CITY OF THOMSON, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2009

CITY OF THOMSON, GEORGIA
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2009

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INDEPENDENT AUDITORS' REPORT

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elliott davis

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members City Council
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, 2009, 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, 2009, 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 June 30, 2010 on our consideration of the 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 and schedule of funding progress- other post employment benefits plan as listed in the table of contents are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on them.

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 special purpose local option sales tax schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements, community block development grant and special purpose local option sales tax schedules 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.

Elliott Davis, LLC

Greenwood, South Carolina
June 30, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009

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, 2009.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $ 17,931,222 (net assets). Of this amount, $ 9,312,291 is invested in capital assets (net of related debt) and $ 8,618,931 may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net assets decreased by $ 1,103,616. Total revenues of the City's governmental and business type activities totaled $ 13,255,404, whereas expenses totaled $ 14,359,020.

- As of the close of the current fiscal year, the City of Thomson's governmental funds reported combined ending fund balances of $ 4,595,208, an increase of $ 301,060 in comparison with the prior year. Of this total amount, $ 1,991,940 has been designated to fund subsequent years' expenditures and $ 2,584,918 has been designated for special revenue funds and capital projects. Amounts reserved for prepaid expenses totaled $ 18,350.

- The net assets of the City's proprietary funds (business - type activities) totaled $ 5,972,737 (net assets). Of this amount $ 2,068,602 is invested in capital assets (net of related debt) and $ 3,904,135 (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 fifteen 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, and the Airport Capital Projects Fund all of which are considered to be major funds. Data from the other ten 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 $ 17,931,222 as of December 31, 2009.

The largest portion of the City's net assets (52 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 $ 8,618,931 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	
	2009	2008	2009	2008	2009	2008
Current and other Assets	$ 4,982,847	$ 4,983,069	$ 4,925,076	$ 4,733,559	$ 9,907,923	$ 9,716,628
Capital assets, net	7,797,071	9,530,241	2,227,935	2,273,091	10,025,006	11,803,332
Total assets	12,779,918	14,513,310	7,153,011	7,006,650	19,932,929	21,519,960
Long-term liabilities outstanding	587,095	607,325	132,579	159,333	719,674	766,658
Other liabilities	234,338	494,523	1,047,695	1,223,941	1,282,033	1,718,464
Total liabilities	821,433	1,101,848	1,180,274	1,383,274	2,001,707	2,485,122
Net Assets						
Invested in capital assets, net of related debt	7,243,689	8,923,819	2,068,602	2,064,133	9,312,291	10,987,952
Unrestricted	4,714,796	4,487,643	3,904,135	3,559,243	8,618,931	8,046,886
Total net assets	$ 11,958,485	$ 13,411,462	$ 5,972,737	$ 5,623,376	$ 17,931,222	$ 19,034,838

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	
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues						
Charges for Services	$ 322,774	$ 313,041	$ 8,838,741	$15,666,785	$ 9,161,515	$15,979,826
Operating grants/ contributions	29,692	43,724	3,166	36,834	32,858	80,558
Capital grants/ contributions	472,714	1,496,580	-	-	472,714	1,496,580
General revenues						
Property taxes	649,143	702,611	-	-	649,143	702,611
Other taxes	2,698,311	2,393,234	-	-	2,698,311	2,393,234
Other	181,532	110,312	59,331	79,174	240,863	189,486
Total revenues	4,354,166	5,059,502	8,901,238	15,782,793	13,255,404	20,842,295
Expenses						
General government	350,902	355,415	-	-	350,902	355,415
Public safety	1,760,938	1,766,285	-	-	1,760,938	1,766,285
Public works	1,284,957	793,974	-	-	1,284,957	793,974
Housing and development	2,220,214	577,663	-	-	2,220,214	577,663
Health and welfare	420	420	-	-	420	420
Culture and recreation	426,827	424,730	-	-	426,827	424,730
Community services	50,965	64,148	-	-	50,965	64,148
Interest on long-term debt	21,634	16,047	-	-	21,634	16,047
Gas utility	-	-	6,963,916	13,778,586	6,963,916	13,778,586
Solid waste disposal	-	-	1,278,247	1,228,968	1,278,247	1,228,968
Total expenses	6,116,857	3,998,682	8,242,163	15,007,554	14,359,020	19,006,236
Increase (Decrease) in net assets before transfers	(1,762,691)	1,060,820	659,075	775,239	(1,103,616)	1,836,059
Transfers	309,714	479,168	(309,714)	(479,168)	-	-
Increase (Decrease) in net assets	(1,452,977)	1,539,988	349,361	296,071	(1,103,616)	1,836,059
Net assets 1/1/09	13,411,462	11,871,474	5,623,376	5,327,305	19,034,838	17,198,779
Net assets 12/31/09	$ 11,958,485	$ 13,411,462	$ 5,972,737	$ 5,623,376	$ 17,931,222	$ 19,034,838

Revenues from governmental activities decreased $ 705,336 in 2009. This decrease is primarily attributable to a reduction in grants and contributions of $ 1,037,898 and property taxes of $ 53,468. Other taxes, charges for services and other revenues increased by $ 305,077, $ 9,733 and $ 71,220, respectively. The City's total expenses for governmental activities increased by $ 2,118,175 in 2009. This increase represents an increase of approximately 53% over 2008 and is primarily related to additional spending for housing and development and public works.

Total revenues from business-type activities decreased by $ 6,881,555 and total expenses from business-type activities decreased by $ 6,765,391 in 2009. These changes are primarily attributable to a decrease in gas sales and related purchases of gas based on customer demand and a decrease in cost of gas.

(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 near-term 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, 2009, the City of Thomson's governmental funds reported combined ending fund balances of $ 4,595,208. This amount includes $ 4,576,858 that the City has designated to fund subsequent years' expenditures, revolving loans, capital projects, and law enforcement. The remainder of fund balance $ 18,350 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 $ 1,991,940, whereas total fund balance was $ 2,010,290. As a measure of general fund liquidity, it may be useful to compare fund balance to total fund expenditures. As of December 31, 2009, fund balance represented 58 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, 2009, total major special revenue fund balance was $ 2,584,880 and total nonmajor special revenue fund balance was $ 1,872.

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 ten 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, 2009 CDBG Multi-Activity Projects Fund, 2004 Transportation Enhancement Grant Fund, 2006 Transportation Enhancement Grant Fund, and the SPLOST IV Fund. The Airport Capital Projects Fund is reported as a major governmental fund for the current year. The remaining nine 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 $ 3,575,486, and those of the solid waste disposal operation amounted to $ 328,649.

(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 more than budgetary estimates by $ 2,151. Actual expenditures were $ 152,515 less than appropriated amounts. Actual expenditures for most departments and governmental activities were under budget for the year ended December 31, 2009. Expenditures for the library, planning and zoning, and downtown development were over budget by a total of $ 34,422. 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 $ 45,466 and actual transfers out were $ 4,606 less than budgetary amounts. Interfund transfers are discretionary and City management elected not to fully fund budgeted transfers during 2009. The overall excess of revenues and other financing sources over expenditures and other financing uses was $ 113,806.

Capital Assets

The City of Thomson's investment in capital assets for its governmental and business-type activities as of December 31, 2009, totaled $ 9,312,291 (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 completion of the airport T-hanger apron expansion totaling $ 244,536, the completion of the airport runway extension totaling $ 239,457, completion of the Pitt Street Rehabilitation Project totaling $ 504,368, completion of the 2004 TE Grant project involving improvements to the downtown streetscape totaling $ 825,715, renovations to the old post office totaling $ 57,548, East by-pass gas line relocation totaling $ 404,387, improvements to the fire department training facilities totaling $38,967, various purchases of plant and equipment totaling $ 131,226, construction of the Milledge street parking lot totaling $ 33,446, and improvements to the recycle building totaling $ 19,966.

As of December 31, 2009, construction in progress totaled $ 253,720, which includes $ 9,316 for additional revitalization of local neighborhoods in the Pitt Street area, $ 15,083 for improvements to streetscape and pedestrian safety, and $ 229,321 for the home investment program.

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

Debt Administration

The City of Thomson entered into four new capital lease agreements in 2008. Total proceeds from the capital leases were $ 391,596 which were used to finance the purchase of machinery and equipment. Total principal outstanding at December 31, 2009 was $ 242,092. Principal and interest payments on the leases in 2009 were $ 75,401 and $ 9,734, 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, 2009 was $ 470,623. Principal and interest payments on the note payable in 2009 were $ 27,265 and $ 14,632, 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 2009 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 continued 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 have begun construction of a new local government complex located in the downtown area.

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, 2009

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 2,094,511	$ 3,267,380	$ 5,361,891
Investments	431,107	-	431,107
Receivables			
Taxes	405,081	-	405,081
Notes	1,586,936	-	1,586,936
Accounts	-	1,471,549	1,471,549
Interest	26,280	33,347	59,627
Intergovernmental	419,742	14,863	434,605
Other	23,211	-	23,211
Inventory	-	89,488	89,488
Prepaid expenses	18,350	26,078	44,428
Internal balances	(22,371)	22,371	-
Capital assets (net of accumulated depreciation)			
Land	965,434	128,782	1,094,216
Site improvements	2,936,788	-	2,936,788
Buildings and improvements	1,376,343	228,259	1,604,602
Plant, machinery and equipment	500,841	1,870,894	2,371,735
Infrastructure	1,763,945	-	1,763,945
Construction in progress	253,720	-	253,720
Total assets	$ 12,779,918	$ 7,153,011	$ 19,932,929
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable	$ 109,032	$ 699,520	$ 808,552
Accrued liabilities	18,803	96,740	115,543
Customer deposits	-	177,019	177,019
Intergovernmental payables	41,403	22,863	64,266
Unearned revenues	6,700	-	6,700
Accrued interest payable	3,647	225	3,872
Noncurrent liabilities			
Due within one year	54,753	51,328	106,081
Due in more than one year	558,012	108,005	666,017
Net OPEB obligation	29,083	24,574	53,657
Total liabilities	821,433	1,180,274	2,001,707
Net Assets			
Invested in capital assets, net of related debt	7,243,689	2,068,602	9,312,291
Unrestricted	4,714,796	3,904,135	8,618,931
Total net assets	$ 11,958,485	$ 5,972,737	$ 17,931,222

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, 2009

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	$ 350,902	$ 37,611	$ -	$ -	$ (313,291)	$ -	$ (313,291)
Public safety	1,760,938	174,423	-	-	(1,586,515)	-	(1,586,515)
Public works	1,284,957	-	-	-	(1,284,957)	-	(1,284,957)
Housing and development	2,220,214	13,355	29,692	472,714	(1,704,453)	-	(1,704,453)
Health and welfare	420	-	-	-	(420)	-	(420)
Culture and recreation	426,827	-	-	-	(426,827)	-	(426,827)
Community services	50,965	97,385	-	-	46,420	-	46,420
Interest on long-term debt	21,634	-	-	-	(21,634)	-	(21,634)
Total governmental activities	6,116,857	322,774	29,692	472,714	(5,291,677)	-	(5,291,677)
Business-type activities:							
Gas Utility	6,963,916	7,626,012	-	-	-	662,096	662,096
Solid Waste	1,278,247	1,212,729	3,166	-	-	(62,352)	(62,352)
Total business-type activities	8,242,163	8,838,741	3,166	-	-	599,744	599,744
Total primary government	$ 14,359,020	$ 9,161,515	$ 32,858	$ 472,714	$ (5,291,677)	$ 599,744	$ (4,691,933)
General revenues							
Property taxes					649,143	-	649,143
Motor vehicle taxes					49,330	-	49,330
Mobile home taxes					3,029	-	3,029
Payment in lieu of taxes					14,142	-	14,142
Sales taxes					1,631,157	-	1,631,157
Franchise taxes					428,927	-	428,927
Insurance premium taxes					378,566	-	378,566
Financial institution taxes					29,029	-	29,029
Alcoholic beverage taxes					104,377	-	104,377
Occupation taxes					48,546	-	48,546
Railroad equipment taxes					268	-	268
Intangible taxes					8,363	-	8,363
Transfer taxes					2,577	-	2,577
Interest income					67,466	59,331	126,797
Insurance claims					90,914	-	90,914
Other revenues					23,152	-	23,152
Transfers					309,714	(309,714)	-
Total general revenues and transfers					3,838,700	(250,383)	3,588,317
Change in net assets					(1,452,977)	349,361	(1,103,616)
Net assets, beginning of year					13,411,462	5,623,376	19,034,838
Net assets, end of year					$ 11,958,485	$ 5,972,737	$ 17,931,222

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

CITY OF THOMSON, GEORGIA
BALANCE SHEETS
GOVERNMENTAL FUNDS
DECEMBER 31, 2009

	General	Employment Incentive Program Loan Fund	Housing Development Action Grant Loan Fund	Urban Development Action Grant Loan Fund	Airport Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
			ASSETS				
Cash and cash equivalents	$ 1,108,391	$ 341,940	$ 203,185	$ 349,263	$ 50,857	$ 2,504	$ 2,056,140
Investments	345,265	-	85,842	-	-	-	431,107
Receivables (net of allowance for uncollectibles)							
Taxes	405,081	-	-	-	-	-	405,081
Notes	-	986,981	340,339	259,616	-	-	1,586,936
Interest	14,753	875	-	309	-	-	15,937
Other	14,611	-	-	-	8,600	-	23,211
Intergovernmental receivables	306,501	-	-	-	17,602	9,316	333,419
Interfund receivables	581	-	5,191	13,307	460	-	19,539
Prepaid expenses	18,350	-		-	-	-	18,350
Total assets	$ 2,213,533	$ 1,329,796	$ 634,557	$ 622,495	$ 77,519	$ 11,820	$ 4,889,720
			LIABILITIES AND FUND BALANCES				
Liabilities							
Accounts payable	$ 42,395	$ -	$ -	$ -	$ 54,630	$ 9,316	$ 106,341
Accrued liabilities	11,977	-	-	-	-	-	11,977
Intergovernmental payables	16,148	-	-	-	25,255	-	41,403
Interfund payables	39,261	-	1,968	-	-	100	41,329
Deferred revenues	93,462	-	-	-	-	-	93,462
Total liabilities	203,243	-	1,968	-	79,885	9,416	294,512
Fund Balances							
Reserved for prepaid expenses	18,350	-	-	-	-	-	18,350
Unreserved, designated for:							
Subsequent year's expenditures	1,991,940	-	-	-	-	-	1,991,940
Special revenue funds	-	1,329,796	632,589	622,495	-	1,872	2,586,752
Capital project funds (deficit)	-	-	-	-	(2,366)	532	(1,834)
Total fund balances (deficits)	2,010,290	1,329,796	632,589	622,495	(2,366)	2,404	4,595,208
Total liabilities and fund balances	$ 2,213,533	$ 1,329,796	$ 634,557	$ 622,495	$ 77,519	$ 11,820	$ 4,889,720

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, 2009

Total fund balances - governmental funds	$	4,595,208
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		4,279,434
Building and improvements		1,888,594
Machinery and equipment		2,889,717
Infrastructure		2,109,331
Construction in progress		253,720
Accumulated depreciation		(4,618,544)
Total capital assets - governmental activities		7,767,686
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.		57,658
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		86,323
Interest receivable		10,343
Deferred property taxes		86,762
Total deferred revenues		183,428
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		(3,647)
Accrued compensated absences		(59,383)
Long-term debt including capital leases and notes payable		(553,382)
Net OPEB obligation		(29,083)
Total long-term liabilities		(645,495)
Net assets of governmental activities	$	11,958,485

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, 2009

	General	Employment Incentive Program Loan Fund	Housing Development Action Grant Loan Fund	Urban Development Action Grant Loan Fund	Airport Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	$ 2,872,096	$ -	$ -	$ -	$ -	$ 536,113	$ 3,408,209
Licenses and permits	19,555	-	-	-	-	-	19,555
Intergovernmental	120,397	235,000	-	-	51,319	442,837	849,553
Charges for services	4,500	-	-	-	-	-	4,500
Fines and forfeitures	157,408	-	-	-	-	6,315	163,723
Interest income	31,546	21,250	3,391	8,186	14	-	64,387
Rents	71,585	-	-	-	25,800	-	97,385
Cemetary lot sales	21,500	-	-	-	-	-	21,500
Insurance claims	-	-	-	-	90,914	-	90,914
Other	22,727	-	-	-	425	-	23,152
Total revenues	3,321,314	256,250	3,391	8,186	168,472	985,265	4,742,878
EXPENDITURES							
Current							
General government	508,240	-	-	-	-	-	508,240
Public safety	1,666,199	-	-	-	-	6,468	1,672,667
Public works	686,091	-	-	-	-	526,797	1,212,888
Health and welfare	420	-	-	-	-	-	420
Community services	31,664	-	-	-	-	-	31,664
Culture and recreation	410,489	-	-	-	-	-	410,489
Housing and development	187,368	-	43,543	-	196,818	487,435	915,164
Total expenditures	3,490,471	-	43,543	-	196,818	1,020,700	4,751,532
Excess (deficiency) of revenues over expenditures	(169,157)	256,250	(40,152)	8,186	(28,346)	(35,435)	(8,654)
OTHER FINANCING SOURCES (USES)							
Transfers in	309,131	-	-	-	30,737	37,807	377,675
Transfers out	(58,645)	-	-	-	-	(9,316)	(67,961)
Total other financing sources (uses)	250,486	-	-	-	30,737	28,491	309,714
NET CHANGE IN FUND BALANCE	81,329	256,250	(40,152)	8,186	2,391	(6,944)	301,060
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	1,928,961	1,073,546	672,741	614,309	(4,757)	9,348	4,294,148
FUND BALANCE (DEFICIT), END OF YEAR	$ 2,010,290	$ 1,329,796	$ 632,589	$ 622,495	$ (2,366)	$ 2,404	$ 4,595,208

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, 2009

Net change in fund balances - total governmental funds	$ 301,060
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	(1,321,959)
Depreciation expense	(409,271)
Excess of capital outlay over capital dispositions and depreciation expense	(1,731,230)
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 increased by this amount in 2009.	3,079
Intergovernmental receivables decreased by this amount in 2009.	(40,943)
Deferred revenues decreased by this amount in 2009 .	(19,812)
Net change in revenues not providing current financial resources	(57,676)
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:	
Principal payments on long-term debt	53,040
Total principal payments on long-term debt	53,040
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 increased by this in 2009 .	(5,439)
Accrued interest payable decreased by this amount in 2009.	240
Net OPEB obligation increased by this in 2009.	(29,083)
Net change in expenses not requiring the use of current financial resources	(34,282)
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	16,111
Change in net assets of governmental activities	$ (1,452,977)

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, 2009

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
REVENUES				
Taxes	$ 2,961,149	$ 2,956,450	$ 2,955,582	$ (868)
Licenses and permits	28,000	23,700	24,614	914
Intergovernmental	120,397	120,397	120,397	-
Charges for services	5,000	4,500	4,500	-
Fines and forfeitures	170,000	157,500	157,408	(92)
Use of money and property	135,697	132,397	125,456	(6,941)
Other	15,500	13,500	22,638	9,138
Total revenues	3,435,743	3,408,444	3,410,595	2,151
EXPENDITURES				
Current				
General government	664,372	651,586	526,067	(125,519)
Public safety	1,696,192	1,731,248	1,699,613	(31,635)
Public works	793,367	714,121	693,738	(20,383)
Health and welfare	420	420	420	-
Community services	115,959	110,800	106,548	(4,252)
Culture and recreation	373,076	330,625	329,096	(1,529)
Housing and development	156,697	160,441	191,244	30,803
Total expenditures	3,800,083	3,699,241	3,546,726	(152,515)
Deficiency of revenues over expenditures	(364,340)	(290,797)	(136,131)	(154,666)
OTHER FINANCING SOURCES (USES)				
Transfers in	420,340	354,597	309,131	(45,466)
Transfers out	(56,000)	(63,800)	(59,194)	(4,606)
Total other financing sources (uses)	364,340	290,797	249,937	(40,860)
CHANGE IN NET ASSETS	$ -	$ -	113,806	$ 113,806
RECONCILIATION TO GAAP BASIS				
To record effect of changes in receivables and other assets and payables and other liabilities				
Receivables and other assets			466,347	
Payables and other liabilities			(498,824)	
Total reconciliation to GAAP basis			(32,477)	
FUND BALANCE, BEGINNING OF YEAR			1,928,961	
FUND BALANCE, END OF YEAR			$ 2,010,290	

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, 2009

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
REVENUES				
Interest income	$ 8,836	$ 8,836	$ 21,452	$ 12,616
Available for loans	423,103	423,103	421,118	(1,985)
Intergovernmental Revenues	-	-	235,000	235,000
Total revenues	431,939	431,939	677,570	245,631
EXPENDITURES				
Loans made	431,939	431,939	410,000	(21,939)
Total expenditures	431,939	431,939	410,000	(21,939)
CHANGE IN NET ASSETS	$ -	$ -	267,570	$ 267,570
RECONCILIATION TO GAAP BASIS				
To record effect of changes in receivables and other assets and payables and other liabilities				
Receivables and other assets			(11,320)	
Payables and other liabilities			-	
Total reconciliation to GAAP basis			(11,320)	
FUND BALANCE, BEGINNING OF YEAR			1,073,546	
FUND BALANCE, END OF YEAR			$ 1,329,796	

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, 2009

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
REVENUES				
Interest income	$ -	$ -	$ 3,391	$ 3,391
Available for loans	629,242	629,242	407,786	(221,456)
Total revenues	629,242	629,242	411,177	(218,065)
EXPENDITURES				
Loans made	629,242	629,242	135,548	(493,694)
Housing and Development	-	-	43,440	43,440
Other	-	-	103	103
Total expenditures	629,242	629,242	179,091	(450,151)
CHANGE IN NET ASSETS	$ -	$ -	232,086	$ 232,086
RECONCILIATION TO GAAP BASIS				
To record effect of changes in receivables and other assets and payables and other liabilities				
Receivables and other assets			(272,238)	
Payables and other liabilities			-	
Total reconciliation to GAAP basis			(272,238)	
FUND BALANCE, BEGINNING OF YEAR			672,741	
FUND BALANCE, END OF YEAR			$ 632,589	

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, 2009

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
REVENUES				
Interest income	$ 3,005	$ 3,005	$ 8,558	$ 5,553
Available for loans	356,911	356,911	292,811	(64,100)
Total revenues	359,916	359,916	301,369	(58,547)
EXPENDITURES				
Loans made	359,916	359,916	111,950	(247,966)
Other	-	-	-	-
Total expenditures	359,916	359,916	111,950	(247,966)
CHANGE IN NET ASSETS	$ -	$ -	189,419	$ 189,419
RECONCILIATION TO GAAP BASIS				
To record effect of changes in receivables and other assets and payables and other liabilities				
Receivables and other assets			(181,233)	
Payables and other liabilities			-	
Total reconciliation to GAAP basis			(181,233)	
FUND BALANCE, BEGINNING OF YEAR			614,309	
FUND BALANCE, END OF YEAR			$ 622,495	

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, 2009

	Business-type Activities-Enterprise Funds			Governmental Activities
	Gas Fund	Solid Waste Fund	Total	Internal Service Fund
ASSETS				
Current assets				
Cash	$ 3,066,141	$ 201,239	$ 3,267,380	$ 38,371
Accounts receivable	1,325,995	145,554	1,471,549	-
Interest receivable	33,347	-	33,347	-
Intergovernmental receivables	-	14,863	14,863	-
Interfund receivables	5,006	17,365	22,371	-
Inventory	89,488	-	89,488	-
Prepaid expenses	14,056	12,022	26,078	-
Total current assets	4,534,033	391,043	4,925,076	38,371
Noncurrent assets				
Capital assets				
Land	128,782	-	128,782	-
Buildings and improvements	370,396	50,968	421,364	39,806
Plant, machinery, and equipment	5,184,661	1,046,845	6,231,506	49,594
Less accumulated depreciation	(3,807,230)	(746,487)	(4,553,717)	(60,015)
Total capital assets, net of accumulated depreciation	1,876,609	351,326	2,227,935	29,385
Total noncurrent assets	1,876,609	351,326	2,227,935	29,385
Total assets	6,410,642	742,369	7,153,011	67,756
LIABILITIES AND NET ASSETS				
Liabilities				
Current liabilities				
Accounts payable	689,230	10,290	699,520	2,691
Accrued liabilities	80,064	16,901	96,965	6,826
Customer deposits	177,019	-	177,019	-
Intergovernmental payables	64	22,799	22,863	-
Interfund payables	-	-	-	581
Current portion-capital leases payable	13,890	37,438	51,328	-
Total current liabilities	960,267	87,428	1,047,695	10,098
Noncurrent liabilities				
Capital leases payable	29,228	78,777	108,005	-
Net OPEB obligation	12,170	12,404	24,574	-
Total noncurrent liabilities	41,398	91,181	132,579	-
Total liabilities	1,001,665	178,609	1,180,274	10,098
Net Assets				
Invested in capital assets, net of related debt	1,833,491	235,111	2,068,602	29,385
Unrestricted	3,575,486	328,649	3,904,135	28,273
Total net assets	$ 5,408,977	$ 563,760	$ 5,972,737	$ 57,658

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, 2009

	Business-type Activities-Enterprise Funds			Governmental Activities
	Gas Fund	Solid Waste Fund	Total	Internal Service Fund
OPERATING REVENUES				
Charges for services	$ 7,235,069	$ 1,192,640	$ 8,427,709	$ 198,715
Refunds from suppliers	351,419	-	351,419	-
Penalties	37,159	17,899	55,058	-
Other	2,365	2,190	4,555	633
Total operating revenues	7,626,012	1,212,729	8,838,741	199,348
OPERATING EXPENSES				
Purchases	5,653,602	269,432	5,923,034	-
Personal services and benefits	611,049	680,685	1,291,734	145,188
Professional and technical services	59,096	18,244	77,340	-
Repairs and maintenance	127,328	58,999	186,327	5,189
Other purchased services	97,841	52,332	150,173	12,615
Supplies	123,291	90,828	214,119	18,305
Intergovernmental	115,793	-	115,793	-
Depreciation	157,616	93,475	251,091	1,940
Bad debts	4,611	5,954	10,565	-
Other	11,961	3,647	15,608	-
Total operating expenses	6,962,188	1,273,596	8,235,784	183,237
Operating income (loss)	663,824	(60,867)	602,957	16,111
NON-OPERATING REVENUES (EXPENSES)				
Interest income	59,331	-	59,331	-
Intergovernmental revenues	-	3,166	3,166	-
Interest expense	(1,728)	(4,651)	(6,379)	-
Total non-operating revenues (expenses)	57,603	(1,485)	56,118	-
Income (loss) before transfers	721,427	(62,352)	659,075	16,111
TRANSFERS IN (OUT)				
Transfers in	-	89,264	89,264	-
Transfers out	(398,978)	-	(398,978)	-
CHANGE IN NET ASSETS	322,449	26,912	349,361	16,111
NET ASSETS, BEGINNING OF YEAR	5,086,528	536,848	5,623,376	41,547
NET ASSETS, END OF YEAR	$ 5,408,977	$ 563,760	$ 5,972,737	$ 57,658

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, 2009

	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	$ 7,654,080	$ 1,211,249	$ 8,865,329	$ 199,348
Payments to suppliers and others	(6,351,138)	(493,147)	(6,844,285)	(36,736)
Payments to employees	(596,011)	(696,998)	(1,293,009)	(147,093)
Net cash provided by operating activities	706,931	21,104	728,035	15,519
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	92,947	92,947	37
Transfers to other funds	(397,412)	-	(397,412)	581
Net cash provided (used) by noncapital financing activities	(397,412)	92,947	(304,465)	618
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Intergovernmental receipts	-	7,126	7,126	-
Purchase and construction of capital assets	(161,069)	(72,200)	(233,269)	-
Payments on long-term debt	(13,428)	(36,196)	(49,624)	-
Interest paid	(1,747)	(4,702)	(6,449)	-
Net cash used by capital and related financing activities	(176,244)	(105,972)	(282,216)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	79,614	-	79,614	-
Net cash provided by investing activities	79,614	-	79,614	-
Net increase in cash and cash equivalents	212,889	8,079	220,968	16,137
Cash and cash equivalents, beginning of year	2,853,252	193,160	3,046,412	22,234
Cash and cash equivalents, end of year	$ 3,066,141	$ 201,239	$ 3,267,380	$ 38,371

CITY OF THOMSON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	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)	$ 663,824	$ (60,867)	$ 602,957	$ 16,111
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities				
Depreciation	157,616	93,475	251,091	1,940
Other post employment benefits (OPEB)	12,170	12,404	24,574	-
(Increase) decrease in current assets				
Accounts receivable	43,603	4,474	48,077	-
Intergovernmental receivables	-	(14,863)	(14,863)	
Inventory	(34,705)	-	(34,705)	-
Prepaid expenses	800	650	1,450	1
Increase (decrease) in current liabilities				
Accounts payable	(127,525)	(1,851)	(129,376)	(626)
Accrued expenses	(9,864)	(14,504)	(24,368)	(1,907)
Customer deposits	1,008	-	1,008	-
Intergovernmental payables	4	2,186	2,190	-
Total adjustments	43,107	81,971	125,078	(592)
Net cash provided by operating activities	$ 706,931	$ 21,104	$ 728,035	$ 15,519

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, 2009

	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, 2009.

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

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.

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)

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 September 11, 2008, the City Council adopted the 2009 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.

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 GAAP is presented in the applicable financial statements.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Type Activities 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 Type Activities for December 31, 2009.

Inventories of the Gas and Solid Waste Business Type Activities 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, 2009.

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 2009 were levied late on December 4, 2009 and were due February 2, 2010 in accordance with the late levy. 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 expenditures for housing and development exceeded the budgeted amount by $ 30,803. The excess expenditures were attributable to the construction of a parking lot costing $ 33,446 which was temporarily funded with available fund balance. The City expects to receive reimbursement for the parking lot from grant proceeds in 2010.

Airport Capital Projects Fund

The Airport Construction Fund is reporting a deficit fund balance of $ 2,366 as of December 31, 2009. The deficit 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.

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.

At December 31, 2009, the carrying amount of the City's deposits with financial institutions was $ 5,361,891 and the bank balance was $ 5,502,942. 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, 2009, the City had the following investments:

Investments	Maturities	Fair Value	Credit Rating
Georgia Fund 1	Average of 23 days	$ 345,265	AAA
Land	N/A	85,842	N/A
		$ 431,107	

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

(Continued)

NOTE 3 - CASH DEPOSITS AND TEMPORARY INVESTMENTS (Continued)

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, 2009, 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

A summary of the 2009 tax levy follows:

2009 millage rate	5.40
Taxable Digest	$ 124,624,473
Gross Tax Levy	$ 1,925,544
Less Sales Tax Rollback	(1,193,641)
Net Property Taxes	$ 731,903
Property Taxes Receivable	$ 419,414
Less Allowance for Uncollectible Amounts	(14,333)
Net Property Taxes Receivable	$ 405,081
Deferred Property Tax Revenue	$ 86,762

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	$ 112,682
5.00%, monthly payments of $ 2,652 (principal and interest), to 2013, collateralized by equipment	97,511
5.00%, monthly payments of $ 707 (principal and interest), to 2010, collateralized by equipment, accounts receivable, and inventory	39,628
3.50%, monthly payments of $ 1,731 (principal and interest), to 2010, collateralized by real estate	124,683
3.00%, monthly payments of $ 3,283 (principal and interest), to 2015, collateralized by real estate	259,889
Variable interest, monthly payments of $ 835 (principal plus interest), to 2024, collateralized by real estate	141,650
4.00%, monthly payments of principal and interest, to 2020, collateralized by equipments & accounts receivable	25,000
0%, monthly payments of $ 979 (principal), to 2029, collateralized by real estate	225,566
	1,026,609
Less allowance for uncollectible receivable	(39,628)
Total	986,981
Housing Development Action Grant Loan Fund (HODAG)	
3.50%, monthly payments of $ 53 (principal and interest), to 2017, collateralized by real estate	3,668
2.00%, monthly payments of $ 1,857 (principal and interest), to 2020, collateralized by real estate	328,009
3.50%, monthly payments of $ 66 (principal and interest), to 2014, collateralized by real estate	6,185
3.50%, monthly payments of $ 49 (principal and interest), to 2019, collateralized by real estate	2,477
Total	340,339

(Continued)

NOTE 5 - NOTES RECEIVABLE (Continued)

Urban Development Action Grant Loan Fund (UDAG)	
6.00%, monthly payments of $ 808 (principal and interest), to 2014, collateralized by real estate	69,757
6.00%, monthly payments of $ 925 (principal and interest), to 2022, collateralized by real estate	99,022
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	41,137
2.00%, interest only paid quarterly, principal due August 2011, collateralized by real estate	49,700
	280,616
Less allowance for uncollectible receivable	(21,000)
Total	259,616
Grand Total	$ 1,586,936

NOTE 6 - CAPITAL ASSETS

Governmental capital asset activity for the year ended December 31, 2009, was as follows:

	Balance 1/1/2009	Additions	Deletions	Balance 12/31/2009
Governmental Activities				
Capital assets not being depreciated				
Land	$ 965,434	$ -	$ -	$ 965,434
Construction in progress	3,564,609	518,309	(3,829,198)	253,720
Total capital assets not being depreciated	4,530,043	518,309	(3,829,198)	1,219,154
Capital assets being depreciated				
Site improvements	3,723,030	556,404	-	4,279,434
Buildings and improvements	1,870,852	57,548	-	1,928,400
Plant, machinery, and equipment	2,953,730	44,896	(59,315)	2,939,311
Infrastructure	779,249	1,330,082	-	2,109,331
Total capital assets being depreciated	9,326,861	1,988,930	(59,315)	11,256,476
Less accumulated depreciation				
Site improvements	(1,215,041)	(127,605)	-	(1,342,646)
Buildings and improvements	(504,566)	(47,491)	-	(552,057)
Plant, machinery, and equipment	(2,314,403)	(183,382)	59,315	(2,438,470)
Infrastructure	(292,653)	(52,733)	-	(345,386)
Total accumulated depreciation	(4,326,663)	(411,211)	59,315	(4,678,559)
Net capital assets being depreciated	5,000,198	1,577,719	-	6,577,917
Governmental activities capital assets-net	$ 9,530,241	$ 2,096,028	$ (3,829,198)	$ 7,797,071

(Continued)

NOTE 6 - CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions as follows:

General government	$ 10,993
Public safety	148,162
Public works	97,588
Housing and development	116,889
Culture and recreation	16,338
Community services	19,301
Vehicle maintenance fund	1,940
Current year depreciation expense	$ 411,211

Business-type capital asset activity for the year ended December 31, 2009, was as follows:

	Balance 1/1/2009	Additions	Deletions	Balance 12/31/2009
Business-type Activities				
Capital assets not being depreciated				
Land	$ 128,782	$ -	$ -	$ 128,782
Construction in progress	325,192	79,194	(404,386)	-
Total capital assets not being depreciated	453,974	79,194	(404,386)	128,782
Capital assets being depreciated				
Buildings and improvements	401,398	19,966	-	421,364
Plant, machinery, and equipment	5,743,240	511,162	(22,896)	6,231,506
Total capital assets being depreciated	6,144,638	531,128	(22,896)	6,652,870
Less accumulated depreciation				
Buildings and improvements	(182,632)	(10,473)	-	(193,105)
Plant, machinery, and equipment	(4,142,889)	(240,618)	22,896	(4,360,611)
Total accumulated depreciation	(4,325,521)	(251,091)	22,896	(4,553,716)
Net capital assets being depreciated	1,819,117	280,037	-	2,099,154
Business-type activities capital assets-net	$ 2,273,091	$ 359,231	$ (404,386)	$ 2,227,935

Depreciation expense on capital assets of the Proprietary Funds was $ 251,091 for the year ended December 31, 2009.

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) 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, 2009.

NOTE 7 - LONG-TERM DEBT

The following is a summary of the long-term liability transactions for the year ended December 31, 2009:

	Balance 1/1/2009	Additions	Deletions	Balance 12/31/2009
Governmental Activities				
Note payable	$ 497,888	$ -	$ (27,265)	$ 470,623
Capital leases	108,534	-	(25,775)	82,759
Accrued compensated absences	53,944	10,244	(4,805)	59,383
Total debt - governmental activities	$ 660,366	$ 10,244	$ (57,845)	$ 612,765
Business-type Activities				
Capital leases	$ 208,958	$ -	$ (49,625)	$ 159,333
Total debt - business-type activities	$ 208,958	$ -	$ (49,625)	$ 159,333

There was no short-term borrowing during the year ended December 31, 2009.

The following summarizes long-term debt outstanding at December 31, 2009:

	Original Principal	Interest Rate	Final Maturity	Outstanding Balance	Amount Due Within One Year
Governmental Activities					
Note payable, airport hanger	$ 500,000	3.00%	2023	$ 470,623	$ 28,092
Capital lease, street sweeper	93,000	3.39%	2012	57,494	18,522
Capital lease, excavator	40,866	3.39%	2012	25,265	8,139
	$ 633,866			553,382	54,753
Accrued compensated absences				59,383	-
Total - governmental activities				$ 612,765	$ 54,753
Business-type Activities					
Capital lease, backhoe	$ 69,745	3.39%	2012	$ 43,118	$ 13,890
Capital lease, garbage truck	187,985	3.39%	2012	116,215	37,438
Total - business-type activities	$ 257,730			$ 159,333	$ 51,328

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, 2009 to maturity are as follows:

Year Ending	Principal	Interest	Total
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	31,660	10,237	41,897
2015 thru 2019	173,303	36,181	209,484
2020 thru 2023	148,072	9,041	157,113
Total	$ 470,623	$ 105,459	$ 576,082

(Continued)

NOTE 7 - LONG-TERM DEBT (Continued)

Capital Lease Obligations

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2009, are as follows:

Year Ending December 31,	Governmental Activities	Business-type Activities
2010	$ 29,130	$ 56,082
2011	29,130	56,082
2012	29,130	56,082
Total minimum lease payments	87,390	168,246
Less amount representing interest	(4,631)	(8,913)
Present value of minimum lease payments	$ 82,759	$ 159,333

NOTE 8 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2009, is as follows:

Due from/to other funds

Receivable Fund	Payable Fund	Amount
Solid Waste fund	General fund	$ 17,365
HODAG loan fund	General fund	5,191
UDAG loan fund	General fund	11,339
Gas fund	General fund	4,906
Gas fund	Nonmajor governmental fund	100
Airport capital projects fund	General fund	460
UDAG loan fund	HODAG loan fund	1,968
General fund	Maintenance fund	581
Total		$ 41,910

Amounts due to the Solid Waste Fund totaling $ 17,365 includes prior year capital contributions from the Gas Fund totaling $ 16,884 that were deposited in the General Fund. The remaining $ 481 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 $ 4,906 includes unapplied employee insurance withholding totaling $ 1,859, and miscellaneous other adjustments of $ 3,047.

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.

(Continued)

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

The $ 460 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 2010.

Amounts due to the general fund totaling $ 581 represent unapplied employee insurance withholding.

Interfund transfers

	Transfers Out			
Transfer In	General Fund	Gas Fund	SPLOST Capital Project Fund	Total Transfers In
General fund	$ -	$ 309,131	$ -	$ 309,131
Airport capital projects fund	30,737	-	-	30,737
Nonmajor governmental funds	27,908	583	9,316	37,807
Solid Waste fund	-	89,264	-	89,264
Total transfers out	$ 58,645	$ 398,978	$ 9,316	$ 466,939

The City funds its General Fund and Solid Waste capital budgets with operating transfers from the Gas Fund. For the year ended December 31, 2009, capital assets purchased with transfers from the Gas Fund totaled $ 188,734 for the General Fund and $ 89,264 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 $ 120,397 in 2009. The Gas Fund also provided operating capital to the various capital project funds totaling $ 583 in 2009. The General Fund also provides grant matching funds to various capital project funds. During 2009, the General Fund transferred $ 58,645 to various capital project funds. Proceeds from the special purpose local option sales tax are used to fund grant matching funds to various capital projects. During 2009 the SPLOST IV fund transferred $ 9,316 to the 2009 CDBG capital project.

NOTE 9 - DEFERRED REVENUE

As of December 31, 2009, deferred revenues reported in the fund financial statements, totaled $ 93,462. Deferred property taxes totaled $ 86,762, unearned miscellaneous income totaled $ 2,000, and prepayments of 2009 occupational tax and beer and wine licenses totaled $ 4,700. 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 Commission. The Commission is a closed system whereby all funds derived from the operation of the Commission 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.

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 Commission.

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 Commission. 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.

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.

(Continued)

NOTE 11 - JOINT VENTURES AND RELATED ORGANIZATIONS (CONTINUED)

Financial information regarding the Commission is summarized as follows:

Operating revenues	$ 3,945,035
Depreciation and amortization expense	$ 940,423
Operating loss	$ (260,739)
Change in net assets	$ 133,850
Capital asset additions	$ 663,634
Capital asset deletions	$ (17,128)
Net working capital	$ 1,601,650
Total assets	$ 36,119,923
Revenue bonds and other long-term liabilities	$ 6,880,948
Total net assets	$ 28,714,481

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. 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. 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, 2009, 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

The Georgia Municipal Employees Benefit System (GMEBS) has notified management that they are implementing a new schedule for annual actuarial valuations and changes in annual contribution rates. As a result of this new schedule the actuarial valuations for the current plan year are not expected to be available until August-September 2010. The information provided below is based on the latest actuarial valuation dated January 1, 2009.

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.

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.

(Continued)

NOTE 14 - RETIREMENT PLAN (Continued)

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 was 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 $ 2,436,546, $ 2,775,740 and $ 2,841,294 and total payroll was $ 3,489,308, $ 3,406,959 and $ 3,406,737 for 2009, 2008 and 2007. 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.

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.

(Continued)

NOTE 14 - RETIREMENT PLAN (CONTINUED)

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

In addition to providing pension benefits, the City provides certain health and dental care benefits for certain retired employees as per a personnel policy adopted December 7, 1992. Substantially all of the City's employees may become eligible for those benefits if they reach normal retirement age while working for the City.

Plan Description and Funding Policy

Benefits are available to all employees who have attained the age sixty-two (62) while working for the City, and have a minimum of twenty-five (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 care provider. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans.

The cost of these benefits is recognized as an expenditure on a pay-as-you-go basis.

(Continued)

NOTE 15 - POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

Annual OPEB costs and Net OPEB Obligation

The City first had an actuarial valuation performed for the plan as of December 31, 2008 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended December 31, 2009. The City's annual OPEB cost of $53,657 is equal to the ARC for the initial reporting year since the transition liability was set at zero as of December 31, 2008. The City's annual OPEB costs and the net OPEB obligation for December 31, 2009 was as follows (information for prior years is not available as the actuarial valuation was performed for the first time as of December 31, 2008):

	Business-type Activities		Governmental Activities	
	Gas Utility Fund	Solid Waste Fund	General Fund	Total
Employer normal costs	$ 8,588	$ 9,873	$ 21,543	$ 40,004
Amortization of UAL*	3,348	2,262	6,954	12,564
Annual required contribution (ARC)	11,936	12,135	28,497	52,568
Interest on net obligation	234	269	586	1,089
Annual OPEB costs	12,170	12,404	29,083	53,657
Contributions made	-	-	-	-
Net OPEB obligation – end of year	$ 12,170	$ 12,404	$ 29,083	$ 53,657

* Unfunded Actuarial Accrued Liabilities (UAL) were amortized over 30 years.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	$ 53,657	0.00 %	$ 53,657

Funded Status and Funding Progress

The funded status of the plans as of December 31, 2009, was as follows:

	Business-type Activities		Governmental Activities	
	Gas Utility Fund	Solid Waste Fund	General Fund	Total
Actuarial accrued liability	$ 98,407	$ 66,486	$ 204,360	$ 369,253
Actuarial value of plan assets	-	-	-	-
Unfunded actuarial accrued liability	$ 98,407	$ 66,486	$ 204,360	$ 369,253
Funded ratio	0.00 %	0.00 %	0.00 %	0.00 %
Covered payroll	$ 450,740	$ 444,876	$ 1,540,930	$ 2,436,546
Unfunded actuarial accrued liability as a percentage of covered payroll	21.83 %	14.94 %	13.26 %	15.15 %

(Continued)

NOTE 15 - POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events well into the future. Examples would include assumptions about future employment, rates of retirement, mortality, and health care cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

In the December 31, 2009, actuarial valuation, the projected unit credit cost method was used. The UAAL amortization payment is the level percent of payroll required to fully amortize the UAAL over a 30 year period. The actuarial assumptions included 2.72% rate of investment return. The valuation assumes a 7.5% health care trend inflation rate for 2009 and decreases 0.5% each year until 2014 and thereafter 5.0% was assumed.

NOTE 16 – COMMITMENTS AND SUBSEQUENT EVENTS

On May 1, 2006, the Georgia Department of Transportation awarded the City of Thomson a 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.

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.

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 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.

On September 25, 2009 the City was awarded a Community Development Block Grant (CDBG) for multi-activities totaling $ 800,000. Proceeds of this grant will be combined with local funds and used to revitalize blighted neighborhoods within the City. Total cost of this project is estimated to be $ 960,389. Preliminary engineering and planning are being conducted on this project.

(Continued)

NOTE 16 – COMMITMENTS AND SUBSEQUENT EVENTS (Continued)

As of December 31, 2009, amounts spent to date and the estimated remaining commitment on these projects are as follows:

Project Description	Spent To Date	Remaining Commitment
Governmental Activities		
2006 TE Grant Downtown Redevelopment	$ 15,083	$ 540,417
2007 CHIP Neighborhood Revitalization	145,136	26,563
2007 CHIP Neighborhood Revitalization	84,185	215,815
2008 CHIP Neighborhood Revitalization	-	167,590
2008 TE Grant Depot Stabilization	-	568,145
2009 CDBG Multi-Activity Project	9,316	951,073
Total governmental activities	$ 253,720	$ 2,469,603

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF THOMSON, GEORGIA
SCHEDULE OF FUNDING PROGRESS
OTHER POST EMPLOYMENT BENEFITS PLAN

The City's annual Other Post Employment Benefits Plan (OPEB) cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	$53,657	0.00%	$53,657

Funded status and Funding Progress

The funded status of the plan as of December 31, 2009 was as follows:

Actuarial accrued liability	$369,253
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	$369,253
Funded ratio	0.00%
Covered payroll	$2,436,546
Unfunded actuarial accrued liability as a percentage of covered payroll	15.15%

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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, 2009

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
REVENUES				
Taxes				
Property tax	$ 775,469	$ 727,500	$ 728,371	$ 871
Intangible tax	10,000	8,300	8,333	33
Railroad equipment tax	500	270	268	(2)
Real estate transfer tax	4,500	3,000	3,009	9
Franchise tax	393,000	428,900	428,928	28
Local option sales tax	1,209,680	1,209,680	1,209,680	-
Alcoholic beverage tax	100,000	100,000	104,377	4,377
Occupation tax	51,500	52,300	48,546	(3,754)
Insurance premium tax	370,000	380,000	378,566	(1,434)
Financial institution tax	30,000	30,000	29,029	(971)
Penalties and interest	2,500	2,500	2,333	(167)
Payment in lieu of taxes	14,000	14,000	14,142	142
Total taxes	2,961,149	2,956,450	2,955,582	(868)
Licenses and Permits				
Alcoholic beverage licenses	4,000	5,200	6,200	1,000
Building permits	24,000	18,500	18,414	(86)
Total licenses and permits	28,000	23,700	24,614	914
Intergovernmental				
Water Sewer joint venture	120,397	120,397	120,397	-
Total intergovernmental	120,397	120,397	120,397	-
Charges for Services				
Fire protection fees	5,000	4,500	4,500	-
Total charges for services	5,000	4,500	4,500	-
Fines and Forfeitures				
Police court fines	170,000	157,500	157,408	(92)
Total fines and forfeitures	170,000	157,500	157,408	(92)
Use of Money and Property				
Interest income	49,100	36,500	37,182	682
Rents	66,097	73,897	66,774	(7,123)
Reimbursements for damaged property	500	500	-	(500)
Cemetary lot sales	20,000	21,500	21,500	-
Total use of money and property	135,697	132,397	125,456	(6,941)
Other				
Miscellaneous	15,500	13,500	22,638	9,138
Total other	15,500	13,500	22,638	9,138
Total revenues	3,435,743	3,408,444	3,410,595	2,151

(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, 2009

	Budgetary Basis			Variance With Final Budget Over (Under)
	Original Budget	Amended and Final Budget	Actual	
EXPENDITURES				
General government				
Mayor and Council	76,766	89,016	82,199	(6,817)
Voter registration	5,000	15,900	15,872	(28)
General administration	569,406	533,470	414,796	(118,674)
Tax commissioner	12,000	12,000	12,000	-
Tax assessor	1,200	1,200	1,200	-
Total general government	664,372	651,586	526,067	(125,519)
Public safety				
Police	951,785	966,634	946,437	(20,197)
Fire	732,407	752,614	741,176	(11,438)
Animal shelter	12,000	12,000	12,000	-
Total public safety	1,696,192	1,731,248	1,699,613	(31,635)
Public works				
Street department	793,367	714,121	693,738	(20,383)
Total public works	793,367	714,121	693,738	(20,383)
Health and welfare				
Health department	420	420	420	-
Total health and welfare	420	420	420	-
Community services				
Senior citizen center	45,615	54,300	54,295	(5)
Community centers	43,900	33,700	29,514	(4,186)
Transportation services	26,444	22,800	22,739	(61)
Total community services	115,959	110,800	106,548	(4,252)
Culture and recreation				
Recreation	277,438	260,530	258,890	(1,640)
Library	95,638	70,095	70,206	111
Total culture and recreation	373,076	330,625	329,096	(1,529)
Housing and development				
Planning and zoning	64,266	62,803	63,668	865
Code enforcement	43,534	48,741	45,405	(3,336)
Economic development	41,897	41,897	41,897	-
CSRA Rural Development	7,000	7,000	6,828	(172)
Downtown Development	-	-	33,446	33,446
Total housing and development	156,697	160,441	191,244	30,803
Total expenditures	3,800,083	3,699,241	3,546,726	(152,515)

(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, 2009

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
Deficiency of revenues over expenditures	(364,340)	(290,797)	(136,131)	(154,666)
OTHER FINANCING SOURCES (USES)				
Transfers in	420,340	354,597	309,131	(45,466)
Transfers out	(56,000)	(63,800)	(59,194)	(4,606)
Total other financing sources (uses)	364,340	290,797	249,937	(40,860)
CHANGE IN NET ASSETS	$ -	$ -	$ 113,806	$ 113,806

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.

2006 CDBG Pitt Street 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 Pitt Street neighborhood.

2009 CDBG Multi-Activity Project Fund - This fund was established to account for Community Development Block Grant funds (awarded in the City's name) that are used for redevelopment of local neighborhoods in the Pitt Street area.

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.

SPLOST IV Fund - This fund was established to account for proceeds from the special purpose local options sales tax used to provide grant matching funds for other capital projects and other capital expenditures funded with SPLOST proceeds.

CITY OF THOMSON, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2009

	Special Revenue	Capital Projects									Total
	Police Condemnation Forfeiture	OneGeorgia Airport Hanger Fund	2007 CHIP Grant	2007 CHIP Grant	2008 CHIP Grant	2006 CDBG Pitt Street	2009 CDBG 5135	2004 TE Grant	2006 TE Grant	SPLOST IV	Nonmajor Governmental Funds
ASSETS											
Cash	$ 1,872	$ 100	$ 77	$ 76	$ 100	$ 79	$ 100	$ 100	$ -	$ -	$ 2,504
Intergovernmental receivable	-	-	-	-	-	-	9,316	-	-	-	9,316
Total assets	$ 1,872	$ 100	$ 77	$ 76	$ 100	$ 79	$ 9,416	$ 100	$ -	$ -	$ 11,820
LIABILITIES											
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,316	$ -	$ -	$ -	$ 9,316
Interfund payables	-	-	-	-	-	-	-	100	-	-	100
Total liabilities	-	-	-	-	-	-	9,316	100	-	-	9,416
FUND BALANCES											
Unreserved, designated for:											
Special revenues	1,872	-	-	-	-	-	-	-	-	-	1,872
Capital projects	-	100	77	76	100	79	100	-	-	-	532
Total fund balances	1,872	100	77	76	100	79	100	-	-	-	2,404
Total liabilities and fund balances	$ 1,872	$ 100	$ 77	$ 76	$ 100	$ 79	$ 9,416	$ 100	$ -	$ -	$ 11,820

CITY OF THOMSON, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Special Revenue	Capital Projects									Total
	Police Condemnation Forfeiture	OneGeorgia Airport Hanger Fund	2007 CHIP Grant	2007 CHIP Grant	2008 CHIP Grant	2006 CDBG Pitt Street	2009 CDBG 5135	2004 TE Grant	2006 TE Grant	SPLOST IV	Nonmajor Governmental Funds
REVENUES											
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 536,113	$ 536,113
Intergovernmental	-	-	139,362	77,585	-	225,890	-	-	-	-	442,837
Fines and forfeitures	6,315	-	-	-	-	-	-	-	-	-	6,315
Total revenues	6,315	-	139,362	77,585	-	225,890	-	-	-	536,113	985,265
EXPENDITURES											
Current											
Public safety	6,468	-	-	-	-	-	-	-	-	-	6,468
Public works	-	-	-	-	-	-	-	-	-	526,797	526,797
Housing and development	-	-	139,385	77,609	-	254,618	9,316	4,124	2,383	-	487,435
Total expenditures	6,468	-	139,385	77,609	-	254,618	9,316	4,124	2,383	526,797	1,020,700
Excess (deficiency) of revenues over expenditures	(153)	-	(23)	(24)	-	(28,728)	(9,316)	(4,124)	(2,383)	9,316	(35,435)
OTHER FINANCING SOURCES											
Transfers in	-	-	-	-	-	21,884	9,416	4,124	2,383	-	37,807
Transfers out	-	-	-	-	-	-	-	-	-	(9,316)	(9,316)
Total other financing sources	-	-	-	-	-	21,884	9,416	4,124	2,383	(9,316)	28,491
Net change in fund balances	(153)	-	(23)	(24)	-	(6,844)	100	-	-	-	(6,944)
Fund balances, beginning of year	2,025	100	100	100	100	6,923	-	-	-	-	9,348
Fund balances, end of year	$ 1,872	$ 100	$ 77	$ 76	$ 100	$ 79	$ 100	$ -	$ -	$ -	$ 2,404

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, 2009

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
REVENUES				
Fines and forfeitures	$ 1,500	$ 7,500	$ 6,315	$ (1,185)
Interest income	-	-	-	-
Total revenues	1,500	7,500	6,315	(1,185)
EXPENDITURES				
Public safety	1,500	7,500	6,468	(1,032)
Total expenditures	1,500	7,500	6,468	(1,032)
CHANGE IN NET ASSETS	$ -	$ -	(153)	$ (153)
FUND BALANCE, BEGINNING OF YEAR			2,025	
FUND BALANCE, END OF YEAR			$ 1,872	

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, 2009

	Balance 1/1/2009	Additions	Deletions	Balance 12/31/2009
Police Surcharge Fund				
Assets				
Cash	$ 36	$ 96,599	$ 96,599	$ 36
Total assets	$ 36	$ 96,599	$ 96,599	$ 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, 2009

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 06b-x-094-2-3245						
Contingency	C-022-00	$ 12,920	$ -	$ -	$ -	none
Engineering	T-03K-00	39,900	39,900	29,831	69,731	none
Street Improvements	P-03K-01	94,412	94,412	18,814	113,226	none
Flood/Drainage	P-03K-02	252,662	252,662	24,397	277,059	none
Pedestrian Walkway	P-03L-00	17,960	17,960	2,742	20,702	none
Engineering Sidewalk	T-03L-00	2,100	2,100	-	2,100	none
Rehab Private Property	H-14A-01	249,719	270,621	(365)	270,256	none
Reconstruct Private Property	H-14A-02	65,942	66,213	-	66,213	none
Administration	A-21A-00	44,800	36,547	21	36,568	none
		$ 780,415	$ 780,415	$ 75,440	$ 855,855	none
Source of Other Funds: Local Match						
Grant Number 07mr-x-094-2-2955						
Rehab Private Property	H-14A-01	$ 156,090	$ 145,136	$ -	$ 145,136	none
Administration	A-21A-00	15,609	-	100	100	none
		$ 171,699	$ 145,136	$ 100	$ 145,236	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	80,435	-	80,435	none
Contingencies	C-022-00	12,850	-	-	-	none
Administration	A-21A-00	15,000	3,750	100	3,850	none
		$ 300,000	$ 84,185	$ 100	$ 84,285	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						
Grant Number 09b-x-094-2-5135						
Property Acquisition	P-001-01	$ 5,000	$ -	$ -	$ -	none
Contingency	C-022-00	43,929	-	-	-	none
Swer Facility	P-03J-02	301,403	-	-	-	none
Flood/Drainage	P-03K-02	116,896	-	-	-	none
Rehab Private Property	H-14A-01	292,772	-	-	-	none
Administration	A-21A-00	40,000	-	-	-	none
		$ 800,000	$ -	$ -	$ -	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, 2009

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		780,415
Funds Still Available from Program Year 2005 Resources	$	-
Total Program Year 2005 Funds Drawn and Received by Recipient	$	225,890
Less: Funds Applied and Expended to Program Year 2005 Costs		225,890
Total Program Year 2005 Funds Held by Recipient	$	-
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		145,136
Funds Still Available from Program Year 2007 Resources	$	26,563
Total Program Year 2007 Funds Drawn and Received by Recipient	$	139,362
Less: Funds Applied and Expended to Program Year 2007 Costs		139,362
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		84,185
Funds Still Available from Program Year 2007 Resources	$	215,815
Total Program Year 2007 Funds Drawn and Received by Recipient	$	77,585
Less: Funds Applied and Expended to Program Year 2007 Costs		77,585
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	$	-
Grant Number 09b-x-094-2-5135		
Total Program Year 2009 Funds Allocated to Recipient	$	800,000
Less: Total Program Year 2009 Funds Drawn by Recipient		-
Funds Still Available from Program Year 2009 Resources	$	800,000
Total Program Year 2009 Funds Drawn and Received by Recipient	$	-
Less: Funds Applied and Expended to Program Year 2009 Costs		-
Total Program Year 2009 Funds Held by Recipient	$	-

INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX

Honorable Mayor and Members of Council
City of Thomson and
Georgia Department of Audits and Accounts

We have audited the accompanying Schedule of Expenditures of Special Purpose Local Option Sales Tax for the City of Thomson, Georgia for the year ended December 31, 2009. This schedule is the responsibility of the City of Thomson, Georgia's management. Our responsibility is to express an opinion on the Schedule of Expenditures of Special Purpose Local Option Sales Tax based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule of Expenditures of Special Purpose Local Option Sales Tax is free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Expenditures of Special Purpose Local Option Sales Tax. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedule of Expenditures of Special Purpose Local Option Sales Tax. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Schedule of Expenditures of Special Purpose Local Option Sales Tax was prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-8-121 on the modified basis of accounting as described in Note 1 and is not intended to be a complete presentation of the City of Thomson, Georgia's revenues and expenditures.

In our opinion, the Schedule of Expenditures of Special Purpose Local Option Sales Tax referred to above presents fairly, in all material respects, the expenditures of the Special Purpose Local Option Sales Tax Program of the City of Thomson, Georgia, for the year ended December 31, 2009, in accordance with the basis of accounting described in Note 1.

Elliott Davis, LLC

Greenwood, South Carolina
June 30, 2010

CITY OF THOMSON, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE YEAR ENDED DECEMBER 31, 2009

Project	Original Estimated Cost	Prior Years	Current Year	Total	Estimated Percentage of Completion
SPLOST IV 2004 - 2008					
Public Safety	$ 600,000	$ 581,242	$ -	$ 581,242	97%
Roads/Transportation	1,260,000	268,419	-	268,419	21%
Economic Development	675,000	733,111	9,316	742,427	110%
Water/Sewer	4,252,000	3,508,828	526,797	4,035,625	95%
Totals	$ 6,787,000	$ 5,091,600	$ 536,113	$ 5,627,713	
SPLOST V 2009 - 2013					
Public Safety	$ 400,000	$ -	$ -	$ -	0%
Roads/Transportation	700,000	-	-	-	0%
Recreation	1,123,000	-	-	-	0%
Totals	$ 2,223,000	$ -	$ -	$ -	

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, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 30, 2010. 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis.

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

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.

Elliott Davis, LLC

Greenwood, South Carolina
June 30, 2010

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