CITY OF THOMSON, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2008

CITY OF THOMSON, GEORGIA
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2008

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INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members City of Thomson
City of Thomson
Thomson, Georgia

We have audited the accompanying statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of the City of Thomson, Georgia as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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, business-type activities, each major fund, and aggregate remaining fund information of the City of Thomson, Georgia as of December 31, 2008, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2009 on our consideration of City'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.

The accompanying management's discussion and analysis on pages 4 through 10 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements, community block development grant and OneGeorgia equity fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is also not a required part of the basic financial statements of City of Thomson, Georgia. The combining and individual fund financial statements, community block development grant and OneGeorgia equity fund schedules, and schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Greenwood, South Carolina
August 7, 2009

Elliott Davis, LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008

Within this section of the City of Thomson, Georgia's (the City) annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the year ended December 31, 2008.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $ 19,034,838 (net assets). Of this amount, $ 10,987,952 is invested in capital assets (net of related debt) and $ 8,046,886 may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net assets increased by $ 1,836,059. Total revenues of the City's governmental and business type activities totaled $ 20,842,295, whereas expenses totaled $ 19,006,236.

- As of the close of the current fiscal year, the City of Thomson's governmental funds reported combined ending fund balances of $ 4,294,148, an increase of $ 121,906 in comparison with the prior year. Of this total amount, $ 1,909,619 has been designated to fund subsequent years' expenditures and $ 2,365,187 has been designated for special revenue funds and capital projects. Amounts reserved for prepaid expenses totaled $ 19,342.

- The net assets of the City's proprietary funds (business - type activities) totaled $ 5,623,376 (net assets). Of this amount $ 2,064,133 is invested in capital assets (net of related debt) and $ 3,559,243 (unrestricted net assets) may be used to meet the City's obligations to citizens and creditors.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Thomson, Georgia's basic financial statements. The City of Thomson's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. Comparative data is presented when available.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Thomson's finances, in a manner similar to a private-sector business

The *Statement of Net Assets* presents information on all of the City's assets and liabilities, with the difference between the two 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 City is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, housing and development, health and welfare, culture and recreation, and community services. The business-type activities of the City include a gas utility and solid waste disposal operation.

The government-wide financial statements can be found on pages 12 - 13 of this report.

(Continued)

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The City of Thomson maintains fourteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, Employment Incentive Program (EIP) loan fund, Housing Development Action Grant (HODAG) loan fund, Urban Development Action Grant (UDAG) loan fund, 2006 CDBG Pitt Street Redevelopment Fund, and the Airport Capital Projects Fund all of which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 14 - 21 of this report.

Proprietary funds. The City of Thomson maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its gas utility and solid waste disposal operation. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Thomson's various functions. The City of Thomson uses an internal service fund to account for maintaining its fleet of vehicles. Because this service predominately benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the gas utility fund and solid waste fund, both of which are considered to be major funds of the City of Thomson. The internal service fund is shown in its own column on the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 22 - 25 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 government-wide financial statements because the resources of those funds are not available to support the City of Thomson'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 26 of this report.

Notes to the Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28 - 50 of this report.

(Continued)

Government-Wide Financial Analysis

Net Assets

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Thomson, assets exceeded liabilities by $ 19,034,838 as of December 31, 2008.

The largest portion of the City's net assets (58 percent) is comprised of the City's investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of unrestricted net assets $ 8,046,886 may be used to meet the government's ongoing obligations to citizens and creditors.

The following table provides a summary of the City of Thomson's net assets.

NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other Assets	$ 4,983,069	$ 5,082,626	$ 4,733,559	$ 4,759,904	$ 9,716,628	$ 9,842,530
Capital assets, net	9,530,241	7,715,241	2,273,091	1,800,947	11,803,332	9,516,188
Total assets	14,513,310	12,797,867	7,006,650	6,560,851	21,519,960	19,358,718
Long-term liabilities outstanding	607,325	57,031	159,333	-	766,658	57,031
Other liabilities	494,523	869,362	1,223,941	1,233,546	1,718,464	2,102,908
Total liabilities	1,101,848	926,393	1,383,274	1,233,546	2,485,122	2,159,939
Net Assets						
Invested in capital assets, net of related debt	8,923,819	7,715,241	2,064,133	1,795,331	10,987,952	9,510,572
Unrestricted	4,487,643	4,156,233	3,559,243	3,531,974	8,046,886	7,688,207
Total net assets	$ 13,411,462	$ 11,871,474	$ 5,623,376	$ 5,327,305	$ 19,034,838	$ 17,198,779

At the end of the current year, the City of Thomson is able to report positive balances in both categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The following table provides a summary of the changes in net assets:

(Continued)

CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues						
Charges for Services	$ 313,041	$ 283,169	$ 15,666,785	$ 13,858,550	$ 15,979,826	$ 14,141,719
Operating grants/ contributions	43,724	55,723	36,834	26,520	80,558	82,243
Capital grants/ contributions	1,496,580	2,312,156	-	-	1,496,580	2,312,156
General revenues						
Property taxes	702,611	576,106	-	-	702,611	576,106
Other taxes	2,393,234	2,222,674	-	-	2,393,234	2,222,674
Other	110,312	171,779	79,174	99,596	189,486	271,375
Total revenues	5,059,502	5,621,607	15,782,793	13,984,666	20,842,295	19,606,273
Expenses						
General government	355,415	354,313	-	-	355,415	354,313
Public safety	1,766,285	1,677,826	-	-	1,766,285	1,677,826
Public works	793,974	715,032	-	-	793,974	715,032
Housing and development	577,663	248,180	-	-	577,663	248,180
Health and welfare	420	420	-	-	420	420
Culture and recreation	424,730	411,364	-	-	424,730	411,364
Community services	64,148	58,164	-	-	64,148	58,164
Interest on long-term debt	16,047	-	-	-	16,047	-
Gas utility	-	-	13,778,586	11,904,144	13,778,586	11,904,144
Solid waste disposal	-	-	1,228,968	1,156,981	1,228,968	1,156,981
Total expenses	3,998,682	3,465,299	15,007,554	13,061,125	19,006,236	16,526,424
Increase in net assets before transfers	1,060,820	2,156,308	775,239	923,541	1,836,059	3,079,849
Transfers	479,168	306,790	(479,168)	(306,790)	-	-
Increase in net assets	1,539,988	2,463,098	296,071	616,751	1,836,059	3,079,849
Net assets, Beginning of year	11,871,474	9,408,376	5,327,305	4,710,554	17,198,779	14,118,930
Net assets, End of year	$13,411,462	$ 11,871,474	$ 5,623,376	$ 5,327,305	$ 19,034,838	$ 17,198,779

Revenues from governmental activities decreased $ 562,105 in 2008. This decrease is primarily attributable to a reduction in capital/operating grants and contributions of $ 827,575 and other general revenues of $ 61,467. Tax revenues increased by $ 297,065 and charges for services increased by $ 29,872. The City's total expenses for governmental activities increased by $ 533,383 in 2008. This increase represents an increase of approximately 16% over 2007 and is primarily related to additional spending for public safety, public works, and housing and development.

Total revenues from business-type activities increased by $ 1,798,127 and total expenses from business-type activities increased by $ 1,946,429 in 2008. These changes are primarily attributable to an increase in gas sales and related purchases of gas based on customer demand.

(Continued)

Financial Analysis of the Government's Funds

The City of Thomson uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City of Thomson's governmental funds is to provide information on nearterm inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2008, the City of Thomson's governmental funds reported combined ending fund balances of $ 4,294,148. This amount includes $ 4,274,806 that the City has designated to fund subsequent years' expenditures, revolving loans, capital projects, and law enforcement. The remainder of fund balance $ 19,342 is not available for new spending because it has been committed to liquidate prepaid expenses.

General Fund

The general fund is the chief operating fund of the City of Thomson. At the end of the current year, unreserved/designated fund balance of the general fund totaled $ 1,909,619, whereas total fund balance was $ 1,928,961. As a measure of general fund liquidity, it may be useful to compare fund balance to total fund expenditures. As of December 31, 2008, fund balance represented 53 percent of total general fund expenditures.

Special Revenue Funds

The City of Thomson maintains four special revenue funds. They are the Employment Incentive Program (EIP) loan fund, Housing Development Action Grant (HODAG) loan fund, Urban Development Action Grant (UDAG) loan fund, and the Police Condemnation and Forfeiture fund. Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. The loan funds are to be used for economic development and low-income housing and are considered major funds. The police condemnation and forfeiture fund is restricted for use in law enforcement and is considered a nonmajor fund. As of December 31, 2008, total major special revenue fund balance was $ 2,360,596 and total nonmajor special revenue fund balance was $2,025.

Capital Project Funds

The City uses capital project funds to account for the acquisition and construction of major capital facilities that are not financed by proprietary funds. The City maintained nine capital project funds during the current year. They are the 2006 CDBG Pitt Street Redevelopment Fund, Airport Capital Projects Fund, OneGeorgia Airport Hanger Fund, two separate 2007 Community Home Investment Program Funds, the 2008 Community Home Investment Program Fund, 2004 CDBG Thomson Company Redevelopment Fund, 2004 Transportation Enhancement Grant Fund, and 2006 Transportation Enhancement Grant Fund. The 2006 CDBG Pitt Street Redevelopment Fund and the Airport Capital Projects Fund are reported as major governmental funds for the current year. The remaining seven capital project funds are reported as nonmajor governmental funds.

Proprietary Funds

The City of Thomson's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the gas utility at the end of the year totaled $ 3,242,585, and those of the solid waste disposal operation amounted to $ 316,658.

(Continued)

General Fund Budgetary Highlights

The City's budget is prepared on the cash basis of accounting. Revenues, other than property taxes and sales taxes, are budgeted in the year receipt is expected; and expenditures are budgeted in the year they are paid. Property taxes reported in the budgetary statements represent collections on prior year taxes. Collections on current year property taxes are carried over to fund the next year's budget. Budgeted sales tax revenue is comprised of actual transfers from "sales tax reserves" and accumulated interest earned on those reserves. Sales tax revenue collected in the current year is carried over to fund the next year's budget.

A reconciliation from the City's budgetary basis of accounting to generally accepted accounting principles is included on the face of the budgetary statement.

During the year, actual revenues were less than budgetary estimates by $ 7,524. Actual expenditures were $ 104,059 less than appropriated amounts. Actual expenditures for most departments and governmental activities were under budget for the year ended December 31, 2008. Expenditures for the police, animal shelter, community centers, transportation services, library, and economic development were over budget by a total of $ 17,778. The City funds a portion of its general fund budget with operating transfers from the gas utility fund. During the year, budgetary estimates for transfers in exceeded actual transfers by $ 111,739 and actual transfers out were $ 26,689 less than budgetary amounts. Interfund transfers are discretionary and City management elected not to fully fund budgeted transfers during 2008. The overall excess of revenues and other financing sources over expenditures and other financing uses was $ 11,485.

Capital Assets

The City of Thomson's investment in capital assets for its governmental and business-type activities as of December 31, 2008, totaled $ 10,987,952 (net of accumulated depreciation and related debt). This investment in capital assets includes, land, buildings, site-improvements, plant, machinery and equipment, streets, sidewalks, drainage, and construction in progress. Major capital asset additions during the year include the purchase of land for downtown parking totaling $ 35,172, replacement of the roof at City Hall $ 57,545, various machinery and equipment $ 383,374, a new garbage truck costing $ 187,985, and completion of the airport T-hanger project $357,000.

As of December 31, 2008, construction in progress totaled $ 3,889,801, which includes $ 1,176,374 in redevelopment costs of the old Thomson Company property, $ 945,312 for expanding the airport apron and extending runways, $ 829,391 for improvements to the downtown streetscape and pedestrian safety, $ 601,157 for revitalization of Pitt Street, $ 12,375 for the home investment program and $ 325,192 for expanding and relocating gas utilities.

Additional information on capital assets can be found in Note 6 to the financial statements of this report.

Debt Administration

The City of Thomson paid off its existing capital lease in 2008 and entered into four new capital lease agreements in 2008. Total proceeds from the new capital leases were $ 391,596 which were used to finance the purchase of machinery and equipment. Total principal outstanding at December 31, 2008 was $ 317,492. Principal and interest payments on the leases in 2008 were $ 79,720 and $ 11,416, respectively.

The City also entered into an intergovernmental services contract (note payable) with the OneGeorgia Authority to assist in funding the construction of T-hangers at the Thomson-McDuffie Regional Airport. Total funding under the agreement was $ 500,000. Total principal outstanding at December 31, 2008 was $ 497,888. Principal and interest payments on the note payable in 2008 were $ 2,112 and $ 8,362, respectively.

Additional information on long-term debt can be found in Note 7 to the financial statements of this report.

(Continued)

Economic Factors

Downtown development was a major focus to stimulate economic development in 2008 and for the next five years. A large number of empty storefronts give testimony to the changing face of the local economy from small family owned businesses and operations to the growth of large chain and franchise operations. The City of Thomson has been awarded two Transportation Enhancement (TE) Grants totaling $ 890,000. These grants will be used to make the downtown area more attractive and more pedestrian friendly and will provide a stimulus for new growth in the downtown area. Phase one of this project has been completed and included new sidewalks, street lights, resurfacing of Main Street, additional parking, and landscaping. Phase two of the project will reconfigure parking and traffic flow in and around the Depot Complex and also provide for construction of additional sidewalks in the downtown area.

The City was awarded a third Transportation Enhancement Grant in February 2008 totaling $ 400,000. Proceeds from this grant will be used to restore and stabilize the historic railroad depot. Total cost of this project is estimated to be $ 568,145. Local funds will be used to fund the additional cost of the project.

The City has also received funding from Federal and State sources to assist in the revitalization and redevelopment of blighted areas within the City. Included in these projects, is the stabilization and environmental remediation of the old Thomson Company building and revitalization of the Pitt Street neighborhood, to include construction of new sidewalks, street and drainage improvements, and assistance in rehabilitating and reconstructing private properties.

In addition to the above projects, the City of Thomson and McDuffie County are moving forward with plans to construct a new local government complex to be located in the downtown area. Property acquisition for this project has been completed and demolition of existing structures has begun. Final plans for the complex are being developed.

Request for Information

This financial report is designed to provide a general overview of the City of Thomson's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Don Powers, Administrator, City of Thomson, Georgia, P. O. Box 1017, Thomson, Georgia 30824.

BASIC FINANCIAL STATEMENTS

CITY OF THOMSON, GEORGIA
STATEMENT OF NET ASSETS
DECEMBER 31, 2008

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 2,763,443	$ 3,046,412	$ 5,809,855
Investments	453,346	-	453,346
Receivables			
Taxes	137,265	-	137,265
Notes	1,186,098	-	1,186,098
Accounts	-	1,519,626	1,519,626
Interest	40,005	53,630	93,635
Intergovernmental	399,984	3,960	403,944
Other	11,206	-	11,206
Inventory	-	54,783	54,783
Prepaid expenses	19,342	27,528	46,870
Internal balances	(27,620)	27,620	-
Capital assets (net of accumulated depreciation)			
Land	965,434	128,782	1,094,216
Site improvements	2,507,989	-	2,507,989
Buildings and improvements	1,366,286	218,766	1,585,052
Plant, machinery and equipment	639,327	1,600,351	2,239,678
Infrastructure	486,596	-	486,596
Construction in progress	3,564,609	325,192	3,889,801
Total assets	$ 14,513,310	$ 7,006,650	$ 21,519,960
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable	$ 298,157	$ 856,229	$ 1,154,386
Accrued liabilities	71,416	121,108	192,524
Customer deposits	-	176,011	176,011
Intergovernmental payables	51,490	20,673	72,163
Unearned revenues	16,532	-	16,532
Accrued interest payable	3,887	295	4,182
Noncurrent liabilities			
Due within one year	53,041	49,625	102,666
Due in more than one year	607,325	159,333	766,658
Total liabilities	1,101,848	1,383,274	2,485,122
Net Assets			
Invested in capital assets, net of related debt	8,923,819	2,064,133	10,987,952
Unrestricted	4,487,643	3,559,243	8,046,886
Total net assets	$ 13,411,462	$ 5,623,376	$ 19,034,838

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

CITY OF THOMSON, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenue (Expenses) and Changes in Net Assets: Primary Government: Governmental Activities	Net Revenue (Expenses) and Changes in Net Assets: Primary Government: Business-type Activities	Net Revenue (Expenses) and Changes in Net Assets: Primary Government: Total
Primary government:							
Governmental activities:							
General government	$ 355,415	$ 17,221	$ -	$ -	$ (338,194)	$ -	$ (338,194)
Public safety	1,766,285	181,853	-	-	(1,584,432)	-	(1,584,432)
Public works	793,974	-	-	-	(793,974)	-	(793,974)
Housing and development	577,663	30,872	31,724	1,496,580	981,513	-	981,513
Health and welfare	420	-	-	-	(420)	-	(420)
Culture and recreation	424,730	-	12,000	-	(412,730)	-	(412,730)
Community services	64,148	83,095	-	-	18,947	-	18,947
Interest on long-term debt	16,047	-	-	-	(16,047)	-	(16,047)
Total governmental activities	3,998,682	313,041	43,724	1,496,580	(2,145,337)	-	(2,145,337)
Business-type activities:							
Gas Utility	13,778,586	14,495,719	-	-	-	717,133	717,133
Solid Waste	1,228,968	1,171,066	36,834	-	-	(21,068)	(21,068)
Total business-type activities	15,007,554	15,666,785	36,834	-	-	696,065	696,065
Total primary government	$ 19,006,236	$ 15,979,826	$ 80,558	$ 1,496,580	$ (2,145,337)	$ 696,065	$ (1,449,272)
General revenues							
Property taxes					702,611	-	702,611
Motor vehicle taxes					54,824	-	54,824
Mobile home taxes					2,729	-	2,729
Payment in lieu of taxes					14,142	-	14,142
Sales taxes					1,341,956	-	1,341,956
Franchise taxes					397,690	-	397,690
Insurance premium taxes					382,151	-	382,151
Financial institution taxes					29,335	-	29,335
Alcoholic beverage taxes					100,040	-	100,040
Occupation taxes					52,875	-	52,875
Railroad equipment taxes					218	-	218
Intangible taxes					11,730	-	11,730
Transfer taxes					5,544	-	5,544
Interest income					94,373	79,174	173,547
Insurance claims					2,441	-	2,441
Other revenues					13,498	-	13,498
Transfers					479,168	(479,168)	-
Total general revenues and transfers					3,685,325	(399,994)	3,285,331
Change in net assets					1,539,988	296,071	1,836,059
Net assets, beginning of year					11,871,474	5,327,305	17,198,779
Net assets, end of year					$ 13,411,462	$ 5,623,376	$ 19,034,838

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

CITY OF THOMSON, GEORGIA
BALANCE SHEETS
GOVERNMENTAL FUNDS
DECEMBER 31, 2008

	General	Employment Incentive Program Loan Fund	Housing Development Action Grant Loan Fund	Urban Development Action Grant Loan Fund	2006 CDBG Pitt Street	Airport Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS								
Cash and cash equivalents	$ 1,512,902	$ 421,118	$ 407,786	$ 292,811	$ 4,651	$ 99,416	$ 2,525	$ 2,741,209
Investments	427,704	-	25,642	-	-	-	-	453,346
Receivables (net of allowance for uncollectibles)								
Taxes	137,265	-	-	-	-	-	-	137,265
Notes	-	651,350	227,238	307,510	-	-	-	1,186,098
Interest	22,130	1,078	8,852	681	-	-	-	32,741
Other	6,906	-	-	-	-	4,300	-	11,206
Intergovernmental receivables	107,306	-	-	-	147,956	17,456	-	272,718
Interfund receivables	-	-	5,191	13,307	-	1,008	-	19,506
Prepaid expenses	19,342	-		-	-	-	-	19,342
Total assets	$ 2,233,555	$ 1,073,546	$ 674,709	$ 614,309	$ 152,607	$ 122,180	$ 2,525	$ 4,873,431
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	$ 47,474	$ -	$ -	$ -	$ 145,684	$ 101,682	$ -	$ 294,840
Accrued liabilities	62,683	-	-	-	-	-	-	62,683
Intergovernmental payables	26,235	-	-	-	-	25,255	-	51,490
Interfund payables	45,096	-	1,968	-	-	-	100	47,164
Deferred revenues	123,106	-	-	-	-	-	-	123,106
Total liabilities	304,594	-	1,968	-	145,684	126,937	100	579,283
Fund Balances								
Reserved for prepaid expenses	19,342	-	-	-	-	-	-	19,342
Unreserved, designated for:								
Subsequent year's expenditures	1,909,619	-	-	-	-	-	-	1,909,619
Special revenue funds	-	1,073,546	672,741	614,309	-	-	2,025	2,362,621
Capital project funds (deficit)	-	-	-	-	6,923	(4,757)	400	2,566
Total fund balances (deficits)	1,928,961	1,073,546	672,741	614,309	6,923	(4,757)	2,425	4,294,148
Total liabilities and fund balances	$ 2,233,555	$ 1,073,546	$ 674,709	$ 614,309	$ 152,607	$ 122,180	$ 2,525	$ 4,873,431

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

CITY OF THOMSON, GEORGIA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2008

Total fund balances - governmental funds	$ 4,294,148
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:	
Land	965,434
Site improvements	3,723,030
Building and improvements	1,831,046
Machinery and equipment	2,891,113
Infrastructure	779,249
Construction in progress	3,564,609
Accumulated depreciation	(4,255,565)
Total capital assets - governmental activities	9,498,916
An internal service fund is used by management to charge the costs of vehicle maintenance to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net assets.	41,547
Some revenues will be collected after year end but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds. These revenues consist of:	
Intergovernmental receivables	127,266
Interest receivable	7,264
Deferred property taxes	106,574
Total deferred revenues	241,104
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities consist of:	
Accrued interest payable	(3,887)
Accrued compensated absences	(53,944)
Long-term debt including capital leases and notes payable	(606,422)
Total long-term liabilities	(664,253)
Net assets of governmental activities	$ 13,411,462

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

CITY OF THOMSON, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	General	Employment Incentive Program Loan Fund	Housing Development Action Grant Loan Fund	Urban Development Action Grant Loan Fund	2006 CDBG Pitt Street	Airport Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES								
Taxes	$ 2,885,764	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,885,764
Licenses and permits	34,772	-	-	-	-	-	-	34,772
Intergovernmental	109,832	-	-	-	547,916	603,527	876,861	2,138,136
Charges for services	5,000	-	-	-	-	-	-	5,000
Fines and forfeitures	159,604	-	-	-	-	-	13,349	172,953
Interest income	55,131	22,366	14,194	6,813	-	46	-	98,550
Rents	57,295	-	-	-	-	25,800	-	83,095
Cemetary lot sales	15,900	-	-	-	-	-	-	15,900
Insurance claims	2,441	-	-	-	-	-	-	2,441
Other	13,459	-	-	-	-	-	39	13,498
Total revenues	3,339,198	22,366	14,194	6,813	547,916	629,373	890,249	5,450,109
EXPENDITURES								
Current								
General government	564,358	-	-	-	-	-	-	564,358
Public safety	1,626,412	-	-	-	-	-	12,998	1,639,410
Public works	899,743	-	-	-	-	-	-	899,743
Health and welfare	420	-	-	-	-	-	-	420
Community services	45,567	-	-	-	-	-	-	45,567
Culture and recreation	406,114	-	-	-	-	-	-	406,114
Housing and development	114,500	-	205	686	542,740	737,160	990,334	2,385,625
Total expenditures	3,657,114	-	205	686	542,740	737,160	1,003,332	5,941,237
Excess (deficiency) of revenues over expenditures	(317,916)	22,366	13,989	6,127	5,176	(107,787)	(113,083)	(491,128)
OTHER FINANCING SOURCES (USES)								
Transfers in	479,321	-	-	-	1,647	106,607	113,573	701,148
Transfers out	(221,827)	-	-	-	-	-	(153)	(221,980)
Capital leases	133,866	-	-	-	-	-	-	133,866
Total other financing sources (uses)	391,360	-	-	-	1,647	106,607	113,420	613,034
NET CHANGE IN FUND BALANCE	73,444	22,366	13,989	6,127	6,823	(1,180)	337	121,906
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	1,855,517	1,051,180	658,752	608,182	100	(3,577)	2,088	4,172,242
FUND BALANCE (DEFICIT), END OF YEAR	$ 1,928,961	$ 1,073,546	$ 672,741	$ 614,309	$ 6,923	$ (4,757)	$ 2,425	$ 4,294,148

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

CITY OF THOMSON, 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, 2008

Net change in fund balances - total governmental funds	$	121,906
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlay are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. For the current year, these amounts were:		
Capital outlay		2,178,870
Depreciation expense		(360,791)
Excess of capital outlay over capital dispositions and depreciation expense		1,818,079
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Changes in these amounts are as follows:		
Interest receivable decreased by this amount in 2008.		(4,177)
Intergovernmental receivables increased by this amount in 2008.		127,266
Deferred revenues increased by this amount in 2008 .		82,815
Net change in revenues not providing current financial resources		205,904
The issuance of long-term debt (e.g., notes payable, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Transactions related to long-term debt during the year were as follows:		
Proceeds from capital leases and notes payable		(633,866)
Principal payments on long-term debt		27,444
Excess of proceeds from issuance of long-term debt over principal payments made		(606,422)
Some expense reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Accrued compensated absences decreased by this in 2008 .		3,087
Accrued interest payable increased by this amount in 2008		(3,887)
Net change in expenses not requiring the use of current financial resources		(800)
An internal service fund is used by management to charge the costs of vechilce maintenance to individual funds. The activities of the internal service fund included within governmental activities are as follows:		
Internal service fund net income included within governmental activities		1,321
Change in net assets of governmental activities	$	1,539,988

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

CITY OF THOMSON, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (BUDGETARY BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	Budgetary Basis			Variance With Final Budget Over (Under)
	Original Budget	Amended and Final Budget	Actual	
REVENUES				
Taxes	$ 2,774,701	$ 2,804,107	$ 2,795,194	$ (8,913)
Licenses and permits	24,000	37,000	36,315	(685)
Intergovernmental	97,832	109,832	109,832	-
Charges for services	5,000	5,000	5,000	-
Fines and forfeitures	185,000	163,000	159,604	(3,396)
Use of money and property	119,800	118,432	133,765	15,333
Other	14,300	15,500	5,637	(9,863)
Total revenues	3,220,633	3,252,871	3,245,347	(7,524)
EXPENDITURES				
Current				
General government	566,326	569,105	482,058	(87,047)
Public safety	1,542,614	1,619,419	1,612,395	(7,024)
Public works	757,576	768,360	762,798	(5,562)
Health and welfare	420	420	420	-
Community services	121,865	125,600	126,938	1,338
Culture and recreation	319,093	334,093	326,933	(7,160)
Housing and development	73,471	111,380	112,776	1,396
Total expenditures	3,381,365	3,528,377	3,424,318	(104,059)
Deficiency of revenues over expenditures	(160,732)	(275,506)	(178,971)	(96,535)
OTHER FINANCING SOURCES (USES)				
Transfers in	271,732	526,691	414,952	(111,739)
Transfers out	(111,000)	(251,185)	(224,496)	(26,689)
Total other financing sources (uses)	160,732	275,506	190,456	(85,050)
CHANGE IN NET ASSETS	$ -	$ -	11,485	$ 11,485
RECONCILIATION TO GAAP BASIS				
To record effect of changes in receivables and other assets and payables and other liabilities				
Receivables and other assets			92,253	
Payables and other liabilities			(30,294)	
Total reconciliation to GAAP basis			61,959	
FUND BALANCE, BEGINNING OF YEAR			1,855,517	
FUND BALANCE, END OF YEAR			$ 1,928,961	

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

CITY OF THOMSON, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (BUDGETARY BASIS) AND ACTUAL
EMPLOYMENT INCENTIVE PROGRAM LOAN FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	Budgetary Basis			Variance With Final Budget Over (Under)
	Original Budget	Amended and Final Budget	Actual	
REVENUES				
Interest income	$ 25,562	$ 25,562	$ 30,342	$ 4,780
Available for loans	359,843	359,843	324,921	(34,922)
Total revenues	385,405	385,405	355,263	(30,142)
EXPENDITURES				
Loans made	385,405	385,405	-	(385,405)
Total expenditures	385,405	385,405	-	(385,405)
CHANGE IN NET ASSETS	$ -	$ -	355,263	$ 355,263
RECONCILIATION TO GAAP BASIS				
To record effect of changes in receivables and other assets and payables and other liabilities				
Receivables and other assets			(332,897)	
Payables and other liabilities			-	
Total reconciliation to GAAP basis			(332,897)	
FUND BALANCE, BEGINNING OF YEAR			1,051,180	
FUND BALANCE, END OF YEAR			$ 1,073,546	

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

CITY OF THOMSON, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (BUDGETARY BASIS) AND ACTUAL
HOUSING DEVELOPMENT ACTION GRANT LOAN FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	Budgetary Basis			Variance With Final Budget Over (Under)
	Original Budget	Amended and Final Budget	Actual	
REVENUES				
Interest income	$ 1,009	$ 1,009	$ 5,342	$ 4,333
Available for loans	621,465	621,465	577,881	(43,584)
Total revenues	622,474	622,474	583,223	(39,251)
EXPENDITURES				
Loans made	622,474	622,474	207,124	(415,350)
Other	-	-	205	205
Total expenditures	622,474	622,474	207,329	(415,145)
CHANGE IN NET ASSETS	$ -	$ -	375,894	$ 375,894
RECONCILIATION TO GAAP BASIS				
To record effect of changes in receivables and other assets and payables and other liabilities				
Receivables and other assets			(361,905)	
Payables and other liabilities			-	
Total reconciliation to GAAP basis			(361,905)	
FUND BALANCE, BEGINNING OF YEAR			658,752	
FUND BALANCE, END OF YEAR			$ 672,741	

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

CITY OF THOMSON, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (BUDGETARY BASIS) AND ACTUAL
URBAN DEVELOPMENT ACTION GRANT LOAN FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	Budgetary Basis			Variance With Final Budget Over (Under)
	Original Budget	Amended and Final Budget	Actual	
REVENUES				
Interest income	$ 12,144	$ 12,144	$ 8,428	$ (3,716)
Available for loans	273,956	273,956	257,647	(16,309)
Total revenues	286,100	286,100	266,075	(20,025)
EXPENDITURES				
Loans made	286,100	286,100	122,200	(163,900)
Other	-	-	686	686
Total expenditures	286,100	286,100	122,886	(163,214)
CHANGE IN NET ASSETS	$ -	$ -	143,189	$ 143,189
RECONCILIATION TO GAAP BASIS				
To record effect of changes in receivables and other assets and payables and other liabilities				
Receivables and other assets			(137,062)	
Payables and other liabilities			-	
Total reconciliation to GAAP basis			(137,062)	
FUND BALANCE, BEGINNING OF YEAR			608,182	
FUND BALANCE, END OF YEAR			$ 614,309	

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

CITY OF THOMSON, GEORGIA
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
DECEMBER 31, 2008

	Business-type Activities-Enterprise Funds			Governmental Activities
	Gas Fund	Solid Waste Fund	Total	Internal Service Fund
ASSETS				
Current assets				
Cash	$ 2,853,252	$ 193,160	$ 3,046,412	$ 22,234
Accounts receivable	1,369,598	150,028	1,519,626	-
Interest receivable	53,630	-	53,630	-
Intergovernmental receivables	-	3,960	3,960	-
Interfund receivables	6,572	21,048	27,620	38
Inventory	54,783	-	54,783	-
Prepaid expenses	14,856	12,672	27,528	-
Total current assets	4,352,691	380,868	4,733,559	22,272
Noncurrent assets				
Capital assets				
Land	128,782	-	128,782	-
Buildings and improvements	370,396	31,002	401,398	39,806
Plant, machinery, and equipment	4,748,629	994,611	5,743,240	62,617
Construction in progress	325,192	-	325,192	-
Less accumulated depreciation	(3,672,510)	(653,011)	(4,325,521)	(71,098)
Total capital assets, net of accumulated depreciation	1,900,489	372,602	2,273,091	31,325
Total noncurrent assets	1,900,489	372,602	2,273,091	31,325
Total assets	6,253,180	753,470	7,006,650	53,597
LIABILITIES AND NET ASSETS				
Liabilities				
Current liabilities				
Accounts payable	844,088	12,141	856,229	3,317
Accrued liabilities	89,947	31,456	121,403	8,733
Customer deposits	176,011	-	176,011	-
Intergovernmental payables	60	20,613	20,673	-
Current portion-capital leases payable	13,429	36,196	49,625	-
Total current liabilities	1,123,535	100,406	1,223,941	12,050
Noncurrent liabilities	43,117	116,216	159,333	-
Total liabilities	1,166,652	216,622	1,383,274	12,050
Net Assets				
Invested in capital assets, net of related debt	1,843,943	220,190	2,064,133	31,325
Unrestricted	3,242,585	316,658	3,559,243	10,222
Total net assets	$ 5,086,528	$ 536,848	$ 5,623,376	$ 41,547

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

CITY OF THOMSON, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Business-type Activities-Enterprise Funds			Governmental Activities
	Gas Fund	Solid Waste Fund	Total	Internal Service Fund
OPERATING REVENUES				
Charges for services	$ 14,059,414	$ 1,155,176	$ 15,214,590	$ 207,666
Refunds from suppliers	393,332	-	393,332	-
Penalties	42,131	15,710	57,841	-
Other	842	180	1,022	-
Total operating revenues	14,495,719	1,171,066	15,666,785	207,666
OPERATING EXPENSES				
Purchases	12,361,336	244,442	12,605,778	-
Personal services and benefits	551,670	605,272	1,156,942	161,844
Professional and technical services	84,779	17,705	102,484	217
Repairs and maintenance	144,855	74,042	218,897	3,823
Other purchased services	127,037	60,156	187,193	10,624
Supplies	227,501	138,513	366,014	26,758
Intergovernmental	112,073	-	112,073	-
Depreciation	150,296	80,164	230,460	3,079
Bad debts	9,668	3,114	12,782	-
Other	7,313	-	7,313	-
Total operating expenses	13,776,528	1,223,408	14,999,936	206,345
Operating income (loss)	719,191	(52,342)	666,849	1,321
NON-OPERATING REVENUES (EXPENSES)				
Interest income	78,917	257	79,174	-
Intergovernmental revenues	-	36,834	36,834	-
Interest expense	(2,058)	(5,560)	(7,618)	-
Total non-operating revenues (expenses)	76,859	31,531	108,390	-
Income (loss) before transfers	796,050	(20,811)	775,239	1,321
TRANSFERS IN (OUT)				
Transfers in	-	140,705	140,705	-
Transfers out	(619,873)	-	(619,873)	-
CHANGE IN NET ASSETS	176,177	119,894	296,071	1,321
NET ASSETS, BEGINNING OF YEAR	4,910,351	416,954	5,327,305	40,226
NET ASSETS, END OF YEAR	$ 5,086,528	$ 536,848	$ 5,623,376	$ 41,547

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

CITY OF THOMSON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Business-type Activities-Enterprise Funds			Governmental Activities
	Gas Fund	Solid Waste Fund	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 14,544,833	$ 1,153,920	$ 15,698,753	$ 207,666
Payments to suppliers and others	(13,140,909)	(529,724)	(13,670,633)	(38,579)
Payments to employees	(541,269)	(592,351)	(1,133,620)	(161,602)
Net cash provided by operating activities	862,655	31,845	894,500	7,485
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	140,705	140,705	-
Transfers to other funds	(619,004)	-	(619,004)	-
Net cash provided (used) by noncapital financing activities	(619,004)	140,705	(478,299)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from capital debt	69,745	187,985	257,730	-
Intergovernmental receipts	-	32,874	32,874	-
Purchase and construction of capital assets	(380,477)	(287,500)	(667,977)	-
Payments on long-term debt	(13,199)	(41,189)	(54,388)	-
Interest paid	(1,978)	(5,367)	(7,345)	-
Net cash used by capital and related financing activities	(325,909)	(113,197)	(439,106)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	101,977	257	102,234	-
Net cash provided by investing activities	101,977	257	102,234	-
Net increase in cash and cash equivalents	19,719	59,610	79,329	7,485
Cash and cash equivalents, beginning of year	2,833,533	133,550	2,967,083	14,749
Cash and cash equivalents, end of year	$ 2,853,252	$ 193,160	$ 3,046,412	$ 22,234

(Continued)

CITY OF THOMSON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Business-type Activities-Enterprise Funds			Governmental Activities
	Gas Fund	Solid Waste Fund	Total	Internal Service Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	$ 719,191	$ (52,342)	$ 666,849	$ 1,321
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities				
Depreciation	150,296	80,164	230,460	3,079
(Increase) decrease in current assets				
Accounts receivable	53,710	(14,032)	39,678	-
Inventory	20,133	-	20,133	-
Prepaid expenses	6,726	11,874	18,600	1,477
Increase (decrease) in current liabilities				
Accounts payable	(95,647)	4,395	(91,252)	2,843
Accrued expenses	4,614	908	5,522	(1,235)
Customer deposits	3,572	-	3,572	-
Intergovernmental payables	60	878	938	-
Total adjustments	143,464	84,187	227,651	6,164
Net cash provided (used) by operating activities	$ 862,655	$ 31,845	$ 894,500	$ 7,485

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

CITY OF THOMSON, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
DECEMBER 31, 2008

	Police Surcharge Fund
ASSETS	
Cash	$ 36
Total assets	$ 36
LIABILITIES	
Due to other governments	$ 36
Total liabilities	$ 36

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Introduction

The financial statements of the City of Thomson, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles.

As permitted by accounting principles generally accepted in the United States of America, the City has elected to apply only applicable Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, that do not contradict GASB pronouncements in its accounting and reporting practices.

The accompanying summary of the City's more significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report.

B. The Financial Reporting Entity

The City of Thomson, Georgia was originally chartered on August 19, 1927 and was rechartered on March 15, 1973. Under the charter the citizens elect the mayor at large and five council members by districts. The City provides the following services: public safety, streets, culture and recreation, public improvements, natural gas utility, solid waste pickup, and general and administrative services. In addition, the City participates in a water and sewer utility commission for the City and McDuffie County, Georgia.

The Mayor and Council govern the City and they appoint a City Administrator who is responsible for the day to day operations and implementation of the policy decisions made by the Council. As required by generally accepted accounting principles, these financial statements present the City of Thomson, Georgia (the primary government) and its component units. The component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

C. Individual Component Unit Disclosures

Downtown Development Authority - The Authority is a legally separate entity, its board members are appointed by the City, and the City is able to impose their will on the Downtown Development Authority. The purpose of the Downtown Development Authority is to revitalize and redevelop the central business districts of the municipal corporations of the state. Therefore, the Downtown Development Authorities' provision of services is not limited entirely, or almost entirely, to the City nor does it only benefit the City. The Downtown Development Authority is discretely presented in the financial statements in accordance with GASB 14.

The Downtown Development Authority does not maintain a bank account and does not have any assets or liabilities; accordingly, the Statement of Net Assets does not present a column for the Downtown Development Authority component unit. All transactions are funded by the City's Gas Fund, and are reported as transfers in the Statement of Activities. The Downtown Development Authority does not issue separate financial statements. There were no transactions between the reporting entity and the Downtown Development Authority during the year ended December 31, 2008.

The City of Thomson was not financially accountable for nor did the City exercise significant influence over any other entities, accordingly, there are no other component units included in the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basic Financial Statements

In accordance with GASB No. 34, the basic financial statements consist of the following:

Government-wide financial statements
Fund financial statements
Notes to the basic financial statements

Government-wide financial statements - The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the primary government and its component units. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with the program or function of the City's governmental activities. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund financial statements - The fund financial statements provide information about the City's funds. Separate statements for each fund category governmental, proprietary, and fiduciary are presented, although the latter is excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues, except property taxes, available if they are collected within 30 days after year-end. Property taxes collected within 60 days after year end are considered available. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property taxes, franchise taxes, licenses, interest and special assessments are susceptible to accrual. Sales taxes collected and held by the state at year-end on behalf of the City are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

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

The accounts of the City are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with financial-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The City reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, fines and forfeitures, and various other taxes and charges. The primary expenditures are for the general administration, public safety, public works, housing and development, health and welfare, culture and recreation, and community services.

Employment Incentive Program Loan Fund (EIP) - The Employment Incentive Program Loan Fund is used to account for the financial activities related to the City's EIP revolving loan program.

Housing Development Action Grant Loan Fund (HODAG) - The Housing Development Action Grant Loan Fund is used to account for the financial activities of the City's HODAG revolving loan program.

Urban Development Action Grant Loan Fund (UDAG) - The Urban Development Action Grant Loan Fund is used to account for the financial activities of the City's UDAG revolving loan program.

2006 Community Development Block Grant (CDBG) Pitt Street Redevelopment Fund - The 2006 CDBG Pitt Street Redevelopment Fund is a capital project fund used to account for the revenues and expenditures related to the redevelopment of the Pitt Street neighborhood which is being funded with Federal funds from the U.S. Department of Housing and Urban Development and proceeds from the Special Purpose Local Option Sales Tax (SPLOST).

Airport Capital Projects Fund - The City maintains the Airport Capital Projects Fund to account for the financial activities of various capital improvement projects at the Thomson-McDuffie Regional Airport.

The City reports the following major enterprise funds:

Gas Utility Fund - The Gas Utility Fund is used to account for the operations of the City's natural gas utility.

Solid Waste Fund - The Solid Waste Fund is used to account for the cost of providing solid waste pick-up, disposal, and recycling services to City residents and businesses.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City has adopted GASB Statement No. 20, Accounting and Financial Reporting of Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting, and has elected to follow GAAP prescribed by GASB and all Financial Accounting Standard Board (FASB) standards issued prior to November 30, 1989. Subsequent to this date, the City accounts for its business-type activities and enterprise funds of the primary government as presented by GASB.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses 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 Gas Utility and Solid Waste Funds are charges to customers for sales and services. Operating expenses for enterprise funds include costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Additionally, the City reports the following other fund types:

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

Capital Project Funds - Capital project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Internal Service Fund - An internal service fund is used to account for the City's vehicle maintenance fund. The maintenance fund provides services to other funds, departments, and the McDuffie County/City of Thomson, Georgia Water Sewer Commission on a cost reimbursement basis.

Fiduciary Funds - Fiduciary funds are custodial in nature and do not involve the measurement of operating results. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. These funds account for assets held by the City in an agency capacity for individuals and other government units. The accounting used for fiduciary funds is much like that used for proprietary funds.

Fiduciary funds include all trust funds which account for assets held by the City as a trustee for individuals or other government units.

F. Budgets and Budgetary Data

Annual appropriated budgets are adopted by the Mayor and City Council for the General, Enterprise, and some Special Revenue Funds on a total revenues and total expenditures basis.

The City's Administrator submits an annual budget to the Mayor and Members of City Council in accordance with the City Charter. On August 30, 2007, the City Council adopted the 2008 annual appropriated budgets for the City's General Fund, Enterprise Funds, and Special Revenue Funds. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations. Under Georgia law, appropriations lapse at year end.

The budgets for the General Fund, Enterprise Funds, and Special Revenue Funds are prepared essentially on the cash basis, rather than in accordance with GAAP. Revenues, other than property taxes and sales taxes, are budgeted in the year receipt is expected; and expenditures are budgeted in the year that the applicable expenditure is paid. Current year property and sales tax revenues are budgeted in the years succeeding their receipt. Accordingly, a designation of fund balance is made to set aside these tax revenues for future years' expenditures.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Amounts reported in the budgetary statements for property taxes only include amounts collected on prior year tax levies; collections on current year levies are not included. Sales taxes and accumulated interest income on local option sales tax reserves represent amounts actually transferred from sales tax reserves. These amounts do not represent current year collections of property taxes, sales taxes, and interest earned on local option sales tax reserves.

A reconciliation from the budgetary basis to generally accepted accounting principles (GAAP) is presented in the applicable financial statements.

Project length budgets are adopted for all Capital Project Funds. Major capital projects are under contract with independent contractors that are exclusively responsible for the progress of the construction projects. Accordingly, budgetary statements are not presented for the City's Capital Projects Funds.

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and character (personnel services, maintenance and operations, capital outlay, debt service) which constitutes the legal level of control. Expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review by the City Council. Within these control levels, management may transfer appropriations without Council approval. Revisions to the budget were made throughout the year.

G. Encumbrance Accounting

The City does not utilize encumbrance accounting, under which purchase orders and contracts are recorded in order to reserve that portion of the applicable appropriation.

H. Assets, Liabilities, and Fund Equity

Cash and Investments

The City's cash and equivalents are comprised of cash on hand, demand deposits, and short-term investments purchased with maturities of three months or less.

The City follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Nonparticipating interest-earning investment contracts (investments whose value is not affected by interest rates or other market changes), including savings accounts, certificates of deposit, repurchase agreements, money market investments (short-term, highly liquid debt instruments including commercial paper, banker's acceptances and U. S. Treasury and agency obligations) and participating interest-bearing investment contracts, that have a remaining maturity, at purchase, of one year or less are reported at cost or amortized cost assuming their fair value has not been impacted by changes in the credit worthiness of the issuer or similar factors. All other investments are reported at fair value (the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale).

"Georgia Fund 1" was created by OCGA 36-83-8 and is a stable net asset value investment pool which follows Standard and Poor's criteria for AAA rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($ 1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on a $1.00 per share basis. The State of Georgia's Office of Treasury and Fiscal Services is the regulatory oversight agency for Georgia Fund 1

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues from the Gas and Solid Waste Enterprise Funds are recorded at the end of each fiscal year on a pro rata basis. The estimated amount is based on billings during the month following the close of the fiscal year.

Prepayments

The City uses the allocation method for accounting for prepayments. When the allocation method is used to account for prepayments, an asset is established at the date of payment and subsequently amortized over the accounting periods that are expected to benefit from the initial payment. Prepayments are reported as assets of the specific governmental fund that will derive future benefits from the expenditure. Because prepayments are not current financial resources, the governmental fund's fund balance is reserved by the amount presented in the asset balance.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as interfund receivables and payables on the balance sheet of the fund financial statements and as "internal balances" on the statement of net assets in the government-wide financials statements. Internal balances are eliminated in the government-wide financial statements.

Inventories

Inventories of supplies for all Governmental Fund Types are recorded at cost using the purchase method, whereby inventories are recorded as expenditures when purchased; however, material amounts of inventories are reported as assets of the respective fund. No inventories were recorded in Governmental Fund Types for December 31, 2008.

Inventories of the Proprietary Fund Types are recorded at the lower of cost or market on a first-in, first-out basis.

Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets (e. g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than $ 5,000 (amount not rounded) and an estimated useful life in excess of one year. Individual assets that cost less than $ 5,000, but that operate as part of a network system, are capitalized in the aggregate using the group method, if considered material or significant. Capital assets are valued at historical cost or estimated historical cost if historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Infrastructure acquired prior to June 30, 1980 is not reported.

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

Major outlay for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest costs were capitalized for the year ended December 31, 2008.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	10-20 years
Buildings and improvements	25-40 years
Machinery and equipment	5-7 years
Natural gas lines	22 years
Infrastructure	40-50 years

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Employees may accumulate up to 20 days of unused vacation leave to be received as compensation upon separation from service. Accumulated sick pay benefits are paid only upon the illness of an employee. Accordingly, there is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. The City's government-wide and proprietary funds include an accrual for the estimated compensation costs attributable to employee earned but unused leave benefits. Compensated absences are liquidated through the General Fund.

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary funds statement of net assets in the government-wide financial statements and proprietary funds financial statements.

Net Assets/Fund Balances

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through State statute.

The equity section of the governmental fund financial statement balance sheet is comprised of these major fund balance elements:

Reserved for prepaid expenses
Unreserved, designated for special purposes
Unreserved

Reserves represent the portion of fund balance that is (1) not available for appropriation or expenditure and/or (2) is segregated legally for a specific use. All other current resources are shown as unreserved on the balance sheet.

Use of Estimates

The preparation of the combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from the estimates that were recorded.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Property Taxes and Deferred Revenue

Property taxes are an enforceable lien on property as of January 1 of the current tax year. Generally, taxes are levied in October and are due and payable on or before December 20. Since the tax digest, which is prepared by the McDuffie County Tax Assessor, has to be approved by the Georgia Department of Revenue, the tax levy may be delayed later than October. In such cases, the taxes are due within 60 days after levy. The McDuffie County, Georgia Tax Commissioner bills and collects property taxes for the City. Property tax revenues are recognized when levied. An allowance is established for uncollectible amounts based on management's estimate. Property taxes for 2008 were levied on September 11, 2008 and were due November 24, 2008. Deferred revenue arises when assets are recognized (taxes receivable) before revenue recognition criteria has been satisfied.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

General Fund

Actual revenues and other financing sources (budgetary basis) exceeded actual expenditures and other financing uses (budgetary basis) by $ 11,485.

Actual revenues (budgetary basis) were $ 7,524 less than budgeted amounts. Revenues from taxes, licenses and permits, fines and forfeitures, and other sources were $ 22,857 less than budgeted amounts. These under-budget revenues were offset by greater than anticipated revenues from use of money and property, which exceeded budgeted amounts by $ 15,333 and reductions in spending.

Actual expenditures for community services and housing and development exceeded budgeted amounts by $ 1,338 and $1,396, respectively. The excess expenditures were funded with available fund balance. All other City departments and functions were $ 106,793 under appropriated amounts for the year ended December 31, 2008.

Airport Capital Projects Fund

The Airport Construction Fund is reporting a deficit fund balance of $ 4,757 as of December 31, 2008 and net decrease in fund balance of $ 1,180 for the year. The deficit and decrease in fund balance is attributable to liabilities incurred for various construction projects and operations of the airport. These liabilities will be funded with entitlement grants from the Federal Aviation Administration's Airport Improvement Program and transfers from the City of Thomson and McDuffie County, Georgia.

2004 CDBG Thomson Company Redevelopment Fund

The 2004 CDBG Thomson Company Redevelopment Fund experienced a net decrease in fund balance of $ 114 during 2008. This decrease is attributable to the final close out of the project and was expected. The decrease was absorbed by available fund balance.

NOTE 3 – CASH DEPOSITS AND TEMPORARY INVESTMENTS

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. State statutes require all deposits (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities.

(Continued)

NOTE 3 – CASH DEPOSITS AND TEMPORARY INVESTMENTS (Continued)

At December 31, 2008, the carrying amount of the City's deposits with financial institutions was $ 5,809,855 and the bank balance was $ 5,964,697. All of the City's deposits were insured or collateralized with securities held by the pledging financial institution's agent in the City's name.

Investments

At December 31, 2008, the City had the following investments:

Investments	Maturities	Fair Value	Credit Rating
Georgia Fund 1	Average of 23 days	$ 427,704	AAA
Land	N/A	25,642	N/A
		$ 453,346	

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. State statutes authorize the City to make direct investments in obligations of the State of Georgia or other states; obligations issued by the U.S. Government; obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any corporation of the U.S. Government; prime banker's acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivision of the State of Georgia

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The "Georgia Fund 1" uses the weighted average maturity (WAM) method for reporting interest rate risk. In general, the longer the WAM, the more susceptible the fund is to rising interest rates. In addition, the City does not invest in certificates of deposit with maturities greater than 365 days from date of purchase.

Custodial credit risk for investments is the risk that, in the event of failure of the counterparty, the City will not be able to recover the fair value of its investments or collateral securities in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities.

Concentration of credit risk is the risk that the City will place no limit on the amount they invest in any one issuer. At December 31, 2008, no single issue investment exceeded 5% of total investments.

Land

The City purchased a house and parcel of land in conjunction with its Community Home Improvement Program (CHIP). The property was purchased using funds from the City's Housing Development Action Grant (HODAG) revolving loan fund and is recorded in that fund. The City is renovating this property for sale to a qualifying individual in accordance with the provisions of its CHIP program. The investment in this property is expected to be temporary.

NOTE 4 - PROPERTY TAXES

Property taxes are billed and collected by the McDuffie County, Georgia Tax Commissioner and remitted to the City. Property taxes were levied on September 11, 2008 and were due on November 24, 2008. Property taxes became a lien on the first day of the levy year. Unpaid property taxes received within 60 days of year end are recognized and recorded as revenue (considered measurable and available), and property taxes unpaid 60 days after year end are recorded as deferred revenue.

A summary of the 2008 tax levy follows:

2008 millage rate	5.40
Taxable Digest	$ 132,792,976
Gross Tax Levy	$ 1,983,770
Less Sales Tax Rollback	(1,209,680)
Net Property Taxes	$ 774,090
Property Taxes Receivable	$ 151,598
Less Allowance for Uncollectible Amounts	(14,333)
Net Property Taxes Receivable	$ 137,265
Deferred Property Tax Revenue	$ 106,574

NOTE 5 - NOTES RECEIVABLE

Notes receivable, as of year end for the government's individual major funds, including the applicable allowances for uncollectible accounts are as follows:

Employment Incentive Program Loan Fund (EIP)	
5.00%, monthly payments of $ 2,386 (principal and interest), to 2014, collateralized by equipment	$ 135,074
5.00%, monthly payments of $ 2,652 (principal and interest), to 2013, collateralized by equipment	123,740
5.00%, monthly payments of $ 707 (principal and interest), to 2010, collateralized by equipment, accounts receivable, and inventory	39,628
3.5%, monthly payments of $ 1,731 (principal and interest), to 2010, collateralized by real estate	127,404
3.00%, monthly payments of $ 3,283 (principal and interest), to 2015, collateralized by real estate	265,132
	690,978
Less allowance for doubtful accounts	(39,628)
Total	651,350

(Continued)

NOTE 5 - NOTES RECEIVABLE (Continued)

Housing Development Action Grant Loan Fund (HODAG)	
3.00%, annual payments of $ 21,509 (principal and interest), to 2009, collateralized by real estate	20,883
3.50%, monthly payments of $ 53 (principal and interest), to 2017, collateralized by real estate	4,581
2.00%, monthly payments of $ 1,857 (principal and interest), to 2020, collateralized by real estate	201,774
Total	227,238
Urban Development Action Grant Loan Fund (UDAG)	
6.00%, monthly payments of $ 808 (principal and interest), to 2014, collateralized by real estate	69,757
5.00%, monthly payments of $ 2,121 (principal and interest), to 2012, collateralized by real estate	116,134
6.00%, monthly payments of $ 555 (principal and interest), to 2006, collateralized by real estate	21,000
5.00%, monthly payments of $ 477 (principal and interest), to 2018, collateralized by real estate	44,419
2.00%, interest only paid quarterly, principal due August 2011, collateralized by real estate	77,200
	328,510
Less allowance for doubtful accounts	(21,000)
Total	307,510
Grand Total	$ 1,186,098

NOTE 6 - CAPITAL ASSETS

Governmental capital asset activity for the year ended December 31, 2008, was follows:

Governmental Activities	Balance 1/1/2008	Additions	Deletions	Balance 12/31/2008
Capital assets not being depreciated				
Land	$ 930,262	$ 35,172	$ -	$ 965,434
Construction in progress	2,019,342	2,259,267	(714,000)	3,564,609
Total capital assets not being depreciated	2,949,604	2,294,439	(714,000)	4,530,043
Capital assets being depreciated				
Site improvements	3,366,030	357,000	-	3,723,030
Buildings and improvements	1,813,307	57,545	-	1,870,852
Plant, machinery, and equipment	2,806,686	183,886	(36,842)	2,953,730
Infrastructure	779,249	-	-	779,249
Total capital assets being depreciated	8,765,272	598,431	(36,842)	9,326,861

(Continued)

NOTE 6 - CAPITAL ASSETS (Continued)

Less accumulated depreciation				
Site improvements	(1,105,240)	(109,801)	-	(1,215,041)
Buildings and improvements	(458,513)	(46,053)	-	(504,566)
Plant, machinery, and equipment	(2,162,710)	(188,535)	36,842	(2,314,403)
Infrastructure	(273,172)	(19,481)	-	(292,653)
Total accumulated depreciation	(3,999,635)	(363,870)	36,842	(4,326,663)
Net capital assets being depreciated	4,765,637	234,561	-	5,000,198
Governmental activities capital assets-net	$ 7,715,241	$ 2,529,000	$ (714,000)	$ 9,530,241

Depreciation expense was charged to functions as follows:

General government	$ 7,473
Public safety	155,285
Public works	56,338
Housing and development	104,498
Culture and recreation	18,616
Community services	18,581
Vehicle maintenance fund	3,079
Current year depreciation expense	$ 363,870

Business-type capital asset activity for the year ended December 31, 2008, was as follows:

	Balance 1/1/2008	Additions	Deletions	Balance 12/31/2008
Business-type Activities				
Capital assets not being depreciated				
Land	$ 128,782	$ -	$ -	$ 128,782
Construction in progress	26,726	298,466	-	325,192
Total capital assets not being depreciated	155,508	298,466	-	453,974
Capital assets being depreciated				
Buildings and improvements	384,731	16,666	-	401,397
Plant, machinery, and equipment	5,378,877	387,472	(23,108)	5,743,241
Total capital assets being depreciated	5,763,608	404,138	(23,108)	6,144,638
Less accumulated depreciation				
Buildings and improvements	(172,865)	(9,766)	-	(182,631)
Plant, machinery, and equipment	(3,945,304)	(220,694)	23,108	(4,142,890)
Total accumulated depreciation	(4,118,169)	(230,460)	23,108	(4,325,521)
Net capital assets being depreciated	1,645,439	173,678	-	1,819,117
Business-type activities capital assets-net	$ 1,800,947	$ 472,144	$ -	$ 2,273,091

Depreciation expense on fixed assets of the Proprietary Funds was $ 230,460 for the year ended December 31, 2008.

FASB-34, *Capitalization of Interest Costs* requires that interest expenditures incurred during construction of assets be capitalized. FASB-62, *Capitalization of Interest Costs in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants* concludes that constructed assets financed with the proceeds of tax-exempt debt (if those funds are externally restricted to finance the acquisitions of the asset or used to service the related debt) should include capitalized interest only to the extent that interest cost exceed interest earned on related interest-bearing borrowing. There was no construction period interest cost capitalized during the year ended December 31, 2008.

NOTE 7 - LONG-TERM DEBT

The following is a summary of the long-term liability transactions for the year ended December 31, 2008:

	Balance 1/1/2008	Additions	Deletions	Balance 12/31/2008
Governmental Activities				
Note payable	$ -	$ 500,000	$ (2,112)	$ 497,888
Capital leases	-	133,866	(25,332)	108,534
Accrued compensated absences	57,031	9,562	(12,649)	53,944
Total debt - governmental activities	$ 57,031	$ 643,428	$ (40,093)	$ 660,366
Business-type Activities				
Capital leases	$ 5,616	$ 257,730	$ (54,388)	$ 208,958
Total debt - business-type activities	$ 5,616	$ 257,730	$ (54,388)	$ 208,958

There was no short-term borrowing during the year ended December 31, 2008.

The following summarizes long-term debt outstanding at December 31, 2008:

	Original Principal	Interest Rate	Final Maturity	Outstanding Balance	Amount Due Within One Year
Governmental Activities					
Note payable, airport hanger	$ 500,000	3.00%	2023	$ 497,888	$ 27,265
Capital lease, street sweeper	93,000	3.39%	2012	75,401	17,907
Capital lease, excavator	40,866	3.39%	2012	33,133	7,869
	$ 633,866			606,422	53,041
Accrued compensated absences				53,944	-
Total - governmental activities				$ 660,366	$ 53,041
Business-type Activities					
Capital lease, backhoe	$ 69,745	3.39%	2012	$ 56,547	$ 13,429
Capital lease, garbage truck	187,985	3.39%	2012	152,411	36,196
Total - business-type activities	$ 257,730			$ 208,958	$ 49,625

Note Payable

On January 30, 2007, the City of Thomson was awarded $ 500,000 from the OneGeorgia Authority Equity Fund to construct airport hangers to be leased to the airport's fixed base operator (FBO). The award was made in the form of an intergovernmental services contract (note payable) whereby the City is to repay the award in 60 quarterly payments of $ 10,474, including principal and interest at 3.00%. The agreement is secured by a first mortgage on the hangers and a blanket assignment of any lease agreements with the FBO. The debt is to be serviced with lease revenues derived from the hangers. The initial payment was made in October 2008 and the final payment will be July 2023. Annual requirements to amortize the note payable outstanding as of December 31, 2008 to maturity are as follows:

Year Ending	Principal	Interest	Total
2009	$ 27,265	$ 14,632	$ 41,897
2010	28,092	13,805	41,897
2011	28,945	12,952	41,897
2012	29,823	12,074	41,897
2013	30,728	11,169	41,897
2014 thru 2018	168,200	41,285	209,485
2019 thru 2023	184,835	14,175	199,010
Total	$ 497,888	$ 120,092	$ 617,980

(Continued)

NOTE 7 - LONG-TERM DEBT (Continued)

Capital Lease Obligations

The assets acquired through capital leases are as follows:

Asset	Governmental Activities	Business-type Activities
Plant, machinery and equipment	$ 133,866	$ 257,730
Less accumulated depreciation	(9,562)	(23,780)
Total	$ 124,304	$ 233,950

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2008, are as follows:

Year Ending December 31,	Governmental Activities	Business-type Activities
2009	$ 29,130	$ 56,082
2010	29,130	56,082
2011	29,130	56,082
2012	29,130	56,082
Total minimum lease payments	116,520	224,328
Less amount representing interest	(7,986)	(15,370)
Present value of minimum lease payments	$ 108,534	$ 208,958

NOTE 8 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2008, is as follows:

Due from/to other funds

Receivable Fund	Payable Fund	Amount
Solid Waste fund	General fund	$ 21,048
HODAG loan fund	General fund	5,191
UDAG loan fund	General fund	11,339
Gas fund	General fund	6,472
Gas fund	Nonmajor governmental fund	100
Airport capital projects fund	General fund	1,008
UDAG loan fund	HODAG loan fund	1,968
Internal service fund	General fund	38
Total		$ 47,164

(Continued)

NOTE 8 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

Amounts due to the Solid Waste Fund totaling $ 21,048 includes prior year capital contributions from the Gas Fund totaling $ 16,884 that were deposited in the General Fund. The remaining $ 4,164 is unapplied employee insurance withholding.

Amounts due to the HODAG and UDAG revolving loan funds totaling $ 18,498 represent prior year payments on notes receivable that were deposited in the General Fund and HODAG Revolving Loan Fund.

Amounts payable from the General Fund to the Gas Fund totaling $ 6,472 includes unapplied employee insurance withholding totaling $ 4,294, and miscellaneous other adjustments of $ 2,178.

Amounts due from the nonmajor governmental funds totaling $ 100 represent amounts payable to the Gas Fund to reimburse for project expenditures funded by those funds.

The $ 1,008 due to the Airport Capital Projects Fund represents the City's portion of airport maintenance expenditures incurred during December. This amount was paid to the Airport Fund in January 2009.

Amounts due to the nonmajor internal service fund totaling $ 38 is unapplied employee insurance withholding.

Interfund transfers

	Transfers Out			
Transfer In	General Fund	Gas Fund	Nonmajor Governmental Funds	Total Transfers In
General fund	$ -	$ 479,168	$ 153	$ 479,321
2006 CDBG Pitt Street	1,647	-	-	1,647
Airport capital projects fund	106,607	-	-	106,607
Nonmajor governmental funds	113,573	-	-	113,573
Solid Waste fund	-	140,705	-	140,705
Total transfers out	$ 221,827	$ 619,873	$ 153	$ 841,853

The City funds its General Fund and Solid Waste capital budgets with operating transfers from the Gas Fund. For the year ended December 31, 2008, capital assets purchased with transfers from the Gas Fund totaled $ 354,973 for the General Fund and $ 113,705 for the Solid Waste Fund. The Gas Fund also funds a portion of administrative salaries, payroll taxes, and employee benefits paid for by the General Fund. Operating transfers from the Gas Fund to the General Fund related to employee compensation and benefits totaled $ 124,195 in 2008. The Gas Fund also provided additional operating capital to the Solid Waste Fund totaling $ 27,000 in 2008. The General Fund also provides grant matching funds to various capital project funds. During 2008, the General Fund transferred $ 221,827 to various capital project funds. Transfers from completed capital project funds to the General Fund totaled $ 153 for the year ended December 31, 2008.

NOTE 9 - DEFERRED REVENUE

As of December 31, 2008, deferred revenues reported in the fund financial statements, totaled $ 123,106. Deferred property taxes totaled $ 106,574, unearned miscellaneous income totaled $ 8,000, and prepayments of 2009 occupational tax and beer and wine licenses totaled $ 8,532. These amounts are considered unavailable to the General Fund as of year end.

NOTE 10 - NET ASSETS/FUND EQUITY

Reservations of net assets/fund equity are created to either satisfy legal covenants that require a portion of the fund balance be segregated or identify the portion of fund balance that is not appropriated for future expenditures. Specific reservations of the fund balance accounts are summarized as follows:

Reserved for Prepaid Expenses - This reserve was created to represent prepaid expenses that will benefit future periods.

Unreserved for Designated Purposes - This represents the portion of net assets that are designated for specified purposes.

Unreserved - This represents the portion of net assets that is not reserved and not designated for other purposes.

NOTE 11 - JOINT VENTURES AND RELATED ORGANIZATIONS

McDuffie County/City of Thomson Water-Sewer Commission

The City is a one-half joint venture partner with McDuffie County, Georgia in the McDuffie County/City of Thomson Water-Sewer Commission (Commission), the purpose of which is to provide water and sewer utilities to County and City residents. The Commission assumed the ownership and operations of the City's Water and Sewer Enterprise Fund in 1988, in conjunction with funding for expansion with a one percent (1%) Special Purpose Local Option Sales Tax imposed by McDuffie County, Georgia. The seven member board is comprised of three members from the City and County and one member appointed by the board. The Commission was established for a term of fifty years. The City and County are equally responsible for the ownership of and the future maintenance and improvements to the System. The System is a closed system whereby all funds derived from the operation of the System must be used for the purposes of operating, maintaining, improving, or expanding the system. Neither the County nor the City of Thomson exercise direct control over the Commission, which is administered by the board.

Governmental Accounting Standards Board Statement No. 14 defines a joint venture as a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility.

Generally, the purpose of a joint venture is to pool resources and share the costs, risks, and rewards of providing goods or services to the venture participants directly, or for the benefit of the general public or specific service recipients. Joint control means that no single participant has the ability to unilaterally control the financial or operating policies of the joint venture.

An ongoing financial interest in a joint venture includes an equity interest when the agreement stipulates that the participating governments have a present or future claim on the net resources of the joint venture. A participating government has an ongoing financial responsibility for a joint venture if it is obligated in some manner for the debts of the joint venture, or if the joint venture's continued existence depends on continued funding by the government.

Each participating government of the Commission has final authority for establishing policies, water and sewer rates, fees, standards and any other matters as appropriate for the efficient delivery of water and sewer services. As such, each participating government has an indirect financial responsibility for the System, as defined by GASB Statement No. 14.

The City and County share certain responsibilities with respect with the Commission. The City administers the operating funds of the Commission, and is responsible for operations, maintenance, and customer billing for the System. The County is responsible for administering construction funds obtained through special local option sales tax revenues. Grant funds obtained for construction purposes are administered by the City and/or the County, dependent upon the terms of such funding.

(Continued)

NOTE 11 - JOINT VENTURES AND RELATED ORGANIZATIONS (CONTINUED)

The basic financial statements of the Commission are presented in a manner consistent with primary governments. Operating transfers to the Commission by the participating governments are accounted for as intergovernmental transfers. Federal and state grant funds transferred to the Commission by the participating governments are accounted for as sub-recipient grant funds.

Financial information regarding the Commission is summarized as follows:

Operating revenues	$ 4,006,796
Depreciation and amortization expense	$ 882,895
Operating loss	$ (122,469)
Change in net assets	$ 3,490,531
Capital asset additions	$ 5,638,018
Capital asset deletions	$ (84,101)
Net working capital	$ 776,459
Total assets	$ 36,739,738
Revenue bonds and other long-term liabilities	$ 6,883,684
Total net assets	$ 28,580,631

The Commission has issued a separate financial report that may be obtained from:

City of Thomson
P. O. Box 1017
Thomson, Georgia 30824

CSRA Regional Development Center

Under Georgia law, the City, in conjunction with other cities and counties in the Central Savannah River Area, is a member of the Central Savannah River Area Regional Development Center (RDC) and is required to pay annual dues thereto. During the year ended December 31, 2007, the City paid $ 6,828 in such dues. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 that provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the RDC. Separate financial statements may be obtained from:

CSRA Regional Development Center
3023 River Watch Parkway, Suite A
Augusta, GA 30907

Housing Authority

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

NOTE 12 - CONTINGENT LIABILITIES

Federal Grants

In the normal course of operations, the City receives grant funds from various Federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

Litigation

As of December 31, 2008, the City was not involved in any pending or threatened litigation.

NOTE 13 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

In order to minimize the risk of loss the City has joined with other municipalities in the state as a member of the Georgia Interlocal Risk Management Agency Fund (GIRMA), and the Georgia Municipal Association (GMA) Self-Insured Workmen's Compensation Fund. The City pays an annual premium to these Funds through the GIRMA and GMA. The City retains the first $ 1,000 of each risk of loss in the form of a deductible. All claims are filed with GIRMA and GMA who bills the City for any risk of loss up to the deductible amount.

As part of their agreement, the City must assist and cooperate in the defense and settlement of claims against the City. The City must furnish full cooperation to GIRMA's and GMA's attorneys, claims adjusters, and any agent or independent contractor of GIRMA and GMA. In addition, the City must report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in GIRMA and GMA or any Fund established by GIRMA and GMA being required to pay claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection of a Fund or Funds in which the City participates. The City is required to use due diligence to avoid or diminish any loss covered under the agreement.

As a condition of coverage, GIRMA and GMA can request that the City assist in effecting settlements, securing and giving evidence, obtaining witnesses in the conduct of suits, and providing of written statements for the purposes of investigation, defense, and mitigation of claims. GIRMA and GMA are responsible for payment of all claims covered under the agreement. The maximum liability for any one occurrence or claim is the maximum liability as specified in the policies less the amount of stated deductibles.

NOTE 14 - RETIREMENT PLAN

Plan Description

The City's defined benefit pension plan, (the Plan) provides retirement benefits to plan members and beneficiaries. Employees covered under the Plan include employees of the City and the McDuffie County/City of Thomson Water-Sewer Commission. The Plan is affiliated with the Georgia Municipal Employees Benefit System (GMEBS), an agency multiple-employer pension plan administered by the Board of Trustees of the GMEBS. The GMEBS issues a publicly available financial report that includes financial statements and required supplementary information of the Plan. The address of the GMEBS is 201 Pryor Street, SW, Atlanta, GA 30303, and their telephone number is 404-688-0472.

(Continued)

NOTE 14 - RETIREMENT PLAN (Continued)

The City of Thomson established the Plan January 1, 1972 through an agreement adopting the GMEBS Master Plan and Joint Trust Agreement. The Adoption Agreement establishes the types of benefits available under the Plan and the City's obligation to contribute to the Plan. The City has the right to amend any or all elections in the Adoption Agreement. The amendment must be approved by GMEBS, cannot reduce any previously accrued benefits of the participants or beneficiaries, cannot authorize or permit any part of the Trust Fund to be diverted to any purpose other than for the exclusive benefit of participants and their beneficiaries, and cannot deprive any participant or beneficiary of any rights or benefits irrevocably vested under the Plan.

GMEBS can amend the Master Plan or the elective provisions of the Adoption Agreement in its sole discretion as Trustee of the Plan. Any amendment by GMEBS must be approved by the City of Thomson as the adopting employer. The City cannot amend the Master Plan or the Joint Trust Agreement.

All full-time employees, excluding officials, working at least 30 hours per week, are eligible, and become fully vested after 10 years of service. Normal retirement age is 65 with a minimum of 5 years of service, and early retirement is age 55 with a minimum of 10 years total credited service. Monthly benefits are based on (a) the average annual earnings paid to a participant during any consecutive 5 year period preceding actual date of retirement in which the earnings were highest, and (b) total years of service. The system also provides death and disability benefits.

As of December 31, 2008, there were ninety-one active participants, forty-seven retirees and beneficiaries receiving benefits, and twenty-seven terminated participants with deferred vested benefits. For the year ended December 31, 2008, there were no employer or related party securities or loans included in plan assets.

Summary of Significant Accounting Policies and Plan Asset Matters

The City's Pension Plan financial statements are prepared on the accrual basis of accounting. Contributions from the City are recognized as revenue in the period in which employees provide services to the City. Investment income is recognized as earned by the pension plan. The net appreciation/depreciation in the fair value of investments held by the Plan is recorded as an increase/decrease to investment income based on valuation of investments as of the balance sheet date. Investment valuations are based on quoted market prices at the balance sheet date.

Funding Policy

The City is required to contribute at an actuarially determined rate; the rate for 2008 was 9.14% of annual covered payroll, and the rate for 2009 will be 15.94% of covered payroll. Total covered payroll was $ 2,858,076 for 2008 and total payroll was $ 3,406,959. Employees do not contribute to the plan.

Annual Pension Cost

For 2008, the City's annual pension cost of $ 250,372 for the Plan was equal to the recommended annual contribution. The annual required contribution for the current year was determined as part of the January 1, 2009 actuarial valuation using the projected unit credit method. The actuarial assumptions included (a) 8.0% investment rate of return, (b) projected salary increases of 5.5%, attributable to merit and seniority, (c) no cost of living adjustments, and (d) no post retirement increases.

Contributions are determined under the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1982 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 are closed for this plan year.

(Continued)

NOTE 14 - RETIREMENT PLAN (CONTINUED)

There was no pension liability at the date of transition as determined in accordance with Statement No. 27 of the Governmental Accounting Standards Board. Accordingly, there is no difference in the pension liability currently reported and amounts previously reported for this plan.

Schedule of Employer Contributions

Year Ended	Annual Pension Cost (APC)	% APC Funded	Net Pension Obligation
December 31, 1993	$ 104,699	100%	None
December 31, 1994	$ 99,482	100%	None
December 31, 1995	$ 90,727	100%	None
December 31, 1996	$ 117,354	100%	None
December 31, 1997	$ 123,448	100%	None
December 31, 1998	$ 117,568	100%	None
December 31, 1999	$ 94,361	100%	None
December 31, 2000	$ 90,703	100%	None
December 31, 2001	$ 102,568	100%	None
December 31, 2002	$ 131,666	100%	None
December 31, 2003	$ 186,692	100%	None
December 31, 2004	$ 208,736	100%	None
December 31, 2005	$ 229,890	100%	None
December 31, 2006	$ 240,990	100%	None
December 31, 2007	$ 238,696	100%	None
December 31, 2008	$ 250,372	100%	None

Schedule of Funding Progress for the Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) Entry Age (b)	Unfunded (Funding Excess) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL (Funding Excess) as a % of Covered Payroll ((b-a)/c)
01/01/94	$ 1,605,055	$ 1,779,674	$ 174,619	90.2%	$ 1,155,935	15.1%
01/01/95	$ 1,642,249	$ 1,741,836	$ 99,587	94.3%	$ 1,318,064	7.5%
01/01/96	$ 1,864,536	$ 2,017,348	$ 152,812	92.4%	$ 1,595,948	9.6%
01/01/97	$ 1,933,299	$ 2,124,547	$ 191,248	91.0%	$ 1,697,220	11.3%
01/01/98	$ 2,176,425	$ 2,239,217	$ 62,792	97.2%	$ 1,818,812	3.5%
01/01/99	$ 2,719,434	$ 2,393,700	$ (325,734)	113.6%	$ 1,784,577	(18.3%)
01/01/00	$ 2,931,878	$ 2,651,347	$ (280,531)	110.6%	$ 1,814,450	(15.5%)
01/01/01	$ 3,148,907	$ 2,940,816	$ (208,091)	107.1%	$ 1,988,052	(10.5%)
01/01/02	$ 3,317,375	$ 3,291,305	$ (26,070)	100.8%	$ 2,246,049	(1.1%)
01/01/03	$ 3,291,482	$ 3,611,180	$ 319,698	91.1%	$ 2,594,302	12.3%
01/01/04	$ 3,533,233	$ 3,905,186	$ 371,953	90.5%	$ 2,638,147	14.1%
01/01/05	$ 3,794,735	$ 4,305,729	$ 510,994	88.1%	$ 2,610,741	19.6%
01/01/06	$ 4,058,371	$ 4,615,680	$ 557,309	87.93%	$ 2,577,074	21.63%
01/01/07	$ 4,406,496	$ 4,799,189	$ 392,693	91.82%	$ 2,841,294	13.82%
01/01/08	$ 4,775,585	$ 5,276,374	$ 500,789	90.51%	$ 2,755,740	18.17%
01/01/09	$ 4,029,890	$ 5,787,798	$ 1,757,908	69.63%	$ 2,858,076	61.51%

NOTE 15 - POST EMPLOYMENT HEALTH CARE BENEFITS

The City provides postretirement health and dental care benefits for certain retirees, as per a personnel policy adopted December 7, 1992. The benefits are available to all employees who have attained the age of 62 and who have 25 years of full-time service upon retirement. Benefits continue in effect until the retiree reaches the age of 65 at which time the retiree can convert to Medicare or any other plan as desired. The City funds 100% of the retirees' premium and the benefits are underwritten by the City's regular health and dental care provider. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans.

The City finances the plan on a pay-as-you-go basis. As of December 31, 2008 there were three retirees who were covered under the City's group insurance plans and the total cost of retiree health and dental benefits was $ 17,181 for the year.

NOTE 16 – COMMITMENTS AND SUBSEQUENT EVENTS

On April 16, 2004, the Georgia Department of Transportation awarded the City of Thomson a Transportation Enhancement Grant totaling $ 490,000 to carry out improvements in the downtown area. Total project cost is estimated to be $ 612,500, including a required local match of $ 122,500 to be funded with SPLOST proceeds. Streetscape improvements, pedestrian crossings, new sidewalks, and off-street parking will be constructed. This project was substantially complete as of December 31, 2008. The final close-out of the project has been conducted as of the report date.

On May 1, 2006, the Georgia Department of Transportation awarded the City of Thomson a second Transportation Enhancement Grant totaling $ 400,000 for additional improvements in the downtown area. Total project cost is estimated to be $ 555,500, including a local match of $ 155,500 to be funded with SPLOST proceeds. The project will include realignment of several intersections and streets, elimination of an existing substandard railroad crossing, and reconfiguration of streets to provide for safe pedestrian access to downtown businesses. Traffic studies are being conducted to determine the impact of a proposed County/City government complex, project designs are being developed, and the City is in the process of acquiring the necessary right-of-ways.

On June 6, 2005, the State of Georgia Department of Community Affairs awarded the City a Community Development Block Grant (CDBG) totaling $ 500,000. Proceeds of this grant are to be used for the redevelopment of the Old Thomson Company Building. Total cost of the project is estimated to be $ 1,119,636, including $ 500,000 funded by SPLOST and $ 119,636 of in-kind labor. The building has been sold to the McDuffie County, Georgia Industrial Development Authority and will be leased or sold to industrial or commercial tenants upon completion of the project. This project was substantially complete as of December 31, 2008. The final close-out of the project will be conducted in 2009.

On August 18, 2006, the State of Georgia Department of Community Affairs awarded the City a Community Development Block Grant (CDBG) totaling $ 780,415. This project is a multi activity program to rehabilitate and redevelop a low income neighborhood. The project will include street improvements, installation of flood and drainage facilities, pedestrian walkways, rehabilitation of private residential structures, reconstruction of private properties, and provide for relocation assistance. Total cost of the project is estimated to be $ 830,776, including $ 50,361 in local funding. Most of the infrastructure portion of this project has been completed and the rehabilitation and reconditioning of private property has begun.

The City was awarded two Community Home Investment Program (CHIP) grants during 2007. The purpose of these grants is to assist a special population of very low income households rehabilitate their homes, provide for downpayment assistance, and funding for program administration costs. Assistance will be limited to those households located in the Thomson-McDuffie DCA designated Revitalization Area. Total CHIP grant funding awarded the City during 2007 was $ 471,699. Applications for participation in the program are currently being processed and testing for environmental hazards are being conducted.

(Continued)

NOTE 16 – COMMITMENTS AND SUBSEQUENT EVENTS (Continued)

On September 16, 2008 the City was awarded a third Community Home Investment Program (CHIP) grant to assist in rehabilitation of low income housing, provide downpayment assistance, and fund administrative cost. The total award received during 2008 was $ 167,590.

The City was awarded a third Transportation Enhancement Grant totaling $ 400,000 in February 2008. Proceeds of this grant will be combined with local funds and be used to renovate, restore, and stabilize the historic railroad depot in downtown Thomson. Total cost of this project is estimated to be $ 568,145. Preliminary studies and environmental documentation are being conducted on this project.

The City was awarded an entitlement grant from the U.S. Department of Transportation Federal Aviation Administration totaling $ 450,000 which will be combined with $ 10,287 from the Georgia Department of Transportation and local matching funds of $ 13,397 to construct a taxiway and expand the apron to the newly constructed T-hanger. Total estimated cost of this project is $ 473,684. Final close out of this project was pending as of December 31, 2008.

On June 30, 2008 the City was awarded an Airport Improvement Grant from the Georgia Department of Transportation totaling $ 340,200 which will be combined with local matching funds of $ 113,400 to extend the existing runway. Total cost of the runway extension project is estimated to be $ 453,600. This project was substantially complete as of December 31, 2008.

The State of Georgia has awarded construction contracts to construct a new eastern by-pass around the City of Thomson. The project requires that existing utilities be relocated. The State of Georgia and the City of Thomson have entered into two agreements whereby the State of Georgia has agreed to fully fund the costs associated with preliminary design and construction engineering for the relocation of existing systems. Total funding to be received from the State of Georgia for the relocation project is estimated to be $ 186,665. Cost incurred to extend the system will be funded by operating revenues. This project was substantially complete as of December 31, 2008.

As of December 31, 2008, amounts spent to date and the estimated remaining commitment on these projects are as follows:

Project Description	Spent To Date	Remaining Commitment
Governmental Activities		
2004 TE Grant Downtown Redevelopment	$ 816,691	$ -
2006 TE Grant Downtown Redevelopment	12,700	542,800
2004 CDBG Thomson Company Redevelopment	1,176,374	-
2006 CDBG Pitt Street Revitalization	601,157	222,695
2007 CHIP Neighborhood Revitalization	5,775	165,924
2007 CHIP Neighborhood Revitalization	6,600	293,400
2008 CHIP Neighborhood Revitalization	-	167,590
2008 TE Grant Depot Stabilization	-	568,145
FAA Airport Apron Expansion	472,371	1,313
Airport Runway Extension	472,941	13,267
Total governmental activities	$ 3,564,609	$ 1,975,134
Business-type Activities		
Georgia Department of Transportation Utility Relocation	$ 325,192	$ -
Total business-type activities	$ 325,192	$ -

NOTE 17 – NEW ACCOUNTING PRONOUNCEMENTS

In August 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Post Retirement Benefits Other Than Pensions*, which addresses how state and local governments should account for and report their costs and obligations related to its postemployment healthcare and other nonpension benefits (OPEB). The Statement generally requires that state and local governmental employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due. The provisions of Statement No. 45 may be applied prospectively and do not require governments to fund their OPEB plans. An employer may establish its OPEB liability at zero as of the beginning the initial year of implementation; however, the unfunded actual liability is required to be amortized over future periods. This Statement, which will be effective for the City for the year ended December 31, 2009, will have an effect on the City's financial statements, but management does not currently know the effect it will have.

INDIVIDUAL AND COMBINING FUND STATEMENTS

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GENERAL FUND

The General Fund is used to account for resources traditionally associated with the City that are not required legally, or by sound financial management, to be accounted for in another fund.

CITY OF THOMSON, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (BUDGETARY BASIS) AND ACTUAL
GENERAL FUND BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2008

	Budgetary Basis			Variance With Final Budget Over (Under)
	Original Budget	Amended and Final Budget	Actual	
REVENUES				
Taxes				
Property tax	$ 635,910	$ 637,010	$ 629,172	$ (7,838)
Intangible tax	11,500	11,500	12,236	736
Railroad equipment tax	-	218	218	-
Real estate transfer tax	5,000	5,000	5,127	127
Franchise tax	381,000	397,888	397,690	(198)
Local option sales tax	1,170,291	1,170,291	1,170,291	-
Alcoholic beverage tax	101,000	101,000	100,040	(960)
Occupation tax	51,500	53,000	52,875	(125)
Insurance premium tax	358,000	382,200	382,151	(49)
Financial institution tax	44,000	29,500	29,335	(165)
Penalties and interest	2,500	2,500	1,917	(583)
Payment in lieu of taxes	14,000	14,000	14,142	142
Total taxes	2,774,701	2,804,107	2,795,194	(8,913)
Licenses and Permits				
Alcoholic beverage licenses	2,000	4,000	3,900	(100)
Building permits	22,000	33,000	32,415	(585)
Total licenses and permits	24,000	37,000	36,315	(685)
Intergovernmental				
State grants	-	12,000	12,000	-
Water Sewer joint venture	97,832	97,832	97,832	-
Total intergovernmental	97,832	109,832	109,832	-
Charges for Services				
Fire protection fees	5,000	5,000	5,000	-
Total charges for services	5,000	5,000	5,000	-
Fines and Forfeitures				
Police court fines	185,000	163,000	159,604	(3,396)
Total fines and forfeitures	185,000	163,000	159,604	(3,396)
Use of Money and Property				
Interest income	65,600	61,432	60,048	(1,384)
Rents	34,200	30,200	47,464	17,264
Reimbursements for damaged property	-	2,500	2,441	(59)
Sale of assets	-	7,300	7,912	612
Cemetary lot sales	20,000	17,000	15,900	(1,100)
Total use of money and property	119,800	118,432	133,765	15,333
Other				
Miscellaneous	14,300	15,500	5,637	(9,863)
Total other	14,300	15,500	5,637	(9,863)
Total revenues	3,220,633	3,252,871	3,245,347	(7,524)

(Continued)

CITY OF THOMSON, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (BUDGETARY BASIS) AND ACTUAL
GENERAL FUND BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2008

	Budgetary Basis			Variance With Final Budget Over (Under)
	Original Budget	Amended and Final Budget	Actual	
EXPENDITURES				
General government				
Mayor and Council	82,566	80,366	76,017	(4,349)
Voter registration	5,000	5,000	5,000	-
General administration	465,560	470,539	387,841	(82,698)
Tax commissioner	12,000	12,000	12,000	-
Tax assessor	1,200	1,200	1,200	-
Total general government	566,326	569,105	482,058	(87,047)
Public safety				
Police	859,848	938,530	940,144	1,614
Fire	671,766	669,889	660,334	(9,555)
Animal shelter	11,000	11,000	11,917	917
Total public safety	1,542,614	1,619,419	1,612,395	(7,024)
Public works				
Street department	757,576	768,360	762,798	(5,562)
Total public works	757,576	768,360	762,798	(5,562)
Health and welfare				
Health department	420	420	420	-
Total health and welfare	420	420	420	-
Community services				
Senior citizen center	60,900	60,900	57,625	(3,275)
Community centers	40,965	44,700	44,722	22
Transportation services	20,000	20,000	24,591	4,591
Total community services	121,865	125,600	126,938	1,338
Culture and recreation				
Recreation	259,000	262,000	254,680	(7,320)
Library	60,093	72,093	72,253	160
Total culture and recreation	319,093	334,093	326,933	(7,160)
Housing and development				
Planning and zoning	28,300	63,159	55,267	(7,892)
Code enforcement	38,171	41,221	40,207	(1,014)
Economic development	-	-	10,474	10,474
CSRA Rural Development	7,000	7,000	6,828	(172)
Total housing and development	73,471	111,380	112,776	1,396
Total expenditures	3,381,365	3,528,377	3,424,318	(104,059)

(Continued)

CITY OF THOMSON, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (BUDGETARY BASIS) AND ACTUAL
GENERAL FUND BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2008

	Budgetary Basis			Variance With Final Budget Over (Under)
	Original Budget	Amended and Final Budget	Actual	
Deficiency of revenues over expenditures	(160,732)	(275,506)	(178,971)	(96,535)
OTHER FINANCING SOURCES (USES)				
Transfers in	271,732	526,691	414,952	(111,739)
Transfers out	(111,000)	(251,185)	(224,496)	(26,689)
Total other financing sources (uses)	160,732	275,506	190,456	(85,050)
CHANGE IN NET ASSETS	$ -	$ -	$ 11,485	$ 11,485

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Police Condemnation and Forfeiture Fund - This fund was established to account for revenues received from condemnations and forfeitures that are to be used for law enforcement purposes.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

OneGeorgia Airport Hanger Fund - This fund was established to account for funds received from the OneGeorgia Equity Fund (awarded in the City's name) that were used to construct T-hangers at the Thomson-McDuffie Regional Airport.

2007 and 2008 CHIP Grants - These funds were established to account for Community Home Investment Program grant funds that are used to assist very low income households with the rehabilitation of their homes and down payment assistance.

2004 CDBG Thomson Company Redevelopment - This fund was established to account for Community Development Block Grant funds (awarded in the City's name) that are used for the redevelopment of the old Thomson Company property to be converted to industrial/commercial use.

2004 and 2006 TE Grants - These funds were established to account for proceeds from a Transportation Enhancement grants to fund streetscape and pedestrian safety improvements in the downtown area of the City.

CITY OF THOMSON, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2008

	Special Revenue	Capital Projects							Total Nonmajor Governmental Funds
	Police Condemnation Forfeiture	OneGeorgia Airport Hanger Fund	2007 CHIP Grant	2007 CHIP Grant	2008 CHIP Grant	2004 CDBG Thomson Co.	2004 TE Grant	2006 TE Grant	
ASSETS									
Cash	$ 2,025	$ 100	$ 100	$ 100	$ 100	$ -	$ 100	$ -	$ 2,525
Total assets	$ 2,025	$ 100	$ 100	$ 100	$ 100	$ -	$ 100	$ -	$ 2,525
LIABILITIES									
Interfund payables	$ -	$ -	$ -	$ -	$ -	$ -	$ 100	$ -	$ 100
Total liabilities	-	-	-	-	-	-	100	-	100
FUND BALANCES									
Unreserved, designated for:									
Special revenues	2,025	-	-	-	-	-	-	-	2,025
Capital projects	-	100	100	100	100	-	-	-	400
Total fund balances	2,025	100	100	100	100	-	-	-	2,425
Total liabilities and fund balances	$ 2,025	$ 100	$ 100	$ 100	$ 100	$ -	$ 100	$ -	$ 2,525

CITY OF THOMSON, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Special Revenue	Capital Projects							Total Nonmajor Governmental Funds
	Police Condemnation Forfeiture	OneGeorgia Airport Hanger Fund	2007 CHIP Grant	2007 CHIP Grant	2008 CHIP Grant	2004 CDBG Thomson Co.	2004 TE Grant	2006 TE Grant	
REVENUES									
Intergovernmental	$ -	$ 189,633	$ 5,775	$ 6,600	$ -	$ 236,584	$ 431,319	$ 6,950	$ 876,861
Fines and forfeitures	13,349	-	-	-	-	-	-	-	13,349
Other	-	-	-	-	-	39	-	-	39
Total revenues	13,349	189,633	5,775	6,600	-	236,623	431,319	6,950	890,249
EXPENDITURES									
Current									
Public safety	12,998	-	-	-	-	-	-	-	12,998
Housing and development	-	227,371	5,775	6,600	-	236,584	507,054	6,950	990,334
Total expenditures	12,998	227,371	5,775	6,600	-	236,584	507,054	6,950	1,003,332
Excess (deficiency) of revenues over expenditures	351	(37,738)	-	-	-	39	(75,735)	-	(113,083)
OTHER FINANCING SOURCES (USES)									
Transfers in	-	37,738	-	-	100	-	75,735	-	113,573
Transfers out	-	-	-	-	-	(153)	-	-	(153)
Total other financing sources (uses)	-	37,738	-	-	100	(153)	75,735	-	113,420
Net change in fund balances	351	-	-	-	100	(114)	-	-	337
Fund balances, beginning of year	1,674	100	100	100	-	114	-	-	2,088
Fund balances, end of year	$ 2,025	$ 100	$ 100	$ 100	$ 100	$ -	$ -	$ -	$ 2,425

CITY OF THOMSON, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (BUDGETARY BASIS) AND ACTUAL
POLICE CONDEMNATION AND FORFEITURE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	Budgetary Basis			Variance With Final Budget Over (Under)
	Original Budget	Amended and Final Budget	Actual	
REVENUES				
Fines and forfeitures	$ 6,950	$ 6,950	$ 13,349	$ 6,399
Interest income	50	50	-	(50)
Total revenues	7,000	7,000	13,349	6,349
EXPENDITURES				
Public safety	7,000	7,000	12,998	5,998
Total expenditures	7,000	7,000	12,998	5,998
CHANGE IN NET ASSETS	$ -	$ -	351	$ 351
FUND BALANCE, BEGINNING OF YEAR			1,674	
FUND BALANCE, END OF YEAR			$ 2,025	

FIDUCIARY FUNDS

Agency funds are used to account for assets that are held by the government as the agent for individuals, private organizations, other governments, and/or other funds.

CITY OF THOMSON, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2008

	Balance 1/1/2008	Additions	Deletions	Balance 12/31/2008
Police Surcharge Fund				
Assets				
Cash	$ 36	$ 108,752	$ 108,752	$ 36
Total assets	$ 36	$ 108,752	$ 108,752	$ 36
Liabilities				
Due to other governments	$ 36	$ -	$ -	$ 36
Total liabilities	$ 36	$ -	$ -	$ 36

COMPLIANCE SECTION AND SUPPLEMENTARY SCHEDULES

CITY OF THOMSON, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANTS
PROJECT COST SCHEDULE (CASH BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2008

Program Activity	Activity Number	Latest Approved Budget CDBG Funds	Accumulated Expenditures To Date CDBG Funds	Accumulated Expenditures To Date Other Funds	Grand Total Expenditures To Date	Questioned Costs (Explain)
Grant Number 04rd-x-094-2-3036						
Public Facilities	E-17B-00	$ 470,000	$ 470,000	$ 676,260	$ 1,146,260	none
Administration	A-21A-00	30,000	30,000	114	30,114	none
		$ 500,000	$ 500,000	$ 676,374	$ 1,176,374	none
Source of Other Funds: Local Match						
Grant Number 06b-x-094-2-3245						
Property Acquisition	P-001-01	$ 2,420	$ -	$ -	$ -	none
Contingency	C-022-00	65,874	-	-	-	none
Engineering	T-03K-00	39,900	39,900	22,707	62,607	none
Street Improvements	P-03K-01	94,412	20,000	-	20,000	none
Flood/Drainage	P-03K-02	214,368	198,568	-	198,568	none
Pedestrian Walkway	P-03L-00	17,960	10,000	-	10,000	none
Engineering Sidewalk	T-03L-00	2,100	2,100	-	2,100	none
Rehab Private Property	H-14A-01	236,682	137,837	-	137,837	none
Reconstruct Private Property	H-14A-02	61,899	2,000	-	2,000	none
Administration	A-21A-00	44,800	26,992	21	27,013	none
		$ 780,415	$ 437,397	$ 22,728	$ 460,125	none
Source of Other Funds: Local Match						
Grant Number 07mr-x-094-2-2955						
Rehab Private Property	H-14A-01	$ 156,090	$ 5,775	$ -	$ 5,775	none
Administration	A-21A-00	15,609	-	100	100	none
		$ 171,699	$ 5,775	$ 100	$ 5,875	none
Source of Other Funds: Local Match						
Grant Number 07m-x-094-2-2956						
Downpayment/Closing Costs	H-013-00	$ 17,000	$ -	$ -	$ -	none
Rehab Private Property	H-14A-01	255,150	2,850	-	2,850	none
Contingencies	C-022-00	12,850	-	-	-	none
Administration	A-21A-00	15,000	3,750	100	3,850	none
		$ 300,000	$ 6,600	$ 100	$ 6,700	none
Source of Other Funds: Local Match						
Grant Number 08mr-x-094-2-6012						
Rehab Private Property	H-14A-01	$ 157,590	$ -	$ -	$ -	none
Contingencies	C-022-00	10,000	-	100	100	none
		$ 167,590	$ -	$ 100	$ 100	none
Source of Other Funds: Local Match						

CITY OF THOMSON, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANTS
SOURCE AND APPLICATION OF FUNDS SCHEDULE (CASH BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2008

Grant Number04rd-x-094-2-3036	
Total Program Year 2004 Funds Allocated to Recipient	$ 500,000
Less: Total Program Year 2004 Funds Drawn by Recipient	500,000
Funds Still Available from Program Year 2004 Resources	$ -
Total Program Year 2004 Funds Drawn and Received by Recipient	$ 500,000
Less: Funds Applied and Expended to Program Year 2004 Costs	500,000
Total Program Year 2004 Funds Held by Recipient	$ -
Grant Number 06b-x-094-2-3245	
Total Program Year 2005 Funds Allocated to Recipient	$ 780,415
Less: Total Program Year 2005 Funds Drawn by Recipient	437,937
Funds Still Available from Program Year 2005 Resources	$ 342,478
Total Program Year 2005 Funds Drawn and Received by Recipient	$ 437,937
Less: Funds Applied and Expended to Program Year 2005 Costs	433,364
Total Program Year 2005 Funds Held by Recipient	$ 4,573
Grant Number 07mr-x-094-2-2955	
Total Program Year 2007 Funds Allocated to Recipient	$ 171,699
Less: Total Program Year 2007 Funds Drawn by Recipient	5,775
Funds Still Available from Program Year 2007 Resources	$ 165,924
Total Program Year 2007 Funds Drawn and Received by Recipient	$ 5,775
Less: Funds Applied and Expended to Program Year 2007 Costs	5,775
Total Program Year 2007 Funds Held by Recipient	$ -
Grant Number 07m-x-094-2-2956	
Total Program Year 2007 Funds Allocated to Recipient	$ 300,000
Less: Total Program Year 2007 Funds Drawn by Recipient	6,600
Funds Still Available from Program Year 2007 Resources	$ 293,400
Total Program Year 2007 Funds Drawn and Received by Recipient	$ 6,600
Less: Funds Applied and Expended to Program Year 2007 Costs	6,600
Total Program Year 2007 Funds Held by Recipient	$ -
Grant Number 08mr-x-094-2-6012	
Total Program Year 2008 Funds Allocated to Recipient	$ 167,590
Less: Total Program Year 2008 Funds Drawn by Recipient	-
Funds Still Available from Program Year 2008 Resources	$ 167,590
Total Program Year 2008 Funds Drawn and Received by Recipient	$ -
Less: Funds Applied and Expended to Program Year 2008 Costs	-
Total Program Year 2008 Funds Held by Recipient	$ -

CITY OF THOMSON, GEORGIA
ONEGEORGIA EQUITY FUND
PROJECT COST SCHEDULE (CASH BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2008

Program Activity	Activity Number	Latest Approved Budget OneGeorgia Funds	Accumulated Expenditures To Date OneGeorgia Funds	Accumulated Expenditures To Date Other Funds	Grand Total Expenditures To Date	Questioned Costs (Explain)
Grant Number 07gg-094-2-4380						
Construction/Rehabilitation of Buildings/Other Facilities	L70-1302-I	$ 500,000	$ 500,000	$ 214,000	$ 714,000	none
		$ 500,000	$ 500,000	$ 214,000	$ 714,000	none

Source of Other Funds: Local Match

CITY OF THOMSON, GEORGIA
ONEGEORGIA EQUITY FUND
SOURCE AND APPLICATION OF FUNDS SCHEDULE (CASH BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2008

Grant Number 07gg-094-2-4380

Total Program Year 2007 Funds Allocated to Recipient	$	500,000
Less: Total Program Year 2007 Funds Drawn by Recipient		500,000
Funds Still Available from Program Year 2007 Resources	$	-
Total Program Year 2007 Funds Drawn and Received by Recipient	$	500,000
Less: Funds Applied and Expended to Program Year 2007 Costs		500,000
Total Program Year 2007 Funds Held by Recipient	$	-

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Thomson, Georgia as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 7, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

Compliance and other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

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

Greenwood, South Carolina
August 7, 2009

Elliott Davis LLC

CITY OF THOMSON, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Pass-through programs from:			
State of Georgia Department of Community Affairs			
Community Development Block Grants/State's Program	14.228	04rd-x-094-2-3036	$ 100,139
Community Development Block Grants/State's Program	14.228	06b-x-094-2-3245	490,721
Home Investment Partnerships Program	14.239	07mr-x-094-2-2955	5,775
Home Investment Partnerships Program	14.239	07m-x-094-2-2956	6,600
Total U.S. Department of Housing and Urban Development			603,235
U.S. Department of Transportation			
Pass-through programs from:			
Georgia Department of Transportation			
Airports Improvement Program	20.106	AP080-9899-13(195)	166,187
Highway Planning and Construction	20.205	TEE-0006-00(607)	302,180
Total U.S. Department of Transportation			468,367
Total expenditures of federal awards			$ 1,071,602

See accompanying notes to schedule of expenditures of federal awards.

CITY OF THOMSON, GEORGIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Thomson, Georgia and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - NON-CASH AWARDS

The City of Thomson, Georgia did not receive any non-cash federal awards during the year ended December 31, 2008.

NOTE 3 - LOAN PROGRAMS

Safe Drinking Water State Revolving Fund (CFDA 66.468) - This program, initiated in fiscal year 1997-98, is funded by the EPA and State matching funds. The primary objective of the program is to provide communities with affordable financing in the form of long-term, low-interest loans for the construction of public drinking water facilities. The Budget and Control Board-Office of Local Government division is responsible for the state-level management and financial administration of this revolving loan program.

	Loans Made 12/31/08	Loan Balance 12/31/08
Safe Drinking Water State Revolving Loan Fund (66.468)	$ -	$ 1,381,315

These transactions and related liabilities are reflected on the separately issued financial statements of the City's Joint Venture, McDuffie County/City of Thomson, Georgia Water and Sewer Commission.

CITY OF THOMSON, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2008

I. Summary of auditor's results

A. An unqualified opinion was issued on the financial statements of City of Thomson, Georgia.

B. No significant deficiencies relating to the audit of the financial statements are reported in the Schedule of Findings and Questioned Costs.

C. No material weaknesses relating to the audit of the financial statements are reported in the Schedule of Findings and Questioned Costs.

D. No instances of noncompliance material to the financial statements of City of Thomson, Georgia were disclosed during the audit.

E. No significant deficiencies relating to the audit of the major federal award programs are reported in the Schedule of Findings and Questioned Costs.

F. No material weaknesses relating to the audit of the major federal award programs are reported in the Schedule of Findings and Questioned Costs.

G. The auditor's report on compliance for the major federal award programs for City of Thomson, Georgia expresses an unqualified opinion.

H. No audit findings are disclosed that are required to be reported in accordance with section 510 (a) of OMB Circular A-133.

I. Major federal programs for City of Thomson, Georgia for the fiscal year ended December 31, 2008 are:

CFDA Number	Program Title
14.228	Community Development Block Grant
20.205	Highway Planning and Construction Grant

J. Dollar threshold used to distinguish between type A and type B programs was $300,000.

K. City of Thomson, Georgia was assessed as a high risk auditee.

II. Findings related to the audit of the financial statements

None

III. Findings and questioned costs related to the audit of federal awards

None

CITY OF THOMSON, GEORGIA
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2008

SUMMARY OF PRIOR AUDIT FINDINGS

There were no prior audit findings reported for the year ended December 31, 2007 which require a response in the December 31, 2008 financial statements.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Mayor and Members of the City Council
City of Thomson
Thomson, Georgia

Compliance

We have audited the compliance of City of Thomson, Georgia, (the City) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major Federal program for the year ended December 31, 2008. The City's major Federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major Federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major Federal program for the year ended December 31, 2008.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

Greenwood, South Carolina
August 7, 2009

Elliott Davis, LLC

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