COMPREHENSIVE ANNUAL FINANCIAL REPORT

Town of Thunderbolt, Georgia

FOR THE FISCAL YEAR ENDED December 31, 2010

PREPARED BY
THE TOWN'S FINANCE DEPARTMENT


TOWN OF THUNDERBOLT
INCORPORATED
1856
GEORGIA
CHATHAM COUNTY

Town of Thunderbolt, Georgia

Annual Financial Report

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Town of Thunderbolt, Georgia

Annual Financial Report

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INTRODUCTORY SECTION


TOWN OF THUNDERBOLT
INCORPORATED
1856
GEORGIA
CHATHAM COUNTY

ANNA MARIA THOMAS
MAYOR

BOB THOMSON
TOWN ADMINISTRATOR

ROSE M. McCOMBS
CLERK/ZONING ADMINISTRATOR

CHARLES W. BARROW
TOWN ATTORNEY

COUNCIL MEMBERS

KIMBERLY CHAPPELL-STEVENS

JOHN CHEEKS, JR.

BETH E. GOETTE
MAYOR PRO-TEM

BOBBY J. HARDMAN

T. GEBEL SEESE

DAVID P. CRENSHAW

June 14, 2011

Citizens of Thunderbolt
Honorable Mayor
Members of Council

The Town Administrator's office is pleased to submit the Comprehensive Annual Financial Report of the Town of Thunderbolt, Georgia for the year ended December 31, 2010. The purpose of the report is to provide the Council, staff, the public and other interested parties with detailed information reflecting the Town's financial condition. This report also satisfies the state law to publish an annual audit within six months of the close of each fiscal year. Responsibility for both accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rest with the Town. To meet these responsibilities management has established a comprehensive framework of internal control. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Karp, Ronning & Tindol, Certified Public Accountants, have issued an unqualified ("clean") opinion on the Town of Thunderbolt, Georgia's financial statements for the year ended December 31, 2010. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The Town of Thunderbolt, Georgia is a small town which owes its name to a legend of a lightning strike that created a freshwater spring on the Wilmington bluff. The Town is located in Chatham County, Georgia adjacent to the City of Savannah. The Town encompassed an area of approximately 1.3 square miles and has a current population of 2,600.

Thunderbolt was a settlement which evolved into a shipping point for local plantation needs which also serviced the river traffic. In 1856, the Town of Thunderbolt was incorporated as Warsaw and then began its history as a processing port for the fishing community.

The Town Council appoints a Town Administrator to manage the Town on a daily basis and implement the policies and programs enacted by the Council. The Town Council also appoints a Town Clerk.

The Town provides a full range of municipal services, including general government, public safety (police and fire), parks and recreation, street and drainage maintenance, code enforcement, solid waste collection and disposal, and water and sewer utilities.

The criteria used by the Town for including activities in preparing its financial statements are set forth in GASB Statement No. 14. Based on these criteria, all municipal services listed above are included in the Town's financial statements. There are no entities which are considered to be component units of the Town.

The Town Council adopts and reports annual budgets for its general and special revenue funds as required by state law. The legal level of control (the level at which expenditures may not exceed appropriations) is at the department level.

Local Economy

The Town's economic base remained static during the 2010 fiscal year. Most of the commercial activity in the town is small retail businesses and restaurants, with the exception of a large nursing home and a small shipyard complex. Both employ about 100 people.

Long-term Financial Planning

Presently under the new SPLOST agreement for 2009-2014, we received a total of $59,362. The breakout is in two payments: $16,965 in November and $42,397 in December.

Major Initiatives

The Town is not currently engaged in any major initiatives: we are researching the possibility of a major renovation of our existing well and the feasibility of drilling a new well.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2009. In order to be awarded a Certificate of Achievement, the Town published an easily readable and efficiently organized Comprehensive Annual Financial Report. This was the fourth year the Town has received this award and we are proud to have maintained this standard of excellence.

The preparation of the Comprehensive Annual Financial Report could not be accomplished without the effective and dedicated services of the entire staff of the Finance Department. We express appreciation to all Town of Thunderbolt officials and employees who assisted and contributed to the preparation of this report.

Respectfully Submitted,



Linton H. Smith
Town Administrator/Finance Manager

Town of Thunderbolt, Georgia

Principal Officials

December 31, 2010

Mayor	Anna Maria Thomas
Town Administrator	Linton Smith
Town Clerk	Rose M McCombs
Finance Clerk	Molly Sims
Chief of Police	Irene Pennington
Chief of Fire	L. Carl Smith, Jr.
Director of Public Works	OMI/ Gary Johnson
Town Attorney	Charles W. Barrow

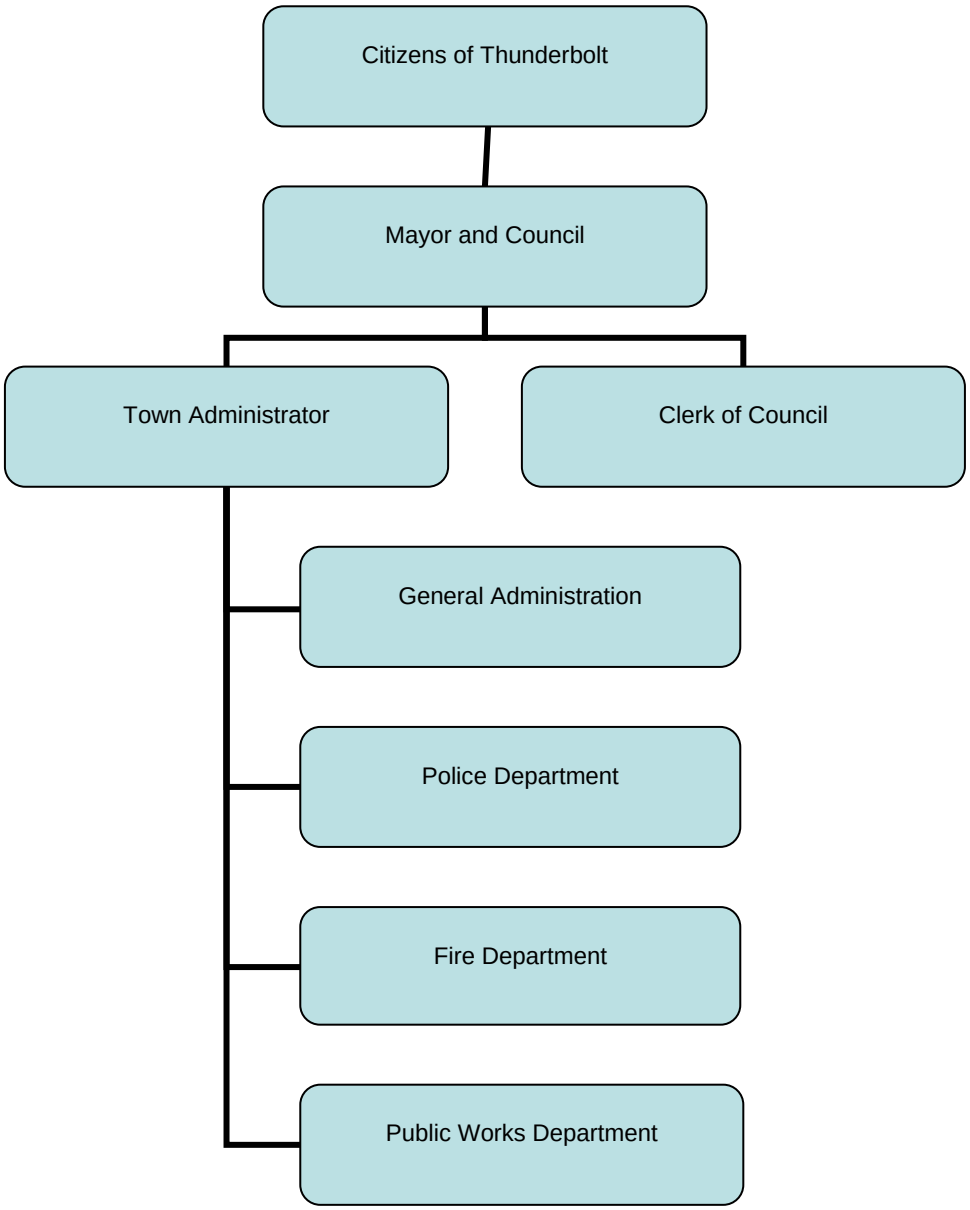
Town Council Members

Anna Maria Thomas	Mayor
John Henry, Mayor Pro-Tem	Chair - Fire
Beth E. Goette	Chair - Museum/ Senior Citizens
Sherry Phillips	Chair - Administration
John Cheeks	Chair - Public Works
Kimberly Chappell-Stevens	Chair - Police/ Municipal Court
David Crenshaw	Chair - Finance

Town of Thunderbolt, Georgia

Organizational Chart

December 31, 2010



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Thunderbolt

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


TOWN OF THUNDERBOLT
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CHATHAM COUNTY

FINANCIAL SECTION


TOWN OF THUNDERBOLT
INCORPORATED
1856
GEORGIA
CHATHAM COUNTY

KARP, RONNING & TINDOL
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the
Town Council
Town of Thunderbolt, 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 Town of Thunderbolt, Georgia (Town), as of and for the year ended December 31, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Town. 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 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 Town, as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, 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 a report dated June 14, 2011 on our consideration of the Town's internal control over financial reporting and 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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P.O. BOX 16149 SAVANNAH, GEORGIA 31416
912-232-0475 TEL 912-232-0478 FAX www.krtcpa.com

Required Supplementary Information

The Management's Discussion and Analysis and the required supplementary information other than Management's Discussion and Analysis beginning on page C-1 and E-1, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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.

Supplementary Data - Fund Schedules and State Mandated Program Information

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The supplementary data fund schedules and state mandated program information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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.

Introductory and Statistical Sections

The information identified in the table of contents as the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Town. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Karp, Ronaing & Tindal, P.C.

June 14, 2011

Management's Discussion and Analysis

Within this section of Town of Thunderbolt, Georgia (the Town) annual financial report, the Town's management is pleased to provide this narrative discussion and analysis of the financial activities of the Town for the calendar year ended December 31, 2010. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The Town's assets exceeded its liabilities by $7,793,068 (net assets) for the calendar year reported.
- Total net assets are comprised of the following:
  - (1) Capital assets, net of related debt, of $6,892,577 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  - (2) Net assets of $139,712 are restricted by constraints imposed from outside the Town such as debt covenants, grantors, laws, or regulations.
  - (3) Unrestricted net assets of $760,779 represent the portion available to maintain the Town's continuing obligations to citizens and creditors.
- The Town's governmental funds reported total ending fund balance of $845,248 this year. This compares to the prior year restated ending fund balance of $536,390 showing an increase of $308,858 during the current year. Unreserved fund balance of $630,353 for calendar year 2010 shows a $226,284 increase over the prior year.
- At the end of the current calendar year, unreserved fund balance for the General Fund was $621,898, or 31% of total General Fund expenditures.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the Town's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Town also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Town's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Town's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Assets*. This is the government-wide statement of position presenting information that includes all of the Town's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town as a whole is improving or deteriorating. Evaluation of the overall health of the Town would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of Town infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the Town's net assets changed during the current calendar year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

Both government-wide financial statements distinguish governmental activities of the Town that are principally supported by taxes from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Primary governmental activities include general government, judiciary, public safety, public works, health and welfare, culture and recreation, and long-term debt. Business type activities include the water and sewer system.

The government-wide financial statements are presented on pages D-1 & D-2 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of a budgetary comparison schedule in a later section of this report.

The Town has three kinds of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Town's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages D-3 – D-6 of this report.

Individual fund information is presented in a later section of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the Town charges customers a fee. The one Town proprietary fund is classified as an enterprise fund, which operates the Town's water, sewer and garbage functions. This enterprise fund essentially encompasses the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the Town organization for water and sewer utilities.

The basic enterprise fund financial statements are presented on pages D-7 – D-9 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town of Thunderbolt's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page D-10 of this report.

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page D-11 of this report.

Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the Town's budget presentation. A budgetary comparison schedule is included as "required supplementary information" for the general fund.

Financial Analysis of the Town as a Whole

The Town's net assets at calendar year-end are $7,793,068. The following table provides a summary of the Town's net assets:

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current assets	$ 1,113,238	$ 867,566	$ 1,765	$ 122,812	$ 1,115,003	$ 990,378
Capital assets	5,806,710	6,350,665	2,179,714	2,539,416	7,986,424	8,890,081
Total assets	6,919,948	7,218,231	2,181,479	2,662,228	9,101,427	9,880,459
Current liabilities	175,777	197,995	190,418	248,636	366,195	446,631
Long-term liabilities	766,581	1,075,103	178,583	195,887	945,164	1,270,990
Total liabilities	942,358	1,273,098	369,001	444,523	1,311,359	1,717,621
Net assets:						
Invested in capital assets - net of related debt	4,927,843	5,327,967	1,964,734	2,343,529	6,892,577	7,671,496
Restricted	139,712	53,706	-	-	139,712	53,706
Unrestricted (deficit)	910,035	563,460	(149,256)	(125,824)	760,779	437,636
Total net assets	$ 5,977,590	$ 5,945,133	$ 1,815,478	$ 2,217,705	$ 7,793,068	$ 8,162,838

The Town reported positive balances in net assets for both governmental and business-type activities. Net assets decreased $14,097 for governmental activities and decreased by $384,727 for business-type activities. The decrease in net assets in governmental activities and business-type activities is a result of the disposal of numerous capital assets.

Note that approximately 82% of the governmental activities' net assets are in the invested in capital assets net of related debt category. The Town uses these capital assets to provide services to its citizens. Capital assets in the business-type activities also provide water, sewer and garbage services, which generates revenues for this fund.

The following table provides a summary of the Town's changes in net assets:

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenue						
Program revenue:						
Charges for services	$ 523,875	$ 579,884	$ 1,024,361	$ 687,655	$ 1,548,236	$ 1,267,539
Operating grants and contributions	13,597	-	-	-	13,597	-
Capital grants and contributions	31,515	6,446	5,000	-	36,515	6,446
General revenue:						
Taxes	1,774,546	1,728,526	-	-	1,774,546	1,728,526
Grants and contributions not restricted to specific programs	99,794	-	-	-	99,794	-
Other	36,892	29,818	43,700	54,300	80,592	84,118
Loss on disposal of assets	(98,813)	-	(309,333)		(408,146)	-
Total revenue	2,381,406	2,344,674	763,728	741,955	3,145,134	3,086,629
Program expenses:						
General government	645,839	762,101	-	-	645,839	762,101
Judiciary	124,176	130,087	-	-	124,176	130,087
Public safety	946,705	983,655	-	-	946,705	983,655
Public works	489,378	728,230	-	-	489,378	728,230
Health and welfare	68,646	59,665	-	-	68,646	59,665
Culture and recreation	56,428	56,210	-	-	56,428	56,210
Housing and development	126	1,581	-	-	126	1,581
Interest on long-term debt	46,947	54,535	-	-	46,947	54,535
Water, sewer and garbage	-	-	1,165,713	946,493	1,165,713	946,493
Total program expenses	2,378,245	2,776,064	1,165,713	946,493	3,543,958	3,722,557
Excess (deficiency)	3,161	(431,390)	(401,985)	(204,538)	(398,824)	(635,928)
Transfers	(17,258)	-	17,258	-	-	-
Change in net assets	(14,097)	(431,390)	(384,727)	(204,538)	(398,824)	(635,928)
Beginning net assets, restated	5,991,687	6,376,523	2,200,205	2,422,243	8,191,892	8,798,766
Ending net assets	$ 5,977,590	$ 5,945,133	$ 1,815,478	$ 2,217,705	$ 7,793,068	$ 8,162,838

Governmental Revenues

The Town is heavily reliant on taxes to support governmental operations and capital. Taxes provided approximately 75% of the Town's total governmental revenues. About 41% of these taxes relate to the general sales and use tax. Property taxes are the largest revenue source with over $895 thousand of revenues or 37% of total revenue. We have been able to earn $1,874 in interest earnings to support governmental activities. Also, note that program revenues cover only 24% of governmental operating expenses. This means that the government's taxpayers and the Town's other general governmental revenues fund 76% of the governmental activities. As a result, the general economy and the Town businesses have a major impact on the Town's revenue streams.

Governmental Functional Expenses

The general government, public safety, and public works functions make up over 88% of the total governmental activities expenses.

This table presents the cost of each of the Town's functions, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the Town's taxpayers by each of these functions.

	Governmental Activities			
	Total Cost of Services		Net Cost of Services	
	2010	2009	2010	2009
General government	$ 645,839	$ 762,101	$ 397,132	$ 635,301
Judiciary	124,176	130,087	(148,520)	(117,482)
Public safety	946,705	983,655	925,331	978,909
Public works	489,378	728,230	463,168	521,015
Health and welfare	68,646	59,665	68,646	59,665
Culture and recreation	56,428	56,210	56,428	56,210
Housing and developments	126	1,581	126	1,581
Interest on long-term debt	46,947	54,535	46,947	54,535
Total program expenses	$ 2,378,245	$ 2,776,064	$ 1,809,258	$ 2,189,734

After reducing gross expenses by program revenues, general government costs a total of 22% of the net cost of services and public safety costs total 52% of these costs. Public works accounts for 26% of the total net cost of services.

Business-Type Activities

Revenues vs. Costs

The sole enterprise fund is the Town's water, sewer and garbage program. The operating revenues for this fund increased $324,363 or 26% over 2009 and operating expenses decreased $178,599 or 5% under 2009. The increase in revenue is a result of management's decision to transfer all garbage functions into the enterprise fund during the fiscal year. The decrease in expenses is attributed to fewer repair costs to aging infrastructure.

During the 2010 fiscal year the fund reported an operating loss of $88,580 and a net decrease in net assets of $384,727. In 2009, this fund reported an operating loss of $197,294 and a net decrease in net assets of $204,538.

Financial Analysis of the Town's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, current financial resource measurement focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of $845,248. Of this year-end total, $630,353 is unreserved indicating availability for continuing Town service requirements. Reserved fund balance include: assets not available for current expenditure totaling $83,638, and $131,257 committed to approved special purpose local option sales tax capital projects.

The total ending fund balances of governmental funds show an increase of $308,858 for the year 2010. This compares to a decrease in 2009 of $101,421. The current year increase is attributed to payroll and associated benefits reduction and tighter administrative controls.

Major Governmental Funds

The General Fund is the Town's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased by $222,852. In calendar year 2009, the fund balance decreased $75,013.

The general fund's local option sales taxes increased $57,385, or 9% compared to calendar year 2009. This increase reflects a slight uptick in the economy. Fines and forfeitures increased $25,127 or 9% due to more activity in enforcement and a more efficiently run court. Other taxes increased by $4,754, or less than 1%.

Most other revenue streams were consistent with those in 2009 except the two SPLOST payments which occurred in November and December that are previously mentioned.

Public safety expenditures decreased $100,823 or 12% when compared to 2009. Reductions in overtime, contract services and vehicle maintenance caused this reduction. Debt service was reduced from $129,456 to $89,898.

The General Fund's ending unreserved fund balance experienced an increase of $264,383 over the prior year from $357,515 to $621,898. This amount represents the equivalent of 26% of annual expenditures. This balance is retained primarily for cash flow purposes and to cover any unforeseen emergencies.

The Proprietary Fund

The enterprise fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. Therefore, our financial analysis is presented above.

Budgetary Highlights

The revenue budget in the General Fund experienced an increase of $29,700 or 1%. In total, the Town realized 101% of the final estimated revenues, which was consistent with 2009.

General Fund original budget expenditures were decreased by less than 1% or $17,140. The 2010 original expenditure budget was $2,253,309 and the adjusted expenditure budget was $2,236,169.

Capital Assets and Debt Administration

Capital Assets

The Town's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of December 31, 2010, was $5,806,710 and $2,179,714 respectively. The total decrease in this net investment was 8.6% for governmental activities. The business-type activities reported a decrease of 14.2% due to depreciation and the deletion if several water wells that are no longer in service. The overall decrease was 10.2% for the Town as a whole. See Note 2-C for additional information about changes in capital assets during the calendar year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Non-depreciable assets:						
Land	$ 300,800	$ 300,800	$ -	$ -	$ 300,800	$ 300,800
Total non-depreciable assets	300,800	300,800	-	-	300,800	300,800
Depreciable assets:						
Buildings and improvements	5,510,854	5,719,198	4,037,590	4,621,413	9,548,444	10,340,611
Machinery, equipment and vehicles	1,168,370	1,608,842	247,080	47,095	1,415,450	1,655,937
Infrastructure	1,211,307	1,211,307	-	-	1,211,307	1,211,307
Total depreciable assets	7,890,531	8,539,347	4,284,670	4,668,508	12,175,201	13,207,855
Less accumulated depreciation	2,384,621	2,489,482	2,104,956	2,129,092	4,489,577	4,618,574
Book value - depreciable assets	5,505,910	6,049,865	2,179,714	2,539,416	7,685,624	8,589,281
Precentage depreciated	30%	29%	49%	46%	37%	35%
Book value - all assets	$ 5,806,710	$ 6,350,665	$ 2,179,714	$ 2,539,416	$ 7,986,424	$ 8,890,081

At December 31, 2010, the depreciable capital assets for governmental activities were 30% depreciated. This compares to 29% for December 31, 2009. This comparison indicates that the Town is replacing its assets at approximately the same rate as they are depreciating which is a positive indicator.

With the Town's business type activities, 49% of the asset values were depreciated at December 31, 2010 compared to 46% at December 31, 2009.

Long-term Debt

Governmental Activities:

At the end of the calendar year, the Town had capital lease obligations outstanding of $43,824 and general obligation bonds totaling $835,043.

Business-type Activities:

The Town had GEFA loans of $195,887 at the beginning of the year in water and sewer operations and retired $14,749 of the loans leaving a balance of $181,138.

See Note 2-F for additional information about the Town's long-term debt.

Economic Conditions Affecting the Town

The Town is a small community to the east of the City of Savannah in Chatham County, which is situated along with Intercoastal Waterway – Wilmington River. Our community's population is 2,600. Our community make up is 48% Caucasian, 43% African American, 5% Asian, 3% Hispanic and 1% other. A significant portion of our community is retired and on a fixed income, the median family income in this community is $41,207 with a median home value of $175,000.

Noting the significant portion of the population being of retirement age and on a fixed income, it provides a challenge to continue to provide services to this community with the constantly rising cost of providing services. We have approximately 1,100 homes and of that, nearly 460 receive some type of property tax exemption. The Town's operating budget is a little over $2.0 million.

Contacting the Town's Financial Management

The financial report is designed to provide a general overview of the Town's finances, comply with finance-related laws and regulations, and demonstrate the Town's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Town's Administrator at 2821 River Drive, Thunderbolt, GA 31404.

BASIC FINANCIAL STATEMENTS


TOWN OF THUNDERBOLT
INCORPORATED
1856
GEORGIA
CHATHAM COUNTY

GOVERNMENT-WIDE FINANCIAL STATEMENTS


TOWN OF THUNDERBOLT
INCORPORATED
1856
GEORGIA
CHATHAM COUNTY

Town of Thunderbolt, Georgia

Statement of Net Assets

December 31, 2010

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	$ 553,447	$ 23,567	$ 577,014
Receivables	342,968	45,508	388,476
Internal balances	124,730	(124,730)	-
Prepaid	83,638	-	83,638
Restricted assets			
Cash and investments	8,455	57,420	65,875
Capital assets			
Land, improvements, and construction in progress	300,800	-	300,800
Other capital assets, net of depreciation	5,505,910	2,179,714	7,685,624
Total assets	6,919,948	2,181,479	9,101,427
LIABILITIES			
Accounts payable	34,308	84,169	118,477
Accrued interest	19,506	-	19,506
Other liabilities	-	57,420	57,420
Unearned revenue	-	9,432	9,432
Long-term liabilities:			
Due within one year	121,963	36,397	158,360
Due in more than one year	766,581	178,583	945,164
Total liabilities	942,358	366,001	1,308,359
NET ASSETS			
Invested in capital assets, net of related debt	4,927,843	1,964,734	6,892,577
Restricted for			
Capital projects	131,257	-	131,257
Other purposes	8,455	-	8,455
Unrestricted	910,035	(149,256)	760,779
Total net assets	$ 5,977,590	$ 1,815,478	$ 7,793,068

The accompanying notes are an integral part of the financial statements.

Town of Thunderbolt, 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: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-Type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Governmental activities:							
General government	$ 645,839	$ 247,907	$ 800	$ -	$ (397,132)		$ (397,132)
Judiciary	124,176	272,696	-	-	148,520		148,520
Public safety	946,705	2,817	12,797	5,760	(925,331)		(925,331)
Public works	489,378	455	-	25,755	(463,168)		(463,168)
Health and welfare	68,646	-	-	-	(68,646)		(68,646)
Culture and recreation	56,428	-	-	-	(56,428)		(56,428)
Housing and development	126	-	-	-	(126)		
Interest on long-term debt	46,947	-	-	-	(46,947)		(46,947)
Total governmental activities	2,378,245	523,875	13,597	31,515	(1,809,258)		(1,809,132)
Business-type activities:							
Water and Sewer	1,165,713	1,024,361	-	5,000	-	$ (136,352)	(136,352)
Total business-type activities	1,165,713	1,024,361	-	5,000	-	(136,352)	(136,352)
Total	$ 3,543,958	$ 1,548,236	$ 13,597	$ 36,515	(1,809,258)	(136,352)	(1,945,484)
General revenues:							
Taxes:							
Property taxes for general purposes					895,896	-	895,896
Sales taxes for general purposes					678,670	-	678,670
Selective sales and use taxes					74,014	-	74,014
Business and occupation taxes					125,966	-	125,966
Grants and contributions not restricted to specific programs					99,794	-	99,794
Unrestricted investment earnings					1,574	300	1,874
Miscellaneous					35,318	43,400	78,718
Loss on disposal of capital assets					(98,813)	(309,333)	(408,146)
Transfers					(17,258)	17,258	-
Total general revenues					1,795,161	(248,375)	1,546,786
Change in net assets					(14,097)	(384,727)	(398,824)
Net assets - beginning, restated					5,991,687	2,200,205	8,191,892
Net assets - ending					$ 5,977,590	$ 1,815,478	$ 7,793,068

The accompanying notes are an integral part of the financial statements.

FUND FINANCIAL STATEMENTS


TOWN OF THUNDERBOLT
INCORPORATED
1856
GEORGIA
CHATHAM COUNTY

Town of Thunderbolt, Georgia

Governmental Funds

Balance Sheet

December 31, 2010

	General	Special Purpose Local Option Sales Tax Fund	Non-major Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 485,683	$ 67,764	$ -	$ 553,447
Receivables	302,536	40,432	-	342,968
Due from other funds	124,730	23,061	-	147,791
Prepaid items	83,638	-	-	83,638
Restricted cash	-	-	8,455	8,455
Total assets	$ 996,587	$ 131,257	$ 8,455	$ 1,136,299
Liabilities and fund balances				
Liabilities				
Accounts payable	$ 34,308	$ -	$ -	$ 34,308
Due to other funds	23,061	-	-	23,061
Deferred revenue	233,682	-	-	233,682
Total liabilities	291,051	-	-	291,051
Fund equity				
Fund balances:				
Reserved for:				
Prepaid items	83,638	-	-	83,638
Capital projects	-	131,257	-	131,257
Unreserved, undesignated reported in:				
General fund	621,898		-	621,898
Special revenue fund	-	-	7,147	7,147
Debt service fund	-	-	1,308	1,308
Total fund balances	705,536	131,257	8,455	845,248
Total liabilities and fund balances	$ 996,587	$ 131,257	$ 8,455	$ 1,136,299

Town of Thunderbolt, Georgia

Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities

December 31, 2010

Total Governmental Fund Balances		$ 845,248
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds. However, in the statement of net assets the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense.		
Cost of capital assets	$ 8,191,331	
Less: accumulated depreciation	(2,384,621)	5,806,710
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds balance sheet.		
Property taxes	108,135	
Occupational licenses	79,160	
Franchise taxes	46,387	233,682
Long-term and related liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet.		
General obligation bonds	(835,043)	
Capital leases	(43,824)	
Accrued interest	(19,506)	
Compensated absences	(9,677)	(908,050)
Net Assets of Governmental Activities		$ 5,977,590

Town of Thunderbolt, Georgia

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended December 31, 2010

	General	Special Purpose Local Option Sales Tax Fund	Non-major Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 1,821,392	$ -	$ -	$ 1,821,392
Licenses and permits	166,910	-	-	166,910
Intergovernmental	31,975	100,112	7,147	139,234
Charges for services	5,109	-	-	5,109
Fines and forfeitures	272,696	-	-	272,696
Investment earnings	1,572	22	2	1,596
Miscellaneous	40,968	-	-	40,968
Total revenues	2,340,622	100,134	7,149	2,447,905
Expenditures				
Current				
General government	630,197	-	22	630,219
Judicial	124,176	-	-	124,176
Public safety	874,287	-	-	874,287
Public works	280,900	-	-	280,900
Health and welfare	57,181	-	-	57,181
Culture and recreation	14,661	-	-	14,661
Housing and development	126	-	-	126
Capital Outlay	-	20,920	-	20,920
Debt Service				
Principal	19,898	-	70,000	89,898
Interest	4,269	-	44,805	49,074
Total expenditures	2,005,695	20,920	114,827	2,141,442
Excess (deficiency) of revenues over (under) expenditures	334,927	79,214	(107,678)	306,463
Other financing sources (uses)				
Transfers in	-	-	114,805	114,805
Transfers out	(114,805)	(335)	-	(115,140)
Sale of surplus property	2,730	-	-	2,730
Total other financing sources (uses)	(112,075)	(335)	114,805	2,395
Net changes in fund balances	222,852	78,879	7,127	308,858
Fund balances at beginning of year, restated	482,684	52,378	1,328	536,390
Fund balances at end of year	$ 705,536	$ 131,257	$ 8,455	$ 845,248

The accompanying notes are an integral part of the financial statements.

Town of Thunderbolt, 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 change in Fund Balances - Total Governmental Funds		$ 308,858
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period:		
Capital outlays	$ 20,920	
Depreciation expense	(392,476)	(371,556)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes, sales taxes, franchise taxes, and occupational licenses:		
Deferred at 12/31/10	233,682	
Deferred at 12/31/09	(201,368)	32,314
The net effect of various miscellaneous transactions involving capital assets is to decrease net assets.		
Net book value of assets disposed during the year		(101,543)
Accrued interest reported in the statement of activities does not require the use of current financial resources and therefore is not reported as an expenditure in governmental funds.		
Accrued interest at 12/31/10	(19,506)	
Accrued interest at 12/31/09	21,633	2,127
The net effect of the transfer of governmental capital assets and capital leases to the enterprise fund is to decrease net assets		(16,923)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
General obligation bonds	70,000	
Capital leases	19,898	89,898
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences at 12/31/10	(9,677)	
Compensated absences at 12/31/09	52,405	42,728
Change in Net Assets of Governmental Activities		$ (14,097)

Town of Thunderbolt, Georgia

Proprietary Fund

Statement of Net Assets

December 31, 2010

	2010
ASSETS	
Current assets:	
Cash and cash equivalents	$ 23,567
Receivables (net of allowance)	45,508
Restricted cash and investments	57,420
Total current assets	126,495
Noncurrent assets:	
Depreciable capital assets, net of depreciation	2,179,714
Total assets	2,306,209
LIABILITIES	
Current liabilities:	
Accounts payable	84,169
Due to other funds	124,730
Deferred revenue	9,432
Customer deposits payable	57,420
Capital lease payable	21,075
Notes payable	15,322
Total current liabilities	312,148
Noncurrent liabilities:	
Capital lease payable	12,767
Notes payable	165,816
Total noncurrent liabilities	178,583
Total liabilities	490,731
NET ASSETS	
Invested in capital assets, net of related debt	1,964,734
Unrestricted	(149,256)
Total net assets	$ 1,815,478

The accompanying notes are an integral part of the financial statements.

Town of Thunderbolt, Georgia

Proprietary Fund

Statement of Revenues, Expenses, and Changes in Fund Net Assets

For the Year Ended December 31, 2010

Operating revenues	
Charges for services	$ 1,024,361
Other income	43,400
Total operating revenues	1,067,761
Operating expenses	
Contractual services	971,057
Materials and supplies	64,059
Depreciation	121,225
Total operating expenses	1,156,341
Operating income (loss)	(88,580)
Nonoperating revenues (expenses)	
Investment earnings	300
Interest expense	(9,372)
Loss on disposal of capital assets	(309,333)
Total nonoperating revenues (expenses)	(318,405)
Income before transfers	(406,985)
Contributions	21,923
Transfers	335
Change in net assets	(384,727)
Net assets, beginning of year, restated	2,200,205
Net assets, end of year	$ 1,815,478

Town of Thunderbolt, Georgia

Proprietary Fund

Statement of Cash Flows

For the Year Ended December 31, 2010

Cash flows from operating activities:		
Cash received from customers	$	1,031,387
Cash payments to suppliers for goods and services		(1,088,065)
Net cash provided (used) by operating activities		(56,678)
Cash flows from noncapital financing activities:		
Interfund transfers		335
Interfund borrowings (repayments)		91,243
Net cash provided (used) by noncapital financing activities		91,578
Cash flows from capital and related financing activities:		
Capital Contribution		21,923
Net transfer of capital assets and related capital lease		(16,923)
Principal payments on debt		(34,840)
Interest payments on debt		(9,372)
Net cash (used) by capital and related financing activities		(39,212)
Cash flows from investing activities:		
Interest earned on cash and investments		300
Net cash provided (used) by investing activities		300
Net increase (decrease) in cash and cash equivalents		(4,012)
Cash and cash equivalents, beginning of year		84,999
Cash and cash equivalents, end of year	$	80,987
Operating income (loss)	$	(88,580)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		121,225
Change in assets and liabilities:		
Decrease (increase) in accounts receivables		(31,297)
Decrease (increase) in prepaid items		8,258
(Decrease) Increase in accounts payable and accrued liabilities		(61,207)
(Decrease) increase in deferred revenue		(8,829)
(Decrease) increase in customer deposits		3,752
Total adjustments		31,902
Net cash provided (used) by operating activities	$	(56,678)

Town of Thunderbolt, Georgia

Fiduciary Fund

Statement of Fiduciary Assets and Liabilities

For the Year Ended December 31, 2010

	Municipal Court Fund
Assets	
Cash	$ 7,151
Total assets	$ 7,151
Liabilities	
Due to others	$ 7,151
Total liabilities	$ 7,151

Town of Thunderbolt, Georgia

Notes to the Basic Financial Statements

December 31, 2010

Note 1 Summary of Significant Accounting Policies

A. Financial Reporting Entity
B. Government-wide and Fund Financial Statements
C. Measurement Focus, Basis of Accounting and Basis of Presentation
D. Assets, Liabilities, and Net Assets or Equity

Note 2 Detail Notes on Funds and Activities

A. Cash and Investments
B. Accounts Receivable
C. Capital Assets
D. Interfund Transactions and Balances
E. Capital Leases
F. Long-term Debt

Note 3 Other Information

A. Employee Pension Plans
B. Risk Management
C. Commitments and Contingencies
D. New Fund
E. Prior Period Adjustments


TOWN OF THUNDERBOLT
INCORPORATED
1856
GEORGIA
CHATHAM COUNTY

Note 1 – Summary of Significant Accounting Policies

The Town complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are 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 Government 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 Town has elected not to follow subsequent private-sector guidance. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The Town's financial reporting entity comprises the following:

Primary Government: Town of Thunderbolt, Georgia

In determining the financial reporting entity, the Town complies with the provisions of GASB Statement No. 14, "The Financial Reporting Entity," and includes all component units of which the Town appointed a voting majority of the units' board; the Town is either able to impose its will on the unit or a financial benefit or burden relationship exists.

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the Town Council or the component unit provides services entirely to the Town. These component units' funds are blended into those of the Town's by appropriate activity type to compose the primary government presentation. Currently, the Town has no blended component units.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the Town has no discretely presented component units.

Membership in Regional Development Center

Under Georgia law, the Town is a member of the Coastal Georgia Regional Development Center and is required to pay annual dues thereto. During its year ended December 31, 2010, the Town paid $2,502 in such dues. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes five members from the Chatham County governments: the Mayors of the Cities of Savannah, Port Wentworth and Tybee Island and two commissioners of Chatham County, Georgia. Therefore, the Town of Thunderbolt has no direct representation on the Board. The total board membership is 37. Other county representation is as follows: Bryan - 3, Bulloch - 5, Camden - 4, Effingham - 4, Glynn - 5, Liberty - 5, Long - 3 and McIntosh - 3. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Management believes that the RDC is currently accumulating sufficient financial resources to meet its financial obligations. Separate financial statements may be obtained from:

Coastal Georgia Regional Development Center
P.O. Box 1917
Brunswick, Georgia 31521

Note 1 – Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. *Government 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 Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recognized when earned and expenses are recognized 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and 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 government considers revenues to be available if they are collected within thirty days after year-end. Expenditures generally are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as, expenditures related to compensated absences and claims and judgments, are recorded when they are due.

Property taxes, sanitation fees, sales tax, franchise fees, grants from other governments, and interest on investments are susceptible to accrual. Revenues from fines, forfeits and penalties become measurable and available when cash is received by the Town and are recognized as revenue at that time.

The Town reports the following major governmental funds:

- The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the government, except those required to be accounted for in another fund.
- The *Special Purpose Local Option Sales Tax Fund* is used to account for resources restricted for the acquisition or construction of specific capital projects or items. The reporting entity includes only one capital project fund and it is used to account for the acquisition of capital assets with the 1% special purpose local option sales tax (SPLOST) proceeds.

Note 1 – Summary of Significant Accounting Policies (continued)

The Town reports the following major enterprise fund:

- The *Water, Sewer and Garbage Fund* accounts for water, sewer and garbage services provided to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service.

Additionally, the Town reports the following fund types:

Governmental Funds

- The *Debt Service Fund*, a fund type to account for resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds. The Town has one debt service fund that accounts for the debt service payments related to the general obligation bonds issued in 1998. The debt service is funded by transfers from the general fund.
- The *Special Revenue Fund*, a fund type used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The *Police Department Asset Forfeiture Fund* accounts for all activities associated with the Town's participation in the U.S. Department of Justice Equitable Sharing Program.

Fiduciary Funds

- The *Municipal Court Fund*, a fund type to account for assets held in a trustee or agency capacity for others and therefore are not available to support Town programs. The Town has one agency fund that accounts for the receipts and disbursements of funds by the Town's municipal court activities.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions to this general rule are charges for sales and purchases of goods and services between the Town's water and sewer function and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are 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 GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The Town has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expense from nonoperating items. Operating revenues and expense generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water, Sewer and Garbage Fund are charges to customers for services provided. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Note 1 – Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments

The Town'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.

State statutes authorize the Town to invest in obligations of or obligations guaranteed by the U.S. Government and agencies or corporations of the U.S. Government; obligations of any state; obligations of any political subdivision of any state; certificates of deposit or time deposits of any national state bank or savings and loan which have deposits insured by the FDIC or FSLIC; prime bankers acceptances; repurchase agreements; and the Local Government Investment Pool of the State of Georgia (Georgia Fund 1). Investments are reported at fair value.

Receivables

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property taxes, grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange revenues collectible but not available are deferred in the fund financial statements. Accounts receivable comprise the majority of proprietary fund receivables. Trade receivables are shown net of an allowance for uncollectibles.

Property taxes are levied as of January 1 on property values assessed on the same date. A millage rate of 6.377mills was adopted on August 11, 2010. Tax bills were rendered on September 20, 2010 and are considered past due 60 days after the respective tax billing date at which time the applicable property is subject to lien and penalties and interest are assessed.

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.

Capital Assets

General capital assets are capital assets, which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds.

General capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary fund are reported both in the business-type activities column of the government-wide statement of net assets and in the respective fund.

Note 1 – Summary of Significant Accounting Policies (continued)

General infrastructure assets acquired prior to July 1, 2003 are not reported in the basic financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to July 1, 2003.All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are reported at their fair market value as of the date received. The Town maintains a capitalization threshold of one thousand dollars ($1,000). The Town is only required to report major general infrastructure assets prospectively. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. 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.

All capital assets are depreciated, except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Building and improvements.....	5 - 50 years	
Machinery and equipment.....	3 - 20 years	3 - 20 years
Vehicles.....	4 - 15 years	4 - 15 years
Public domain infrastructure.....	20 years	
Water and sewer system.....		50 years

Compensated Absences

It is the Town's policy to permit employees to accumulate earned but 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 (when material) 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.

Long-term Obligations

In the government-wide financial statements and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or business-type activities 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 straight-line method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. The Town did not have any premiums, discounts or issuance costs related to any outstanding bonds.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is 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.

Note 1 – Summary of Significant Accounting Policies (continued)

Equity Classifications

Equity is classified as net assets and displayed in three components in the government-wide financial statements.

- *Invested in capital assets, net of related debt* consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- *Restricted net assets* consist of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- *Unrestricted net assets* consists of all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that may affect the amounts reported in the financial statements and the related notes. Accordingly, actual results could differ from these estimates.

Note 2 – Detailed Notes on Funds and Activities

A. Cash and Investments

Deposits

At year-end the carrying amount of the Town's deposits was $649,630 and the bank balance was $771,128. As of December 31, 2010 the entire bank balance was insured and collateralized with securities held by the pledging financial institution's agent in the Town's name.

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to the Town. The Official Code of Georgia Annotated (OCGA) Section 45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by a surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to not less than 110% of the public funds being secured after the deduction of the amount of depository insurance. The Town has no custodial credit risk policy that would require additional collateral requirements.

Note 2 – Detailed Notes on Funds and Activities (continued)

Reconciliation of financial statements to notes:

Basic financial statements:		
Cash and cash equivalents.....	$	634,434
Restricted cash		8,455
Agency fund.....		7,151
Total.....	$	650,040
Notes to financial statements:		
Cash on hand.....	$	410
Deposits.....		649,630
Total.....	$	650,040

B. Accounts Receivable

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

Receivable	General Fund	SPLOST Fund	Water, Sewer and Garbage Fund	Total
Taxes.....	$ 243,539	$ -	$ -	$ 243,539
Accounts.....	60,723	-	47,886	108,609
Intergovernmental.....	-	40,432	-	40,432
Gross receivables	304,262	40,432	47,886	392,580
Less:				
Allowance for uncollectibles.....	(1,726)	-	(2,378)	(4,104)
Net receivables.....	$ 302,536	$ 40,432	$ 45,508	$ 388,476

All accounts receivable are expected to be collected within the subsequent fiscal year.

Note 2 – Detailed Notes on Funds and Activities (continued)

C. Capital Assets

Capital asset activity for the year ended December 31, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Non-Depreciable Assets:					
Land	$ 300,800	$ -	$ -	$ -	$ 300,800
Depreciable Assets:					
Buildings and improvements	5,719,198	-	(208,344)	-	5,510,854
Machinery, equipment and vehicles	1,608,842	20,920	(261,407)	(199,985)	1,168,370
Infrastructure	1,211,307	-	-	-	1,211,307
Sub-total assets	8,840,147	20,920	(469,751)	(199,985)	8,191,331
Accumulated Depreciation					
Buildings and improvements	(985,491)	(207,481)	112,431	-	(1,080,541)
Machinery, equipment and vehicles	(1,149,475)	(124,429)	255,777	129,129	(888,998)
Infrastructure	(354,516)	(60,566)	-	-	(415,082)
Sub-total accumulated depreciation	(2,489,482)	(392,476)	368,208	129,129	(2,384,621)
Total Governmental Activities	6,350,665	(371,556)	(101,543)	(70,856)	5,806,710
Business-Type Activities:					
Depreciable Assets:					
Buildings and improvements	4,621,413	(99,789)	(484,034)	-	4,037,590
Machinery, equipment and vehicles	47,095	-	-	199,985	247,080
Sub-total assets	4,668,508	(99,789)	(484,034)	199,985	4,284,670
Accumulated Depreciation					
Buildings and improvements	(2,081,997)	(142)	174,701	-	(1,907,438)
Machinery, equipment and vehicles	(47,095)	(21,294)	-	(129,129)	(197,518)
Sub-total accumulated depreciation	(2,129,092)	(21,436)	174,701	(129,129)	(2,104,956)
Total Business-Type Activities	2,539,416	(121,225)	(309,333)	70,856	2,179,714
Total Capital Assets	$ 8,890,081	$ (492,781)	$ (410,876)	$ -	$ 7,986,424

On January 1, 2010 the Town's management elected to transfer its garbage and sanitation operations from the General Fund into the Water, Sewer, and Garbage enterprise fund. Therefore, the transfer above represents the Town's garbage and sanitation equipment that was moved from the General Fund into the Water, Sewer and Garbage enterprise fund.

Note 2 – Detailed Notes on Funds and Activities (continued)

Depreciation expense was charged to governmental activities as follows:

General government.....	$	36,984
Public safety.....		93,782
Public works.....		208,478
Health and welfare.....		11,465
Culture and recreation.....		41,767
Total depreciation expense.....	$	392,476

D. Interfund Transactions and Balances

Interfund receivable and payable balances at December 31, 2010, are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water, Sewer and Garbage Fund	$ 124,730
SPLOST Fund	General Fund	23,061
		$ 147,791

These balances represent loans between the borrower fund and the lender fund. These balances resulted from the time lag between the dates that 1) interfund goods or services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. Interfund receivables and payables are reported in the fund financial statements; however, they are eliminated in the government-wide financial statements if the interfund loan is between governmental funds.

A summary of interfund transfers by fund type is as follows:

Transfer Out	Transfer In	Amount
General Fund	Non-major Governmental Fund	$ 114,805
SPLOST Fund	Water, Sewer and Garbage Fund	335
		$ 115,140

Interfund transfers are used to 1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, 2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and 3) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group.

Note 2 – Detailed Notes on Funds and Activities (continued)

E. Capital Leases

The Town has entered into lease agreements as lessee for financing of equipment and vehicles used in governmental activities. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date within the governmental activities.

The assets acquired through capital lease are as follows:

	Governmental Activities	Business-Type Activities
Machinery and Equipment.....	$ 87,400	$ 96,818
Less: Accumulated depreciation.....	(10,925)	(33,425)
Total.....	$ 76,475	$ 63,393

The following is a schedule of the future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at December 31, 2010.

Year Ending December 31,	Governmental Activities	Business-Type Activities
2011	$ 24,104	$ 22,237
2012	24,104	12,972
Total minimum lease payments.....	48,208	35,209
Less: amount representing interest.....	(4,384)	(1,367)
Present value of minimum lease payments.....	$ 43,824	$ 33,842

F. Long-term Debt

General Obligation Bonds

On September 1, 1998, the Town issued General Obligation Bonds, Series 1998, in the face amount of $1,400,000 with an interest rate of 5.15%. The proceeds were used to acquire, construct and equip a municipal complex and related facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. Payment of principal and interest on these bonds are secured by and payable from ad valorem taxes to be levied in the Town.

Annual debt service requirements to maturity for the general obligation bonds are as follows:

Year Ending December 31,	Principal	Interest	Total
2011	$ 70,000	$ 41,200	$ 111,200
2012	75,000	37,466	112,466
2013	80,000	33,475	113,475
2014	85,000	29,226	114,226
2015	90,000	24,720	114,720
2016 - 2019	435,043	46,479	481,522
Total.....	$ 835,043	$ 212,566	$ 1,047,609

Note 2 – Detailed Notes on Funds and Activities (continued)

Georgia Environmental Facilities Authority (GEFA) Loans

During 2005 the Town entered into a loan agreement with GEFA, a state agency. The GEFA makes low interest long-term loans to fund improvements to publicly owned water and sewer systems.

The Town has the following GEFA loan outstanding at year end:

Contract Number	Original Amount	Interest Rate	Balance 12/31/2010
2004-L11WQ	$ 250,609	3.82%	$ 181,138

Annual debt service requirements to maturity for the GEFA loan is as follows:

Year Ending December 31,	Principal	Interest	Total
2011	$ 15,322	$ 6,653	$ 21,975
2012	14,558	5,586	20,144
2013	16,487	5,487	21,974
2014	18,587	5,218	23,805
2015	16,329	3,814	20,143
2016 - 2020	99,855	9,990	109,845
Total.....	$ 181,138	$ 36,748	$ 217,886

Changes in Long-Term Liabilities

	Beginning Balance	Additions	Reductions	Transfer	Ending Balance	Amounts Due Within One Year
Governmental Activities:						
General obligation bonds.....	$ 905,043	$ -	$ 70,000	$ -	$ 835,043	$ 70,000
Capital leases.....	117,655	-	19,898	(53,933)	43,824	42,286
Compensated absences.....	52,405	20,791	63,519	-	9,677	9,677
Total Governmental Activities	$ 1,075,103	$ 20,791	$ 153,417	$ (53,933)	$ 888,544	$ 121,963
Business-Type Activities:						
GEFA loans.....	$ 195,887	$ -	$ 14,749	$ -	$ 181,138	$ 15,322
Capital leases.....	-	-	20,091	53,933	33,842	21,075
Total Business-Type Activities	$ 195,887	$ -	$ 34,840	$ 53,933	$ 214,980	$ 36,397

The general obligation bonds are being retired by the debt service fund. The capital lease and note obligations of the Town's governmental funds will be financed through future general fund expendable available sources as they become due. Principal and interest payments related to the Town's GEFA note will be financed from income derived from the water and sewer fund. For governmental activities, compensated absences are liquidated by the general fund.

On January 1, 2010 the Town's management elected to move its garbage and sanitation operations from the General Fund into the Water, Sewer, and Garbage enterprise fund. Therefore, the transfer above represents the garbage truck capital lease was transferred from the General Fund into the Water, Sewer and Garbage enterprise fund.

Note 3 – Other Information

A. Employee Pension Plan

Retirement Plan – The Town of Thunderbolt Retirement Plan is an agent multiple employer defined benefit plan covering all full time employees. The Town Council has authorized the Town's participation in this pension plan. The plan is administered by the Georgia Municipal Employees Benefit System (GMEBS).

Summary of Plan, Eligibility, and Benefits – Participating employers include various municipalities in the State of Georgia. Employees who earn benefit credits while employed by one participating employer may transfer the credits to any other participating employer.

Essentially all regular employees of the Town are eligible as members of the GMEBS, after one year of service. Generally, a member's retirement pension benefits vest after 5 years of service. Members are eligible for normal retirement benefits at age 65 with 5 years of service. For normal retirement, benefit payments are based on the member's last 5-year average annual salary (average final compensation) times 1.25% prior to March 1, 2001 and 1.50% on or after March 1, 2001, multiplied by the length of service (years and months).

All active participants of the plan are eligible for disability benefits from their first day of plan participation. Disability benefit payments are calculated in the same manner as retirement benefits, except that disability benefits are not less than 20% of the monthly average earnings of the last 12 months.

Benefits described above are in summary form and, accordingly, not all conditions, limitations, and restrictions are mentioned. Benefit provisions are established by the Public Retirements Systems Standards Law (Georgia Code Section 47-20-10) and the Town of Thunderbolt Ordinance, Section 2-803, wherein benefits are defined and described in detail. Administrative costs are paid by the plan.

As of July 1, 2010, the date of the latest actuarial valuation, the number of participants was as follows:

Retirees and beneficiaries receiving benefits.....	23
Terminated plan members entitled to but not yet receiving benefits.....	22
Active plan members.....	20
Total membership.....	65

The GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for the retirement plan. That report may be obtained by writing though GMEBS, 201 Pryor Street, Atlanta, Georgia 30303 or calling (404) 688-0472.

Contributions and Funding Policy – The Plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). Plan participants are not required to contribute to the plan. The Town is required to contribute at an actuarially determined rate; the current rate is 12.98% of annual covered payroll the contribution requirements of the Town are established and may be amended by the GMEBS Board of Trustees.

The actuarial value of assets is part of the GMEBS actuarial funding policy. It produces an adjusted actuarial value of assets. The smoothing technique gradually incorporates investment performance that exceeds or falls short of the expected rate of return of 8.00%, which is the valuation's investment return assumption. The actuarial value of assets is determined by rolling forward prior year's actuarial value with contributions, disbursements, and expected return on investments, plus 10% of investment gains (losses) during 10 prior years.

Note 3 – Other Information (continued)

Annual Pension Cost – For 2010, the Town's annual pension costs of $71,115 for the Town of Thunderbolt's Retirement Plan (the "Plan") were equal to the Town's required and actual contributions. The required contribution was determined as part of the July 1, 2009 and July 1, 2010 actuarial valuations using the projected unit credit cost method and asset valuation method for developing the actuarial value of assets. The actuarial assumptions included a 7.8% rate of return on investments. The actuarial assumptions include projected salary increases for inflation of 3.5% per year.

Post-retirement benefit increases were not included. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1981 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions, and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year.

Actuarial Assumptions and Methods

Economic Assumptions

Interest rate	7.8%
Annual rates of increase in salaries	11% for the first year of service, 7% for the second year of service, 6.5% for the third year of service, 6.25% for the fourth year of service, and 6% for the fifth year of service. For subsequent years, increased follow table of rates:

Age	Rate (%)
20	6.00
25	6.00
30	5.67
35	5.33
40	5.00
45	4.83
50	4.67
55	4.50
60	4.00

Future Social Security wage bases	3.5%
Inflation rate	3.5%

Demographic Assumptions

Mortality Rates	
Healthy:	RP - 2000 Combines Mortality Table
Disabled:	RP - 2000 Disabled Retiree Mortality Table
Plan termination basis:	1994 Group Annuity Reserving Table

Termination

	Rate (%)				
Age	Male Mortality	Female Mortality	Male Disability	Female Diability	Turnover
20	0.04	0.02	0.06	0.04	25.80
25	0.04	0.02	0.06	0.05	19.80
30	0.06	0.03	0.06	0.06	15.60
35	0.09	0.05	0.06	0.06	12.15
40	0.12	0.08	0.14	0.08	9.45
45	0.17	0.12	0.22	0.11	7.80
50	0.27	0.19	0.34	0.17	5.85
55	0.70	0.31	0.49	0.36	3.30
60	0.88	0.58	0.66	0.57	-

Note 3 – Other Information (continued)

Actuarial Assumptions and Methods

Retirement	Employees: 65 with 5 years of service Officials and MLOs: 65
Form of payment	Life annuity
Actuarial Methods	
Normal Cost and Actuarial Accrued Liability	Projected Unit Credit
Actuarial Value of Assets	Sum of actuarial value at beginning of year and the increase in cost value during year excluding realized appreciation or losses This value is adjusted by 10% of the amount that it exceeds or is less than the market value at end of year. The actaurial value is adjusted, if necessary, to be within 50% of market value for 2009, 44% of market value for 2010, 38% of market value for 2011, 32% market value for 2012, 26% of market value for 2013, and 20% of market vale for 2014 and later years.

Trend Information – Trend information, which gives an indication of the progress made in accumulating sufficient assets to pay benefits when due, is presented below.

Fiscal Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed
12/31/2008	$ 36,241	100 %
12/31/2009	47,462	100
12/31/2010	71,115	100

Fund Status and Funding Progress – As of July 1, 2010, the most recent actuarial valuation date, the actuarial value of assets was $841,032; the actuarial accrued liability for benefits was $1,346,579; the unfunded actuarial liability was $405,547; the plan was 69.88% funded; the covered payroll (annual payroll of active employees covered by the plan) was $547,973; and the ratio of the UAAL to the covered payroll was 74.01%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

B. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; and workers compensation for which the Town carries the following insurance coverages. There were no significant reductions of insurance coverage compared to the prior year. Settled claims have not exceeded coverage in any of the past three fiscal years.

Note 3 – Other Information (continued)

Risk Pools

The Town joined the Georgia Interlocal Risk Management Agency (GIRMA). Insurance coverage and deductible options for property, casualty and crime under the policy are selected by Town's management based on the anticipated needs. The Town is required to pay all premiums, applicable deductibles and assessments billed by GIRMA, as well as following loss reduction and prevention procedures established by GIRMA. GIRMA's responsibility includes paying claims, and representing the Town in defense and settlement of claims. GIRMA's basis for estimating the liabilities for unpaid claims is "IBNR" established by an actuary. The Town has not compiled a record of the claims paid up to the applicable deductible for the prior year or the current fiscal year. The Town is unaware of any claims which the Town is liable (up to the applicable deductible) which were outstanding and unpaid at December 31, 2010. No provisions have been made in the financial statements for the year ended December 31, 2010 for any estimate of potential unpaid claims.

The Town has elected to be a member of the Georgia Municipal Association Workers' Compensation Self-Insurance Fund (GMAWCSIF), a risk management agency created under Georgia law. As a participant in the GMAWCSIF, the Town has no legal obligation to pay its own workers' compensation claims. The Town is required to make an annual contribution to the fund in an amount that is determined on the basis of actuarial projections of losses. With payment of the Town's annual contribution, the Town has effectively transferred the risk and responsibility for payment of its workers' compensation claims. However, the enabling statute creating the GMAWCSIF permits the fund to levy an assessment upon its members to make up any deficiency the fund may have in surplus or reserves. No amount has been recorded in the financial statements for this contingency as management believes the likelihood for assessment is remote.

Self Insurance

The Town pays unemployment claims to the state department of labor on a reimbursement basis. Liabilities for such claims are immaterial and are not accrued.

C. Commitments and Contingencies

The Town receives a number of grants that are subject to program compliance audits by the grantors. Noncompliance with the terms and provisions of these grant agreements could result in contingent liabilities to the grantor agencies.

The Town attorney is not aware of any pending or threatening claims of litigation of a material nature in relation to the overall financial statements.

D. New Fund

During the fiscal year the Town established a new special revenue fund. The *Police Department Asset Forfeiture Fund* accounts for all activities associated with the Town's participation in the U.S. Department of Justice Equitable Sharing Program.

Note 3 – Other Information (continued)

E. Prior Period Adjustments

During the fiscal year, the Town's management elected to write-off prior year accrued payables within the General Fund. Additionally, management elected to write-off water, sewer and garbage customer receivables that are determined to be uncollectible. The effects of the adjustments are as follows:

	General Fund	Governmental Activities
Beginning balance.....	$ 436,130	$ 5,945,133
Prior period adjustment:		
Correction to accrued payables.....	46,554	46,554
Restated beginning balance	$ 482,684	$ 5,991,687

	Water, Sewer and Garbage Fund	Business-type Activities
Beginning balance.....	$ 2,217,705	$ 2,217,705
Prior period adjustment:		
Correction to accounts receivable	(17,500)	(17,500)
Restated beginning balance	$ 2,200,205	$ 2,200,205

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION & ANALYSIS


TOWN OF THUNDERBOLT
INCORPORATED
1856
GEORGIA
CHATHAM COUNTY

Town of Thunderbolt, Georgia

General Fund

Budgetary Comparison Schedule

For the Year Ended December 31, 2010

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes	$ 1,831,859	$ 1,752,059	$ 1,821,392	$ 69,333
Licenses and permits	128,457	172,457	166,910	(5,547)
Intergovernmental revenues	-	31,175	31,975	800
Charges for services	27,187	27,187	5,109	(22,078)
Fines and forfeitures	246,637	281,337	272,696	(8,641)
Investment earnings	2,171	1,471	1,572	101
Miscellaneous	7,000	12,325	40,968	28,643
Total revenues	2,243,311	2,278,011	2,340,622	62,611
Expenditures:				
Current operating:				
General governmental				
Mayor and Council	45,800	39,900	35,844	4,056
General and administrative	630,364	644,164	594,353	49,811
Judicial				
Municipal court	139,710	139,710	124,176	15,534
Public safety				
Police	603,061	602,671	575,516	27,155
Fire	321,270	306,918	298,771	8,147
Public works				
Streets and highways	294,405	283,057	280,900	2,157
Health and welfare				
Senior Citizens	50,520	56,520	57,181	(661)
Culture and recreation				
Youth and recreation	11,425	5,175	5,093	82
Museum	11,450	11,450	9,568	1,882
Housing and development				
Planning and zoning	500	500	126	374
Debt service:				
Principal	19,898	19,898	19,898	-
Interest	10,103	11,402	4,269	7,133
Total expenditures	2,138,506	2,121,365	2,005,695	115,670
Excess (deficiency) of revenues over (under) expenditures	104,805	156,646	334,927	178,281
Other financing sources (uses):				
Transfers out	(114,805)	(114,805)	(114,805)	-
Sale of surplus property	10,000	5,000	2,730	(2,270)
Total other financing sources (uses)	(104,805)	(109,805)	(112,075)	(2,270)
Net change in fund balance	-	46,841	222,852	176,011
Fund balance, beginning of year	482,684	482,684	482,684	-
Fund balance, end of year	$ 482,684	$ 529,525	$ 705,536	$ 176,011

I. Budgetary Information

A. Budgets and Budgetary Accounting

State law requires the Town to adopt by ordinances or resolutions an annual balanced budget for the general fund and the debt service fund. A budget is balanced when the sum of estimated revenues and appropriated fund balance is equal to appropriations. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget is the department level within each individual fund. Appropriations lapse at year-end.

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

1. During the month of August, department heads prepare budget requests to submit to the Town Administrator.
2. The Town Administrator reviews the budget requests during September.
3. Committee meetings are held during October.
4. Town Council holds budget hearings and approves the budget in November with a final budget adopted prior to December 31.
5. Amendments to the budget must be approved by the Town Council. The Town Administrator may approve budget transfers within departments.
6. Formal budgetary integration is employed for the general fund and the debt service fund on a basis consistent with generally accepted accounting principles. Project length budgets are adopted for the capital projects funds.

Supplemental appropriations and decreases in budget appropriations were properly approved by the Town Council. For the year ended December 31, 2010, the following supplemental increases and decreases in appropriations were approved:

Fund Type	Original Appropriation	Supplemental Appropriation	Supplemental Decreases	Final Appropriation
General Fund	$ 2,138,506	$ -	$ 17,141	$ 2,121,365

B. Excess of Expenditures Over Appropriation in Individual Funds

General Fund:

Senior citizens.....	$ 661

Town of Thunderbolt, Georgia

Required Supplementary Information – Schedule of Funding Progress

December 31, 2010

The City contributes to the Georgia Municipal Employees Benefit System (GMEBS), a state-wide, agent multiple-employer defined benefit plan. The amounts reflected herein represent the City's portion as reported by GMEBS.

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Unfunded (Surplus) AAL (UAAL) (2)-(1)	(5) Annual Covered Payroll	(6) UAAL (Funding Surplus) as a Percentage of Covered Payroll
7/1/2008	1,368,053	1,214,325	112.7%	(153,728)	511,250	(30.1)%
7/1/2009	941,032	1,346,579	69.9%	405,547	547,973	74.0%
7/1/2010	1,183,886	1,379,817	85.8%	195,931	599,876	32.7%


TOWN OF THUNDERBOLT
INCORPORATED
1856
GEORGIA
CHATHAM COUNTY

SUPPLEMENTARY DATA – FUND SCHEDULE AND STATE MANDATED PROGRAM INFORMATION


TOWN OF THUNDERBOLT
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CHATHAM COUNTY

Town of Thunderbolt, Georgia

Combining Balance Sheet

Nonmajor Governmental Funds

For the Year Ended December 31, 2010

	Police Department Asset Forfeiture Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Assets			
Restricted cash	$ 7,147	$ 1,308	$ 8,455
Total assets	7,147	1,308	8,455
Fund equity			
Fund balances:			
Unreserved, undesignated reported in:			
Special revenue fund	7,147	-	7,147
Debt service fund	-	1,308	1,308
Total fund balances	$ 7,147	$ 1,308	$ 8,455

Town of Thunderbolt, Georgia

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended December 31, 2010

	Police Department Asset Forfeiture Fund	Non-major Debt Service Fund	Total Nonmajor Governmental Funds
Revenues			
Intergovernmental	$ 7,147	$ -	$ 7,147
Investment earnings	-	2	2
Total revenues	7,147	2	7,149
Expenditures			
Current			
General government	-	22	22
Debt Service			
Principal	-	70,000	70,000
Interest	-	44,805	44,805
Total expenditures	-	114,827	114,827
Excess (deficiency) of revenues over (under) expenditures	7,147	(114,825)	(107,678)
Other financing sources (uses)			
Transfers in	-	114,805	114,805
Total other financing sources (uses)	-	114,805	114,805
Net changes in fund balances	7,147	(20)	7,127
Fund balances at beginning of year, restated	-	1,328	1,328
Fund balances at end of year	$ 7,147	$ 1,308	$ 8,455

Town of Thunderbolt, Georgia

Police Department Asset Forfeiture Fund

Budgetary Comparison Schedule

For the Year Ended December 31, 2010

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	$ -	$ -	$ 7,147	$ 7,147
Total revenues	-	-	7,147	7,147
Net change in fund balance	-	-	7,147	7,147
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ -	$ -	$ 7,147	$ 7,147

Town of Thunderbolt, Georgia

Debt Service Fund

Budgetary Comparison Schedule

For the Year Ended December 31, 2010

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Investment income	$ -	$ -	$ 2	$ 2
Total revenues	-	-	2	2
Expenditures:				
Current				
General government	-	-	22	(22)
Debt service:				
Principal	70,000	70,000	70,000	-
Interest	44,805	44,805	44,805	-
Total debt service	114,805	114,805	114,805	-
Total expenditures	114,805	114,805	114,805	-
Excess (deficiency) of revenues over (under) expenditures	(114,805)	(114,805)	(114,803)	2
Other financing sources (uses):				
Transfers in	114,805	114,805	114,805	-
Total other financing sources (uses)	114,805	114,805	114,805	-
Net change in fund balance	-	-	2	2
Fund balance, beginning of year	1,371	1,371	1,328	(43)
Fund balance, end of year	$ 1,371	$ 1,371	$ 1,330	$ (41)

Town of Thunderbolt, Georgia

Municipal Court Agency Fund

Statement of Changes in Assets and Liabilities

For the Year Ended December 31, 2010

	Balance December 31, 2009	Addtions	Deletions	Balance December 31, 2010
Assets				
Cash.....	$ 7,472	$ 84,538	$ 84,859	$ 7,151
Total assets.....	$ 7,472	$ 84,538	$ 84,859	$ 7,151
Liabilities				
Due to others.....	$ 7,472	$ 84,538	$ 84,859	$ 7,151
Total liabilities.....	$ 7,472	$ 84,538	$ 84,859	$ 7,151

Town of Thunderbolt, Georgia

Schedule of Expenditures of

Special Purpose Local Option Sales Tax Proceeds (2003 Resolution)

For the Year Ended December 31, 2010

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Cumulative Total
Drainage	$ 725,000	$ 725,000			
Phase V capital improvements			$ 918,732	$ -	$ 918,732
Isle of Armstrong improvements			422,223	-	422,223
Public Safety	100,000	100,000			
Fire safety equipment			193,844	20,920	214,764
Fire hydrant rehabilitation			12,012	-	12,012
Other Capital Outlay					
Thompson Park	177,000	177,000	248,609	-	248,609
Thunderbolt Municipal Well	-	546,068	7,677	-	7,677
Public works building and site	980,000	980,000	949,137	-	949,137
Russell Street parking / lot paving	80,000	80,000	104,181	-	104,181
Police vehicles	73,828	73,828	101,264	-	101,264
Greenspace	14,172	14,172	13,907	-	13,907
Debt Service	550,000	550,000			
General Obligation Debt Service			439,418	-	439,418
Savannah Bank note payable			840,000	-	840,000
Totals	$ 2,700,000	$ 3,246,068	$ 4,251,004	$ 20,920	$ 4,271,924

Note: Amounts expended for various projects includes sales tax proceeds and local governmental funding over the life of the projects.

STATISTICAL SECTION

This part of the Town of Thunderbolt, Georgia's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents **Page**

Financial Trends..... G-2

These schedules contain trend information to help the reader understand how the city's financial position has changed over time.

Revenue Capacity..... G-8

These schedules contain information to help the reader understand and assess the factors affecting the city's ability to generate its most significant local revenue sources, the property tax and the sales tax.

Debt Capacity..... G-13

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.

Economic and Demographic Information..... G-17

These schedules offer economic and demographic indicators to help the reader understand the environment within which the city's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.

Operating Information..... G-19

These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the City's financial reports for the relevant year. The City implemented GASBS 34 in 2003; schedules presenting government-wide information (unless otherwise indicated) include information beginning in that year.


TOWN OF THUNDERBOLT
INCORPORATED
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Town of Thunderbolt, Georgia

Net Assets by Component
Last Eight Calendar Years

	Calendar Year Ending December 31,			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	$ 2,669,032	$ 3,164,705	$ 3,810,025	$ 4,609,607
Restricted	1,136,192	802,567	885,895	583,050
Unrestricted	884,718	1,051,964	844,362	1,016,170
Total governmental activities net assets	$ 4,689,942	$ 5,019,236	$ 5,540,282	$ 6,208,827
Business-type activities				
Invested in capital assets, net of related debt	$ 2,600,252	$ 2,731,672	$ 2,619,630	$ 2,535,429
Restricted	-	-	-	-
Unrestricted	(58,533)	(170,750)	(23,948)	98,357
Total business-type activities net assets	$ 2,541,719	$ 2,560,922	$ 2,595,682	$ 2,633,786
Primary Government				
Invested in capital assets, net of related debt	$ 5,269,284	$ 5,896,377	$ 6,429,655	$ 7,145,036
Restricted	1,136,192	802,567	885,895	583,050
Unrestricted	826,185	881,214	820,414	1,114,527
Total primary government net assets	$ 7,231,661	$ 7,580,158	$ 8,135,964	$ 8,842,613

	Calendar Year Ending December 31,			
	2007	2008	2009	2010
Governmental activities				
Invested in capital assets, net of related debt	$ 5,201,222	$ 5,571,486	$ 5,327,967	$ 4,927,843
Restricted	480,302	80,114	53,706	139,712
Unrestricted	1,060,505	724,923	563,460	910,035
Total governmental activities net assets	$ 6,742,029	$ 6,376,523	$ 5,945,133	$ 5,977,590
Business-type activities				
Invested in capital assets, net of related debt	$ 2,451,719	$ 2,393,011	$ 2,343,529	$ 1,964,734
Restricted	-	-	-	-
Unrestricted	98,947	29,232	(125,824)	(149,256)
Total business-type activities net assets	$ 2,550,666	$ 2,422,243	$ 2,217,705	$ 1,815,478
Primary Government				
Invested in capital assets, net of related debt	$ 7,652,941	$ 7,964,497	$ 7,671,496	$ 6,892,577
Restricted	480,302	80,114	53,706	139,712
Unrestricted	1,159,452	754,155	437,636	760,779
Total primary government net assets	$ 9,292,695	$ 8,798,766	$ 8,162,838	$ 7,793,068

The Town of Thunderbolt implemented GASB 34 for the calendar year ended December 31, 2003.
Information prior to the implementation of GASB 34 is not available.

Town of Thunderbolt, Georgia

Changes in Net Assets
Last Eight Calendar Years

	Calendar Year Ending December 31,			
	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government	$ 439,862	$ 489,026	$ 479,775	$ 527,178
Judiciary	198,279	214,384	266,557	231,718
Public safety	677,285	771,798	746,133	950,418
Public works	406,331	631,319	506,965	549,250
Health and welfare	64,247	63,959	71,193	80,253
Culture and recreation	35,888	30,676	37,238	51,124
Housing and development	-	-	-	-
Interest on long-term debt	76,595	73,220	84,209	66,168
Total governmental activities expenses	1,898,487	2,274,382	2,192,070	2,456,109
Business-type activities:				
Water and sewer	558,425	660,708	602,060	626,293
Total business-type activities expense	558,425	660,708	602,060	626,293
Total primary government expenses	$ 2,456,912	$ 2,935,090	$ 2,794,130	$ 3,082,402
Program Revenues				
Governmental activities:				
Charges for services:				
General government	$ 77,048	$ 101,679	$ 111,751	$ 156,348
Judiciary	-	-	-	-
Public safety	148,018	271,127	252,317	275,026
Public works	125,230	123,176	141,978	135,784
Operating grants and contributions	7,842	7,373	4,555	35,349
Capital grants and contributions	9,197	76,500	65,120	31,315
Total governmental activities program revenues	367,335	579,855	575,721	633,822
Business-type activities - water and sewer:				
Charges for services	429,593	428,251	482,924	618,075
Capital grants and contributions	22,863	204,761	-	-
Total business type activities program revenues	452,456	633,012	482,924	618,075
Total primary government program revenues	$ 819,791	$ 1,212,867	$ 1,058,645	$ 1,251,897
Net (Expense)/Revenue				
Governmental activities	$ (1,531,152)	$ (1,694,527)	$ (1,616,349)	$ (1,822,287)
Business-type activities	(105,969)	(27,696)	(119,136)	(8,218)
Total primary government net expense	$ (1,637,121)	$ (1,722,223)	$ (1,735,485)	$ (1,830,505)
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Property taxes for general purposes	$ 404,781	$ 451,478	$ 693,288	$ 753,111
Sales taxes for general purposes	1,108,432	1,127,091	717,651	779,466
Selective sales and use taxes	-	-	67,571	75,101
Business and occupation taxes	-	-	117,195	112,616
Other taxes	368,591	373,281	-	-
Grants and contributions not restricted to specific programs	22,994	22,589	617,607	713,122
Other	67,710	49,382	37,870	47,416
Loss on disposal of capital assets	-	-	-	-
Transfers	-	-	(113,787)	-
Total governmental activities	1,972,508	2,023,821	2,137,395	2,480,832
Business-type activities - water and sewer:				
Miscellaneous income	23,367	46,899	40,109	46,322
Loss on disposal of capital assets	-	-	-	-
Transfers	-	-	113,787	-
Total business-type activities	23,367	46,899	153,896	46,322
Total primary government	$ 1,995,875	$ 2,070,720	$ 2,291,291	$ 2,527,154
Change in Net Assets				
Governmental activities	$ 441,356	$ 329,294	$ 521,046	$ 658,545
Business-type activities	(82,602)	19,203	34,760	38,104
Total primary government	$ 358,754	$ 348,497	$ 555,806	$ 696,649

The Town of Thunderbolt implemented GASB 34 for the Calendar year ended December 31, 2003.
Information prior to the implementation of GASB 34 is not available.

	Calendar Year Ending December 31,		
2007	2008	2009	2010
$ 643,814	$ 742,976	$ 762,101	$ 645,839
179,944	163,223	130,087	124,176
1,001,452	1,122,919	983,655	946,705
609,750	765,921	728,230	489,378
83,237	69,476	59,665	68,646
50,365	49,412	56,210	56,428
-	-	1,581	126
57,479	4,048	54,535	46,947
2,626,041	2,917,975	2,776,064	2,378,245
739,373	832,106	946,493	1,165,713
739,373	832,106	946,493	1,165,713
$ 3,365,414	$ 3,750,081	$ 3,722,557	$ 3,543,958
$ 138,187	$ 120,483	$ 126,800	$ 247,907
-	202,284	247,569	272,696
253,669	268	4,509	2,817
145,802	156,244	201,006	455
40	34,306	-	13,597
31,281	7,062	6,446	31,515
568,979	520,647	586,330	568,987
591,808	618,919	687,655	1,024,361
-	15,000	-	5,000
591,808	633,919	687,655	1,029,361
$ 1,160,787	$ 1,154,566	$ 1,273,985	$ 1,598,348
$ (2,057,062)	$ (2,397,328)	$ (2,189,734)	$ (1,809,258)
(147,565)	(198,187)	(258,838)	(136,352)
$ (2,204,627)	$ (2,595,515)	$ (2,448,572)	$ (1,945,610)
$ 847,535	$ 887,908	$ 864,353	$ 895,896
769,804	736,057	703,088	678,670
83,485	84,015	31,348	74,014
127,902	130,966	129,737	125,966
-	-	-	-
712,361	160,846	-	99,794
49,177	32,030	29,818	36,892
-	-	-	(98,813)
-	-	-	(17,258)
2,590,264	2,031,822	1,758,344	1,795,161
64,445	69,764	54,300	43,700
-	-	-	(309,333)
-	-	-	17,258
64,445	69,764	54,300	(248,375)
$ 2,654,709	$ 2,101,586	$ 1,812,644	$ 1,546,786
$ 533,202	$ (365,506)	$ (431,390)	$ (14,097)
(83,120)	(128,423)	(204,538)	(384,727)
$ 450,082	$ (493,929)	$ (635,928)	$ (398,824)

Town of Thunderbolt, Georgia

Fund Balances, Governmental Funds
Last Ten Calendar Years

	Calendar Year Ending December 31,				
	2001	2002	2003	2004	2005
General Fund					
Reserved	$ -	$ -	$ 33,632	$ 22,215	$ 31,998
Unreserved	775,038	801,393	828,918	1,006,288	776,188
Total general fund	$ 775,038	$ 801,393	$ 862,550	$ 1,028,503	$ 808,186
All Other Governmental Funds					
Reserved	$ 2,565	$ 1,611,998	$ 1,135,188	$ 801,560	$ 884,525
Unreserved, reported in:					
Special revenue funds	1,423,301	-	-	-	-
Debt service fund	-	-	1,004	1,007	1,371
Total all other governmental funds	$ 1,425,866	$ 1,611,998	$ 1,136,192	$ 802,567	$ 885,896

	Calendar Year Ending December 31,				
	2006	2007	2008	2009	2010
General Fund					
Reserved	$ 23,855	$ 20,401	$ 22,583	$ 78,615	$ 83,638
Unreserved	934,613	947,924	488,560	357,515	621,898
Total general fund	$ 958,468	$ 968,325	$ 511,143	$ 436,130	$ 705,536
All Other Governmental Funds					
Reserved	$ 581,674	$ 478,926	$ 78,788	$ 52,378	$ 131,257
Unreserved, reported in:					
Special revenue funds	-	-	-	-	7,147
Debt service fund	1,376	1,376	1,326	1,328	1,308
Total all other governmental funds	$ 583,050	$ 480,302	$ 80,114	$ 53,706	$ 139,712

Town of Thunderbolt, Georgia
Changes in Fund Balances, Governmental Funds
Last Ten Calendar Years

	Calendar Year Ending December 31,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Sales tax	$ 1,173,494	$ 1,216,420	$ 1,108,432	$ 1,127,091	$ 1,400,379	$ 1,523,903	$ 1,513,446	$ 836,905	$ 717,571	$ 748,209
Other taxes	697,049	724,710	794,527	817,291	838,267	167,050	274,712	865,635	1,068,429	1,073,183
Licenses and permits	131,050	95,198	77,048	101,679	108,137	154,925	134,851	119,143	124,868	166,910
Revenue from other governmental units	138,363	135,638	37,633	106,462	704,160	800,350	759,353	202,214	14,301	139,234
Charges for services	113,270	117,209	125,230	123,176	167,726	169,745	165,748	157,852	207,447	5,109
Fines and fees	205,236	190,893	148,018	271,127	209,186	242,488	237,059	202,284	247,569	272,696
Miscellaneous	90,172	44,599	67,710	55,097	60,809	48,491	49,217	28,830	21,089	42,564
Total revenue	2,548,634	2,524,667	2,358,598	2,601,923	3,488,664	3,106,952	3,134,386	2,412,863	2,401,274	2,447,905
Expenditures										
Current:										
General government	420,345	387,509	405,758	516,854	478,999	502,031	619,669	720,360	718,231	630,219
Judiciary	-	141,816	197,563	221,311	266,557	231,718	179,944	163,223	130,087	124,176
Public safety	744,377	684,628	573,310	701,820	674,474	810,045	854,626	1,029,764	975,110	874,287
Public works	341,901	358,280	366,371	354,268	418,498	452,735	617,230	561,904	485,846	280,900
Health and welfare	54,194	55,672	54,883	54,070	60,778	69,839	72,823	59,062	49,251	57,181
Culture and recreation	44,960	33,312	17,052	12,949	19,772	15,731	14,972	14,819	21,617	14,661
Hosuing and development	-	-	-	-	-	-	-	-	1,581	126
Capital outlay	1,204,523	490,146	989,953	748,035	1,453,733	1,430,920	185,365	16,442	33,535	20,920
Debt service:										
Principal	63,457	86,124	89,651	92,049	99,542	389,884	675,005	640,384	129,456	89,898
Interest and other charges	83,893	79,145	78,706	75,394	81,843	112,566	106,461	67,475	54,535	49,074
Total expenditures	2,957,650	2,316,632	2,773,247	2,776,750	3,554,196	4,015,469	3,326,095	3,273,433	2,599,249	2,141,442
Excess (Deficiency) of revenues over (under) expenditures	(409,016)	208,035	(414,649)	(174,827)	(65,532)	(908,517)	(191,709)	(860,570)	(197,975)	306,463
Other Financing sources (uses)										
Debt issuance	70,150	-	-	-	725,000	756,724	98,818	-	87,825	-
Transfers in	-	3,528	109,990	107,444	340,265	112,294	109,483	228,154	113,281	114,805
Transfers out	(50,000)	-	(109,990)	(107,444)	(454,052)	(112,294)	(109,483)	(228,154)	(113,281)	(115,140)
Sale of capital assets and other	(5,777)	1,452	-	7,155	2,610	-	-	3,200	8,729	2,730
Total other financing sources (uses)	14,373	4,980	-	7,155	613,823	756,724	98,818	3,200	96,554	2,395
Net change in fund balances	$ (394,643)	$ 213,015	$ (414,649)	$ (167,672)	$ 548,291	$ (151,793)	$ (92,891)	$ (857,370)	$ (101,421)	$ 308,858
Debt service as a percentage of noncapital expenditures	8.40%	9.05%	9.44%	8.25%	8.64%	19.44%	25.70%	21.87%	7.37%	6.55%

Source: Town records

Notes: Noncapital expenditures are total expenditures less capital outlay.

Housing and development account classifications were added beginning with year end December 31, 2005. Prior to December 31, 2005, Housing and development were combined in Public works.

Judiciary account classification was added with year end December 31, 2002.

Town of Thunderbolt, Georgia

Schedule of Tax Revenues and Franchise Fees
Last Ten Calendar Years

Calendar Year Ending December 31,	Property and Intangible Tax	Local Option and Special Purpose Local Option Sales Tax	Business & Insurance Premium Tax	Malt and Alchol Beverage Tax	Utility and Cablevision Franchise Fees	Annual Totals
2001	$ 405,759	$ 1,173,494	$ 84,998	$ 53,472	$ 152,820	$ 1,870,543
2002	412,501	1,216,420	93,263	63,020	155,926	1,941,130
2003	467,020	1,108,432	100,515	71,953	155,039	1,902,959
2004	482,829	1,127,091	108,956	65,150	160,356	1,944,382
2005	477,885	1,400,379	117,195	67,571	175,616	2,238,646
2006	524,440	1,523,903	122,616	75,101	189,330	2,435,390
2007	607,825	1,513,446	127,902	83,485	199,142	2,531,800
2008	660,285	836,905	130,966	84,015	158,277	1,870,448
2009	651,783	717,571	129,737	67,459	187,010	1,753,560
2010	712,578	695,136	125,966	74,014	213,698	1,821,392

(1) Table includes general fund and capital projects - special purpose local sales tax fund.

Source: Town records

Town of Thunderbolt, Georgia

Assessed and Actual Value of Taxable Property
Last Ten Calendar Years

	Real Property		Personal Property		Utilities and Other Property		Total			
Calendar Year	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio of Total Assessed To Total Estimated Value	Total Direct Tax Rate
2001	48,570,467	121,426,168	10,324,352	25,810,880	337,999	844,998	59,232,818	148,082,046	40.00%	6.84
2002	52,362,902	130,907,255	9,686,488	24,216,220	336,747	841,868	62,386,137	155,965,343	40.00%	6.54
2003	60,510,696	151,276,740	9,570,232	23,925,580	353,131	882,828	70,434,059	176,085,148	40.00%	6.70
2004	67,036,908	167,592,270	9,574,808	23,937,020	373,091	932,728	76,984,807	192,462,018	40.00%	6.47
2005	76,731,956	191,829,890	10,120,785	25,301,963	417,254	1,043,135	87,269,995	218,174,988	40.00%	6.08
2006	86,903,900	217,259,750	10,466,753	26,166,883	455,639	1,139,098	97,826,292	244,565,731	40.00%	6.08
2007	106,036,852	265,092,130	9,959,554	24,898,885	448,245	1,120,613	116,444,651	291,111,628	40.00%	6.08
2008	110,266,126	275,665,315	6,193,530	15,483,825	707,391	1,768,478	117,167,047	292,917,618	40.00%	6.02
2009	106,239,926	265,599,815	5,085,440	12,713,600	729,121	1,822,803	112,054,487	280,136,218	40.00%	6.12
2010	99,935,046	249,837,615	4,697,625	11,744,063	749,699	1,874,248	105,382,370	263,455,926	40.00%	6.38

Source: Chatham County Tax Assessor

Note: The ratio of total assessed to total estimated value is set at 40% by state law.

Tax rates are per $1,000 net assessed value.

Town of Thunderbolt, Georgia

Direct and Overlapping Property Tax Rates
Last Ten Calendar Years

	Direct	Overlapping Rates			
Tax Year	Town of Thunderbolt	School District	County	State	Total
2001	6.84	18.576	10.367	0.250	36.033
2002	6.54	17.550	10.367	0.250	34.707
2003	6.70	17.680	10.367	0.250	34.997
2004	6.47	17.600	10.367	0.250	34.687
2005	6.08	17.277	12.163	0.250	35.770
2006	6.08	14.642	11.912	0.250	32.884
2007	6.08	13.795	10.537	0.250	30.662
2008	6.018	13.404	10.537	0.250	30.209
2009	6.119	13.404	10.537	0.250	30.310
2010	6.380	14.131	10.537	0.250	31.298

Source: *Chatham County Commission - Board Minutes and town records.*

Town of Thunderbolt, Georgia

Principal Property Tax Payers
Current and Nine Years Ago

	2010			2001		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
River Crossing Investors LLC	$ 4,433,000	1	4.44%	$ 2,520,000	2	7.06%
Thunderbolt Marine Inc	4,123,524	2	4.13%	2,715,658	1	7.61%
Foster, William M	2,917,280	3	2.92%	2,279,800	3	6.39%
Hall Family Properties LLC	1,642,480	4	1.64%	1,010,000	6	
Morning Star Marinas	1,530,840	5	1.53%			
JMB River, LLC	1,229,640	6	1.23%	519,000	7	1.45%
A Store & Lock Inc	823,280	7	0.82%	1,644,821	4	4.61%
Sea Ray of Savannah Inc.	813,046	8	0.81%	479,600	9	
Regency Thunderbolt Inc.	584,200	9	0.58%	488,232	8	
Victory Storage Company	548,440	10	0.55%			0.00%
Savannah Bend Marina LP				1,027,425	5	2.88%
Palmer Johnson of Savannah Inc						0.00%
A Store & Lock Inc						0.00%
National Panel Systems Inc						0.00%
Blakewood, James C & Karen H				323,186	10	0.91%
Total	$ 18,645,730		18.66%	$ 13,007,722		30.91%

Source : *County Tax Assessor*

Town of Thunderbolt, Georgia

Property Tax Levies and Collections
Last Ten Calendar Years

Calendar Year (1)	Total Tax Levy (2)	Collected within the Calendar Year of the Levy		Collections for subsequent years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2001	360,680	243,951	67.64%	116,729	360,680	100.00%
2002	341,184	282,691	82.86%	58,493	341,184	100.00%
2003	395,274	353,743	89.49%	41,531	395,274	100.00%
2004	419,395	356,237	84.94%	63,158	419,395	100.00%
2005	437,477	364,384	83.29%	73,093	437,477	100.00%
2006	485,459	414,363	85.35%	57,218	471,581	97.14%
2007	571,099	481,253	84.27%	80,183	561,436	98.31%
2008	626,527	322,532	51.48%	271,417	593,949	94.80%
2009	622,601	417,189	67.01%	205,412	622,601	100.00%
2010	621,106	554,797	89.32%	-	554,797	89.32%

Source: Town records.

(1) *Taxes are assessed for the calendar year beginning January 1.*

(2) *The total tax levy includes real property, industrial area, personal property and public utilities. The total tax levy is the original state approved levy after adjustments for cancelations, releases, errors and additions.*

Town of Thunderbolt, Georgia

Local Option Sales Tax History
Last Ten Calendar Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
January	$ 48,583	$ 48,825	$ 49,590	$ 46,346	$ 53,867	$ 51,269	$ 58,283	$ 61,001	$ 52,893	$ 56,288
February	55,536	56,137	52,831	52,729	64,744	63,751	67,448	68,037	45,966	56,780
March	46,407	53,043	47,991	56,998	52,462	62,161	57,076	47,448	44,186	56,018
April	48,121	50,082	44,216	52,122	56,235	61,476	58,742	62,664	37,856	61,334
May	50,811	48,880	51,947	56,870	61,183	61,598	62,803	66,133	51,793	57,220
June	53,755	52,734	48,691	61,420	59,491	70,617	67,211	62,727	56,015	59,365
July	56,420	56,600	50,085	59,599	61,948	62,706	66,564	68,238	59,261	58,548
August	51,354	53,599	70,175	56,012	61,736	68,959	59,919	63,302	65,382	58,307
September	55,152	53,580	32,967	56,762	60,478	75,073	69,589	63,701	54,799	58,091
October	49,531	50,830	50,682	52,514	66,465	63,623	65,380	58,022	55,990	55,186
November	50,624	52,333	53,434	53,213	64,117	80,839	68,423	69,551	46,951	57,027
December	51,895	48,590	49,798	51,991	56,139	43,607	62,173	56,744	56,288	54,254
Pro Rata Adjustment	3,169	4,761	2,398	4,510	2,377	3,078	2,887	1,368	4,082	431
Total	$ 621,358	$ 629,994	$ 604,805	$ 661,086	$ 721,242	$ 768,757	$ 766,498	$ 748,936	$ 631,462	$ 688,849

Town of Thunderbolt, Georgia

Ratios of Outstanding Debt by Type
Last Ten Calendar Years

Year Ended June 30,	Governmental Activities			Business-type Activities		Total Primary Government	Percentage of Personal Income [a]
	General Obligation Bonds	Capital Leases	Notes Payable	GEFA loans	Capital Leases		
2001	1,320,000	216,218	70,150	23,257	-	1,629,625	2.37%
2002	1,280,000	190,092	53,905	12,946	-	1,536,943	2.15%
2003	1,235,000	162,520	36,826	2,533	-	1,436,879	1.99%
2004	1,190,000	133,421	18,876	-	-	1,342,297	1.72%
2005	1,140,043	102,712	725,000	249,565	-	2,217,320	2.66%
2006	1,085,043	129,552	1,120,000	236,903	-	2,571,498	2.97%
2007	972,582	168,365	560,000	223,749	-	1,924,696	2.20%
2008	970,043	94,286	-	210,086	-	1,274,415	1.42%
2009	905,043	117,655	-	195,887	-	1,218,585	1.21%
2010	835,043	43,824	-	181,138	33,842	1,093,847	1.14%

Note: *Details regarding the town's outstanding debt can be found in the notes to the financial statements.*

a *These ratios are calculated using personal income and population for the prior calendar year.*

Town of Thunderbolt, Georgia

Ratios of Net General Bonded Debt Outstanding
Last Ten Calendar Years

Calendar Year	General Bonded Debt Outstanding: General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value [a] of Property	Per Capita [b]
2001	1,320,000	1,015	1,318,985	0.89%	564
2002	1,280,000	972	1,279,028	0.82%	533
2003	1,235,000	1,004	1,233,996	0.70%	514
2004	1,190,000	-	1,190,000	0.62%	496
2005	1,140,043	-	1,140,043	0.52%	463
2006	1,085,043	-	1,085,043	0.44%	441
2007	1,030,043	-	1,030,043	0.39%	429
2008	970,043	-	970,043	0.35%	394
2009	905,043	-	905,043	0.32%	346
2010	835,043	-	835,043	0.32%	313

Notes: *Details regarding the town's outstanding debt can be found in the notes to the financial statements.*

[a] *See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page G-8 for property value data.*

[b] *Population data can be found in the Schedule of Demographic and Economic Statistics on page G-17.*

Town of Thunderbolt, Georgia

Direct and Overlapping Governmental Activities Debt
As of December 31, 2010

	Debt Outstanding	Estimated Percentage Applicable [a]	Estimated Share of Overlapping Debt
Overlapping debt repaid with property taxes:			
Chatham County, Georgia:			
DSA Chatham County Projects Series 2005	$ 15,265,000	3.25%	$ 496,874
Chatham County Public Health Facilities Projects	645,000	3.25%	20,995
DSA Chatham County Projects Series 1999	5,940,000	3.25%	193,346
DSA Chatham County Projects Series 2005A	2,400,000	3.25%	78,120
Mosquito Control	4,083,873	3.25%	132,930
Chatham-Savannah School Board:			
General Obligation Bonded Debt	77,230,000	3.25%	2,513,829
DSA (Improvement Project)	1,650,000	3.25%	53,707
Overlapping other debt:			
Chatham County, Georgia capital leases	693,169	1.06%	7,382
Chatham-Savannah School Board capital leases	5,648,967	1.39%	78,481
Subtotal, overlapping debt			3,575,663
Town of Thunderbolt direct debt			1,093,847
Total direct and overlapping debt			$ 4,669,510

Sources: *Assessed value data used to estimate applicable percentages provided by the Chatham County Board of Taxation. Debt outstanding data provided by each governmental unit.*

Note: *Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Thunderbolt. This process recognizes that, when considering the town's ability to issue and repay long-term-debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.*

[a] *For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the town's boundaries and dividing it by each unit's total taxable value. For overlapping other debt (County), the percentage of overlapping applicable is estimated using the town's population and dividing it by the county's population. For overlapping other debt (School), the percentage of overlapping applicable is estimated using the town's school enrollment and dividing it by the school district's total enrollment.*

Town of Thunderbolt, Georgia

Legal Debt Margin Information
Last Ten Calendar Years

	Calendar Year				
	2001	2002	2003	2004	2005
Total assessed value of taxable property	$ 59,232,818	$ 62,386,137	$ 70,434,059	$ 76,984,807	$ 87,269,995
Less exemptions for bond purposes	188,828	189,300	284,444	258,041	299,169
Net assessed value for bond purposes	$ 59,043,990	$ 62,196,837	$ 70,149,615	$ 76,726,766	$ 86,970,826
Debt limit percentage	10%	10%	10%	10%	10%
Debt limit	$ 5,904,399	$ 6,219,684	$ 7,014,962	$ 7,672,677	$ 8,697,083
Total net debt applicable to limit: General obligation bonds (net of set aside)	1,235,000	1,279,028	1,233,996	1,140,043	-
Legal debt margin	$ 4,669,399	$ 4,940,656	$ 5,780,966	$ 6,532,634	$ 8,697,083
Total net debt applicable to the limit as a percentage of debt limit	2.98%	2.45%	1.76%	2.05%	0.00%

	Calendar Year				
	2006	2007	2008	2009	2010
Total assessed value of taxable property	$ 97,826,292	$ 116,444,651	$ 117,167,047	$ 112,054,487	$ 105,382,370
Less exemptions for bond purposes	-	-	-	-	-
Net assessed value for bond purposes	$ 97,826,292	$ 116,444,651	$ 117,167,047	$ 112,054,487	$ 105,382,370
Debt limit percentage	10%	10%	10%	10%	10%
Debt limit	$ 9,782,629	$ 11,644,465	$ 11,716,705	$ 11,205,449	$ 10,538,237
Total net debt applicable to limit: General obligation bonds (net of set aside)	970,043	1,030,043	970,043	905,043	835,043
Legal debt margin	$ 8,812,586	$ 10,614,422	$ 10,746,662	$ 10,300,406	$ 9,703,194
Total net debt applicable to the limit as a percentage of debt limit	0.99%	0.88%	0.83%	0.81%	0.79%

The present constitutional limit on direct general obligation bonds for the Town of Thunderbolt is the amount equivalent to 10% of the net assessed valuation of taxable property for debt service (bond) purposes.

The Constitutional debt limitation applies to all general obligation bonds authorized. Additional general obligation bonds may be authorized to be issued if so approved by a majority of those voting in an election held for that purpose. The Town of Thunderbolt has no general obligation bonds authorized but unissued.

Town of Thunderbolt, Georgia

Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population in thousands (1)	Personal Income (2)	Per Capita Personal Income (1)	Unemployment Rate (3)
2001	2	64,765,800	29,439	3.9%
2002	2	69,713,280	29,792	5.2%
2003	2	70,558,020	30,153	5.6%
2004	2	78,103,200	32,543	3.9%
2005	2	81,271,200	33,863	4.6%
2006	2	84,460,800	35,192	4.1%
2007	2	87,616,800	36,507	5.8%
2008	2	89,456,752	37,264	5.4%
2009	2	100,331,448	38,353	8.5%
2010	2	95,578,432	35,824	9.0%

Source:

(1) Chamber of Commerce and Metropolitan Planning Commission
(2) Personal income has been estimated based upon the municipal population and per capita personal income presented.
(3) State Department of Labor

Town of Thunderbolt, Georgia

Principal Employers
Current Year and Nine Years Ago

	2010			2001		
Employer	**Employees**	**Rank**	**Percentage of Total Metro Area Employment**	**Employees**	**Rank**	**Percentage of Total Metro Area Employment**
Gulfstream Aerospace	6,000	1	5.10%	5,000	1	4.62%
Ft. Stweart/Hunter Army Airfield	5,109	2	4.35%	4,283	4	3.96%
Memorial Health	4,643	3	3.95%	4,400	3	4.07%
Savannah-Chatham Board of Education	4,093	4	3.48%	5,000	2	4.62%
St Joseph's Candler Hospital	3,304	5	2.81%	3,700	6	3.42%
Wal-Mart	2,935	6	2.50%	-	-	
City of Savannah	2,500	7	2.13%	1,991	9	1.84%
Momentum Resources II, Inc.	1,703	8	1.45%	-	-	
Savannah College of Art and Design	1,500	9	1.28%	-	-	
Chatham County	1,500	10	1.28%	1,590	10	1.47%
Savannah International Airport				3,600	7	3.33%
State of Georgia				3,750	5	3.47%
International Paper				2,000	8	1.85%
	33,287		28.32%	35,314		32.64%

Source: Savannah Area Chamber of Commerce.

Note: This data includes employer and employee information for the Savannah Metropolitan Service Area.

Town of Thunderbolt, Georgia

Full Time City Employees by Function/Program
Last Ten Calendar Years

	Full-time and Part-time Town Employees as of December 31				
Function/Program	**2001**	**2002**	**2003**	**2004**	**2005**
General government	6	6	6	6	6
Judiciary	3	3	3	3	3
Public safety	10	10	10	10	10
Public works	7	7	7	7	7
Total	26	26	26	26	26

	Full-time and Part-time Town Employees as of December 31				
Function/Program	**2006**	**2007**	**2008**	**2009**	**2010**
General government	6	7	7	7	6
Judiciary	3	3	3	3	3
Public safety	10	16	13	13	13
Public works	7	-	-	-	-
Total	26	26	23	23	22

Source: Town Personnel Records

Town of Thunderbolt, Georgia

Operating Indicators by Function
Last Ten Calendar Years

	Calendar Year				
	2001	**2002**	**2003**	**2004**	**2005**
Fire:					
Number of emergency calls	248	57	66	67	83
Public works:					
Street resurfacing (miles)	-	0.4	-	0.2	0.3
Police:					
Number of emergency calls	na	na	na	na	na

	Calendar Year				
	2006	**2007**	**2008**	**2009**	**2010**
Fire:					
Number of emergency calls	64	375	615	463	449
Public works:					
Street resurfacing (miles)	-	-	0.2	-	-
Police:					
Number of emergency calls	na	1,825	1916	2642	2640

Sources: Town records

na - not available. The town began reporting the number of police department emergency calls for the fiscal year ended 12/31/2007.

Town of Thunderbolt, Georgia

Capital Asset Statistics by Function

Last Ten Calendar Years

	Calendar Year				
	2001	**2002**	**2003**	**2004**	**2005**
Police:					
Stations	1	1	1	1	1
Fire:					
Fire stations	1	1	1	1	1
Public works:					
Streets (miles)	11	11	11	11	11
Streetlights	190	190	200	210	210
Traffic signals	3	3	3	3	3
Parks and recreation:					
Parks	2	2	3	4	4
Community centers					
Water:					
Water mains (miles)	10	10	10	10	10
Maximum daily capacity (thousands of gallons)	400	400	400	400	400
Wastewater:					
Sanitary sewers (miles)	10	10	10	10	10
Maximum daily treatment capacity (thousands of gallons)	na	na	na	na	na

	Calendar Year				
	2006	**2007**	**2008**	**2009**	**2010**
Police:					
Police:	1	1	1	1	1
Fire:					
Fire stations	1	1	1	1	1
Public works:					
Streets (miles)	11	11	11	11	11
Streetlights	210	210	210	210	210
Traffic signals	3	3	3	3	3
Parks and recreation:					
Parks	4	4	4	4	4
Community centers					
Water:					
Water mains (miles)	10	10	10	10	10
Maximum daily capacity (thousands of gallons)	400	400	400	400	400
Wastewater:					
Sanitary sewers (miles)	10	10	10	10	10
Maximum daily treatment capacity (thousands of gallons)	na	na	na	na	na

Sources: ***Town records and Georgia Department of Transportation, Office of Transportation***

na - not applicable. The town's wastewater is treated by a contractor.

COMPLIANCE SECTION


TOWN OF THUNDERBOLT
INCORPORATED
1856
GEORGIA
CHATHAM COUNTY

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 the
Town Council
Town of Thunderbolt, 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 Town of Thunderbolt, Georgia (Town), as of and for the year ended December 31, 2010, which collectively comprise the Town's basic financial statements and have issued our report thereon dated June 14, 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 Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting as items 2010-01 and 2010-02. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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 *Governmental Auditing Standards*.

We noted certain matters that we reported to management of the Town in a separate letter dated June 14, 2011.

The Town's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of Town Council and management and is not intended to be and should not be used by anyone other than these specified parties.

Karp, Ronning & Tindal, P.C.

June 14, 2011

Town of Thunderbolt, Georgia

Schedule of Findings and Responses

For the Year Ended December 31, 2010

Section I – Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:	Unqualified			
Internal control over financial reporting:				
Material weakness identified?	_____	yes	**X**	no
Significant deficiencies identified not considered to be material weaknesses?	**X**	yes	_____	none reported
Noncompliance material to financial statements noted?	_____	yes	**X**	no

Federal Awards

There was not an audit of major federal awards programs as of December 31, 2010 due to the total amount expended being less than $500,000.

Section II – Financial Statement Findings

2010-01: Internal Control over Financial Reporting (Repeat Finding)

Criteria: Statement on Auditing Standards No. 115, "Communicating Internal Control Related Matters Identified in an Audit", cites "the identification by the auditor of a material misstatement in the financial statements for the period under audit that was not initially identified by the entity's internal control as at least a significant deficiency and a strong indicator of a material weakness in internal control."

Condition: Under current professional standards, the town is responsible for the internal control process which includes preparation of year-end financial statements in accordance with generally accepted accounting principles. During the audit process, adjustments and corrections were made to the funds and government-wide financial statements. The amounts involved were significant to the financial statements.

Cause: The Town's internal control did not adequately identify and correct certain misstatements in the fund financials and government-wide financial statements.

Effect: The town's fund financials and government-wide financial statements contained material misstatements.

Recommendation - We recommend that Management establishes formal monthly and year-end closeout processes to ensure that the Town's financial statements consistently reflect an accurate financial position of the Town's operations.

Management's Response - Management concurs with this finding. Since our Finance Clerk began, we have implemented monthly closings, monthly expense versus revenue reporting, reconciliation of all bank accounts, quarterly reviews, bi-yearly budget review, and a yearly closeout procedure to ensure an accurate financial position.

2010-02: Documentation of Internal Control (Repeat Finding)

Criteria: Internal control is a process designed to provide reasonable assurance about the achievement of the City's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The five interrelated components of internal control are (1) the control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring.

Condition: The town is in process of documenting its internal control procedures, risk assessment procedures, and employee handbook. However, the current version is inadequate and the policies that are currently documented are not properly followed.

Cause: Not determined

Effect: The town is exposed to increased risk that the financial statements could be materially misstated, whether by error or intentionally, and not be detected in a timely manner.

Recommendation - Management should establish and maintain a documented internal control structure to provide reasonable assurance that the town's objectives will be achieved. In addition, the internal control structure should receive ongoing supervision by management to determine that it is operating as intended and that it is modified as appropriate for changes in conditions.

Management's Response - Management concurs with this finding. The entire Personnel Policy was being updated in 2010 however with a total change in Administration this effort was not completed. To date we have a draft version that will be implemented by year's end.

Section III – Federal Award Findings and Questioned Costs

Not Applicable

Section IV – Status of Prior Year Findings

2009-01: Meaningful and Timely Financial Statements

Criteria: The Town government is responsible for two types of accountability: fiscal accountability and operational accountability. First, fiscal accountability must be met by the government in the current period by demonstrating that public funds have been spent in accordance with its budget. Second, operational accountability requires the town to "report the extent to which it has met its operating objectives efficiently and effectively, using all resources available for that purpose and whether it can continue to meet its objectives for the foreseeable future". Without meaningful financial information, the council, who are ultimately responsible, can demonstrate neither of these types of accountability.

Status: Corrected

2009-02: Cut-off Procedures

Criteria: Instituting and monitoring proper cut-off procedures are essential elements for maintaining a sound accounts payable function.

Status: Corrected

2009-03: Bank Reconciliations

Criteria: Maintaining a sound fiscal environment begins with implementing proper controls over cash. The major control over monitoring cash includes reconciling cash accounts on the monthly basis, investigating bank errors, and making sure that all routine transactions are recorded timely.

Status: Corrected

2009-04: Water, Sewer, and Garbage Billing and Receivables

Criteria: The Town is charged with providing water, sewer, and garbage utility services to its citizens. To provide cost efficient services to the Town's residents, the utility billing process, including all transactions, must be recorded as accurately and completely as possible.

Status: Corrected

2009-05: Capital Assets

Criteria: Managing capital assets, construction efforts, and repair and maintenance projects requires the Town's management to properly plan and budget current resources. To do so, accurate capital asset records must be accurate and complete at all times to ensure that informed decision are made.

Status: Corrected

2009-06: Internal Control over Financial Reporting

Criteria: Statement on Auditing Standards No. 112, "Communicating Internal Control Related Matters Identified in an Audit", cites "the identification by the auditor of a material misstatement in the financial statements for the period under audit that was not initially identified by the entity's internal control as at least a significant deficiency and a strong indicator of a material weakness in internal control."

Status: Not corrected; See current year finding 2010-01.

2009-07: Documentation of Internal Control

Criteria: Internal control is a process designed to provide reasonable assurance about the achievement of the City's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The five interrelated components of internal control are (1) the control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring.

Status: Not corrected; See current year finding 2010-02.

2009-08: Excessive General Journal Adjustments without Adequate Supporting Documentation

Criteria: General journal entries are often required to post non-cash transactions, non-standard or non-routine transactions or to correct errors.

Status: Corrected

2009-09: Compliance

Criteria: According to O.C.G.A. 36-81-1, all local governments shall operate under an annual balance budget for the general fund, each special revenue fund, and each debt service fund in use by the local government. Amendments shall be made by an increase or decrease in appropriations at the legal level of control of the local government.

Status: Corrected

2009-10: Software Conversion

Criteria: When undergoing a complete general ledger software conversion, management must institute a conversion process that is efficient and provides for a seamless transition between the prior and current financial software. Management must also make certain that the finance and accounting personnel procedures related to recording, processing, summarizing, and reporting financial data are minimally interrupted during the conversion process.

Status: Corrected

2009-11: Payroll

Criteria: The Town's payroll process is not effectively structured or monitored.

Status: Corrected