597)
Business-Type Activities							
Water & Sewer	3,452,263	3,548,910	-	3,007,818	-	3,104,465	3,104,465
Electric	9,220,580	11,261,852	-	5,549	-	2,046,821	2,046,821
Sanitation	994,802	1,017,658	-	-	-	22,856	22,856
Total business-type activities	13,667,645	15,828,420	-	3,013,367	-	5,174,142	5,174,142
Total Primary Government	$ 21,487,857	$ 16,535,070	$ 801,356	$ 4,494,976	(4,830,597)	5,174,142	343,545
General Revenues							
Property tax					827,426	-	827,426
Sales tax					1,367,381	-	1,367,381
Franchise tax					307,630	-	307,630
Insurance premium tax					506,611	-	506,611
Other tax					320,293	-	320,293
Investment earnings					58,012	383,769	441,781
Proceeds from sale of property					8,157	-	8,157
Miscellaneous					86,416	-	86,416
Total General Revenues					3,481,926	383,769	3,865,695
Transfers					1,446,111	(1,446,111)	-
Total General Revenues and Transfers					4,928,037	(1,062,342)	3,865,695
Change in Net Assets					97,440	4,111,800	4,209,240
Net Assets - Beginning of year					18,517,767	13,842,701	32,360,468
Net Assets - End of year					$ 18,615,207	$ 17,954,501	$ 36,569,708

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

CITY OF THOMASTON, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	General Fund	Special Local Option Sales Tax	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalent	$ 2,461,888	$ 1,861,913	$ 408,092	$ 4,731,893
Certificate of deposit	1,400,000	1,500,000	-	2,900,000
Receivables, net of allowance				
Taxes	234,051	-	-	234,051
Accounts	17,152	-	9,828	26,980
Intergovernmental	444,516	-	-	444,516
Interest	5,859	6,277	-	12,136
Prepaid insurance	70,704	-	-	70,704
Due from other funds	179,744	2,000	6,470	188,214
Total Assets	$ 4,813,914	$ 3,370,190	$ 424,390	$ 8,608,494
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 188,247	$ 35,013	$ 6,566	$ 229,826
Accrued liabilities	16,317	-	322	16,639
Retainage payable	-	97,806	128,479	226,285
Deposit payable	-	-	10,183	10,183
Escrow payable	-	-	8,299	8,299
Intergovernmental payable	444,516	-	-	444,516
Due to other funds	310,220	1,000	1,000	312,220
Deferred revenues	83,569	-	10,925	94,494
Total Liabilities	1,042,869	133,819	165,774	1,342,462
Fund Balances:				
Reserved for:				
Prepayments	70,704	-	-	70,704
Capital outlay	-	3,236,371	-	3,236,371
Public safety	-	-	17,887	17,887
Unreserved, reported in				
General Fund	3,700,341	-	-	3,700,341
Special Revenue Fund	-	-	232,299	232,299
Capital Projects Fund	-	-	8,430	8,430
Total Fund Balances	3,771,045	3,236,371	258,616	7,266,032
Total Liabilities and Fund Balances	$ 4,813,914	$ 3,370,190	$ 424,390	$ 8,608,494

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

CITY OF THOMASTON, GEORGIA

RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

Total Governmental Fund Balances		$ 7,266,032
Amounts reported for governmental activities in the Statement of Net Assets differ from amounts reported in the Balance Sheet of Governmental Funds due to the following:		
Capital Assets		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost of the assets	18,761,537	
Accumulated depreciation	(6,328,091)	
Revenues		
Some of the government's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	83,569	
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 Assets. Long-term liabilities at year-end consist of the following:		
Landfill closure / postclosure	(985,464)	
Compensated absences	(182,376)	
Total Net Assets of Governmental Activities		$ 18,615,207

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

CITY OF THOMASTON, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	General Fund	Special Local Option Sales Tax	Non-Major Governmental Funds	Total Governmental Funds
Revenues:				
Taxes				
Property tax	$ 849,227	$ -	$ -	$ 849,227
Sales tax	1,367,381	-	-	1,367,381
Other taxes	1,062,694	-	71,840	1,134,534
License and permits	132,852	-	-	132,852
Intergovernmental	764,654	751,867	726,950	2,243,471
Fines and forfeitures	388,554	-	10,598	399,152
Charges for services	13,000	-	-	13,000
Interest earnings	50,638	39,495	7,374	97,507
Rent	-	-	161,646	161,646
Donation	-	-	255	255
Other revenues	50,838	-	35,322	86,160
Total Revenues	4,679,838	791,362	1,013,985	6,485,185
Expenditures:				
Current:				
General government	2,601,566	-	168,998	2,770,564
Public safety	2,756,897	-	-	2,756,897
Public works	496,559	-	-	496,559
Economic development	50,092	-	-	50,092
Capital Outlay	-	805,976	1,392,393	2,198,369
Total Expenditures	5,905,114	805,976	1,561,391	8,272,481
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,225,276)	(14,614)	(547,406)	(1,787,296)
Other Financing Sources (Uses):				
Transfers from other funds	1,374,378	-	6,829	1,381,207
Transfers to other funds	-	-	(61,511)	(61,511)
Proceeds from sale of property	8,157	-	-	8,157
Total other financing sources (uses)	1,382,535	-	(54,682)	1,327,853
Net change in fund balances	157,259	(14,614)	(602,088)	(459,443)
Fund Balance, beginning of year	3,613,786	3,250,985	860,704	7,725,475
Fund Balance, end of year	$ 3,771,045	$ 3,236,371	$ 258,616	$ 7,266,032

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

CITY OF THOMASTON, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

Net Changes in Fund Balances - Total Governmental Funds	$ (459,443)
Amounts reported for governmental activities in the Statement of Activities differ from amounts reported in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances due to the following:	
Capital Assets	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.	
Total capital outlays	1,513,772
Total depreciation	(439,660)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, donations annexing, transfers) is to increase/(decrease) net assets.	(8,374)
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 debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The adjustments for these items are as follows:	
Landfill closure / postclosure	(523,003)
Compensated absences	35,949
Revenues	
Because some revenues will not be collected for several months after the government's year end, they are not considered available revenues and are deferred in the governmental funds.	
Deferred revenues decreased by this amount during the year.	(21,801)
Change in Net Assets of Governmental Activities	$ 97,440

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

CITY OF THOMASTON, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Taxes	$ 3,119,782	$ 3,119,782	$ 3,279,302	$ 159,520
Licenses and permits	115,050	115,050	132,852	17,802
Intergovernmental	257,649	257,649	764,654	507,005
Fines and forfeitures	500,000	500,000	388,554	(111,446)
Charges for services	12,000	12,000	13,000	1,000
Miscellaneous	653,146	653,146	101,476	(551,670)
Total Revenue	4,657,627	4,657,627	4,679,838	22,211
Expenditures:				
Current:				
General government	2,852,907	3,222,907	2,601,566	621,341
Public safety	2,900,336	2,900,336	2,756,897	143,439
Public works	542,454	542,454	496,559	45,895
Economic development	52,956	52,956	50,092	2,864
Total Expenditures	6,348,653	6,718,653	5,905,114	813,539
Excess of Revenue Over (Under) Expenditure	(1,691,026)	(2,061,026)	(1,225,276)	835,750
Other Financing Sources (Uses):				
Transfer from Hotel Motel Fund	42,000	42,000	43,104	1,104
Transfer from Community Development Fund	11,578	11,578	11,578	-
Transfer from Water & Sewer Fund	294,660	294,660	294,660	-
Transfer from Electric Fund	1,000,000	1,000,000	1,000,000	-
Transfer from Sanitation Fund	-	25,036	25,036	-
Proceeds from sale of property	7,752	7,752	8,157	405
Total Other Financing Sources (Uses)	1,355,990	1,381,026	1,382,535	1,509
Net change in fund balance	$ (335,036)	$ (680,000)	157,259	$ 837,259
Fund balance, beginning of year			3,613,786	
Fund balance, end of year			$ 3,771,045	

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

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CITY OF THOMASTON, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2010

	Business-type Activities-Enterprise Funds			
	Water & Sewer Fund	Electric Fund	Non-major Sanitation Fund	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 376,526	$ 1,444,855	$ -	$ 1,821,381
Certificate of deposit	500,000	1,600,000	-	2,100,000
Restricted cash and cash equivalents:				
Revenue bond covenant accounts	293,632	-	-	293,632
Investments	-	3,517,428	-	3,517,428
Accrued interest receivable	2,092	6,695	-	8,787
Accounts receivable				
(net of allowance for uncollectible)	235,196	832,752	83,188	1,151,136
Due from other funds	373,091	-	116,086	489,177
Total current assets	1,780,537	7,401,730	199,274	9,381,541
Long-term assets:				
Capital assets:				
Land	2,241,040	-	-	2,241,040
Construction in progress	5,252,641	-	-	5,252,641
Buildings	7,123,161	51,234	-	7,174,395
Systems - water, sewer and electrical	11,352,439	1,445,263	-	12,797,702
Vehicles	623,472	728,690	-	1,352,162
Equipment	228,935	124,374	-	353,309
Less accumulated depreciation	(8,379,677)	(948,537)	-	(9,328,214)
Total capital assets, net	18,442,011	1,401,024	-	19,843,035
Total long-term assets	18,442,011	1,401,024	-	19,843,035
Total Assets	$ 20,222,548	$ 8,802,754	$ 199,274	$ 29,224,576

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

CITY OF THOMASTON, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2010
(CONTINUED)

	Business-type Activities-Enterprise Funds			
	Water & Sewer Fund	Electric Fund	Non-major Sanitation Fund	Total
LIABILITIES				
Current liabilities:				
Accounts payable	$ 364,235	$ 124,922	$ 83,053	$ 572,210
Accrued interest payable	7,065	-	-	7,065
Retainage payable	171,517	-	-	171,517
Accrued vacation	-	30,000	-	30,000
Due to other funds	1,000	364,171	-	365,171
Total current liabilities	543,817	519,093	83,053	1,145,963
Current liabilities payable from restricted assets:				
Customer deposits	102,228	351,017	-	453,245
Notes payable - current	280,153	-	-	280,153
Revenue bonds payable - current	360,000	-	-	360,000
Total current liabilities payable from restricted	742,381	351,017	-	1,093,398
Total current liabilities	1,286,198	870,110	83,053	2,239,361
Long-term liabilities:				
Accrued vacation	-	8,901	-	8,901
Notes payable	661,813	-	-	661,813
Revenue bonds payable	8,360,000	-	-	8,360,000
Total long-term liabilities	9,021,813	8,901	-	9,030,714
Total Liabilities	10,308,011	879,011	83,053	11,270,075
NET ASSETS				
Invested in capital assets, net of related debt	8,780,045	1,401,024	-	10,181,069
Restricted per revenue bond indenture	293,632	-	-	293,632
Unrestricted	840,860	6,522,719	116,221	7,479,800
Total Net Assets	$ 9,914,537	$ 7,923,743	$ 116,221	$ 17,954,501

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

CITY OF THOMASTON, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Business-type Activities-Enterprise Funds			
	Water & Sewer Fund	Electric Fund	Non-major Sanitation Fund	Total
Operating revenues:				
Charges and fees	$ 3,543,557	$ 11,126,717	$ 1,017,658	$ 15,687,932
Miscellaneous income	5,353	135,135	-	140,488
Total operating revenues	3,548,910	11,261,852	1,017,658	15,828,420
Operating expenses:				
Salaries and benefits	-	664,524	-	664,524
Contract management	1,291,289	-	992,435	2,283,724
Cost of sales	-	8,112,700	-	8,112,700
Legal and professional	11,738	27,995	-	39,733
Operating materials	326,518	148,381	-	474,899
Other operating expenses	156,563	76,571	2,367	235,501
Repairs and maintenance	289,119	21,882	-	311,001
Small equipment	40,302	14,333	-	54,635
Utilities	514,961	47,168	-	562,129
Depreciation	388,917	100,277	-	489,194
Total operating expenses	3,019,407	9,213,831	994,802	13,228,040
Operating income (loss)	529,503	2,048,021	22,856	2,600,380
Nonoperating revenues (expenses):				
Interest income	16,155	48,158	-	64,313
Dividend income	-	319,120	-	319,120
Investment earnings	-	336	-	336
Interest expense	(432,856)	-	-	(432,856)
Loss on sale of property	-	(6,749)	-	(6,749)
Total nonoperating revenues (expenses)	(416,701)	360,865	-	(55,836)
Income (loss) before transfers	112,802	2,408,886	22,856	2,544,544

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

CITY OF THOMASTON, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010
(CONTINUED)

	Business-type Activities-Enterprise Funds			
	Water & Sewer Fund	Electric Fund	Non-major Sanitation Fund	Total
Capital contributions	3,007,818	5,549	-	3,013,367
Transfers in	1,300,000	-	-	1,300,000
Transfers out	(421,075)	(2,300,000)	(25,036)	(2,746,111)
Change in net assets	3,999,545	114,435	(2,180)	4,111,800
Total Net Assets - Beginning of Year	5,914,992	7,809,308	118,401	13,842,701
Total Net Assets - Ending of Year	$ 9,914,537	$ 7,923,743	$ 116,221	$ 17,954,501

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

CITY OF THOMASTON, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Business-type Activities-Enterprise Funds			
	Water & Sewer Fund	Electric Fund	Non-major Sanitation Fund	Total
Cash Flows from Operating Activities:				
Cash received from customers	$ 3,619,349	$ 11,319,055	$ 1,018,846	$ 15,957,250
Cash paid to suppliers for goods and services	(3,190,979)	(8,426,766)	(993,810)	(12,611,555)
Cash paid to employees	-	(664,524)	-	(664,524)
Net Cash Flows Provided by (Used for) Operating Activities	428,370	2,227,765	25,036	2,681,171
Cash Flows from Noncapital Financing Activities:				
Transfers	878,925	(2,300,000)	(25,036)	(1,446,111)
Net Cash Flows Provided by (Used for) Noncapital Financing Activities	878,925	(2,300,000)	(25,036)	(1,446,111)
Cash Flows from Capital and Related Financing Activities:				
Principal payments on revenue bonds and notes	(621,904)	-	-	(621,904)
Interest and fiscal charges on revenue bonds and notes	(432,856)	-	-	(432,856)
Intergovernmental	2,379,999	5,549	-	2,385,548
Purchases of capital assets	(3,664,544)	(162,548)	-	(3,827,092)
Net Cash Flows Provided by (Used for) Capital and Related Financing Activities	(2,339,305)	(156,999)	-	(2,496,304)
Cash Flows from Investing Activities:				
Interest income	16,155	48,494	-	64,649
Dividend income	-	319,120	-	319,120
Purchase of investments	-	(319,457)	-	(319,457)
Net Cash Flows Provided by (Used for) Investing Activities	16,155	48,157	-	64,312
Net Increase (Decrease) in Cash and Cash Equivalents	(1,015,855)	(181,077)	-	(1,196,932)
Cash and Cash Equivalents, Beginning of Year	2,186,013	3,225,932	-	5,411,945
Cash and Cash Equivalents, End of Year	$ 1,170,158	$ 3,044,855	$ -	$ 4,215,013

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

CITY OF THOMASTON, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010
(CONTINUED)

	Business-type Activities-Enterprise Funds			
	Water & Sewer Fund	Electric Fund	Non-major Sanitation Fund	Total
Classified as:				
Current assets	$ 876,526	$ 3,044,855	$ -	$ 3,921,381
Restricted assets	293,632	-	-	293,632
Total Cash and Cash Equivalents, End of Year	$ 1,170,158	$ 3,044,855	$ -	$ 4,215,013
Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Net Operating Income (Loss)	$ 529,503	$ 2,048,021	$ 22,856	$ 2,600,380
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	388,917	100,277	-	489,194
Changes in Assets and Liabilities:				
(Increase) decrease in accounts receivable	30,111	(24,563)	2,053	7,601
(Increase) decrease in accrued interest receivable	2,260	3,941	-	6,201
(Increase) decrease in due from other funds	38,068	738	(127)	38,679
Increase (decrease) in accounts payable	(674,904)	20,857	992	(653,055)
Increase (decrease) in accrued liabilities	(2,040)	1,407	-	(633)
Increase (decrease) in retainage payable	115,455	-	-	115,455
Increase (decrease) in customer deposits	-	22,613	-	22,613
Increase (decrease) in due to other funds	1,000	54,474	(738)	54,736
Total Adjustments	(101,133)	179,744	2,180	80,791
Net Cash Provided by (Used for) Operating Activities	$ 428,370	$ 2,227,765	$ 25,036	$ 2,681,171
Noncash investing, capital, and financing activities:				
Contributions of capital assets from government	$ 3,007,818	$ -	$ -	$ 3,007,818
Increase in fair value of investments	-	319,456	-	319,456
Total noncash investing, capital, and financing activities	$ 3,007,818	$ 319,456	$ -	$ 3,327,274

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

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies

The City of Thomaston was incorporated as a City by an Act of the General Assembly of Georgia on December 2, 1897. Prior to that date the City of Thomaston was a town having first been incorporated as such by an Act of the General Assembly of Georgia on December 22, 1857. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: Public works, which includes sanitation and streets, police and fire protection (public safety), and general and administrative services.

The accounting policies of the City of Thomaston, Georgia conform to generally accepted accounting principles as applicable to governments. The following is a summary of the City's more significant policies applied in the preparation of the accompanying financial statements.

A. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Thomaston (the primary government) and any component units. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

In conformity with generally accepted accounting principles, as set forth in Statement of Governmental Accounting Standards No. 14, *The Financial Reporting Entity*, the City of Thomaston, Georgia's relationships with other governments and agencies have been examined. As a result, no component units were identified which should be included in the reporting entity.

The Housing Authority of the City of Thomaston, Georgia is considered a related organization based upon the criteria of GASB Statement 14. The Housing Authority is a legally separate entity having a board composed of members appointed originally by the City of Thomaston, Georgia. The City of Thomaston, Georgia is not able to impose its will upon the Housing Authority and a financial benefit/burden relationship does not exist between them. Therefore, based upon the criteria above, the Housing Authority of the City of Thomaston, Georgia is a related organization.

The Housing Authority's financial statements have been presented separately and can be obtained by writing to the Housing Authority of the City of Thomaston, City Clerk's Office, P.O. Box 672, Thomaston, Georgia 30286.

The following entities, although not meeting the criteria as a component unit, are considered related organizations of the City of Thomaston: (1) Recreation Commission, (2) Industrial Authority, (3) Airport Authority, and (4) Office Building Authority. The separate financial statements of these related organizations can be obtained from each respective organization.

The City's governing board is responsible for board appointments; however, the City has no further accountability for any of the organizations.

Under Georgia law, the City, in conjunction with other cities and counties in the ten county RC membership, is a member of the Three Rivers Regional Commission (RC) and is required to pay annual dues thereto. Membership in a RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each city and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from:

Three Rivers Regional Commission
P.O. Box 818
Griffin, Georgia 30224

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Assets and Statement of Change in Net Assets) report information on all of the primary government activities and its component units if any. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's public utilities and various other functions of the government. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, local option sales taxes, other taxes, intergovernmental revenues, interest, and charges for services associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are considered to be measurable and available only when cash is received by the government.
Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection

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

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.

Special Local Option Sales Tax – The Special Local Option Sales Tax Fund is used to account for the City's public utility and beautification projects based on the 1 cent special local option sales tax approved by the voters of the City of Thomaston.

The government reports the following major proprietary funds:

Enterprise Funds – The Water & Sewer Fund accounts for the activities of the water and sewer distribution system. The Electric Fund accounts for the activities of the government's electric distribution operations.

Additionally, the government reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Funds – Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

The government's policy, when both restricted and unrestricted net assets are available, unrestricted resources are first applied; then restricted net assets are applied based on their limited use.

D. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates, and investments that do not have an established market are reported at estimated fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

E. Receivables

Receivables and Due from Other Governments represent funds to be received from other local governments, state grant-in-aid, state contracts, or federal funds. No allowance is deemed necessary for these receivables.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "due to/from other funds" or "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables, have been reduced to their estimated net realizable value, and are shown net of an allowance for doubtful accounts. Estimated uncollectible amounts are based upon historical experience rates.

F. Inventories

Inventories of expendable supplies held for consumption are not considered material and are recorded as expenditures, or expenses, as appropriate, when purchased.

G. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items in both government-wide and fund financial statements.

H. Restricted Assets

Certain proceeds of the government's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

- Revenue bond renewal and extension account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

- Revenue bond current debt service account is used to segregate resources accumulated for debt service payments over the next twelve months.
- Revenue bond construction account is used to account for construction projects anticipated and outlined in the bond indenture. Resources utilized are bond proceeds and accumulated investment income.

I. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, curbs, streets, sidewalks and similar items acquired subsequent to January 1, 2004) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the City during the current year was $432,856. Of this amount, none was applicable to construction of capital assets.

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

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

J. Compensated Absences

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

K. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance cost, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

M. Risk Management

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budget Process

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

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

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

- On or about December 1, the City Manager submits to the City Council a proposed operating budget for the year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted at City Hall to obtain taxpayer comments.
- After revisions, if any, by the Council, the budget is legally enacted through passage of an ordinance.
- Budgetary information is compared to actual revenue and expenditures on a monthly basis and reported to the Mayor and Council.

Formal budgetary integration is employed as a management control device during the year. The budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The General Fund is subject to budgetary control on a departmental basis, while the Special Revenue funds are subject to budgetary control on an individual fund basis. Budgets are prepared for the Capital Projects Funds on a project basis, which usually covers two or more years. Budgeted amounts are as originally adopted, or as amended by City Council. Individual amendments are not material in relation to the original appropriations.

B. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to serve that portion of the applicable appropriation, is not employed by the City. Budget to Generally Accepted Accounting Principal Basis reconciliations are not required.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

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

State statues 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	Credit Quality
Mutual Funds (MEAG)	$ 3,517,428	N/A

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

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

NOTE 4 – PROPERTY TAXES

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

Exemptions are permitted for certain inventories. A homestead exemption is allowed for each taxpayer that is a homeowner and resides in the household as of January 1. There are other exemptions provided by state and local laws.

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

Property taxes are levied each year based on assessed values determined the previous January 1. The Mayor and Council officially set the mill rates each year. Taxes were levied on July 27th and were due and payable on or before November 15th. Property taxes attach an enforceable lien on property as of June 30th of the following year. Judicial property sales are commenced during June and July of the following year. Property taxes receivable have been reduced to their estimated net realizable value. Estimated uncollectible amounts are based upon historical experience rates and result in a direct reduction of the related revenue amount at the end of the period.

NOTE 5 – HOTEL/MOTEL EXCISE TAX

A summary of the hotel/motel excise tax expenditures and receipts for the year ended December 31, 2010, is as follows:

Expenditures By Purpose	Amount	Tax Receipts	Percentage
Promote tourism	$ 28,736	$ 71,840	40%
General Fund	43,104	-	60%
Total	$ 71,840	$ 71,840	100%

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	SPLOST	Water & Sewer	Electric	Non-Major Proprietary Fund	Non-Major Governmental	Total
Receivables:							
Taxes	$ 253,400	$ -	$ -	$ -	$ -	$ -	$ 253,400
Accounts	17,152	-	249,879	885,935	88,494	19,314	1,260,774
Intergovernmental	444,516	-	-	-	-	-	444,516
Interest	5,859	6,277	2,092	6,695	-	-	20,923
Gross Receivables	720,927	6,277	251,971	892,630	88,494	19,314	1,979,613
Less: allowance for uncollectibles	(19,349)	-	(14,683)	(53,183)	(5,306)	(9,486)	(102,007)
Total net receivables	$ 701,578	$ 6,277	$ 237,288	$ 839,447	$ 83,188	$ 9,828	$1,877,606

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2010, is as follows:

Due to / from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Electric Fund	$ 178,744
	SPLOST	1,000
SPLOST	Water & Sewer Fund	1,000
	Non-Major Governmental Fund	1,000
Water & Sewer Fund	General Fund	187,790
	Electric Fund	185,301
Non-Major Proprietary Fund	General Fund	115,960
	Electric Fund	126
Non-Major Governmental Fund	General Fund	6,470
		$ 677,391

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers:

	Transfer In:			
	General Fund	Water & Sewer Fund	Non-major Governmental	Total
Transfer Out:				
General Fund	$ -	$ -	$ -	$ -
Water & Sewer Fund	294,660	-	-	294,660
Electric Fund	1,000,000	1,300,000	-	2,300,000
Non-major Governmental	54,682	-	6,829	61,511
Non-major Proprietary	25,036	-	-	25,036
Total	$ 1,374,378	$ 1,300,000	$ 6,829	$ 2,681,207

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. During the current year, the Water and Sewer Fund paid for street paving, which was recorded on the Governmental-type Capital Assets for $126,415.

NOTE 8 – CAPITAL ASSETS

	Beginning Balance	Increase	Transfers	Decrease	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 2,699,485	$ 5,530	$ -	$ -	$ 2,705,015
Construction in progress	574,366	1,096,563	(8,189)	-	1,662,740
Total capital assets, not being depreciated	3,273,851	1,102,093	(8,189)	-	4,367,755
Capital assets, being depreciated:					
Buildings	2,058,352	9,493	-	-	2,067,845
Vehicles	1,239,408	39,630	-	(28,309)	1,250,729
Equipment	1,280,113	227,703	-	-	1,507,816
Infrastructure	9,424,350	134,853	8,189	-	9,567,392
Total capital assets, being depreciated	14,002,223	411,679	8,189	(28,309)	14,393,782
Less accumulated depreciation for:					
Buildings	(1,148,187)	(39,454)	-	-	(1,187,641)
Vehicles	(489,910)	(107,182)	-	19,935	(577,157)
Equipment	(587,300)	(93,403)	-	-	(680,703)
Infrastructure	(3,682,969)	(199,621)	-	-	(3,882,590)
Total accumulated depreciation	(5,908,366)	(439,660)	-	19,935	(6,328,091)
Total capital assets, being depreciated, net	8,093,857	(27,981)	8,189	(8,374)	8,065,691
Governmental activities capital assets, net	$ 11,367,708	$ 1,074,112	$ -	$ (8,374)	$ 12,433,446

	Beginning Balance	Increase	Reclassifications	Decrease	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	$ 2,225,658	$ 15,382	$ -	$ -	$ 2,241,040
Construction in progress	1,882,848	4,558,161	(1,188,368)	-	5,252,641
Total capital assets, not being depreciated	4,108,506	4,573,543	(1,188,368)	-	7,493,681
Capital assets, being depreciated:					
Buildings	7,106,703	67,692	-	-	7,174,395
Systems–water, sewer, and electric	11,323,528	285,806	1,188,368	-	12,797,702
Equipment	296,149	57,160	-	-	353,309
Vehicles	1,415,630	31,332	-	(94,800)	1,352,162
Total capital assets being depreciated	20,142,010	441,990	1,188,368	(94,800)	21,677,568
Less accumulated depreciation for:					
Buildings	(4,642,032)	(208,074)	-	-	(4,850,106)
Systems–water, sewer, and electric	(3,235,042)	(132,177)	-	-	(3,367,219)
Equipment	(82,891)	(4,633)	-	-	(87,524)
Vehicles	(967,106)	(144,310)	-	88,051	(1,023,365)
Total accumulated depreciation	(8,927,071)	(489,194)	-	88,051	(9,328,214)
Total capital assets, being depreciated, net	11,214,939	(47,204)	1,188,368	(6,749)	12,349,354
Business-type activities capital assets, net	$ 15,323,445	$ 4,526,339	$ -	$ (6,749)	$ 19,843,035

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

Governmental activities:	
General government	$ 23,130
Public safety	111,021
Public works	255,144
Economic development	50,365
Total depreciation expense - governmental activities	$ 439,660
Business-type activities:	
Water and sewer	$ 388,917
Electric	100,277
Total depreciation expense - business-type activities	$ 489,194

NOTE 9 – LONG-TERM DEBT

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2010, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Landfill closure / postclosure	$ 462,461	$ 652,339	$ (129,336)	$ 985,464	$ 125,000
Compensated absences	218,325	91,022	(126,971)	182,376	100,000
Governmental activity long-term liabilities	$ 680,786	$ 743,361	$ (256,307)	$ 1,167,840	$ 225,000
Business-type activities:					
Compensated absences	$ 37,494	$ 31,775	$ (30,368)	$ 38,901	$ 30,000
GEFA loan	1,213,870	-	(271,904)	941,966	280,153
Revenue bonds payable	9,070,000	-	(350,000)	8,720,000	360,000
Business-type activity long-term liabilities	$ 10,321,364	$ 31,775	$ (652,272)	$ 9,700,867	$ 670,153

For the governmental activities, compensated absences are generally liquidated by the general fund.

Revenue Bonds

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

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

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

Sinking Fund Year (December 1)	Principal	Interest
2011	$ 360,000	$ 389,081
2012	375,000	376,481
2013	390,000	361,481
2014	405,000	345,881
2015	420,000	329,682
2016-2020	2,385,000	1,365,616
2021-2025	2,985,000	769,199
2026-2027	1,400,000	100,463
Total	$ 8,720,000	$ 4,037,884

Notes Payable

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

$3,103,130 State of Georgia Revolving Loan SRF #92-019, due in quarterly installments of principal and interest $76,320, beginning April 1, 2003 and ending January 1, 2014 (20 years). Interest computed at 3%.

Annual debt service requirements to maturity for this note payable are as follows:

Years Ending December 31	Principal	Interest
2011	$ 280,153	$ 25,127
2012	288,652	16,627
2013	297,410	7,870
2014	75,751	568
Total	$ 941,966	$ 50,192

Restricted Assets

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

Revenue bond covenant account	$ 293,632
	$ 293,632

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 $985,464. 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 2010. These costs are subject to change due to inflation or deflation, technology or applicable laws or regulations. The City is not required to commit current financial resources to guarantee future maintenance and monitoring activities.

NOTE 11 – EMPLOYEE RETIREMENT PLANS

Georgia Municipal Employees Benefit System

Plan Description

The City contributes to the Georgia Municipal Employees Benefit System (the system), an agent multiple-employer public employee retirement system administered by the Georgia Municipal Association. The City of Thomaston Retirement Plan is a defined benefit plan that provides retirement and disability benefits and death benefits to plan members and beneficiaries. The Public Retirement Systems Standard Law (Georgia Code Section 47-20-10) assigned the authority to establish and amend the plan to the City of Thomaston. The Georgia Municipal Employees Benefit System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Georgia Municipal Employees Benefit System, 201 Pryor Street S.W., Atlanta, Georgia 30303.

At July 1, 2010, the date of the most recent actuarial valuation, there were 240 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	103
Terminated vested participants	28
Active vested employees	65
Active nonvested employees	44
Total	240

Funding Policy

The City's employee's participation is non-contributory. The City is required to contribute at an actuarially determined rate; the current rate is 7.19% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the system's Board of Trustees.

Annual Pension Cost

The City's annual pension cost of $348,743 was equal to the City's required contributions. The required contribution was determined as part of the October 1, 2009 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 8.0% investment rate of return and (b) projected salary increases of 5.5% for inflation and 0.0% for merit or seniority. The actuarial value of the Plan's assets was determined using a roll forward of prior years actuarial value with contributions, disbursements and expected return on investments, plus 10% of investment gain (loss) during 10 prior years. The plan's period for amortizing the initial unfunded actuarial accrued liability for 30 years for 1982 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and loses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. The amortization periods, if applicable, are open for this plan year.

The City had the following changes to their actuarial assumptions since the last valuation. The valuation date was changed from September 1 to October 1. There where no other changes in actuarial methods or assumptions since the last valuation.

Trend Information

Historical trend information designed to provide information about the City's progress made in accumulating sufficient assets to pay pension benefits when due is presented below:

Fiscal Year	Annual Pension Cost (APC)	Actual Pension Contribution	Percentage Contributed	Net Pension Obligation
2010	$ 348,743	$ 348,743	100.00%	-
2009	188,462	188,462	100.00%	-
2008	148,663	148,663	100.00%	-

As of the most recent valuation date, July 1, 2010, the funded status of the Plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded / (Surplus) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll*
7/1/2010	$8,199,261	$ 8,500,327	$ 301,066	96.46%	$ 3,205,226	9.39%

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of July 1, 2010.

NOTE 12 – POST-EMPLOYMENT BENEFITS

The City does not provide post-employment healthcare benefits except those mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the City.

NOTE 13 – LEGAL CONTRACTS AND AGREEMENTS

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

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

The City of Thomaston approved a resolution adopting the provisions of the Municipal Competitive Trust (the "Trust"), which was created by MEAG for the mutual benefit of MEAG and its wholesale customers which have elected to become beneficiaries. The Trust was established to provide MEAG and the Trust's beneficiaries a means to mitigate the expected differential between market rates for power and the cost of power generated by MEAG facilities, after deregulation of the electric industry.

The Trust created two types of funds, which are held by MEAG in the name of the City. The first type represents amounts that are available to the City for withdrawal without restriction. The second type represents amounts that are available to the City in the form of a loan or as an off-set to billings from MEAG for power usage if certain criteria related to the difference between the cost of power generated by MEAG facilities and the market rates of power are met.

NOTE 14 – INVESTMENTS IN CAPITAL ASSETS, NET OF RELATED DEBT

Investments in Capital Assets, net of related debt on the Government-wide statement of net assets as of December 31, 2010 are as follows:

Investment in capital assets, net of related debt:	Governmental Activities	Business Type Activities
Cost of capital assets	$ 18,761,537	$ 29,171,249
Less accumulated depreciation	(6,328,091)	(9,328,214)
Book value	12,433,446	19,843,035
Less capital related debt	-	(9,661,966)
Investments in capital assets, net of related debt	$ 12,433,446	$ 10,181,069

NOTE 15 – CONTINGENT LIABILITIES

A. Litigation

During the course of normal operations of the City, various claims and lawsuits arise. The City attorney has advised that there are no potential liabilities that will impair the position as of the date of this audit report.

B. Grants

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

C. Commitments

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF THOMASTON, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	(c) Annual Covered Payroll	UAAL as a Percentage of Covered Payroll (b - a) / c
07/01/10	$ 8,199	$ 8,500	$ 301	96.46%	$ 3,205	9.39%
10/01/09	6,820	8,352	1,532	81.66%	3,075	49.82%
09/01/08	8,209	8,320	111	98.67%	3,115	3.56%
09/01/07	8,187	8,017	(170)	102.12%	3,070	-5.54%
09/01/06	7,947	7,801	(146)	101.87%	3,168	-4.61%
09/01/05	7,817	7,621	(196)	102.57%	3,026	-6.48%

Note: Amounts reported above are in thousands.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended	Annual Required Contribution	Actual Pension Contribution	Percentage Contributed
12/31/10	$ 348,743	$ 348,743	100.00%
12/31/09	188,663	188,663	100.00%
12/31/08	148,663	148,663	100.00%
12/31/07	147,472	147,472	100.00%

SUPPLEMENTARY INFORMATION

CITY OF THOMASTON, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	Special Revenue Funds			Capital Project Funds				Total Nonmajor Governmental Funds
	Hotel Motel Tax	Community Development	Law Enforcement Confiscation	Greatest Generational Park	CDBG Fund	CDBG \ Sewer Line Fund	CDBG \ Water Line Fund	
ASSETS								
Cash and cash equivalent	$ -	$ 241,371	$ 17,887	$ 136,909	$ 10,925	$ -	$ 1,000	$ 408,092
Receivables, net of allowance								
Accounts	-	9,828	-	-	-	-	-	9,828
Due from other funds	-	6,470	-	-	-	-	-	6,470
Total Assets	$ -	$ 257,669	$ 17,887	$ 136,909	$ 10,925	$ -	$ 1,000	$ 424,390
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	$ -	$ 6,566	$ -	$ -	$ -	$ -	$ -	$ 6,566
Salaries payable	-	322	-	-	-	-	-	322
Retainage payable	-	-	-	128,479	-	-	-	128,479
Deposit payable	-	10,183	-	-	-	-	-	10,183
Due to other funds	-	-	-	-	-	-	1,000	1,000
Escrow payable	-	8,299	-	-	-	-	-	8,299
Deferred revenue	-	-	-	-	10,925	-	-	10,925
Total Liabilities	-	25,370	-	128,479	10,925	-	1,000	165,774
Fund Balances:								
Reserved for:								
Public safety	-	-	17,887	-	-	-	-	17,887
Unreserved	-	232,299	-	8,430	-	-	-	240,729
Total Fund Balances	-	232,299	17,887	8,430	-	-	-	258,616
Total Liabilities and Fund Balances	$ -	$ 257,669	$ 17,887	$ 136,909	$ 10,925	$ -	$ 1,000	$ 424,390

CITY OF THOMASTON, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Special Revenue Funds			Capital Project Funds				Total
	Hotel Motel Tax	Community Development	Law Enforcement Confiscation	Greatest Generational Park	CDBG Fund	CDBG \ Sewer Line Fund	CDBG \ Water Line Fund	Nonmajor Governmental Funds
Revenues:								
Taxes								
Other taxes	$ 71,840	$ -	$ -	$ -	$ -	$ -	$ -	$ 71,840
Intergovernmental	-	-	-	190,247	36,703	500,000	-	726,950
Fines and forfeitures	-	-	10,598	-	-	-	-	10,598
Interest earnings	-	2,257	51	5,066	-	-	-	7,374
Rent revenue	-	161,646	-	-	-	-	-	161,646
Donation	-	-	-	255	-	-	-	255
Other revenues	-	35,073	249	-	-	-	-	35,322
Total Revenues	71,840	198,976	10,898	195,568	36,703	500,000	-	1,013,985
Expenditures:								
Current:								
General government	28,736	140,262	-	-	-	-	-	168,998
Capital Outlay	-	14,500	-	848,019	29,874	500,000	-	1,392,393
Total Expenditures	28,736	154,762	-	848,019	29,874	500,000	-	1,561,391
Excess (Deficiency) of Revenues Over (Under) Expenditures	43,104	44,214	10,898	(652,451)	6,829	-	-	(547,406)
Other Financing Sources (Uses):								
Transfers from other funds	-	6,829	-	-	-	-	-	6,829
Transfers to other funds	(43,104)	(11,578)	-	-	(6,829)	-	-	(61,511)
Total other financing sources (uses)	(43,104)	(4,749)	-	-	(6,829)	-	-	(54,682)
Net change in fund balances	-	39,465	10,898	(652,451)	-	-	-	(602,088)
Fund Balance, beginning of year	-	192,834	6,989	660,881	-	-	-	860,704
Fund Balance, end of year	$ -	$ 232,299	$ 17,887	$ 8,430	$ -	$ -	$ -	$ 258,616

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GENERAL FUND - to account for the general operations of the City, including all financial transactions not required to be accounted for in another fund.

CITY OF THOMASTON, GEORGIA

GENERAL FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2010 AND 2009

ASSETS	2010	2009
Cash and cash equivalent	$ 2,461,888	$ 2,447,258
Certificate of deposit	1,400,000	1,305,183
Receivables, net of allowance		
Taxes	234,051	234,725
Accounts	17,152	14,007
Intergovernmental	444,516	161,791
Interest	5,859	8,996
Prepaid insurance	70,704	-
Due from other funds	179,744	185,715
Total Assets	$ 4,813,914	$ 4,357,675
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	$ 188,247	$ 232,310
Accrued liabilities	16,317	271
Deferred revenues		
Taxes	83,569	105,370
Intergovernmental payable	444,516	-
Due to other funds	310,220	405,938
Total Liabilities	1,042,869	743,889
Fund Balances:		
Reserved for:		
Prepayments	70,704	-
Unreserved, reported in		
General Fund	3,700,341	3,613,786
Total Fund Balances	3,771,045	3,613,786
Total Liabilities and Fund Balances	$ 4,813,914	$ 4,357,675

CITY OF THOMASTON, GEORGIA

GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
Revenues:		
Taxes	$ 3,279,302	$ 3,286,436
Licenses and permits	132,852	124,856
Intergovernmental	764,654	741,952
Fines and forfeitures	388,554	541,228
Charges for services	13,000	18,500
Miscellaneous	101,476	160,267
Total Revenue	4,679,838	4,873,239
Expenditures:		
Current:		
General government	2,601,566	2,526,580
Public safety	2,756,897	2,714,466
Public works	496,559	472,807
Economic development	50,092	47,609
Total Expenditures	5,905,114	5,761,462
Excess (Deficiency) of Revenue Over (Under) Expenditures	(1,225,276)	(888,223)
Other Financing Sources (Uses):		
Transfer from Hotel Motel Fund	43,104	41,121
Transfer from Community Development Fund	11,578	11,441
Transfer from Water & Sewer Fund	294,660	-
Transfer from Electric Fund	1,000,000	1,000,000
Transfer from Sanitation Fund	25,036	-
Proceeds from sale of property	8,157	14,391
Total Other Financing Sources (Uses)	1,382,535	1,066,953
Net change in fund balance	157,259	178,730
Fund balance, beginning of year	3,613,786	3,435,056
Fund balance, end of year	$ 3,771,045	$ 3,613,786

CITY OF THOMASTON, GEORGIA

GENERAL FUND
COMPARATIVE SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

Description:	Final Budget	2010 Actual	Variance with Final Budget Positive (Negative)	2009 Actual
Taxes:				
General property tax	$ 764,557	$ 849,227	$ 84,670	$ 893,218
Local option sales tax	1,250,000	1,367,381	117,381	1,222,074
Other:				
Motor vehicle taxes	40,000	43,744	3,744	44,112
Mobile home taxes	125	155	30	56
Intangible taxes	4,000	3,717	(283)	4,289
Franchise taxes	350,000	307,630	(42,370)	398,461
Insurance premium tax	510,000	506,611	(3,389)	521,775
Real estate transfer tax	1,100	1,148	48	1,174
Beer and wine tax	200,000	199,689	(311)	201,277
Total Taxes	3,119,782	3,279,302	159,520	3,286,436
Licenses and Permits:				
Business and occupation	115,000	132,842	17,842	124,856
Special sales permits	50	10	(40)	-
Total Licenses and Permits	115,050	132,852	17,802	124,856
Intergovernmental Revenues:				
Housing authority	29,000	33,860	4,860	39,197
Upson County	6,000	7,200	1,200	7,200
State grants:				
Department of transportation	200,000	535,342	335,342	655,690
GEMA	-	129,336	129,336	13,761
Drug task force	13,500	46,027	32,527	16,955
Georgia underground tank	9,149	12,889	3,740	9,149
Total Intergovernmental Revenue	257,649	764,654	507,005	741,952
Fines and Forfeitures:				
Recorder's Court	500,000	388,554	(111,446)	541,228
Total Fines and Forfeitures	$ 500,000	$ 388,554	$ (111,446)	$ 541,228

CITY OF THOMASTON, GEORGIA

GENERAL FUND
COMPARATIVE SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010
(CONTINUED)

Description:	Final Budget	2010 Actual	Variance with Final Budget Positive (Negative)	2009 Actual
Charges for Services:				
Cemetery fees	$ 12,000	$ 13,000	$ 1,000	$ 18,500
Total Charges for Services	12,000	13,000	1,000	18,500
Miscellaneous:				
Interest earnings	12,146	50,638	38,492	68,385
Downtown development department	-	-	-	15,000
Miscellaneous	641,000	50,838	(590,162)	76,882
Total Miscellaneous	653,146	101,476	(551,670)	160,267
Total Revenues	$ 4,657,627	$ 4,679,838	$ 22,211	$ 4,873,239

CITY OF THOMASTON, GEORGIA

GENERAL FUND
COMPARATIVE SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010
(CONTINUED)

Description:	Final Budget	2010 Actual	Variance with Final Budget Positive (Negative)	2009 Actual
General Government				
Governing body	$ 18,640	$ 18,857	$ (217)	$ 18,248
City clerk	104,893	101,565	3,328	94,688
City manager	179,203	160,706	18,497	149,992
General administration	2,365,990	1,836,065	529,925	1,733,400
Finance	286,781	274,494	12,287	296,709
Tax administration	5,000	5,000	-	5,000
Legal service	40,000	27,404	12,596	12,649
Municipal Court	222,400	177,475	44,925	215,894
Total General Government	3,222,907	2,601,566	621,341	2,526,580
Public Safety				
Police Department				
Police administration	604,745	595,105	9,640	609,156
Patrol	1,138,003	1,086,160	51,843	1,052,411
Fire Department				
Fire administration	159,252	159,944	(692)	177,018
Fire fighting	998,336	915,688	82,648	875,881
Total Public Safety	2,900,336	2,756,897	143,439	2,714,466
Public Works				
Public works administration	260,427	165,450	94,977	158,597
Public works crew	282,027	331,109	(49,082)	314,210
Total Public Works	542,454	496,559	45,895	472,807
Economic Development				
Downtown development administration	52,956	50,092	2,864	47,609
Total Economic Development	52,956	50,092	2,864	47,609
Total Expenditures	$ 6,718,653	$ 5,905,114	$ 813,539	$ 5,761,462

CITY OF THOMASTON, GEORGIA

GENERAL FUND
COMPARATIVE SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010
(CONTINUED)

Description:	Final Budget	2010 Actual	Variance with Final Budget Positive (Negative)	2009 Actual
Excess of Revenue Over (Under) Expenditures	$ (2,061,026)	$ (1,225,276)	$ 835,750	$ (888,223)
Other financing sources (uses)				
Transfer In:				
Transfer from Hotel Motel Fund	42,000	43,104	1,104	41,121
Transfer from Community Development Fund	11,578	11,578	-	11,441
Transfer from Water & Sewer Fund	294,660	294,660	-	-
Transfer from Electric Fund	1,000,000	1,000,000	-	1,000,000
Transfer from Sanitation Fund	25,036	25,036	-	-
Proceeds from sale of property	7,752	8,157	405	14,391
Total Other Financing Sources (Uses)	1,381,026	1,382,535	1,509	1,066,953
Net change in fund balance	$ (680,000)	157,259	$ 837,259	178,730
Fund balance, beginning of year		3,613,786		3,435,056
Fund balance, end of year		$ 3,771,045		$ 3,613,786

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SPECIAL REVENUE FUNDS

HOTEL/MOTEL TAX FUND - to account for funds collected from the hotel/motel tax and disbursed to other agencies.

COMMUNITY DEVELOPMENT FUND - to account for the collection of rental income to provide for expenditures for rental property repairs and maintenance.

LAW ENFORCEMENT CONFISCATION FUND - to account for condemned funds received and disbursed for Law Enforcement

CITY OF THOMASTON, GEORGIA

HOTEL/MOTEL TAX FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2010 AND 2009

ASSETS	2010	2009
Cash and cash equivalent	$ -	$ -
Total Assets	$ -	$ -
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	$ -	$ -
Total Liabilities	-	-
Fund Balances:		
Unreserved	-	-
Total Fund Balances	-	-
Total Liabilities and Fund Balances	$ -	$ -

CITY OF THOMASTON, GEORGIA

HOTEL/MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	Final Budget	Actual	Variance with Budget Positive (Negative)
Revenues:			
Hotel motel tax	$ 70,000	$ 71,840	$ 1,840
Total Revenues	70,000	71,840	1,840
Expenditures:			
General government:			
Chamber of Commerce	28,000	28,736	(736)
Total Expenditures	28,000	28,736	(736)
Excess (Deficiency) of Revenues Over (Under) Expenditures	42,000	43,104	1,104
Other Financing Uses:			
Transfers to general fund	(42,000)	(43,104)	(1,104)
Total Other Financing Sources (Uses)	(42,000)	(43,104)	(1,104)
Net change in fund balances	$ -	-	$ -
Fund balance - beginning of year		-	
Fund balance - end of year		$ -	

CITY OF THOMASTON, GEORGIA

COMMUNITY DEVELOPMENT FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2010 AND 2009

ASSETS	2010	2009
Cash and cash equivalent	$ 241,371	$ 207,254
Receivables, net of allowance		
Accounts	9,828	8,246
Due from other funds	6,470	2,801
Total Assets	$ 257,669	$ 218,301
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	$ 6,566	$ 2,801
Salaries payable	322	159
Deposit payable	10,183	10,008
Escrow payable	8,299	12,499
Total Liabilities	25,370	25,467
Fund Balances:		
Reserved for program purposes	-	192,834
Unreserved	232,299	-
Total Fund Balances	232,299	192,834
Total Liabilities and Fund Balances	$ 257,669	$ 218,301

CITY OF THOMASTON, GEORGIA

COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	Final Budget	Actual	Variance with Budget Positive (Negative)
Revenues:			
Rent revenue	$ -	$ 161,646	$ 161,646
Interest revenue	1,000	2,257	1,257
Miscellaneous income	100	35,073	34,973
Total Revenues	1,100	198,976	197,876
Expenditures:			
Current:			
General government	145,433	140,262	5,171
Capital outlay	198,392	14,500	183,892
Total Expenditures	343,825	154,762	189,063
Excess of Revenues Over (Under) Expenditures	(342,725)	44,214	386,939
Other Financing Sources (Uses):			
Transfers from other funds	-	6,829	6,829
Transfers to other funds	(11,578)	(11,578)	-
Total Other Financing Sources (Uses)	(11,578)	(4,749)	6,829
Net change in fund balances	$ (354,303)	39,465	$ 393,768
Fund Balance - beginning of year		192,834	
Fund balance - end of year		$ 232,299	

CITY OF THOMASTON, GEORGIA

LAW ENFORCEMENT CONFISCATION FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2010 AND 2009

ASSETS	2010	2009
Cash and cash equivalent	$ 17,887	$ 6,989
Total Assets	$ 17,887	$ 6,989
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	$ -	$ -
Total Liabilities	-	-
Fund Balances:		
Reserved for public safety	17,887	6,989
Total Fund Balances	17,887	6,989
Total Liabilities and Fund Balances	$ 17,887	$ 6,989

CITY OF THOMASTON, GEORGIA

LAW ENFORCEMENT CONFISCATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	Final Budget	Actual	Variance with Budget Positive (Negative)
Revenues:			
Fines and forfeitures	$ 6,000	$ 10,598	$ 4,598
Interest income	20	51	31
Other income	-	249	249
Total Revenues	6,020	10,898	4,878
Expenditures:			
Current:			
Public safety	970	-	970
Capital outlay	9,000	-	9,000
Total Expenditures	9,970	-	9,970
Net change in fund balances	$ (3,950)	10,898	$ 14,848
Fund Balance - beginning of year		6,989	
Fund Balance - end of year		$ 17,887	

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CAPITAL PROJECTS FUNDS

SPECIAL LOCAL OPTION SALES TAX FUND - to account for the City of Thomaston public utility and beautification projects based on the 1 cent special local option sales tax approved by the voters of the City of Thomaston.

GREATEST GENERATIONAL PARK FUND - to account for expenditures for the development of the Greatest Generational Park.

COMMUNITY DEVELOPMENT BLOCK GRANT FUND - to account for the cost of various public utilities upgrades and for the purchase of additional community development housing.

COMMUNITY DEVELOPMENT BLOCK GRANT \ SEWER LINE FUND - to account for the cost of sewer line construction.

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

CITY OF THOMASTON, GEORGIA

SPECIAL LOCAL OPTION SALES TAX FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2010 AND 2009

ASSETS	2010	2009
Cash and cash equivalent	$ 1,861,913	$ 3,209,050
Certificate of deposit	1,500,000	-
Accrued interest receivable	6,277	-
Due from other funds	2,000	1,000
Due from other governments	-	68,369
Total Assets	$ 3,370,190	$ 3,278,419
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	$ 35,013	$ 27,434
Retainage payable	97,806	-
Due to other funds	1,000	-
Total Liabilities	133,819	27,434
Fund Balances:		
Reserved for capital outlay	3,236,371	3,250,985
Total Fund Balances	3,236,371	3,250,985
Total Liabilities and Fund Balances	$ 3,370,190	$ 3,278,419

CITY OF THOMASTON, GEORGIA

SPECIAL LOCAL OPTION SALES TAX FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
Revenues:		
Intergovernmental	$ 751,867	$ 688,535
Interest earnings	39,495	40,548
Total Revenues	791,362	729,083
Expenditures:		
Capital outlay	805,976	393,608
Total Expenditures	805,976	393,608
Net change in fund balances	(14,614)	335,475
Fund balance - beginning of year	3,250,985	2,915,510
Fund balance - end of year	$ 3,236,371	$ 3,250,985

CITY OF THOMASTON, GEORGIA

GREATEST GENERATIONAL PARK FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2010 AND 2009

ASSETS	2010	2009
Cash and cash equivalent	$ 136,909	$ 525,342
Due from other governments	-	209,753
Total Assets	$ 136,909	$ 735,095
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	$ -	$ 28,793
Retainage payable	128,479	45,421
Total Liabilities	128,479	74,214
Fund Balances:		
Reserved for capital outlay	-	660,881
Unreserved	8,430	-
Total Fund Balances	8,430	660,881
Total Liabilities and Fund Balances	$ 136,909	$ 735,095

CITY OF THOMASTON, GEORGIA

GREATEST GENERATIONAL PARK FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
Revenues:		
Intergovernmental	$ 190,247	$ 209,753
Interest earnings	5,066	12,022
Donation	255	200,295
Total Revenues	195,568	422,070
Expenditures:		
Capital outlay	848,019	479,631
Total Expenditures	848,019	479,631
Net change in fund balances	(652,451)	(57,561)
Fund balance - beginning of year	660,881	718,442
Fund balance - end of year	$ 8,430	$ 660,881

CITY OF THOMASTON, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2010 AND 2009

ASSETS	2010	2009
Cash and cash equivalent	$ 10,925	$ 4,100
Total Assets	$ 10,925	$ 4,100
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	$ -	$ 3,100
Deferred revenue	10,925	1,000
Total Liabilities	10,925	4,100
Fund Balances:		
Unreserved	-	-
Total Fund Balances	-	-
Total Liabilities and Fund Balances	$ 10,925	$ 4,100

CITY OF THOMASTON, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
Revenues:		
Intergovernmental	$ 36,703	$ 81,286
Total Revenues	36,703	81,286
Expenditures:		
Capital outlay	29,874	81,286
Total Expenditures	29,874	81,286
Excess of Expenditures Over (Under) Expenditures	6,829	-
Other Financing Sources (Uses):		
Transfers from general fund	(6,829)	-
Total Other Financing Sources (Uses)	(6,829)	-
Net change in fund balances	-	-
Fund balance - beginning of year	-	-
Fund balance - end of year	$ -	$ -

CITY OF THOMASTON, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT \ SEWER LINE FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2010

ASSETS	2010	2009
Cash and cash equivalent	$ -	$ 1,000
Total Assets	$ -	$ 1,000
LIABILITIES AND FUND BALANCES		
Liabilities:		
Due to other funds	$ -	$ 1,000
Total Liabilities	-	1,000
Fund Balances:		
Reserved for capital outlay	-	-
Total Fund Balances	-	-
Total Liabilities and Fund Balances	$ -	$ 1,000

CITY OF THOMASTON, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT \ SEWER LINE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010	2009
Revenues:		
Intergovernmental	$ 500,000	$ -
Total Revenues	500,000	-
Expenditures:		
Capital outlay	500,000	-
Total Expenditures	500,000	-
Net change in fund balance	-	-
Fund balance - beginning of year	-	-
Fund balance - end of year	$ -	$ -

CITY OF THOMASTON, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT \ WATER LINE FUND
BALANCE SHEET
DECEMBER 31, 2010

ASSETS	2010
Cash and cash equivalent	$ 1,000
Total Assets	$ 1,000
LIABILITIES AND FUND BALANCES	
Liabilities:	
Due to other funds	$ 1,000
Total Liabilities	1,000
Fund Balances:	
Reserved for capital outlay	-
Total Fund Balances	-
Total Liabilities and Fund Balances	$ 1,000

CITY OF THOMASTON, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT \ WATER LINE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010
Revenues:	
Intergovernmental	$ -
Total Revenues	-
Expenditures:	
Capital outlay	-
Total Expenditures	-
Net change in fund balance	-
Fund balance - beginning of year	-
Fund balance - end of year	$ -

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Statistical Section

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

Contents **Page**

Financial Trends
These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time. 80-86

Revenue Capacity
These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property and sales taxes. 87-93

Debt Capacity
These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future. 94-97

Demographic and Economic Information
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. 98-100

Operating Information
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. 101-102

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.*

Schedule 1
City of Thomaston
Net Assets by Component
Last Eight Years
(accrual basis of accounting)

	2003	Restated 2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	$ 10,068,016	$ 9,213,043	$ 9,294,237	$ 8,984,026
Restricted	-	-	615,724	1,531,831
Unrestricted	1,815,599	2,305,450	3,041,489	3,646,809
Total governmental activities net assets	11,883,615	11,518,493	12,951,450	14,162,666
Business-type activities				
Invested in capital assets, net of related debt	501,595	(4,857,360)	(3,683,446)	(2,587,917)
Restricted	4,299,457	4,247,519	4,025,974	3,784,861
Unrestricted	3,008,110	5,889,526	7,384,958	8,247,081
Total business-type activities net assets	7,809,162	5,279,685	7,727,486	9,444,025
Primary government				
Invested in capital assets, net of related debt	10,569,611	4,355,683	5,610,791	6,396,109
Restricted	4,299,457	4,247,519	4,641,698	5,316,692
Unrestricted	4,823,709	8,194,976	10,426,447	11,893,890
Total primary government net assets	$ 19,692,777	$ 16,798,178	$ 20,678,936	$ 23,606,691

Note: The city began to report accrual information when it implemented GASB Statement 34 in year 2003.

2007	2008	2009	2010
$ 10,703,996	$ 11,086,621	$ 11,367,708	$ 12,433,446
2,166,140	2,915,510	4,111,689	3,254,258
3,626,015	3,871,842	3,038,370	2,927,503
16,496,151	17,873,973	18,517,767	18,615,207
(1,706,248)	2,376,544	5,039,575	10,181,069
3,553,683	496,900	290,717	293,632
8,908,778	8,064,809	8,512,409	7,479,800
10,756,213	10,938,253	13,842,701	17,954,501
8,997,748	13,463,165	16,407,283	22,614,515
5,719,823	3,412,410	4,402,406	3,547,890
12,534,793	11,936,651	11,550,779	10,407,303
$ 27,252,364	$ 28,812,226	$ 32,360,468	$ 36,569,708

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

	2003	Restated 2004	2005	2006	2007	2008	2009	2010
Expenses								
Governmental activities:								
General government	$ 1,050,674	$ 1,132,073	$ 2,976,075	$ 3,476,433	$ 3,959,781	$ 3,748,159	$ 2,460,086	$ 3,004,727
Public Safety	2,670,884	2,501,902	2,087,961	2,464,814	2,571,097	2,524,923	2,831,390	2,963,077
Public Works	2,014,914	2,073,298	978,069	964,826	162,254	647,224	924,573	1,634,486
Economic development	-	-	-	-	471,662	74,651	3,239	217,922
Miscellaneous general government	319,693	311,493	37,770	97,832	-	-	-	-
Total governmental activities expenses	6,056,165	6,018,766	6,079,875	7,003,905	7,164,794	6,994,957	6,219,288	7,820,212
Business-type activities:								
Water & Sewer	2,760,751	3,160,867	2,863,825	2,806,160	3,068,279	3,326,701	3,806,922	3,452,263
Electric	8,282,252	8,016,639	7,609,365	8,384,457	9,124,833	9,767,618	8,546,908	9,220,580
Sanitation	-	-	-	-	-	-	988,594	994,802
Total business-type activities expenses	11,043,003	11,177,506	10,473,190	11,190,617	12,193,112	13,094,319	13,342,424	13,667,645
Total primary government expenses	17,099,168	17,196,272	16,553,065	18,194,522	19,357,906	20,089,276	19,561,712	21,487,857
Program Revenues								
Governmental activities								
Charges for services								
Refuse collection	886,352	886,381	962,637	1,021,529	1,018,178	1,030,657	-	-
Cemetery fees	-	23,400	20,200	8,500	7,600	21,900	18,500	13,000
Fines and forfeitures	212,981	217,695	327,839	401,093	566,318	529,899	541,228	388,554
Licenses and permits	124,288	120,820	118,725	121,030	126,336	127,572	124,856	132,852
Public safety	-	-	5,612	8,699	1,624	8,454	5,537	10,598
Rent	123,984	113,492	114,469	128,813	144,272	146,463	161,820	161,646
Operating grants and contributions	122,320	280,006	217,055	249,367	527,095	248,199	823,238	801,356
Capital grants and contributions	-	-	-	-	409,015	223,375	898,288	1,481,609
Total governmental activities program revenues	1,469,925	1,641,794	1,766,537	1,939,031	2,800,438	2,336,519	2,573,467	2,989,615
Business-type activities:								
Charges for services								
Water & Sewer	3,260,080	3,483,061	3,552,865	3,639,706	3,796,102	3,751,551	3,598,022	3,548,910
Electric	9,316,239	9,723,310	10,195,660	10,046,160	10,267,643	10,269,743	10,537,058	11,261,852
Sanitation	-	-	-	-	-	-	1,018,375	1,017,658
Capital grants and contributions	-	-	-	-	-	-	1,339,092	3,013,367
Total business-type activities program revenues	12,576,319	13,206,371	13,748,525	13,685,866	14,063,745	14,021,294	16,492,547	18,841,787
Total primary government program revenues	14,046,244	14,848,165	15,515,062	15,624,897	16,864,183	16,357,813	19,066,014	21,831,402

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

	2003	Restated 2004	2005	2006	2007	2008	2009	2010
Net (Expenses)/Revenue								
Governmental activities	$(4,586,240)	$(4,376,972)	$(4,313,338)	$(5,064,874)	$(4,364,356)	$(4,658,438)	$(3,645,821)	$(4,830,597)
Business-type activities	1,533,316	2,028,865	3,275,335	2,495,249	1,870,633	926,975	3,150,123	5,174,142
Total primary government net expense	(3,052,924)	(2,348,107)	(1,038,003)	(2,569,625)	(2,493,723)	(3,731,463)	(495,698)	343,545
General Revenue and Other Changes in Net Assets								
Governmental activities:								
Taxes								
Property taxes	773,375	842,223	854,243	847,104	857,612	797,439	806,282	827,426
Sales taxes	1,172,424	1,256,233	2,007,696	2,426,271	2,469,820	2,261,187	1,222,074	1,367,381
Franchise taxes	404,251	374,796	404,525	425,578	373,555	367,655	398,461	307,630
Insurance premiums taxes	318,992	438,097	471,432	493,135	514,395	526,717	521,775	506,611
Other taxes	282,586	289,042	282,094	338,259	327,877	335,031	319,443	320,293
Unrestricted grants and contributions	-	-	-	228,295	-	-	-	-
Interest revenue	7,481	26,487	103,180	161,332	204,273	176,526	123,181	58,012
Proceeds from sale of property	-	-	-	-	-	-	14,391	8,157
Miscellaneous	131,656	52,372	400,062	121,860	234,779	275,166	299,702	86,416
Transfers	1,422,377	1,637,552	1,223,063	1,234,256	1,260,067	1,296,539	1,000,000	1,446,111
Total government activities	4,513,142	4,916,802	5,746,295	6,276,090	6,242,378	6,036,260	4,705,309	4,928,037
Business-type activities								
Unrestricted grants and contributions	-	-	73,933	-	-	-	-	-
Interest revenue	92,624	84,312	284,311	416,988	701,622	537,813	338,631	383,769
Miscellaneous	378,699	240,931	37,285	38,558	-	13,791	-	-
Transfers	(1,422,377)	(1,637,552)	(1,223,063)	(1,234,256)	(1,260,067)	(1,296,539)	(1,000,000)	(1,446,111)
Total business-type activities	(951,054)	(1,312,309)	(827,534)	(778,710)	(558,445)	(744,935)	(661,369)	(1,062,342)
Total primary government	3,562,088	3,604,493	4,918,761	5,497,380	5,683,933	5,291,325	4,043,940	3,865,695
Change in Net Assets								
Governmental activities	(73,098)	539,830	1,432,957	1,211,216	1,878,022	1,377,822	1,059,488	97,440
Business-type activities	582,262	716,556	2,447,801	1,716,539	1,312,188	182,040	2,488,754	4,111,800
Total primary government	$ 509,164	$ 1,256,386	$ 3,880,758	$ 2,927,755	$ 3,190,210	$ 1,559,862	$ 3,548,242	$ 4,209,240

Note The city began to report accrual information when it implemented GASB Statement 34 in year 2003

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

	Program Revenues							
	2003	2004	2005	2006	2007	2008	2009	2010
Function/Program								
Governmental activities:								
General Government	$ 387,407	$ 514,318	$ 1,543,870	$ 1,898,229	$ 2,338,542	$ 1,940,926	$ 1,183,840	$ 964,061
Public Safety	212,981	217,695	5,612	40,802	41,646	30,175	36,253	185,961
Public Works	869,537	909,781	-	-	11,235	142,043	1,353,374	1,839,593
Economic Development	-	-	-	-	409,015	223,375	-	-
Subtotal government activities	1,469,925	1,641,794	1,549,482	1,939,031	2,800,438	2,336,519	2,573,467	2,989,615
Business-type activities								
Electricity	9,316,239	9,723,310	10,195,660	10,046,160	10,267,643	10,269,743	10,537,058	11,267,401
Water & Sewer	3,260,080	3,483,061	3,552,865	3,639,706	3,796,102	3,751,551	4,937,114	6,556,728
Sanitation	-	-	-	-	-	-	1,018,375	1,017,658
Subtotal business-type activities	12,576,319	13,206,371	13,748,525	13,685,866	14,063,745	14,021,294	16,492,547	18,841,787
Total primary government	$ 14,046,244	$ 14,848,165	$ 15,298,007	$ 15,624,897	$ 16,864,183	$ 16,357,813	$ 19,066,014	$ 21,831,402

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

	2003	Restated 2004	2005	2006	2007	2008	2009	2010
General Fund								
Reserved								
Prepayments	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 70,704
Unreserved	1,664,180	2,144,040	2,535,435	3,166,496	3,468,554	3,523,676	3,613,786	3,700,341
Total General Fund	1,664,180	2,144,040	2,535,435	3,166,496	3,468,554	3,523,676	3,613,786	3,771,045
All Other Governmental Funds								
Reserved								
Program purposes	-	-	-	-	-	-	192,834	-
Capital outlay	-	-	615,724	1,531,831	2,166,140	2,915,510	3,911,866	3,236,371
Public safety	-	-	-	-	-	-	6,989	17,887
Unreserved								
Special Revenue Funds	151,419	197,052	235,845	253,179	230,339	241,426	-	232,299
Capital projects funds	-	-	294,030	367,668	567,768	718,442	-	8,430
Total all other government funds	$ 151,419	$ 197,052	$ 1,145,599	$ 2,152,678	$ 2,964,247	$ 3,875,378	$ 4,111,689	$ 3,494,987

Note 1: The substantial increase in the reserved fund balance in 2005 is due to the SPLOST funds that began in June 2005.

Note 2: The increase in the unreserved fund balance for capital projects is due to the funds received for the development of the Greatest Generation Park.

Note 3: The City began tracking the change in fund balance account balances when it implemented GASB Statement 44 in year 2004.

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

	2003	2004	2005	2006	2007	2008	2009	2010
Revenues								
Property taxes	$ 773,375	$ 842,223	$ 832,471	$ 955,826	$ 792,745	$ 760,324	$ 893,218	$ 849,227
Sales taxes	1,172,424	1,256,233	2,007,696	2,426,271	2,469,820	2,261,187	1,222,074	1,367,381
Other taxes	1,005,829	1,101,935	1,158,051	1,256,972	1,215,827	1,229,403	1,239,679	1,134,534
Licenses and permits	124,288	120,820	118,725	121,030	126,336	127,572	124,856	132,852
Intergovernmental	122,320	280,006	217,055	255,054	936,110	471,574	1,721,526	2,243,471
Fines and forfeitures	212,981	217,695	333,451	409,792	567,942	538,353	546,765	399,152
Charges for services	1,010,336	909,781	982,837	1,030,029	1,025,778	1,052,557	18,500	13,000
Interest earnings	7,487	26,487	103,180	161,332	204,273	176,526	123,181	97,507
Rent	-	113,492	114,469	128,813	144,272	146,463	161,820	161,646
Donations	-	-	-	-	-	200,000	200,295	255
Other revenues	92,234	52,372	400,062	116,173	234,779	75,166	99,407	86,160
Total revenue	4,521,274	4,921,044	6,267,997	6,861,292	7,717,882	7,039,125	6,351,321	6,485,185
Expenditures								
General Government	1,011,427	1,092,826	2,858,399	3,051,608	3,446,276	3,819,928	2,670,934	2,770,564
Public Safety	2,771,439	2,734,562	2,299,980	2,447,639	2,603,913	2,698,239	2,727,019	2,756,897
Public Works	1,789,070	1,888,874	954,244	880,566	571,184	588,849	472,807	496,559
Economic Development	-	-	37,770	97,832	441,423	68,852	47,609	50,092
Miscellaneous	319,693	336,862	-	-	-	-	-	-
Capital outlay	-	-	24,845	28,671	816,427	210,246	1,032,302	2,198,369
Total expenditures	5,891,629	6,053,124	6,175,238	6,506,316	7,879,223	7,386,114	6,950,671	8,272,481
Excess of revenues over (under) expenditures	(1,370,355)	(1,132,080)	92,759	354,976	(161,341)	(346,989)	(599,350)	(1,787,296)
Other Financing Sources (Uses)								
Transfers from other funds	1,422,377	1,681,530	1,265,784	1,282,059	1,362,050	1,351,188	1,052,562	1,381,207
Transfers to other funds	-	(43,978)	(42,721)	(47,803)	(101,983)	(57,159)	(52,562)	(61,511)
Proceeds from sale of property	39,416	-	24,120	48,908	14,901	19,213	14,391	8,157
Total other financing sources (uses)	1,461,793	1,637,552	1,247,183	1,283,164	1,274,968	1,313,242	1,014,391	1,327,853
Net change in fund balances	$ 91,438	$ 505,472	$ 1,339,942	$ 1,638,140	$ 1,113,627	$ 966,253	$ 415,041	$ (459,443)

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

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

	Tax Revenues										
Fiscal Year	General Property	Motor Vehicle and Mobile Home	Local Option (LOST) Sales	Special Local Option (SPLOST) Sales	Intangible	Franchise	Insurance Premium	Real Estate Transfer	Alcoholic Beverage	Hotel/ Motel	Total
2001	$ 1,022,775	$ -	$ 1,285,553	$ -	$ 5,050	$ 542,043	$ 341,846	$ 4,798	$ 182,393	$ 62,107	$ 3,446,565
2002	873,284	74,459	1,199,262	-	6,184	500,225	376,468	5,112	198,470	61,846	3,295,310
2003	773,375	66,490	1,172,424	-	9,428	318,892	404,251	7,661	202,381	63,116	3,018,018
2004	842,223	61,392	1,256,233	-	10,407	374,796	438,097	3,456	201,941	73,238	3,261,783
2005	832,471	50,286	1,368,795	638,901	8,657	404,525	471,432	3,363	201,041	71,065	4,050,536
2006	963,772	51,683	1,482,836	914,051	16,785	425,578	493,135	3,461	198,373	67,773	4,617,447
2007	803,148	46,329	1,514,026	952,334	11,478	373,555	514,395	2,187	187,125	71,107	4,475,684
2008	767,404	52,750	1,392,274	866,988	5,883	353,646	526,717	2,909	209,161	73,795	4,251,527
2009	897,871	44,112	1,344,385	837,816	4,289	399,409	521,775	1,174	201,277	68,536	4,320,644
2010	835,962	43,898	1,359,520	751,867	3,717	306,320	506,611	1,148	199,690	71,840	4,080,573

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	
2001	$ 112,529,148	$ 281,322,870	$ 75,019,432	$ 187,548,580	$ 187,548,580	$ 466,871,450	4.59
2002	103,057,280	257,643,200	68,704,852	171,762,130	171,762,132	429,405,330	4.59
2003	95,289,158	238,222,896	63,526,106	158,815,264	158,815,264	397,038,160	4.59
2004	115,841,891	289,604,729	77,227,928	193,069,819	193,069,819	482,674,548	3.92
2005	130,782,760	326,956,902	87,188,508	217,971,268	217,971,268	544,928,170	3.83
2006	138,842,814	347,107,035	92,561,876	231,404,690	231,404,690	578,511,725	3.68
2007	140,356,723	350,891,807	93,571,148	233,927,871	233,927,871	584,819,678	3.66
2008	142,986,732	357,466,829	95,324,487	238,311,219	238,311,219	595,778,048	3.62
2009	139,593,495	348,983,738	93,062,330	232,655,825	232,655,825	581,639,563	3.62
2010	138,847,608	347,119,020	92,565,072	23,142,680	231,412,680	578,531,700	3.62

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)

	City Direct Rates			Overlapping Rates			
Fiscal Year	Basic Rate	General Obligation Debt Service	Total Direct Rate	State of Georgia	Upson County	City-County School System	Total
2001	4.59	0.00	4.59	0.25	12.97	16.61	34.42
2002	4.59	0.00	4.59	0.25	13.43	15.65	33.92
2003	4.59	0.00	4.59	0.25	15.43	15.65	35.92
2004	3.92	0.00	3.92	0.25	11.31	12.52	28.00
2005	3.83	0.00	3.83	0.25	13.31	13.46	30.85
2006	3.68	0.00	3.68	0.25	12.80	14.34	31.07
2007	3.66	0.00	3.66	0.25	12.72	15.03	31.66
2008	3.62	0.00	3.62	0.25	12.72	14.30	30.89
2009	3.62	0.00	3.62	0.25	12.72	14.30	30.89
2010	3.62	0.00	3.62	0.25	12.72	14.30	30.89

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 Six Years Ago

	2004				2010			
Taxpayer	Total Assessed Value	City Tax Levy	Rank	Percentage of Total City Tax Levy	Taxpayer	Total Assessed Value	City Tax Levy	Rank	Percentage of Total City Tax Levy
West Georgia Generating	$29,772,000	$116,706	1	14 11%	West Georgia Generating	$41,173,049	$149,046	1	16 93%
Wal-Mart Stores, Inc	6 901,673	27,054	2	3 27%	Wal-Mart Stores, Inc	6,492,476	23,503	2	2 67%
Yamaha Music Mfg , Inc	8,363,913	13,474	3	1 63%	Cellu Tissue - Previously Atlantic Paper & Foil	6,971,314	18,666	3	2 12%
One Four Five Associates	2,751,635	10,786	4	1 30%	Home Depot	4,076,505	14,756	4	1 68%
Quad Graphics (1)	2 494,593	9,779	5	1 18%	North Creek Shopping Center	3,252,350	11,774	5	1 34%
Georgia Windstream	2,390,486	9 371	6	1 13%	Bank of Upson	3,775,243	9,667	6	1 10%
Oracle Packaging Co of Georgia	3,406,333	7,999	7	0 97%	Standard Textiles	7,325,988	8,197	7	0 93%
Atlantic Paper & Foil (Atlantic Lakeside Properties)	2,441,765	7,000	8	0 85%	1888 Mills	6,041,024	5,575	8	0 63%
1888 Mills, LI C	4,243,612	4,956	9	0 60%	Georgia Windstream	1,440,898	5,216	9	0.59%
Royal Cord, Inc	2,284,876	3,294	10	0 40%	Ingles Market	1,398,609	3,780	10	0 43%

Source Upson County Tax Commissioner's Office

Note The city began tracking principle property tax data when it implemented GASB Statement 44

(1) According to the Upson County Tax Commissioner, all property owned by Quad Graphics was located in the county for 2005

Schedule 10
City of Thomaston
Property Tax Levies and Collections
Last Eight Years

Year	Total Tax Levy	Collected within the Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2003	$ 815,929	$ 618,234	75.77%	$ 197,611	$ 815,845	99.99%
2004	829,208	749,048	90.33%	80,090	829,138	99.99%
2005	881,590	778,706	88.33%	102,798	881,504	99.99%
2006	874,757	760,294	86.91%	114,194	874,488	99.97%
2007	917,470	734,117	80.02%	182,418	916,535	99.90%
2008	868,711	729,936	84.03%	129,587	859,523	98.94%
2009	879,011	768,774	87.46%	88,930	857,704	97.58%
2010	875,559	769,592	87.90%	-	769,592	87.90%

Source: Final Accounting Reports of the Upson County Tax Commissioner

Note: The City is providing beginning information with the first year of GASB 34 implementation - December 31, 2003.

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

	Sales Tax Distributions 2008	Percentage of Total	Sales Tax Distributions 2009	Percentage of Total	Sales Tax Distributions 2010	Percentage of Total
Food	$ 654,011	20.20%	$ 583,099	18.76%	$ 499,629	15.81%
Apparel	27,929	0.86%	-	0.00%	-	0.00%
General	741,029	22.89%	756,142	24.33%	701,768	22.21%
Automotive	626,490	19.35%	312,776	10.06%	217,124	6.87%
Home	135,209	4.18%	180,706	5.81%	102,795	3.25%
Lumber	97,658	3.02%	-	0.00%	-	0.00%
Misc. Service	271,629	8.39%	303,789	9.77%	290,046	9.18%
Manufacturers	97,646	3.02%	185,357	5.96%	243,661	7.71%
Utilities	396,233	12.24%	387,195	12.46%	348,522	11.03%
Miscellaneous	190,011	5.87%	-	0.00%	-	0.00%
Accommodations	-	0.00%	10,504	0.34%	19,306	0.61%
Construction	-	0.00%	3,291	0.11%	8,836	0.28%
Other Retail	-	0.00%	201,000	6.47%	307,742	9.74%
Other Services	-	0.00%	39,412	1.27%	55,386	1.75%
Wholesale	-	0.00%	145,207	4.67%	364,702	11.54%
Total	$ 3,237,845	100.00%	$ 3,108,478	100.00%	$ 3,159,517	100.00%

Note: Since the City of Thomaston does not have a city sales tax, all sales tax reported to the Georgia Department of Revenue is accumulated by commodity as Upson County. The above numbers are taken from commodity reports issued by the Georgia Department of Revenue for Upson County and represent the county as a whole.

The local option sales tax revenue for Upson County is shared by the City of Thomaston, the City of Yatesville, and Upson County. The distribution percent, as agreed on by the three governments, is 43% to the City of Thomaston, 2% to the City of Yatesville, and 55% to Upson County.

For 2009, the Georgia Department of Revenue made changes in the categories for classifying sales tax revenue. There was a change from using SIC Commodity Codes to NAICS Commodity Codes, which changed some of the above categories.

Schedule 12
City of Thomaston
Direct and Overlapping Sales Tax Rates
Last Ten Years

Fiscal Year	City Direct Rate	Upson County
2001	1.00% LOST	2.00% LOST & SPLOST
2002	1.00% LOST	3.00% LOST & SPLOST & ELOST (3)
2003	1.00% LOST	3.00% LOST & SPLOST
2004	1.00% LOST	3.00% LOST & SPLOST
2005	2.00% LOST & SPLOST (4)	2.00% LOST & SPLOST (4)
2006	2.00% LOST & SPLOST	3.00% LOST & SPLOST & ELOST (5)
2007	2.00% LOST & SPLOST	3.00% LOST & SPLOST & ELOST
2008	2.00% LOST & SPLOST	3.00% LOST & SPLOST & ELOST
2009	2.00% LOST & SPLOST	3.00% LOST & SPLOST & ELOST
2010	2.00% LOST & SPLOST	3.00% LOST & SPLOST & ELOST

LOST - Local Option Sales Tax
ELOST - Education Local Option Sales Tax
SPLOST - Special Purpose Local Option Sales Tax

Note: Although the City's direct sales tax rate is included in the County rate, the City receives the sales tax revenue for sales made within the City. The rate listed under the County is the rate that is added to the state sales tax rate to determine the total rate for the entire County.

(1) The LOST for the City of Thomaston and Upson County began on 7/1/1981 with no ending date.

(2) The 1% SPLOST began 4/1/2000 and ended 3/31/2005. Upson County received the SPLOST funds.

(3) The 1% ELOST began 7/1/2002 and ended 9/30/2005. Upson County received the ELOST funds.

(4) The 1% SPLOST began on 4/1/2005 and ends 3/31/2011. The City of Thomaston, the City of Yatesville and Upson County share the SPLOST funds.

(5) The 1% ELOST began 7/1/2006 and will continue until the $12 million ELOST is complete. Upson County receives the ELOST funds.

Schedule 13
City of Thomaston
Outstanding Debt by Type
Last Ten Years

Year	Governmental Activities	Business-type Activities		Total Primary Government	Total Debt Per Capita
	General Obligation Bonds	Water/Sewer Revenue Bonds	Water/Sewer Georgia Revolving Loan		
2001	$ -	$ -	$ 3,103,130	$ 3,103,130	$ 332
2002	-	11,200,000	2,902,605	14,102,605	1,518
2003	-	10,970,000	2,685,168	13,655,168	1,470
2004	-	10,675,000	2,457,903	13,132,903	1,414
2005	-	10,370,000	2,223,743	12,593,743	1,359
2006	-	10,060,000	1,982,478	12,042,478	1,318
2007	-	9,740,000	1,733,893	11,473,893	1,252
2008	-	9,410,000	1,477,767	10,887,767	1,185
2009	-	9,070,000	1,213,870	10,283,870	1,119
2010	-	8,720,000	941,966	9,661,966	1,054

Notes: The City of Thomaston issued $11,200,000 in revenue bonds in November 2002.

The City of Thomaston entered into a promissory note agreement with the Georgia Environmental Facilities Authority (GEFA) for a revolving loan in August 2001, for payments to begin in January 2002.

Schedule 14
City of Thomaston
Direct and Overlapping Governmental Activities Debt
As of December 31, 2010

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.

Category of Debt	Amount of Outstanding Debt
Direct:	
City's - General Obligation Debt (1)	$ -
Total Direct Debt	-
Overlapping (3)	
Upson County - General Obligation Debt (1)	-
- GEFA Loans (2)	3,789,726
- Capital Leases (4)	645,600
Total Overlapping Debt	4,435,326
Total Direct and Overlapping	$ 4,435,326

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) Approximately 36% of Upson County's debt is allocable to the City.

(4) The financial obligations under capital leases do not constitute general obligations to which the taxing power is pledged, but are subject to and dependent upon lawful appropriations of general revenues being made to pay the capital lease payments due in each year. Obligations under capital leases are from year to year only and do not constitute mandatory payment obligations in any year in which funds are not appropriated to pay the capital lease payments due in such year. Obligations under capital leases do not constitute debt for purposes of the constitutional debt limit.

Schedule 15
City of Thomaston
Legal Debt Margin Information
Last Ten Years

	Legal Debt Margin Calculation									
	2001	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Net Assessed Value	$187,548,580	$171,762,132	$158,815,264	$210,924,125	$217,971,268	$231,404,690	$233,927,871	$238,311,219	$232,655,825	$231,412,680
Debt Limit - 10% of Assessed Value	18,754,858	17,176,213	15,881,526	21,092,413	21,797,127	23,140,469	23,392,787	23,831,122	23,265,583	23,141,268
Debt Applicable to Limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	18,754,858	17,176,213	15,881,526	21,092,413	21,797,127	23,140,469	23,392,787	23,831,122	23,265,583	23,141,268
Legal debt margin as a percentage of the debt limit	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

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

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

	Public Utilities System Revenue Bonds						
		Less:	Net	Debt Service			
Year	Gross Revenue	Operating Expenses	Available Revenue	Principal	Interest	Total	Coverage
2001 (1)	$ 11,604,063	$ 8,632,565	$ 2,971,498	$ 40,395	$ 125,713	$ 166,108	17.89
2002	12,256,447	9,865,004	2,391,443	231,000	228,395	459,395	5.21
2003	12,576,319	9,839,789	2,736,530	230,000	498,183	728,183	3.76
2004	13,531,614	10,004,113	3,527,501	295,000	454,111	749,111	4.71
2005	14,056,809	9,692,810	4,363,999	305,000	446,736	751,736	5.81
2006	14,144,962	10,410,788	3,734,174	310,000	439,111	749,111	4.98
2007	14,761,500	11,414,549	3,346,951	320,000	431,361	751,361	4.45
2008	14,572,898	12,302,513	2,270,385	330,000	421,761	751,761	3.02
2009	15,620,473	12,003,246	3,617,227	340,000	411,861	751,861	4.81
2010	16,212,189	12,738,846	3,473,343	350,000	400,981	750,981	4.63

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.

(1) The $7,459,605 revenue note outstanding at December 31, 2001 was serviced by the Revenue Fund during 2002 until such time as the loan proceeds from the new Revenue Bond (November 2002) retired the balance of the note.

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

Year	Population	Per Capita Personal Income	Median Age	Unemployment Rate
2001	9,360	$ 19,981	37.4	11.0
2002	9,288	N/A	37.4	10.8
2003	9,288	N/A	37.4	N/A
2004	9,288	N/A	37.4	N/A
2005	9,265	N/A	N/A	N/A
2006	9,140	N/A	N/A	N/A
2007	9,165	N/A	N/A	N/A
2008	9,191	N/A	N/A	N/A
2009	9,191	17,535	37.4	12.6
2010	9,170	N/A	N/A	12.3

Notes: Population - From the U.S. Census Bureau as an estimate for the City of Thomaston.

Because numbers for the City of Thomaston are not readily available outside a census year, the amounts for 2009 for per capita income, median age and the unemployment rate are based on Upson County figures.

Per Capita Income - From the U.S. Census Bureau in 2008 inflation adjusted dollars.

Median Age - From the U.S. Census Bureau.

Unemployment Rate - From the Georgia Department of Labor.

N/A = Not Available

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

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

Employer	Number of Employees	2010 Rank
Thomaston/Upson County Schools	747	1
Upson Regional Medical Center	558	2
Wal-Mart	310	3
Upson County Government	206	4
Southern Crescent Technical College	200	5
Cellu Tissue - Thomaston LLC	153	6
Standard Textile Company	119	7
Providence Nursing Home	105	8
City of Thomaston	92	9
Clearview Nursing Home / Golden Living	92	10

Source: Thomaston-Upson County Chamber of Commerce

Note: The city began tracking principle employer data when it implemented GASB Statement 44.

Note 1: According to the Upson County Tax Commissioner, all property owned by Quad Graphics was located in the county for 2005.

Note 2: Innoware, previously Duni Corporation, is located in the county.

Note 3: Royal Cord, Inc. ceased operations.

Note 4: The Georgia Department of Transportation offices moved to the county during 2007.

Note 5: Yamaha Music Mfg. ceased operations in 2007.

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

Function/Program	Full Time Equivalent Employees as of December 31, 2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Administration	4	4	8	8	8	9	11	10	10	10
Finance	7	6	5	5	5	5	5	5	5	5
Down Town Development	1	1	1	1	1	1	1	1	1	1
Community Development	1	1	1	1	1	1	1	1	1	1
Electric Department	20	18	14	14	15	18	15	14	13	13
Fire Department	23	25	13	15	18	18	19	19	21	21
Police Department										
Officers	39	38	20	21	26	27	27	27	23	22
Civilians	7	8	3	3	3	3	2	3	3	3
Street Department	30	28	19	19	20	19	12	11	10	8
Water/Wastewater Department (Note 1)	25	25	25	25	25	25	25	25	24	21

Source: Payroll records

Note 1: The city's water and wastewater activities are contracted to Southwest Water, Inc. The water/wastewater personnel are employees of Southwest Water rather than the City of Thomaston.

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

Function/Program	2005	2006	2007	2008	2009	2010
General Government						
Building permits issued						
New Residential	22	22	23	7	5	3
New Commercial	3	5	7	6	6	4
Additional & Improvements - Residential	144	129	110	97	98	64
Additional & Improvements - Commercial	6	10	10	18	22	18
Police Department						
Physical arrests	2,808	3122	2741	1120	587	794
Citations	1,690	2758	2184	3648	2916	1853
Fire Department						
Emergency (EMS) responses	112	132	132	134	149	193
Fires extinguished	53	71	82	28	89	75
Street Department						
Streets resurfaced (miles)	0.82	0	1.38	0.43	0.34	0.92
Sidewalks replaced (miles)	N/A	0.29	1.96	0.54	0.07	0.06
Electric Department						
Lines replaced (miles)	0.62	2.38	2.16	5.45	0	2.62
Water Department						
New connections	33	30	31	23	10	6
Water main breaks	471	427	159	319	240	184
Average daily consumption (million gallons)	1.72	1.66	1.73	1.56	1.45	1.3
Based on water billed to customers						

Sources: Various city departments

Schedule 21
City of Thomaston
Capital Asset Statistics by Function/Program
Last Nine Years

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police Department									
Stations	1	1	1	1	1	1	1	1	1
Patrol cars	7	7	9	9	10	10	10	10	11
Fire Department									
Stations	2	2	1	1	1	1	1	1	1
Ladder Trucks	1	1	1	1	1	1	1	1	1
Pumper Trucks	3	3	3	3	2	2	3	3	3
Fire hydrants	N/A	N/A	N/A	587	608	608	600	600	600
City insurance rating	4	4	4	4	4	4	4	4	4
Electric Department (Note 1)									
Substations	4	4	4	4	4	4	4	4	4
Lines (miles)	76	76	76	81	81	98.73	98.73	99.54	99.54
Street Department									
Streets (miles)	N/A	51.01	51.01	51.56	51.63	52.24	52.24	52.61	52.61
Sidewalks (miles)	N/A	30.6	30.6	30.6	30.6	30.6	30.6	30.6	30.6
Water Department									
Water filter plants	1	1	1	1	1	1	1	1	1
Filtering capacity (MGD)	6	6	6	6	6	4.3	4.3	4.3	4.3
Water lines (miles)	N/A	79.41	80.36	81.24	81.49	82.16	82.74	83.28	83.66
Water tanks (above & underground)	13	12	12	12	12	10	10	10	10
Storage capacity (millions of gallons)	4.66	4.41	4.41	4.41	4.41	4.01	4.01	4.01	4.01
Wastewater									
Treatment plants	2	2	2	2	2	2	2	2	2
Total treatment capacity (MGD)	4	4	4	4	4	4	4	4	4
Sewer lines (miles)	66.29	66.29	66.29	66.29	66.29	66.67	66.67	67.11	67.11

Sources: Various city departments

Note 1: The city purchases all of the electricity for use and for resale from the Municipal Electric Authority of Georgia (MEAG) and Southeastern Power Administration (SEPA).

N/A - Not available

GOVERNMENTAL REPORTS

CITY OF THOMASTON, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2010

2004 Special Local Option Sales Tax Projects:	Original Estimated Cost	Expenditures			Estimated Percentage of Completion
		Prior Year(s)	Current Year	Total	
Sewer Projects	$ 2,282,760	$ 128,461	$ 58,097	$ 186,558	8.17%
Bell Creek Project	1,175,040	404,408	565,014	969,422	82.50%
Water & Wastewater Projects	1,175,040	232,135	65,400	297,535	25.32%
Beautification Projects	195,840	235,995	117,465	353,460	180.48%
Totals	$ 4,828,680	$ 1,000,999	$ 805,976	$ 1,806,975	

SINGLE AUDIT SECTION

CITY OF THOMASTON, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010

Federal/Grantor/Pass-Through Grantor/Program Title or Cluster Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Program or Award Amount	Federal Expenditures
U.S. Department of Transportation				
Direct Programs				
Federal Aviation Administration	AP 090-9000-31(293)	20.106	$ 949,776	$ 535,342
Total U.S. Department of Transportation				535,342
Environmental Protection Agency				
Passed through Georgia Environmental Protection Agency:				
ARRA - Westside Water Main Replacements	DWSRF 09-002	66.468	3,400,000	1,819,378
Total Environmental Protection Agency				1,819,378
U.S. Department of Housing and Urban Development				
Passed through Georgia Department of Community Affairs:				
Community Development Block Grant	04b-x-145-2-2946	14.218	800,000	36,703
ARRA - Community Development Block Grant	09-cr-5120	14.218	500,000	500,000
Community Development Block Grant	10p-x-145-2-5238	14.218	500,000	-
Subtotal Community Development Block Grant				536,703
Total U.S. Department of Housing and Urban Development				536,703
U.S. Department of Justice				
Direct Programs				
Federal Forfeiture Program	GA1450100	16.000	-	-
Total U.S. Department of Justice				-
Total Expenditures of Federal Awards				$ 2,891,423

The accompanying notes are an integral part of these financial statements

CITY OF THOMASTON, GEORGIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City of Thomaston, Georgia under programs of the federal government for the year ended December 31, 2010. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the City of Thomaston, Georgia, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City of Thomaston, Georgia.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 – SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the City of Thomaston, Georgia provided federal awards to subrecipients as follows:

CFDA Number	Program Name	Amount Provided to Subrecipients
20.106	Federal Aviation Administration	$ 535,342

CITY OF THOMASTON, GEORGIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

FEDERAL AWARD FINDINGS

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

NONE REPORTED

CLH&P CLIFTON, LIPFORD, HARDISON & PARKER, LLC

J. Russell Lipford, Jr., CPA
Mark O. Hardison, CPA
Terry I. Parker, CPA
Christopher S. Edwards, CPA
Lynn S. Hudson, CPA
Kevin E. Lipford, CPA

Member of
American Institute of
Certified Public Accountants
Truman W. Clifton (1902-1989)

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

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

We have audited 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, 2010, and have issued our report thereon dated June 23, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Thomaston, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Thomaston, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Thomaston, Georgia's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned cost, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned cost to be material weaknesses. 2010-01 and 2010-02

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

We noted certain matters that we reported to management of the City of Thomaston, Georgia in a separate letter dated June 23, 2011.

The City of Thomaston, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned cost. We did not audit the City of Thomaston, Georgia's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Macon, Georgia
June 23, 2011

CLH&P CLIFTON, LIPFORD, HARDISON & PARKER, LLC

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Truman W. Clifton (1902-1989)

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133*

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

Compliance

We have audited the City of Thomaston, Georgia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Thomaston, Georgia's major federal programs for the year ended December 31, 2010. The City of Thomaston, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Thomaston, Georgia's management. Our responsibility is to express an opinion on the City of Thomaston, Georgia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Thomaston, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Thomaston, Georgia's compliance with those requirements.

In our opinion, the City of Thomaston, Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

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Internal Control Over Compliance

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

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

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

This report is intended solely for the information and use of the audit committee, management, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Macon, Georgia
June 23, 2011

Chafin, Hall, Rice

CITY OF THOMASTON, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Section I – Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Identification of Major Programs:

CFDA Numbers	Name of Federal Program
Federal Aviation Administration	
20.106	Department of Transportation
Environmental Protection Agency	
66.468	ARRA – Westside Water Main Replacements
Community Development Block Grant	
14.218	ARRA - Department of Housing and Urban Development

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

Section II – Financial Statement Findings

Findings noted on the 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*:

2010-01 Recording of Expenses or Expenditures and Accounts Payable

CRITERIA
Year end procedures are necessary to ensure that expenses or expenditures and accounts payable are recorded in the appropriate period.

CONDITION
The City did not properly record all accounts payable at year end.

EFFECT
Material audit adjustments were needed to correct accounts payable balances for the year ended December 31, 2010 as follows:

- An audit adjustment of $43,624 was needed to record additional accounts payable and expenditures in the General Fund.
- Audit adjustments of $228,475 and $115,455 were needed to record additional accounts payable, retainage payable and expenses in the Water and Sewer Fund.
- An audit adjustment of $63,740 was needed to record additional accounts payable and expenses in the Electric Fund.
- An audit adjustment of $82,124 was needed to record additional accounts payable and expenses in the Sanitation Fund.

CAUSE
City employees did not complete the year end procedures necessary to identify all accounts payables.

RECOMMENDATION
The City should modify the closing procedures to insure the proper posting of accounts payable activity at year-end.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
Management concurs with the finding. The City will focus on properly recording accounts payable invoices as of the year end date.

2010-02 Capital Assets

CRITERIA
Accounting and control procedures should be designed to insure that capital asset activity is recorded and reported in the business-type activities financial statements. Capital asset records must be supported by detailed records that include location, department, cost, estimated useful life, depreciation and other detail supporting documentation.

CONDITION
The City had not properly posted all capital asset activity to the subsidiary ledgers.

EFFECT
Material audit adjustments were needed to fairly report capital asset information for the year ended December 31, 2010 as follows:

Water and sewer fund:

- Audit adjustments of $688,440 were needed to record the contributed capital and related construction/capital asset paid by the SPLOST Fund.
- Audit adjustments of $500,000 were needed to record the contributed capital and related construction/capital asset paid by the CDBG Fund.
- Net audit adjustments of $92,073 were needed to properly report construction on the West Side water line additions (adjustments included $504,559 reversal of prior year accounts payable, $157,442 accrual of current year accounts payable, $115,455 in retainage payable and $139,589 reclassification from expenses to capital assets).

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

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

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
Management concurs with the finding. An emphasis will be placed on recording all capital asset activity to the subsidiary ledgers.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

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